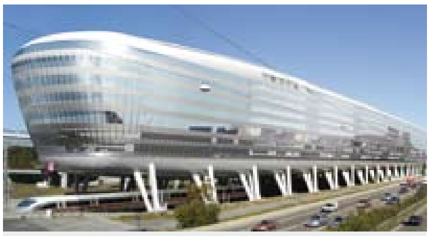
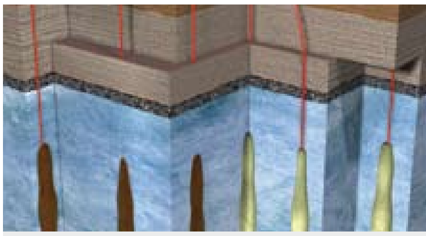
2009
Annual Report

IVG

Business model

IVG Investment

Real Estate	Development	Caverns
		
Acquisition, optimisation and disposal of office properties with a focus on Germany, France and the UK	Development of office properties in selected European growth regions	Construction, management and operation of underground repositories for oil and gas
Assets under Management: €4.5 bn	**Assets under Management**: €1.4 bn 1)	**Assets under Management**: €1.0 bn 2)
EBIT before changes in value: €154.1 m	**EBIT** before changes in value: €24.2 m	**EBIT** before changes in value: €38.5 m
EBITDA 3): €154.6 m	**EBITDA** 3): €25.4 m	**EBITDA** 3): €3.9 m 4)
Portion of total **EBITDA** 3): 74.0%	**Portion** of total **EBITDA** 3): 12.2%	**Portion** of total **EBITDA** 3): 1.9%

IVG Asset Management

1) Invested capital
2) Value of caverns in development (29 fund caverns, 60 future caverns)
3) Cf. table on pg. 167; EBITDA calculation based on "Ground Rules for the Management of the FTSE EPRA/NAREIT Global Real Estate Index Series", Version 4.2, March 2009
4) Caverns segment adjusted for non-cash effects from the promote structure

- **Focus on core business with a stable recurring income**
- **Reduction in the number of divisions from four to two:**

  (1) IVG Investment with the segments Real Estate, Development and Caverns: investment in real estate and caverns with own equity

  (2) IVG Funds with the segments Institutional Funds and Private Funds: development, sales and management of investment products for institutional and private investors

- **IVG Asset Management as central service unit that ensures a sustainable and attractive cash flow and creates value for real estate investments in its own and third-party portfolios**
- **Alignment of IVG Immobilien AG as an real estate investment platform with an integrated value chain**
- **"Alignment of Interest": IVG as a co-investor in its own fund products to create unconditional identity of interests to combine our expertise in fund development and management as well as in asset management**

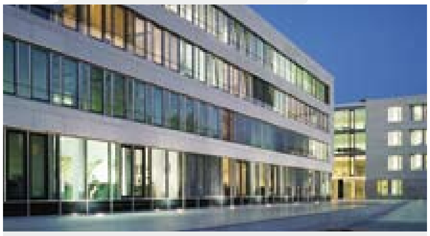
IVG Funds

Institutional Funds

Development, sales and management of real estate funds for institutional investors

Assets under Management:	€12.7 bn
EBIT before changes in value:	€23.0 m
EBITDA [3]:	€23.3 m
Portion of total **EBITDA** [3]:	11.2%

Private Funds



Development, sales and management of real estate funds for private investors

Assets under Management:	€3.2 bn
EBIT before changes in value:	€1.7 m
EBITDA [3]:	€1.7 m
Portion of total **EBITDA** [3]:	0.8%

Group key figures

in € m	2009	2008	Change in %
Key operational figures			
Revenues	838.8	608.6	37.8
thereof net rents	*310.3*	*399.5*	*-22.3*
thereof fees for fund and property management, development and sales	*135.2*	*95.7*	*41.3*
EBIT	64.1	-98.6	-
EBT	-189.3	-497.1	-61.9
Consolidated net profit	-158.0	-451.7	-65.0
thereof unrealised changes in value	*-175.4*	*-944.4*	*-81.4*
Funds from Operations I (FFO I)	36.6	-	-
Funds from Operations II (FFO II)	-43.5	-	-
Key balance sheet figures			
Total assets	7,393.4	7,875.5	-6.1
Equity (carrying amounts)	1,265.1	1,390.9	-9.0
Equity ratio at carrying amounts in %	17.1	17.7	-3.1
Net asset value (NAV)	863.8	987.0	-12.5
NAV adj. (incl. value potential of caverns)	1,253.4	1,473.1	-14.9
Equity ratio at NAV adj. in %	17.0	18.7	-9.1
EPRA NAV	806.4	932.3	-13.5
EPRA NNNAV	1,011.3	1,118.7	-9.6
Key figures per share in €			
NAV [2]	6.86	8.51	-19.4
NAV adj. [2]	9.95	12.70	-21.7
EPRA NAV [2]	6.40	8.04	-20.4
EPRA NNNAV [2]	8.03	9.64	-16.8
FFO I [1]	0.31	-	-
FFO II [1]	-0.37	-	-
Basic earnings [1]	-1.61	-4.18	-61.4
EPRA EPS [1]	-1.03	-1.25	-17.6
Diluted earnings [1]	-1.41	-3.80	-62.8
EPRA diluted earnings [1]	-0.96	-1.16	-18.0
Dividend	0.00	0.00	-
Segments			
Real Estate: Fair value	4,527	5,355	-15.5
Development: Invested capital (IVG share)	1,353	951	42.3
Caverns: Value of caverns under development	958	813	17.8
Funds: Assets under management	15,874	15,295	3.8
Employees at end of year (FTE)	622	644	-3.4

[1] On the basis of the average number of shares (117.9 million shares)
[2] On the basis of the number of shares at the balance sheet date on 31 December (126.0 million shares)

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Foreword by the Management Board

Dr Gerhard Niesslein
Chief Executive Officer

Dr Georg Reul
Member of the
Board of Management

Professor Dr Wolfgang Schäfers
Member of the
Board of Management
and Chief Financial Officer

Dear Shareholders,
Ladies and Gentlemen,

At the start of 2009, financial markets and the economy across the world were at the height of the crisis. The capital-intensive real estate markets were particularly impacted by this, as they came under pressure from two sides. Firstly, real estate finance was difficult to obtain due to the crisis of confidence on the financial markets, and secondly, there was a lack of demand from investors, who either had refinancing difficulties themselves or were waiting for prices to go down. The transaction volume on the European real estate markets thus amounted to only approximately €70 billion in 2009 – compared to around €240 billion in 2007.

Not at least as a result of concerted monetary and fiscal invention by governments, the situation on the financial markets and in the economy as a whole calmed in the second half of 2009. Real estate investment markets also benefited from this, particularly with regard to prime properties. In particular the highly volatile London market showed trends towards recovery, with the initial yield for real estate investments in top locations there reaching 4.8% again in the fourth quarter of 2009. The German real estate markets moved within the European mid-range and are traditionally less volatile. However, only part of the crisis has been overcome with the stabilisation of the investment markets. The rental markets react depending on the labour market only as a lagging indicator of the economy. Customer retention and re-letting performance are therefore a particular challenge in 2010.

Restructuring well on track

To steer IVG through these challenging market conditions, restructuring its financial liabilities was the highest priority as a first step in 2009. In the second quarter of 2009, previously bilateral credit facilities were combined in a new syndicated loan and extended until the end of 2012 with a volume of €1.3 billion. In retrospect, the significance of this step is considerable, as it meant that the company's borrowing could become largely independent of the direct turbulence on the financial markets.

This stabilisation on the debt side was followed in a second step by securing liquidity through the sale of property, so as to be able to complete the existing investment programme according to plan. For this purpose, a very ambitious divestment programme (considering the difficult market environment) of approximately €1 billion was set up. Thanks to particular efforts by all parties involved, this programme, which was originally planned to run until 2010, was already completed in the third quarter of 2009. IVG has thus proven that in its core business it is more than just a "fair-weather company".

Securing finance and liquidity were elements of the financial restructuring imposed on IVG directly by the crisis. With these measures processed, the operational restructuring stage began in the third quarter of 2009. The goal of this is to improve operational performance ("operational excellence and efficiency"). Alongside a cost reduction programme, several other projects were adviced, targeting for instance an improved harmonised Group management system (project "Reboot") or a focus on core competencies in asset management (project "Future"). Under the cost reduction programme, costs of approximately €40 million were saved in other operating expenses in 2009. As part of the focus on core competencies in asset management, Property Management was contracted out to strategic service partners as of 1 January 2010. These and other projects which are of particular importance to IVG's strategic and operational development will be a focus for the financial year 2010.

The restructuring measures at IVG outlined here and communicated accordingly have led to a further increase in market participants' fundamental confidence in the company. This was particularly visible in the successful capital increase in October 2009, under which new funds of €70 million were acquired within a short space of time with the issue oversubscribed by a factor of 2.3. Despite the long path which still lies ahead of us, approval of IVG's chosen direction was also signalled at the roadshows on the international capital markets.

Trend reversal in consolidated net profit

In 2009, IVG generated positive operating earnings before changes in value of €216.9 million. The impressive leasing performance with 314,909 sqm in the company's own portfolio and 292,373 sqm in the fund portfolio contributed to this, despite the difficult market environment. However, this encouraging result was impacted by falling property values as a result of the crisis. Realised changes in market value amounted to -€64.1 million and were primarily the result of the liquidity-driven divestment programme for IVG portfolio properties, whilst most of the divestments from the scheduled reduction of our project development business were concluded at a profit. Unrealised changes in market value under IFRS accounting totalled -€194.2 million for the inventories portfolio. The biggest IVG project development, the project Airrail at Frankfurt Airport, will be completed in 2010 and led to a further valuation loss of -€149.4 million in 2009. The development of our cavern field in Etzel went according to plan. Here, progress in construction led to positive unrealised changes in market value of €197.0 million. Overall, the financial year 2009 ended with another consolidated net loss of -€158.0 million – a significant improvement as compared to the previous year (-€451.7 million).

After taking into account profit brought forward, the separate individual financial statements of IVG Immobilien AG in accordance with the German Commercial Code (HGB) report a loss of €86.4 million, which was offset against freely available revenue reserves. There will therefore be no dividend payment for the past financial year 2009.

Business model streamlined

The financial and economic crisis not only led to temporary turmoil on the markets; the perception of risk and its evaluation will be more conservative again for many years. For a real estate company, this means that equity will remain a factor in short supply and the focus in evaluating companies will be on the extent to which stable, recurring income is generated. Successful business models will also require entrepreneurial imagination, of course, but will primarily be determined by predictability.

We are reacting to these conditions with a streamlined and modified business model. IVG as an investment platform now consists of the two divisions IVG Investment (with the segments Real Estate, Development and Caverns) and IVG Funds (with the segments Institutional Funds and Private Funds), which are positioned in close cooperation, using IVG Asset Management as a service division. In this way, we will realise sound investment opportunities together with third parties. We will thus combine our competence in the conception of funds with increased expertise in asset management and the proximity of our own European branch offices to the markets. With the IVG investment share we participate in opportunities for income and capital appreciation, and with the asset and fund management remuneration we generate recurring income. The co-investment approach also pursues the primary goal of an alignment of interests. We do not recommend investments solely from the perspective of a manager or agent, but use selective market opportunities together with our investors. We thereby create an unconditional alignment of interest with our partners. In discussions with selected investors, this concept was widely greeted with approval.

Initial investments under this new strategic approach have already been successfully implemented. With the new "IVG Premium Green Fund", we are investing in sustainable office properties in Germany as a co-investor together with institutional investors. Sustainability is increasingly becoming a focus for investors. We will endow the first fund of this type with correspondingly certified office properties in the urban areas of Berlin, Cologne/Bonn, Frankfurt/Main and Munich.

Focus on reducing debt and risks

Alongside the selective exploitation of growth opportunities using limited equity funds, IVG is focussing on the further ongoing reduction of financial liabilities, with the aim of lowering the debt ratio (loan-to-value) – currently at around 70% – to 60-65% in the medium-term and less than 60% in the long-term. The proceeds from the sale of completed caverns to the IVG Cavern Fund established in 2008 are to be used for this purpose until 2014.

In 2010, our attention will primarily be on reducing risks by completing and selling developments. This measure, too, ultimately serves to reduce the company's liabilities in a targeted way.

We would like to thank our shareholders for the trust they have placed in us in these turbulent times. Our thanks also go to our investors and financial backers. Together we will take advantage of the returning increase in investment opportunities on the real estate markets. Our thanks also go to our tenants for enabling reliable business relationships. And last but not least, we would also like to thank our employees for their indispensable contribution to the company's increased success.

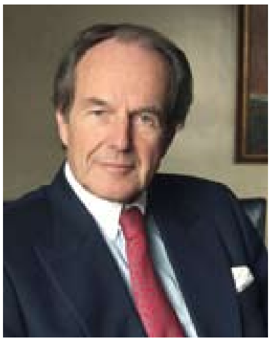
Bonn, March 2010
The Management Board

Dr Gerhard Niesslein

Dr Georg Reul

Professor Dr Wolfgang Schäfers

Report of the Supervisory Board



Detlef Bierbaum,
Chairman of the Supervisory Board

Dear Shareholders, Ladies and Gentlemen,

The reporting year 2009 was dominated by the international financial and economic crisis, the effects of which were particularly significant for real estate companies. The largely restrictive lending by banks led to a reduction in transaction volume and had a knock-on effect on property prices. This made the market environment more difficult and uncertain, both for purchases and for disposals in the real estate sector. To secure finance and liquidity for IVG, the Management Board had to act decisively and to take numerous measures.

In a situation like this, the monitoring role of the Supervisory Board is of increased importance. My Supervisory Board colleagues and I therefore worked together particularly closely with the Management Board in the past financial year. The Supervisory Board gave the Management Board active support, especially in the agreement of a new syndicated loan of €1.3 billion, which combined the maturities of bilateral credit facilities between 2009 and 2011 and extended them until the end of 2012.

During the period under review, in accordance with the law and the company's Articles of Association and Rules and Regulations, the Supervisory Board conscientiously carried out its duties of advising and monitoring the Management Board as it carried out the company's business.

Appropriate monitoring of business management and effective liaison with the Management Board

We advised the Management Board regularly and extensively on directing the company, and continuously monitored its conduct of the company's business. We were involved in all decisions of major importance to IVG Immobilien AG. The activities of the Management Board gave no cause for complaint.

The Management Board reported to us comprehensively, regularly and punctually, both verbally and in writing, on all relevant issues relating to corporate planning and strategic development, in accordance with section 90 (1) and (2) of the German Stock Corporation Act (AktG). We were given extensive information on the economic and financial situation of the company, business dealings, and the situation of the Group as a whole, its subsidiaries and associated companies, including their risk position, risk management and compliance. The Management Board agreed the strategic direction of the company with us.

The Management Board fully and promptly explained and justified any departures from the planned or targeted course of business. We discussed in detail all transactions important to the company on the basis of the Management Board's written and verbal reports.

As Chairman of the Supervisory Board, I was also in constant close contact with the Management Board, and with the CEO in particular, in order to inform myself about current business transactions and to discuss the company's strategy, business development and risk management with the Management Board. I immediately informed my colleagues on the Supervisory Board about events which were important for an assessment of the condition and development of the company and for its management. Rights of inspection and control pursuant to Section 111 (2) sentence 1 and 2 of the German Stock Corporation Act (AktG) were not exercised, as there were no facts requiring clarification. Where our approval was required by law or the Articles of Association, we cast our votes accordingly after careful examination and deliberation of all reports and motions submitted by the Management Board.

Supervisory Board and committees

There were eight ordinary meetings of the Supervisory Board in the financial year 2009, one of which (on 23 March 2009) was held as a teleconference. In addition to resolutions passed at meetings, the Supervisory Board adopted four resolutions outside of meetings by written vote or by way of votes cast in writing in financial year 2009. We also held a meeting on the separate and consolidated financial statements on 22 March 2010. At four of the eight ordinary meetings of the Supervisory Board held in 2009, one member was unable to attend on each occasion. At one meeting, two members had given notification that they could not attend. At one Supervisory Board meeting, one member participated by telephone. No member of the Supervisory Board participated in less than half of the meetings of the Supervisory Board.

Three committees have been formed so that we may perform our duties more proficiently. The Personnel Committee and the Audit Committee are two company boards which prepare issues and resolutions for the meetings of the Supervisory Board and also exercise some decision-making powers, as far as they have been authorised by the Supervisory Board.

The **Audit Committee** deals 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 audit, particularly in terms of the independence of the auditors and the additional services performed by the auditors. In order to comply fully with the German Corporate Governance Code in its current version dated June 2009, the Audit Committee held regular meetings during the period under review before publication of the quarterly financial statements. At these meetings, the quarterly results were discussed in detail with the Management Board. The Chairman of the Audit Committee directed the auditors appointed by the General Meeting to audit the annual financial statements and the consolidated financial statements for 2009 after the relevant authority was granted by the Supervisory Board. From this financial year onwards, the auditors, the Compliance Officer and the internal audit department reported to the Audit Committee regularly about their work. At its meeting on 9 November 2009, the Audit Committee resolved to mandate the auditors for 2010 with performing a review of the half-year financial statements.

The Audit Committee comprises Frank F. Beelitz (Chairman), Dr Hans Michael Gaul (Deputy Chairman) and Rudolf Lutz. This committee met six times in 2009. One of these meetings (23 March 2009) took place as a teleconference together with the Supervisory Board. At one Audit Committee meeting, one member participated by telephone. No resolutions were adopted at this meeting. The committee held a meeting on the separate and consolidated financial statements on 22 March 2009.

Following the law on the appropriateness of Management Board remuneration (Gesetz zur Angemessenheit der Vorstandsvergütung, VorstAG) which came into force on 5 August 2009, the **Personnel Committee** – which was previously responsible for decisions about contractual matters concerning Members of the Management Board and all other personnel matters concerning the Supervisory Board – no longer decides on the remuneration of individual members of the Management Board. It is now mandatory for the plenary meeting of the Supervisory Board to be responsible for this. However, the Personnel Committee provides the plenary with relevant suggestions. The Personnel Committee also continues to make recommendations to the full meeting of the Supervisory Board about the appointment and termination of Members of the Management Board and authorised signatories, among other matters The Personnel Committee of the Supervisory Board of IVG comprises Detlef Bierbaum (Chairman), Friedrich Merz (Deputy Chairman) and Claus Schäffauer. The Personnel Committee met two times in the reporting year.

The **Nomination Committee**, which has existed since 2007 and has the task of proposing suitable candidates to the Supervisory Board for nomination prior to election by the General Meeting, comprises Detlef Bierbaum and Dr Eckart John von Freyend. The Nomination Committee did not meet during the reporting year.

Key topics of discussion and committee resolutions

We addressed ongoing business developments at IVG Immobilien AG and the Group in detail at each meeting. In particular, we regularly discussed the Group's net assets, financial position and results of operations, and developments in the workforce capacities. The relevant committee chairmen reported the substance of committee meetings that preceded meetings of the Supervisory Board.

This year, too, the focuses of the Supervisory Board meetings included the enormous consequences of the current financial and economic crisis for the liquidity situation, as well as the company's revenue and earnings situation, the general financial position of IVG and the development of the IVG share price. Here, the Supervisory Board supported the Management Board with advice, particularly in preparing and holding intensive discussions with the financing banks, which had become necessary due to the changed market conditions and the resulting financing requirements. To secure short-term and medium-term liquidity, which was required for the completion of projects under development and for cavern development among other things, an extensive divestment programme was initiated. Its implementation was fully approved by the Supervisory Board and supported with intensive follow-up.

In addition to the discussions with the Management Board on the planning and implementation of a package of measures to combat the effects of the financial and economic crisis, the Management Board also kept us informed throughout the reporting year about the current status of important projects and major developments in the Group.

Following our approval of a plan to streamline IVG's business model in March 2009, my colleagues on the Supervisory Board and I supported the implementation of this process extensively throughout the reporting year. As part of this development, the four divisions were grouped into two pillars, with the aim of reducing risks and volatility and generating more stable, planable income through a closer linking of the divisions and increased investment in the funds and investments managed by IVG. The Development division is to be discontinued as an independent division as soon as the current projects for third parties have been completed or sold. In future, all development services for the company's equity and fund assets are to be performed by the Asset Management service division.

In close connection with this reorganisation, we supported the Management Board with our discussions in initiating and carrying out projects to increase the profitability and quality of customer and property management. The focus here was on concentrating asset management on core competencies by outsourcing property management to strategic service partners, as well as on implementing a new IT and process landscape to improve both the quality of planning, forecasting and management and also the further development of risk management.

Alongside these and other general and Group-wide issues, the main focus of our discussions and decisions in the financial year 2009 were the following projects in the individual divisions:

Real Estate In the reporting year, we approved the sale of a total of eight properties in Germany, Italy, France and the UK. The Management Board kept us constantly informed about the current status of all sales.

Development In spring 2009, the Management Board informed us that project development on behalf of the company itself and at its own risk was to be discontinued as part of streamlining IVG's business model as soon as the current projects have been completed or sold. In this context, the complete Supervisory Board was informed regularly and in detail about progress in the construction and leasing of projects in Germany, particularly the Airrail-Center at Frankfurt Airport, and projects in other European cities and it approved the sale of a major project development in Poland.

Caverns After my colleagues on the Supervisory Board and I had issued approval in the financial year 2008 to sell 70 caverns to a specialised fund managed by IVG for institutional investors, we were kept up to date with the progress of this form of investment on a regular basis and in detail throughout the period under review. In particular, we were informed of the development of the cavern field and important developments in the operation of the cavern site.

Funds In the area of fund investments for both private and institutional investors, we granted approval for the establishment of two new funds and advised the Management Board on the further development of new investment ideas. In addition to setting up a fund which minimises risks for the investors from fluctuations in value, other innovative fund products are also being planned.

Authorised capital and corresponding amendments to the Articles of Association

At the meeting on 17 March 2009, we discussed the planned cancellation of Authorised Capital I and II and the creation of new Authorised Capital I and II and resolved to recommend this cancellation and creation of the above authorised capital and the corresponding amendments to Section 3 (2) and Section 3 (4) of the Articles of Association at the General Meeting in May 2009.

Capital increase In October 2009, we approved an increase in the company's share capital from €116 million to €126 million through the utilisation of Authorised Capital II in Section 3 (2) of the Articles of Association, with shareholders' subscription rights disapplied, by issuing 10,000,000 new shares for payment in cash.

Planning At the meeting on 18 December 2009, we discussed in detail the medium-term planning including the sales and investments for the years 2010 to 2012 and approved the Management Board's comprehensive investment and financial plan for 2010.

Management Board and managing directors (Group companies)

At our meeting held on 28 January 2009, we appointed Professor Dr Wolfgang Schäfers as a member of the Management Board with effect from 1 February 2009. He replaced Dr Bernd Kottmann as CFO, who resigned from the Management Board by mutual consent after the General Meeting of IVG with effect from 31 May 2009. At the end of the year, at the meeting on 18 December 2009, we agreed to the early termination of the employment contract with Mr Barth on 31 December 2009. Mr Barth was the Management Board member responsible for the area of project developments and caverns. Since it was decided in the financial year 2009 to discontinue independent project development, the corresponding Management Board position is no longer required at the beginning of 2010.

At its meetings held on 28 January, 13 May and 12 November 2009, the Supervisory Board passed resolutions regarding the appointment of managing directors for Group companies. One resolution regarding the appointment of managing directors was adopted by written vote or by way of votes cast in writing.

On 18 December 2009, after in-depth discussion, we adopted a new remuneration model for the Management Board due to the legal changes resulting from the Law on the Appropriateness of Management Board Remuneration (VorstAG), which came into force on 5 August 2009. This model and further details on remuneration are described in the remuneration report on page 59 of this annual report.

Compliance with corporate governance standards

The Management Board and Supervisory Board operate in the knowledge that good corporate governance is important for the company's long-term success. Therefore, in 2009 we again discussed in detail the further evolution of the company's own corporate governance principles. In accordance with Section 3.10 of the German Corporate Governance Code, the Management Board and Supervisory Board report on this in the Corporate Governance Report for 2009, which can be found as part of the statement on corporate management on page 19 of this annual report.

No member of the Supervisory Board had any conflict of interest as defined in Section 5.5.3 of the German Corporate Governance Codex during the period under review.

We had already decided in May 2008 to examine the efficiency of our work in a differentiated process in spring 2009. We paid particular attention to Supervisory Board procedure, the provision of information by the Management Board, the working relationship between the two Boards and the work of the committees. The results were presented on 17 March 2009. The responses from Supervisory Board members to the individual issues did not indicate any material need for changes to be made.

The auditors submitted a declaration of neutrality in accordance with Section 7.2.1 of the German Corporate Governance Code and in our opinion this declaration gives no reason for doubt. The requirements of Section 7.2.3 of the German Corporate Governance Code regarding the professional relationship between company and auditors are fulfilled.

The Rules and Regulations for the Audit Committee, which were newly established last year, were adapted this year to the new requirements of the Law on the Appropriateness of Management Board Remuneration (VorstAG) and the Accounting Law Modernisation Act (BilMoG). We also approved an adjustment to the Rules and Regulations for the Supervisory Board in this context.

On 12 November 2009, the Management Board and Supervisory Board issued an updated Declaration of Compliance with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG). The Declaration of Compliance was made available to shareholders on the Group's website. In 2009, IVG Immobilien AG complied with all recommendations of the German Corporate Governance Code in the version issued in June 2009 and demonstrated its commitment to exemplary corporate management and control. The Declaration is published on page 19 of the Annual Report and may also be viewed on the company's website.

Audit Committee deliberations on the 2009 annual financial statements and consolidated financial statements

At the meeting to approve the balance sheet held on 22 March 2010 and in the presence of the auditors, the Audit Committee analysed the separate financial statements of IVG Immobilien AG as of 31 December 2009 prepared on the basis of the German Commercial Code (HGB), as well as the management report of IVG Immobilien AG for the financial year 2009, the IVG consolidated financial statements as of 31 December 2009 in accordance with IFRS, and the IVG Group management report. After inspection and extensive discussion, the Audit Committee recommended to the Supervisory Board to approve the 2009 separate financial statements of IVG Immobilien AG and the IVG consolidated financial statements and also to approve the 2009 management report of IVG Immobilien AG and the IVG Group management report.

Establishment of the 2009 annual financial statements and consolidated financial statements

For the meeting to approve the balance sheet held on 22 March 2010 and the preceding Audit Committee meeting held on 22 March 2010, all members were provided in good time with the separate financial statements and management report of IVG Immobilien AG, the consolidated financial statements and Group management report of IVG, and the audit reports of PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Dusseldorf. The auditors attended both the Audit Committee meeting on 22 March 2010 and the meeting of the full Supervisory Board on 22 March 2010. They reported in detail on the main findings of the audit and remained on hand to provide additional information.

The separate financial statements as of 31 December 2009 prepared in line with the provisions of the German Commercial Code (HGB) and the management report of IVG Immobilien AG, as well as the consolidated financial statements prepared in accordance with the International Financial Reporting Standards and the Group management report, were audited by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Dusseldorf, pursuant to the resolution of the General Meeting held on 14 May 2009 and the subsequent appointment made by the Audit Committee. The auditors confirmed on 22 March 2010 that they had no objections to the separate financial statements or the management report and, also on 22 March 2010, that they had no objections to the consolidated financial statements or the Group management report.

Following our own examination of the separate financial statements, the consolidated financial statements, the management report and the Group management report, we concur with the auditors' findings. We also have no objections to raise after our final examination. We agree with the appraisal of the Management Board set out in the management report and the Group management report. At the meeting of the full Supervisory Board on 22 March 2010, we approved the separate financial statements and the consolidated financial statements on the recommendation of the Audit Committee. The annual financial statements are therefore deemed finalised in accordance with Section 172 of the German Stock Corporation Act (AktG).

Changes to the Supervisory Board

There were no personnel changes within our board in the 2009 reporting year.

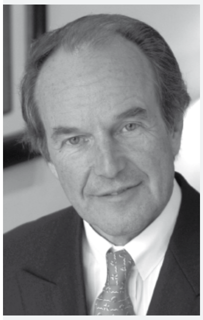
We would like to thank the Management Board, all the employees and the employee representatives for their great dedication and success in the reporting year.

Bonn, 22 March 2010

For the Supervisory Board Detlef Bierbaum, Chairman

Supervisory Board and Management Board as of 31.12.2009

Supervisory Board



Detlef Bierbaum (67)
Chairman of the Supervisory Board
Cologne

Personal details:
German, male
Expiration of current term:
General Meeting 2010

Committee activities:
Chairman of the Personnel Committee
Member of the Nomination Committee
Information pursuant to Section 285(10) of the German Commercial Code (HGB):
- Bank Sal. Oppenheim jr. & Cie. (Österreich) AG*
- Douglas Holding AG
- IVG Institutional Funds GmbH (Vorsitz)
- 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., 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

Profession: -/-
Relevant work history:

1991 - 2008	Personally liable partner, Sal. Oppenheim jr. & Cie. KGaA
1982 - 1991	Member of Management Board, Nordstern Versicherung
1974 - 1982	Managing Director, ADIG Investment GmbH

Relationships with major shareholders:
Member of the Supervisory Board of Sal. Oppenheim jr. & Cie. KGaA
IVG securities held as of 30 January 2010:
160,000 shares, convertible bonds (nominal amount of €3 million)

Frank F. Beelitz (65)
Deputy Chairman of the Supervisory Board
Bad Homburg

Personal details:
German, male
Expiration of current term:
General Meeting 2013

Committee activities:
Chairman of the Audit Committee
Information pursuant to Section 285(10) of the German Commercial Code (HGB):
- Software AG (Chairman) (until 30 April 2009)
- Südwestbank AG

Similar positions: -/-
Profession:
Investment banker/managing partner, Beelitz & Cie.

Relevant work history:
1998 - 2009 Chairman of the Supervisory Board, Software AG
1993 - 2000 Member of the Managing Board, Lehman Brothers Bankhaus AG
1985 - 1993 Managing Director, Salomon Brothers Inc.
Relationships with major shareholders:
Representative of Santo Holding AG
IVG securities held as of 30 January 2010:
5,000 shares, convertible bonds (nominal amount of €200,000)

Dr Hans Michael Gaul (67)
Member of the Supervisory Board
Dusseldorf

Personal details:
German, male
Expiration of current term:
General Meeting 2012

Committee activities:
Deputy Chairman of the Audit Committee
Information pursuant to Section 285(10) of the German Commercial Code (HGB):
- Evonik Industries AG
- EWE Aktiengesellschaft (from 21 July 2009)
- HSBC Trinkaus & Burkhardt AG
- Siemens AG
- VNG – Verbundnetz Gas AG
- Volkswagen AG

Similar positions: -/-
Profession: -/-
Relevant work history:
2000 - 2007 Member of the Management Board, E.ON AG
1990 - 2000 Member of the Management Board, VEBA AG
1978 - 1996 Member of the Management Board, PreussenElektra AG
Relationships with major shareholders: -/-
IVG securities held as of 30 January 2010: -/-

David C. Günther (41)
Member of the Supervisory Board
Grünwald

Personal details:
German, male
Expiration of current term:
General Meeting 2010

Committee activities: -/-
Information pursuant to Section 285(10) of the German Commercial Code (HGB): -/-
Similar positions: -/-
Profession:
Lawyer/employee, IVG Asset Management GmbH
Relevant work history:
1997 - 1998 Employee, KG Allgemeine Leasing GmbH & Co. KG
Relationships with major shareholders: -/-
IVG securities held as of 30 January 2010:
253 shares

Dr Eckart John von Freyend (67)
Member of the Supervisory Board
Bad Honnef

Personal details:
German, male
Expiration of current term:
General Meeting 2010

Committee activities:
Member of the Nomination Committee
Information pursuant to Section 285(10) of the German Commercial Code (HGB):
- Finum AG (Chairman) (until 26 November 2009)
- Finum Finanzhaus AG (Chairman) (from 27 November 2009)
- Hahn Immobilien-Beteiligungs AG
- Hamborner AG (Chairman)
- Investment AG für langfristige Investoren TGV (from 30 March 2009)
- Konzeptplus AG (Chairman until 26 March 2009)
- Litos AG (until 26 March 2009)
- VNR Verlag für die Deutsche Wirtschaft AG

Similar positions: -/-
Profession: -/-

Relevant work history:

2006 - 2009	President, Zentraler Immobilien Ausschuss e.V.
1995 - 2006	Chairman of the Management Board, IVG Immobilien AG
1990 - 1995	Head of Department, German Federal Ministry of Finance

Relationships with major shareholders: -/-
IVG securities held as of 30 January 2010:
10,000 shares

Matthias Graf von Krockow (60)
Member of the Supervisory Board
Cologne

Personal details:
German, male
Expiration of current term:
General Meeting 2014

Committee activities: -/-
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)
- Oppenheim Vermögenstreuhand GmbH*
- RWE-Power Aktiengesellschaft
- Schwestern-Versicherungsverein vom Roten Kreuz in Deutschland a.G. (Chairman until 26 November 2009; ordinary member from 26 November 2009)
- ThyssenKrupp Steel AG (until 30 September 2009)

Similar positions:

- Bank Sal. Oppenheim jr. & Cie. (Schweiz) AG, Zürich* (Chairman)
- Sal. Oppenheim jr. & Cie. Beteiligungen S.A.* (Luxembourg), Luxembourg

* Oppenheim Group companies

Profession:
Personally liable partner,
Sal. Oppenheim jr. & Cie. KGaA,
Sal. Oppenheim jr. & Cie. S.C.A.
Relevant work history:

1981 - 1983	Second Vice President, Citibank N.A.
1979 - 1981	Second Vice President, The Chase Manhattan Bank N.A.
1976 - 1979	Assistant Treasurer, Chase Bank AG

Relationships with major shareholders:
Partner of Solidas 3 S.A.
IVG securities held as of 30 January 2010:
414,000 shares (as part of the partner pool of Solidas 3 S.A.)

Rudolf Lutz (56)
Member of the Supervisory Board
Bonn

Personal details:
German, male
Expiration of current term:
General Meeting 2010

Committee activities:
Member of the Audit Committee
Information pursuant to Section 285(10) of the German Commercial Code (HGB): -/-
Similar positions: -/-
Profession:
Employee, IVG Immobilien AG
Relevant work history: -/-
Relationships with major shareholders: -/-
IVG securities held as of 30 January 2010:
345 shares

Friedrich Merz (54)
Member of the Supervisory Board
Arnsberg-Niedereimer

Personal details:
German, male
Expiration of current term:
General Meeting 2011

Committee activities:
Deputy Chairman of the Personnel Committee
Information pursuant to Section 285(10) of the German Commercial Code (HGB):

- AXA Konzern AG
- DBV Winterthur AG
- Deutsche Börse AG
- Interseroh AG (until 28 February 2009)
- WEPA Industrieholding SE (from 29 January 2009, Chairman from 31 January 2009)

Similar positions:

- BASF Antwerpen N.V., Antwerpen, Belgium
- Stadler Rail AG, Bussnang, Schweiz

Profession:
Lawyer/partner, Mayer Brown LLP
Relevant work history:

1994 - 2009	Member, Bundestag (German Federal Parliament)
1989 - 1994	Member, European Parliament
1986 - 1989	Consultant, Verband der Chemischen Industrie (German Chemical Industry Association)

Relationships with major shareholders: -/-
IVG securities held as of 30 January 2010: -/-

Claus Schäffauer (55)
Member of the Supervisory Board
Heppenheim

Personal details:
German, male
Expiration of current term:
General Meeting 2010

Committee activities:
Member of the Personnel Committee
Information pursuant to Section 285(10) of the German Commercial Code (HGB): -/-
Similar positions: -/-
Profession:
Employee, IVG Asset Management GmbH
Relevant work history:

1998 - 2007	Transaction manager, Oppenheim Immobilien-Kapitalanlagegesellschaft mbH
1984 - 1996	Manager for purchases and sales, DEGI Deutsche Gesellschaft für Immobilienfonds mbH
1980 - 1984	Certified notary, Tübingen chambers

Relationships with major shareholders: -/-
IVG securities held as of 30 January 2010:
2,260 shares

Management Board

Dr Gerhard Niesslein (56)
Chief Executive Officer
Kronberg

Expiration of current term:
31 October 2011

Information pursuant to Section 285(10) of the German Commercial Code (HGB):
- ATP Planungs- und Beteiligungs AG, Innsbruck (until 2 March 2009)
- Deutsche Reihenhaus AG (Chairman)
- STRABAG Property and Facility Services GmbH (Chairman) (until 31 October 2009)
- IVG Institutional Funds GmbH*

* IVG Group company

Similar positions: -/-
IVG securities held as of 30 January 2010:
98,000 shares, convertible bonds (nominal amount of €500,000)

Prof Dr Wolfgang Schäfers (44)
Member of the Management Board and Chief Financial Officer (since 1 February 2009)
Bad Abbach

Expiration of current term:
31 December 2011

Information pursuant to Section 285(10) of the German Commercial Code (HGB):
- IVG Deutschland Immobilien AG* (from 1 June 2009, Chairman from 12 August 2009, until 13 October 2009)
- IVG Immobilien-Management Holding AG* (Chairman) (from 22 June 2009)
- IVG Institutional Funds GmbH* (from 29 June 2009)

* IVG Group company

Similar positions: -/-
IVG securities held as of 30 January 2010: -/-

Dr Georg Reul (42)
Member of the Management Board
Investment and Funds divisions
Bonn-Bad Godesberg

Expiration of current term:
31 July 2010

Information pursuant to Section 285(10) of the German Commercial Code (HGB):
- IVG Immobilien-Management Holding AG*
- IVG Institutional Funds GmbH*

* IVG Group company

Similar positions:
- Goldbeck GmbH

IVG securities held as of 30 January 2010:
683 shares

Andreas Barth (46)
Member of the Management Board
(until 31 December 2009)
Development and Caverns divisions
Dusseldorf

Expiration of current term:
31 December 2009

Information pursuant to Section 285(10) of the German Commercial Code (HGB):
- IVG Immobilien-Management Holding AG* (until 31 December 2009)

* IVG Group company

Similar positions: -/-

IVG securities held as of 30 January 2010:
1,485 shares, convertible bonds (nominal amount of €100,000)

Dr Bernd Kottmann (51)
Deputy Chief Executive Officer
and Chief Financial Officer
(until 31 May 2009)
Wachtberg-Pech

Expiration of current term:
31 May 2009

Information pursuant to Section 285(10) of the German Commercial Code (HGB):
- IVG Deutschland Immobilien AG* (Chairman) (until 31 May 2009)
- IVG Immobilien-Management Holding AG* (Chairman) (until 31 May 2009)
- IVG Institutional Funds GmbH* (until 31 May 2009)

* IVG Group company

Similar positions:
- IVG Polar Oy, Helsinki* (Chairman) (until 4 June 2009)

* IVG Group company

IVG securities held as of 30 January 2010:
11,500 shares

"We have the potential to emerge from the crisis as a stronger company."

Interview with CEO Dr Gerhard Niesslein and CFO Professor Dr Wolfgang Schäfers, IVG

Dr Niesslein, you took on the management of IVG as Chief Executive Officer on 1 November 2008 – right in the middle of the international economic and financial crisis. What motivated you to take this step and how would you sum up the past months?

Dr Niesslein: When I took up the role of heading the IVG Immobilien AG Management Board, I was aware that the company was in considerable difficulties, not least due to the global financial crisis. I was happy to take on this challenge because with assets under management of about €23 billion, IVG is one of the leading companies in its sector in Europe and with its platform it has the potential to emerge strengthened from this crisis and position itself once again as an exemplary player in the German and European real estate landscape. Firstly, though, certain problem areas had to be dealt with systematically. These included a project development pipeline which was far too big and too risk-afflicted, and the refinancing risk in relation to current liabilities, which was exacerbated by the financial crisis – two factors which put the company into a precarious situation.

Dr Schäfers, this restructuring process was driven forward again when you joined the company in February 2009. What were your reasons for choosing to accompany IVG in this process? Are you satisfied with the results so far?

Dr Schäfers: When I joined IVG in February, it was my expertise in the company's refinancing issues which was particularly required, and as a first step we succeeded, with the assistance of an 11-bank syndicate, in restructuring current liabilities and extending their terms until 2012. This "Syn Loan II" of €1.3 billion gave us some breathing space in this area as a start. Our second step was to initiate a divestment programme of €1 billion to secure liquidity and finance outstanding investments. We were able to conclude this programme before the end of 2009 – a clear success in view of the continuing crisis. I value the company's assets and the potential of IVG and its employees – in my view there is hidden value here which we will be able to bring out in the company's further development.

What are the next goals and what does the phrase you often use, "operational excellence and efficiency", mean in this context?

Dr Schäfers: At the end of the phase of direct financial restructuring with the aim of extending liabilities and securing liquidity, the second phase of restructuring was initiated in summer 2009, and here it is primarily a question of "operational excellence and efficiency". For us, this means reorganising IVG with the aim of achieving sustainable results which create value and increasing our competitiveness through the quality of our services and a consistent focus on our customers. It also includes a significant reduction in costs in the coming years, which is intended to help raise IVG's profitability back to typical market levels as a first step. We have already made good progress in this respect in 2009, cutting other operating expenses by approximately €40 million in comparison to 2008.

Can you give an example of a project which is part of this second phase?

Dr Niesslein: As part of the reorganisation of the Group, the entire IT landscape of IVG, for example, was put to the test and we came to the conclusion that there was room for improvement here. For this reason, project "Reboot" was launched. Our goal here is to use, for instance, standardised analysis and planning tools to cut down on manual operational requirements and gain more time for in-depth analyses. Ideally, these analyses then lead to increased creation of value in our properties and for our customers.

In the context of the further strategic development of IVG you like to talk of "alignment of interests". Could you please explain this briefly?

Dr Niesslein: "Alignment of interests" is the third phase of restructuring – the growth options phase – and means that in future we intend to develop more and more products in the Funds division which we not only offer our customers but for which we too are on board with equity investments. We thus not only increase our customers' confidence in the product but also combine our expertise in the areas of fund design, fund management and asset management. As an example of this approach, which is already in practise, I would like to point to the IVG Cavern Fund, which is also one of the biggest real estate fund placements on the German capital market with a target investment volume of €1.7 billion.

On the topic of caverns, IVG's "crown jewels" in Etzel, Northern Germany – in your opinion, what is it which makes this asset class so special?

Dr Schäfers: Primarily, these "properties without windows" have a very low correlation with other asset classes and as such are excellently suited to risk-averse investors. Furthermore, we're talking here about lease contracts with companies of strong financial standing, which sometimes have a term of more than 30 years. With the storage of oil and gas at depths of over a kilometre, there are also considerable ecological and safety benefits in comparison to above-ground tank facilities. Roughly a third of Germany's crude oil reserves are stored here, making Etzel an important part of ensuring the energy supply in Germany and also in other countries. Alongside the 70 caverns already leased and sold to the fund, IVG owns another 60 future caverns, 33 of which were already reserved for potential lease contracts at the beginning of the year. At the end of 2009, six of these options were converted into concrete lease contracts which guarantee us attractive, recurring cash flows from this area in the future.

IVG is perceived on the capital market as having too much debt. What measures do you plan to use to combat this?

Dr Schäfers: The ongoing reduction of debt is of course still a focus at IVG, with the goal of lowering the loan-to-value ratio, currently at just under 70%, to less than 60% in the medium to long-term. The funds from the gradual disposal of already pre-sold caverns from the development portfolio to the IVG Cavern Fund are to be used for this purpose in a targeted way. In addition, our liabilities are also decreasing as a result of the systematic reduction of development pipeline items currently being completed.

In November 2009, IVG successfully placed a relatively small capital increase. Is another capital increase planned for 2010?

Dr Niesslein: In mid October 2009, IVG placed 10 million new ordinary bearer shares with institutional investors. The gross proceeds of €72 million are to be used to finance the further growth of the company through selected property investments that have already been identified, such as the co-investment in the new "IVG Premium Green Fund". Another, potentially bigger capital increase will only be considered if it would result in opportunities for increases in value for IVG and its shareholders.

Just now you mentioned the “IVG Premium Green Fund”, a new IVG product which is about to be placed on the market. What are the main features of this fund?

Dr Niesslein: With the new “IVG Premium Green Fund”, we are investing in sustainable property in Germany together with institutional co-investors. Equipped with LEED-standard certified office properties in the urban areas of Berlin, Cologne/Bonn, Frankfurt/Main and Munich, we intend to meet the increasing demand for sustainable investments. We will continue to strategically address the topic of sustainability more and more in the future. However, the topic of sustainability affects all areas of our business and we are working on a comprehensive plan for this.

What is your assessment of the development of the IVG Immobilien AG share price over the past months?

Dr Schäfers: The international financial and economic crisis was at its worst at the beginning of financial year 2009 with the global capital markets firmly in its grip. This also impacted the development of the IVG share price. Only around the middle of the year, with the monetary and government economic stimulus programmes in place, did the situation ease and the share reached its highest price during the year of €8.16 in October. Unfortunately, this level could not be maintained. The reason for this, in our opinion, is that the uncertainty over the further development of the economy – particularly with regard to unemployment and consequently the leasing situation – continues to be priced into office properties. IVG will also be measured by how quickly the restructuring process and the reduction of debt are implemented. We are therefore required to “do our homework” and will be measured by the results. We consider the generally more positive assessments coming from the analysts as an initial success of the transparency offensive carried out last year with the aim of building up and increasing capital market partners’ confidence in us. We intend to stick to these key areas in 2010. This restructuring will no doubt require some time, but we have a goal in view which is worth working hard for. When we manage to gradually deliver results, this should have a positive impact on the share price in the medium-term, too.

What can the shareholders of IVG Immobilien AG expect in 2010?

Dr Niesslein: IVG had a difficult year 2009 which was dominated by the effects of the financial and economic crisis – and the year ahead in 2010 is going to be at least as challenging. We see a slight recovery of the investment markets, but in contrast the rental market reacts late in the economic cycle and has not yet reached its low. Therefore, we must increasingly work on customer retention and re-letting performance. 15 branch offices will support us in this. We have essentially left the economic storm behind us and are now in calmer waters. Together with our co-investors, we will take advantage selectively of the returning increase in investment opportunities on the real estate markets. In addition to these topics, however, the full attention of our management in 2010 will of course be given to continuing to reduce risks by completing items in the development pipeline and advancing the progress of our projects to make IVG more efficient. We expect to complete our restructuring phase around the end of 2012.

Corporate Governance

We place great importance on the standards for good corporate governance.

The Management Board and Supervisory Board of IVG Immobilien AG are committed to the principles of transparent, responsible corporate management and corporate control.

For the financial year 2009, for the first time the company must issue a statement on the corporate management in accordance with Section 289a of the German Commercial Code (HGB). In accordance with Section 3.10 of the German Corporate Governance Code, the Corporate Governance Report is now part of the following statements on corporate management. In accordance with Section 289a (2) HGB, the statement on corporate management must include: (1) the declaration of compliance pursuant to Section 161 of the German Stock Corporation Act (AktG), (2) relevant information on corporate management practices applied which go beyond the legal requirements, and (3) a description of the work procedures of the Management Board and Supervisory Board and the composition and work procedures of its committees.

Unqualified Declaration of Compliance pursuant to Section 161 AktG

We have complied and continue to comply with all recommendations of the German Corporate Governance Code. On 12 November 2009, the Management Board and Supervisory Board submitted the declaration of compliance with the German Corporate Governance Code pursuant to Section 161 AktG with the following wording:

"IVG Immobilien AG fully complies with the recommendations made by the 'Government Commission on the German Corporate Governance Code', as amended on 18 June 2009. Since its last Declaration of Compliance on 17 November 2008, IVG Immobilien AG has complied with all the recommendations of the Code, as amended on 6 June 2008. Since 5 August 2009 (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 18 June 2009."

The full version of the declaration can also be seen on our website (www.ivg.de). The same applies to declarations submitted in previous years.

Corporate governance and corporate management practices which go beyond legal requirements at IVG

Below we provide an overview of the key pillars of the company's corporate governance structure, reporting in particular in accordance with Section 289a (2) HGB on the main practices applied in corporate management which go beyond the requirements of German law.

The conduct of all managing and controlling bodies is determined by the principles of good, responsible corporate management. In addition to the recommendations of the German Corporate Governance Code, we also comply with the principles of the Initiative Corporate Governance (ICG) of the German property industry, which are available on the ICG website at http://www.immo-initiative.de/kodex/index.shtml.

Compliance

Legal compliance, fairness, transparency, confidentiality, professionalism and avoiding conflicts of interest are the fundamental values of IVG. These shares values and management principles are the basis for the daily conduct of all employees.

IVG Immobilien AG has a comprehensive compliance system which encompasses the whole Group and is developed further by the company's Management Board and Compliance Officer on an ongoing basis and adjusted to changing requirements. The aim of the compliance system is to keep employees from violating laws and other regulations and to support them in applying legal and internal Group regulations correctly. Training sessions are held regularly for this purpose.

Among other things, the compliance measures serve to avoid corruption, prevent insider offences, and guarantee occupational safety and corporate security, particularly in terms of data protection and IT security.

All employees are obligated to report any infringements of regulations immediately. In cases of suspicion or doubt, employees also have access to an external ombudsman as well as to the Compliance Officer. This guarantees that information can be passed on anonymously at the employee's request.

Internal Audit

The internal audit department monitors adherence to rules and regulations. In organisational terms, it reports directly to the CEO. Reports are directed to the entire Management Board independently of this.

Reviews are performed based on an audit plan which is agreed with the Audit Committee, the Risk Officer and the Compliance Officer and approved by the Management Board. This plan includes findings of ongoing risk management, experience of the Compliance Officer and the internal audit department, information from previous audits of the internal audit department and advice from the Management Board.

Responsibilities of the internal audit department for the Group are carried out by BDO Deutsche Warentreuhand Aktiengesellschaft Wirtschaftsprüfungsgesellschaft.

Risk management

Another key component of good corporate governance is dealing with business risks in a responsible way. Group-wide reporting and control systems ensure the identification, assessment and management of relevant risks. These systems are developed further on an ongoing basis, particularly taking into account changes in the background conditions and findings of audit reviews.

Details of risk management are published in the Group management report*, Section 6.

Transparency

With open provision of information about current developments in the company to all target groups, we create transparency and thus promote trust.

Our investor relations activities ensure comprehensive, prompt communication on the current profitability, financial position and net assets of the Group, as well as its strategy and development. Alongside information for shareholders, we also provide regular, extensive information to analysts and press representatives by means of press releases, annual reports, balance sheet press conferences, and teleconferences about quarterly and annual results. We always fulfil our communication obligations under the German Securities Trading Act (Wertpapierhandelsgesetz) without delay. This also includes the disclosure of circumstances which are not public knowledge and which could influence the market price of the IVG share significantly if they became known. In addition to the information already mentioned, we also provide a generally available financial calendar on our website which announces fixed dates well in advance. The available information can be viewed in German and in English.

Annual General Meeting

At the General Meeting, the shareholders exercise their co-determination and control rights. Shareholders who do not attend the General Meeting in person have the possibility of authorising a third party to exercise their voting right in proxy. We also give shareholders the possibility of authorising specially appointed representatives of the company who exercise shareholders' voting rights as bound by instructions. These representatives can also be contacted by the shareholders during the General Meeting.

Accounting and auditing of the financial statements

IVG prepares 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 315a(1) of the German Commercial Code (HGB). After being prepared by the Management Board, the consolidated financial statements are audited by the auditor and approved by the Supervisory Board. The consolidated financial statements are released within 90 days after the end of the financial year. Interim reports are made available to the public within 45 days after the end of the reporting period.

Before the auditor is selected, a statement on the auditor's relationships with IVG or with its executive bodies is always obtained in order to ensure the independence of the auditor. The auditor's statement also includes services performed for IVG in the previous financial year or contractually agreed for the following year.

It is agreed with the auditor that the Chairman of the Audit Committee will be informed immediately of any grounds for disqualification or bias. The auditor reports without delay on all issues and occurrences of significance to the responsibilities of the Supervisory Board which are discovered in the course of the audit. The same applies in the event of any findings relating to the incorrectness of the declaration on the German Corporate Governance Code issued by the Supervisory Board and the Management Board.

Work procedures of the Supervisory Board and Management Board of IVG

A key element of the corporate governance of German stock corporations is the separation of corporate management by the Management Board and corporate control by the Supervisory Board. Tasks and responsibilities are clearly allocated between the Management Board and the Supervisory Board at IVG. A functioning and trust-based cooperation between the boards forms the basis for the company's success.

Management Board

As the executive body, the Management Board manages the company's business under its own responsibility. It currently consists of three members.

Matters of a fundamental nature or of major financial significance are always discussed by the entire Management Board. In addition, the members of the Management Board each have their own specific areas of responsibility as part of the overall range of duties.

The Management Board uses a variety of measures to ensure that the individual divisions and corporate functions are managed in accordance with the interests of the Group. The heads of divisions report to the Management Board about current business developments on a quarterly basis and discuss strategy and goals with the Board. Current and important individual issues are discussed at weekly meetings of the Management Board, which the heads of the divisions and corporate functions also attend on a regular basis. Cross-divisional functions and issues from Asset Management and corporate functions are also dealt with in institutionalised working groups, steering committees and regular meetings.

Supervisory Board

The Supervisory Board advises and monitors the Management Board in its management of the company. It consists of nine members, three of whom are appointed from among the employees. The Supervisory Board has a sufficient number of independent members who do not have any business or personal relationship to the company or its Management Board.

The Supervisory Board is informed by the Management Board on an ongoing basis of all issues relevant to the company and the Group. The Management Board cannot execute transactions of particular scope and significance without the approval of the Supervisory Board. Supervisory Board and Management Board regularly explore outstanding issues in detail at meetings of the Supervisory Board and its committees. For this purpose, written documentation is prepared before each meeting of the Supervisory Board and is sent to the Board members well before the meeting dates. The Management Board also reports extensively about current operations at each meeting of the Supervisory Board.

The Supervisory Board has its own work procedures monitored at regular intervals in efficiency reviews.

Composition and work procedures of committees of the Supervisory Board at IVG

To prepare and supplement its work, the Supervisory Board has formed three committees which make a major contribution to the Board's efficiency. The Audit Committee, Personnel Committee and Nomination Committee support the Supervisory Board in fulfilling its duties.

Audit Committee

The Audit Committee consists of three members, one of whom is an employee representative. The Audit Committee deals 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 audit, particularly in terms of the independence of the auditors and the additional services performed by the auditors. The Chairman of the Audit Committee is independent. Former members of the Management Board and the Chairman of the Supervisory Board are not permitted to hold this position. In addition, special knowledge and experience in the application of accounting principles and internal control processes are a mandatory requirement for assuming the role of Chairman.

Personnel Committee

The Personnel Committee also has three members, one of whom is an employee representative. This committee prepares the appointment and termination of members of the Management Board. It can also make suggestions to the full Supervisory Board regarding the remuneration of Management Board members. However, the committee does not itself have decision-making authority.

Nomination committee

The Nomination Committee, which consists of two shareholder representatives, is responsible for the preparation of new elections of Supervisory Board members from the shareholder side.

The members of the committees and their personal details result from the "Supervisory Board and Management Board" heading of the 2009 annual report*.

Remuneration of the Management Board and Supervisory Board of IVG

In accordance with the recommendations of the German Corporate Governance Code, the remuneration of members of the Management Board and the Supervisory Board is disclosed on an individual basis in the remuneration report. The main features of the remuneration system are also described in the remuneration report, which forms part of the Group management report* in Section 5.1. The remuneration report is part of this statement.

Information on stock option programmes and on securities-based incentive programmes is also included in the notes to the consolidated financial statements* in the Sections 12.10, 12.11 and 12.12.

* The Group management report and the notes to the consolidated financial statements are part of the 2009 annual report, which is also available on the IVG Immobilien AG website (http://www.ivg.de/de/1204231.asp).

“Our compliance aims to further develop a culture of responsibility.”

Interview with Dr Volker Hahn, Head of Legal and Compliance, IVG

How does compliance work at IVG?
Dr Hahn: At IVG, we see compliance as a continual process. This means that the compliance organisation has to react and adjust on an ongoing basis to new developments. However, this process can only be sustainably successful if all employees are actively involved in it. The second phase of implementing compliance at the company, which now follows on from the first phase of establishing a compliance organisation in the past two years, therefore puts a focus on communicating the relevant values, standards of conduct and responsibilities.

What is the aim of compliance?
Dr Hahn: The aim of compliance is not just to establish a legal framework, but in particular to further develop a culture of responsibility. Each employee should be aware of the fact that he or she is responsible for adhering to rules in his or her working environment.

What is the current status of the implementation of a compliance organisation at IVG?
Dr Hahn: The constant availability of all compliance-relevant information on the IVG website has already been guaranteed for some time now. At the end of 2009, the presentation of the compliance organisation at the branch offices was completed. The next step planned is to ensure by means of e-learning that each individual employee‘s knowledge of compliance issues remains present and up-to-date.

How do you measure the effectiveness of the compliance system?
Dr Hahn: We are aiming for certification by the Initiative Corporate Governance of the German real estate industry in 2010 and hope to be among the first real estate companies to receive a certificate. In this context, an analysis and assessment of the current situation are currently being performed by an external auditor.

Does good corporate governance, also including compliance, increase a company’s value on the capital market?
Dr Hahn: It has now been proven empirically that good corporate governance, including compliance, improves a company’s value on the capital market and thus supports the development of the stock price. This is another reason why it pays off to be involved in compliance.

“Functioning risk management encompasses all relevant measures of success.”

Interview with Mathias Holst, Head of Risk and Process Management, IVG

Mr Holst, what are the key requirements in designing an early-warning system for risks?
Mr Holst: Business activities are always geared towards opportunities, but are also associated with risks. Everybody in the company needs to be aware of this. The requirements of the German Control and Transparency Act (KonTraG) must also be taken into consideration. The KonTraG obligates stock corporations to establish a monitoring system for the early recognition of developments which could threaten their existence.

We raise awareness of risks within the company by means of a uniform Group-wide definition of risk, written regulations on the early-warning system for risks and training sessions for employees. The process organisation should have a standardised risk identification and assessment process. Furthermore, inclusion in the Group’s management systems is indispensable and of course the regular reporting and monitoring of the system, for instance by the Audit Committee of the Supervisory Board.

Mr Holst, what are the main advances made in risk management at IVG in comparison to the financial year 2008?
Mr Holst: The first step was establishing a separate department for risk management and holding a Group-wide workshop on the topic. The second step – creating division-specific risk catalogues – allowed for the main risk areas to be covered and clearly allocated. And in a third step, risks were reported in detail with regard to earnings, equity and liquidity in the quarterly report as of 30 June 2009.

Mr Holst, how is the quality of the implementation of the early-warning system for risks ensured?
Mr Holst: In July 2009, a non-process-dependent review of the early-warning system for risks was carried out by the internal audit department. In addition, the Group-wide implementation of audit and internal audit recommendations regarding the early-warning system for risks is coordinated in a uniform way, and the Management Board and Supervisory Board is informed about the implementation status of these recommendations as part of quarterly reporting. The early-warning system for risks is also subject to review by the independent auditors of IVG.

Investor Relations

Capital market developments and shareholder structure

2009 capital market still influenced by financial crisis – IVG share recovers during year

The international financial and economic crisis was at its worst at the beginning of 2009 with the global capital markets firmly in its grip. The monetary and government economic stimulus programmes in place finally began to take effect in the second half of the year and the global economic situation slowly relaxed. In financial year 2009 as a whole, the IVG share decreased slightly, losing around 6%. It closed on 31 December 2009 at €5.35 (31 December 2008: €5.72), but it recorded gains over the course of the year. The share reached its highest share price of the year of €8.16 in October. At €674 million, IVG's market capitalisation was slightly above the figure recorded as of 31 December 2008 due to the rise in the number of issued shares as a result of a capital increase. Free float market capitalisation grew from €395 million to €453 million. By comparison with the 50 MDAX companies, this puts IVG in 38th place as of the end of December 2009. During the financial year, the average number of IVG share trades per trading day was 621,384.

Successful capital increase is indication of confidence

On 21 October 2009, IVG successfully placed a total of 10 million new bearer shares at a price of €7.20 each as part of a capital increase under exclusion of subscription rights and using the accelerated book-building process. This increased the company's share capital from €116 million to €126 million, with IVG receiving gross proceeds of €72 million from the capital increase. These proceeds will be used to finance the further growth of the Company through property investments that have already been identified.

Slight changes in shareholder structure

There were slight changes in IVG's shareholder structure as of the end of the financial year, due in part to the capital increase. Solidas 3 S.A. now has an 18.4% holding (previously 20% plus 1 share), while Santo Holding AG now has a share of 14.4% (previously 15.6%). Cohen & Steers, Inc and Universal-Investment-Gesellschaft mbH each have a 5% holding (notifiable threshold), and Goldsmith Capital Partners holds 4.6%. The free float is currently 52.6%. Our current shareholder structure is stated on our Internet page under Investor Relations.

Transparency offensive to increase confidence on capital market

IVG strives to build up and expand the confidence of capital market players with a transparent and continuous exchange of information. In line with this, we are in constant communication both with financial analysts and with institutional and private investors. In the past financial year, we drove forward our Investor Relations (IR) activities with Management Board and IR team presentations on the company at numerous conferences, international roadshows and in one-on-one discussions.

As in the previous year, the General Meeting on 14 May 2009 was the most important investor relations event for private investors with represented capital of 66.1% (2008: 53.9%).

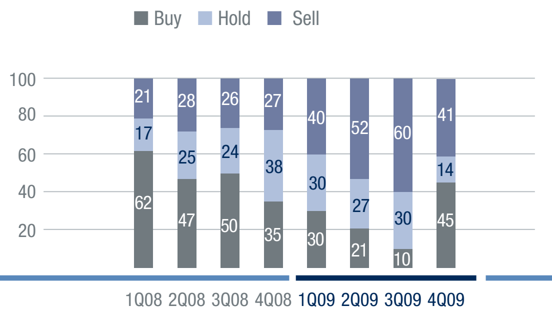
The main objectives of IR activities in financial year 2010 remain maintaining the existing contacts to the capital market, ensuring the flow of information and continuing to increase the transparency of IVG's business model.

Analyst ratings from 24 institutions

Share analysts from 24 institutions are currently actively covering IVG Immobilien AG. Of these, 23 have published up-to-date recommendations since September 2009. IVG is thus one of the real estate companies with the widest analyst coverage in Europe. The target prices range from €3.00 to €9.00 per share. Of the 23 studies, 8 analysts give the IVG share a "buy" rating, 5 give it a "hold" rating and 10 a "sell" rating (as of February 2010).

The following chart provides an overview of the analysts' recommendations over time. The number of buy recommendations has significantly declined over time, hitting its low point in the third quarter of last year. However, there has been a considerable positive change in analysts' opinions since that time, indicating that the capital market is slowly regaining confidence in the share, business model and restructuring process of IVG.

Analysts' rating in %



Share data in €

	2009	2008	Change in %
Closing share price at end of year	5.35	5.72	-6.5
Highest share price during year	8.16	23.83	-65.8
Lowest share price during year	3.43	3.20	+7.2
Average daily turnover	621,384	1,256,000	-50.5
Earnings per share	-1.61	-4.18	-61.4
Earnings per share EPRA	-1.03	-1.25	-17.6
Dividend per share	0.00	0.00	-
NAV adj. per share	9.95	12.70	-21.7

Share data

WKN/ISIN	620570/DE0006205701
Code	IVG
Stock exchange	Frankfurt, Dusseldorf, Stuttgart, Munich, Berlin, Hamburg, Hannover, XETRA
Market segment	Regulated market/Prime Standard
Index membership (selection)	MDAX, MSCI Europe, MSCI Germany, GPR 15
Designated sponsors	Commerzbank AG, Sal. Oppenheim jr. & Cie. KGaA
Market capitalisation (31.12.2009)	€674 m
Free float market capitalisation (67,20%) (31.12.2009) *	€453 m
Number of shares (31.12.2009)	126 m
Share price (31.12.2009)	€5.35
First listed	01.10.1986
Last capital increase	2009

* Free float definition Deutsche Börse

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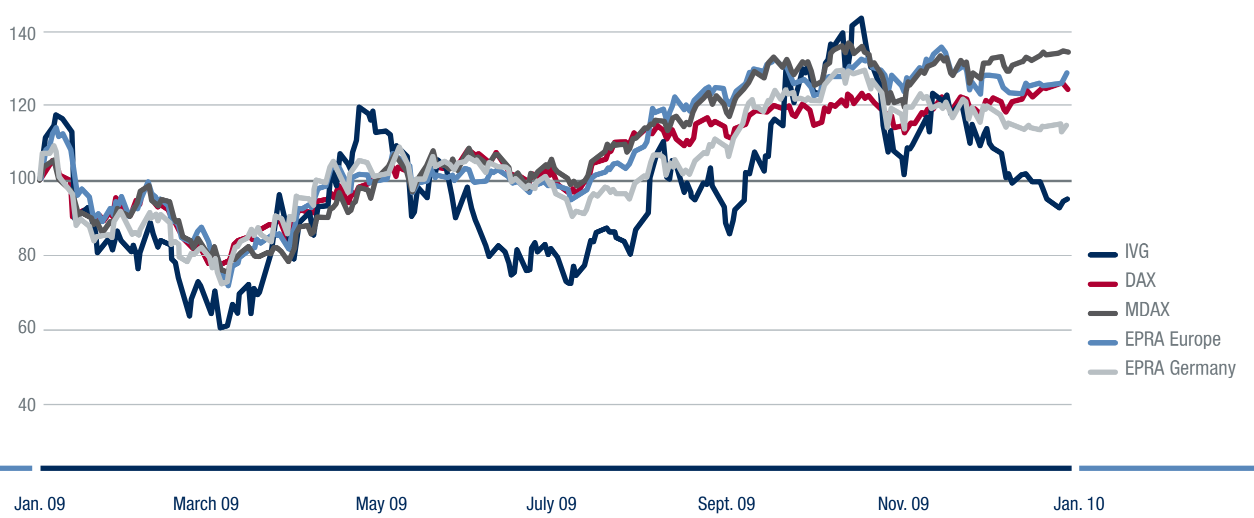
E-Mail: ir@ivg.de

IVG index comparison indexed: 01.01.2009



EPRA Best Practice Recommendations as framework for corporate transparency

Implementing the EPRA Best Practice Recommendations as a guideline

With the aim of further increasing reporting transparency in the interests of the capital markets and to improve comparability with other European real estate companies, the extensive implementation of the EPRA Best Practice Recommendations (as of July 2009) was extremely important in preparing this report. These recommendations are a recognised transparency standard for listed real estate companies and have been published by the European Public Real Estate Association (EPRA), the most important association of European real estate capital markets, since 2001. They provide concrete recommendations on calculating and presenting key data and information relevant to real estate.

Deviation from individual recommendations in justified cases

For accounting reasons, it was not possible to implement the EPRA recommendations in the 2009 annual report in some areas. This mainly pertains to the presentation of the annual financial statement tables, especially the income statement, which is still based on the total cost method but is expected to be converted to the cost of sales method that is the basis of the EPRA presentations after financial year 2010.

However, it must be pointed out that not all EPRA requirements can be fully implemented due to the specific characteristics of IVG's business model. In these cases, IVG strives to follow the EPRA recommendations to the furthest extent possible and to make additions and adaptations as needed to reflect the structure of the business model.

Funds from operations (FFO) as additional element of the transparency offensive

Background of the FFO figure

The FFO is a liquidity-based key financial figure that describes net cash from operating activities. It is an established key figure in the real estate sector for the operating performance of listed real estate companies, especially asset management companies, originally defined for US Real Estate Investment Trusts (REITs). It aims to obtain an appropriate key figure that reflects the consistent earnings power of a company after adjustments for one-off and non-cash effects.

To fulfil the requirements of the capital markets and further increase transparency, IVG has included the FFO as a central key figure in regular Group reporting. The FFO was published for the first time in the second quarter of 2009.

Details on the FFO calculation

The FFO is a key figure that is not calculated according to generally recognised accounting principles, especially IFRS, i.e. there is no uniform definition for calculating it. Therefore, the FFO must be viewed not as an alternative to income and cash flow amounts calculated in accordance with IFRS, but as an addition. However, it must be noted that the FFO published by IVG is not necessarily comparable with the FFO or key figure with a similar designation published by other companies, since there is no standard definition. IVG uses the FFO to indicate the earnings power of its divisions that are available for investments and dividend distributions. IVG calculates two variations of the FFO due to the special characteristics of its corporate structure and the recent changes in its business model.

FFO I summarises the company's consistent recurring operating cash flow. FFO I does not take into account development and sales activities due to their non-recurring, one-time nature. This key figure is becoming more and more relevant, especially as a result of the successive reduction of the project development pipeline in the future. By contrast to this, FFO II describes the company's entire operating cash flow including development and trading activities.

“The new remuneration model creates a high similarity of interests.”

Interview with Mirjam Arnold, Head of Human Ressources, IVG and Martin Praum, Head of Investor Relations & Capital Markets, IVG

IVG introduced a new remuneration system for the Management Board and managers at the end of 2009. What is behind this change, Mr Praum?

Mr Praum: IVG has used the ongoing discussion on the appropriateness of Management Board remuneration as an opportunity to review and adjust its own model this past year. In doing so, we actively seized on the suggestions of the legislation by the same name and of the capital market and developed a new uniform remuneration model that applies above and beyond the legal requirements not only to the members of the Management Board but also to the Group managers.

Ms Arnold, could you please briefly explain the new model?

Ms Arnold: IVG’s new remuneration model consists of one fixed element and two variable elements: The fixed element of the fixed salary is still based on fair market levels.

The first variable element is called the STI (short-term incentive). It is paid as a bonus that depends on the achievement of internally-agreed corporate and individual targets. 50% of these bonuses depends on the achievement of clearly defined Group and division earnings targets, while the other 50% is based on the achievement of individual/personal goals of the Board member or manager. All of the targets are closely linked with the current relevant corporate planning to ensure the achievement of concrete requirements for carrying out agreed projects and investments.

The second variable element is called the LTI (long-term incentive). It is the “Performance Cash Plan” that replaces the original “Performance Share Plan”. The key measurement for the LTI is a performance multiplier composed of three key figures that are important to IVG in the long-term: performance of the IVG share compared with the FTSE EPRA/NAREIT Developed Europe Index, increase in the FFO (funds from operations per share) as compared to the planned targets, and increase in the adjusted NAV (net asset value) per share as compared to the planned targets. The LTI is only paid out if a specified performance level has been reached after a period of four years.

What do you see as the advantages of the new model?

Mr Praum: In line with legal requirements and the recommendation of the German Corporate Governance Code, the future incentives will be increasingly based on long-term and measurable success. That is why 50% of the bonus payments have a time lag and are paid out in company shares. In addition, participation in the long-term based Performance Cash Plan will require an individual investment in IVG shares in future.

Of course this means that more and more Management Board members and managers will become shareholders. Couldn‘t that also get very expensive for the company?

Ms Arnold: In addition to the opportunities from the variable elements, the new remuneration system is also characterised by a moderate approach. For example, there are maximum pay-out amounts (caps at 200% of target achievement) for the variable components, also at Management Board level for the first time.

Will you give your shareholders a right to participate in this issue?

Mr Praum: As a pioneer in its industry, we are convinced that IVG has developed a sustainable remuneration system that both complies with the legal requirements and creates an increased similarity of interests between the Management Board, managers and shareholders of IVG.

On 20 May 2010, we will give our shareholders the opportunity to vote on the new remuneration system at the General Meeting.

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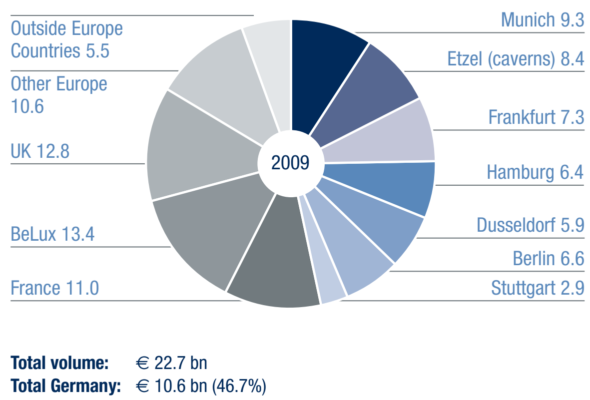
IVG Group

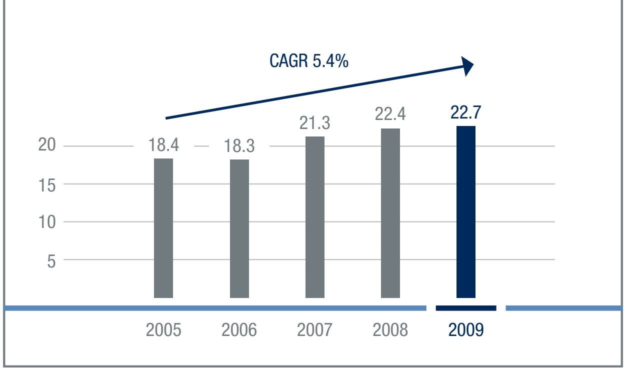
IVG is one of the major publicly listed real estate companies in Europe

IVG is one of Europe's largest real estate stock corporations. It has an extensive network of branch offices in major German and European cities, primarily managing office properties from its own portfolio with a market value of €4.5 billion. It also builds and manages underground caverns in Northern Germany for the storage of oil and gas. In the funds segment, IVG is the market leader for specialised real estate funds for institutional investors. Together with the closed-end real estate funds for private investors, IVG manages funds and clients with a volume of €15.9 billion. IVG has total assets under management exceeding €22.7 billion, presented in the following graphics over time, by segment and by region.

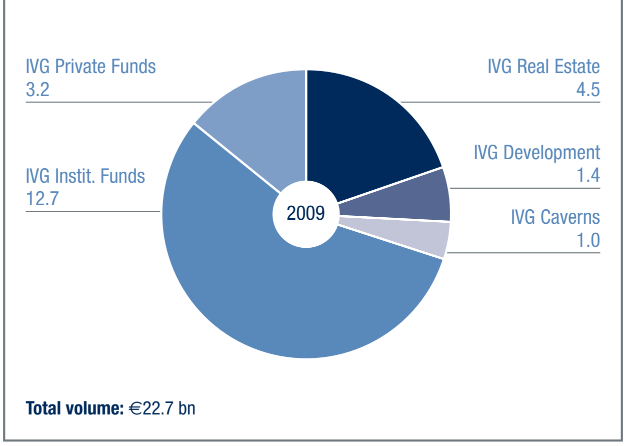
Assets under Management by geographic region in %



Assets under Management in € bn



Assets under Management by segments in € bn



Positive development of operating business before changes in value

The 2009 consolidated net loss of €158.0 million (previous year: -€451.7 million) was heavily influenced by non-cash unrealised changes in value totalling -€175.4 million. Unrealised changes in market value of investment property occurred in the Real Estate segment (-€194.2 million) and the Caverns segment (€197.0 million from fair value measurement of caverns under construction) as well as write-downs on inventories (-€166.9 million) for project developments in the Development segment. In addition, negative valuation effects from financial investments and exchange rate effects of -€22.7 million impacted the financial result and therefore consolidated net profit. The operative EBIT before changes in value amounted to €216.9 million in 2009. The decline of €505.1 million as compared with the previous year (2008: €722.0 million) is mainly due to the cavern transaction carried out in November 2008.

Profit and loss figures in € m

	2009
EBIT before unrealised changes in value	
Real Estate – operational	217.7
Real Estate – realised changes in value	-63.6
Development	24.2
Caverns	38.5
Institutional Funds	23.0
Private Funds	1.7
Corporate functions	-23.9
Consolidation	-0.7
	216.9
Unrealised changes in value	
Investment Property Real Estate	-194.2
Investment Property Caverns	197.0
Material expenses	-166.9
Other	11.4
Financial result	-22.7
	-175.4
IVG Group	
Financial result without changes in value	-230.7
Income taxes	31.3
Consolidated net profit	**-158.0**

NAV figures in € m

		2009
Assets *		
Real Estate		4,672.3
Development		1,005.3
Caverns		595.5
Institutional Funds		263.1
Private Funds		95.3
Corporate functions		479.4
Total assets		**7,110.8**
Derivative and deferred tax assets		282.5
Total assets (according to consolidated balance sheet)		**7,393.4**
Liabilities		
Liabilities		5,254.4
Hybrid capital and minority interests		401.3
Other liabilities		648.7
Derivative and deferred tax liabilities		225.1
IVG Group	**NAV per share**	
NAV	6.86	**863.8**
Value of caverns	3.09	389.6
NAV adj.	9.95	**1,253.4**

* Balance sheet figures may vary from assets under management

Net asset value declines due to non-cash negative changes in value

Shareholders' equity plus the adjustments for the off-balance sheet part of the 29 remaining fund caverns and the 60 remaining future caverns form the Group's adjusted net asset value. 2009 net asset value suffered significant negative effects in the amount of -€175.4 million from non-cash negative changes in value in the Real Estate, Caverns and Development segments as well as in financial instruments. It is below the prior-year figure at €863.8 million (2008: €987.0 million). Net asset value per share was €6.86 in 2009 (2008: €8.51) and implicitly takes into account the capital increase carried out in October and the related increase in the number of shares from 116 million to 126 million. After adjustments for the off-balance sheet fund caverns and future caverns, the adjusted NAV per share for financial year 2009 was €9.95 (2008: €12.70).

FFO I indicates positive operational earnings power

In 2009, FFO I of €36.6 million or €0.31 per share and FFO II of -€43.5 million or -€0.37 per share was generated. This shows that IVG's core business possesses positive operational earnings power after adjustment for one-off effects such as development and sales activities.

Funds from Operations (FFO) in € m

EBIT Group		**64.1**
+/-	Unrealised changes in value	152.8
EBIT Group (before unrealised changes in value)		**216.9**
A)	Elimination of non-recurring EBIT from development activities +/- EBIT Development (before changes in value) *	-14.8
B)	Elimination of non-recurring result from trading activities (excl. trading activities Development) +/- Realised changes in market value of investment property (excl. Development)	63.7
C)	Elimination of non-cash effects included in EBIT (excl. development activies)	
+	Depreciation and amortisation of intangible assets and property, plant and equipment (excl. Development)	5.6
+/-	Gains/loss from associated companies accounted for using the equity method (excl. Development)	10.4
+/-	Other non-cash effects included in EBIT (excl. Development) and one-off items	-22.8
D)	Less regular payouts other stakeholders	
+/-	Net interest result (cash effective part financial result without development financing)	-168.7
+/-	Current income tax expenses (cash tax, according to cash flow statement)	-21.7
-	Accrued payouts hybrid holder (to be payed out later)	-32.0
FFO I - recurring (excl. activities from development and trading)		**36.6**
+/-	Add back eliminated result from trading activities	-63.7
+/-	Add back eliminated result from development activities	14.8
+/-	Elimination of non-cash effects included in EBIT from development activities	-1.5
	+ Depreciation and amortisation of intangible assets and property, plant and equipment	0.6
	+/- Gains/loss from associated companies accounted for using the equity method	1.9
	+/- Other non-cash effects included in EBIT and one-off items adjusted earlier	-4.0
+/-	Add back eliminated cash effective from development financing	-29.7
FFO II - total (incl. activities from development and trading)		**-43.5**

* Includes €9.4 million adjustment from project sale in 4Q09

Strengthen core competencies and reduce risks

IVG's business model was strategically reorganised in 2009 due to the restrictive investment and capital markets and risks in terms of transaction-oriented strategies that emerged in the last two financial years. In doing so, concentrating on the core business with the aim of ensuring existing income potential of operating business and reducing risky activities was unavoidable. After the adjustments were made, IVG now has only two business divisons:

- **IVG Investment**
  with the segments Real Estate, Development and Caverns
- **IVG Funds**
  with the segments Institutional Funds and Private Funds

The IVG Investment division is responsible for investing in real estate and caverns with its own capital, while the IVG Funds division is responsible for developing, selling and managing investment products for private and institutional investors.

IVG Asset Management assumes the operational real estate management of both divisions. As the central service unit that concentrates on customer-oriented services, Asset Management ensures a long-term and attractive cash flow for real estate investments in its own and third-party portfolios and therefore plays a decisive role in creating value in the company. Due to the elimination of the risk-afflicted IVG Development division, Asset Management will perform development services for the company's equity and the fund assets in the future. However, current projects are being carried out on schedule and Development will be reported as a segment within the Investment division until its elimination. Focusing efforts included outsourcing the national Property Management to strategic partners starting on 1 January 2010.

In reaction to current capital market conditions, IVG will step up its activities as a platform for real estate investment projects with an integrated value chain in the future. In addition to the function as fund and asset manager, we will target investments in real estate fund products with equity in the form of co-investments (alignment of interests).

IVG Investment

Real Estate

Active portfolio management of properties

In the Real Estate segment, IVG Investment focuses on optimising value of its own office properties. The basis for this is the portfolio management strategy that focuses on specific potential of properties, the risk-return situation and the cycles of the European markets. The investment focus is on the top German office property markets and selected European cities. Properties are managed by the central service unit Asset Management and the respective IVG branch office. Our expert teams use instruments such as sustainable increasing of rental income, expanding the effective occupancy rate and raising development rights reserves to increase profitability and value.

Key figures in € m

	2009	2008	Change in %
Revenues	632.8	364.1	73.8
thereof net rents	*303.4*	*321.0*	*-5.5*
thereof service charge	*38.4*	*40.9*	*-6.0*
thereof other revenues	*290.9*	*2.2*	*-*
Changes in inventory	-276.0	-0.9	-
Unrealised changes in market value of investment property	-194.2	-671.2	-71.1
Changes in market value of investment property	-63.6	15.8	-
Other income	32.0	41.8	-23.5
Operational expenses	-175.0	-177.3	-1.3
EBIT	**-44.0**	**-427.7**	**-89.7**
Proceeds from sales	933	161	-
Acquisitions	39	1,005	-96.1
Fair value at end of year	4,527	5,355	-15.5

Market value losses due to difficult real estate markets

The financial and economic crisis put a great deal of pressure on property values and rents in 2009. Accordingly, the conditions for re-letting and extending rental contracts deteriorated. IVG did not escape these effects and was forced to accept unrealised changes in market value of -€194.2 million in its investment properties. Overall, the value of the portfolio decreased from €5,355 million to €4,527 million mainly due to scheduled property sales.

Successful implementation of the divestment programme

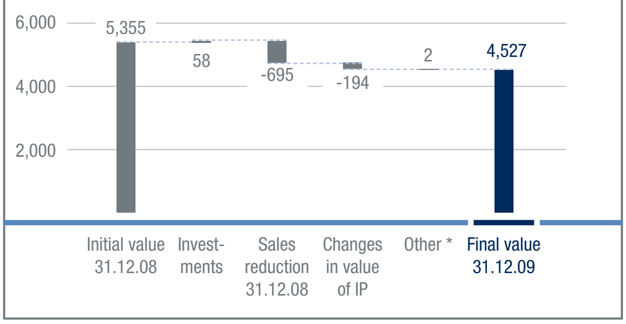
Despite the difficult situation on the financial and real estate markets, IVG sold several properties for €932.7 million in 2009 as part of its divestment programme to secure liquidity. The company's goal to sell close to €1 billion worth of properties in terms of the carrying amount before the end of 2010 was therefore achieved earlier from expected. The largest transaction in the divestment programme was the sale of the Maciachini property in Milan for a total of €297.5 million. Another 27 properties (including six partial property sales) were placed directly on the market, while the remaining eight properties were placed by means of an IVG-launched fund for institutional investors ("IVG Protect Fund"). IVG remains a co-investor in this fund with 20% of the equity. The following table gives an overview of all purchases and sales in 2009 with the respective buy and sell prices.

Main portfolio acquisitions and disposals *

Purchases 2009	City	Country	Lettable area sqm	Price € m
29 Wellington Street	Glasgow	UK	7,158	32.4
Disposals 2009				
Friedrichstraße 108	Berlin	Germany	11,400	30.5
Klingelhöferstraße 18/ Von-der-Heydt-Straße 4	Berlin	Germany	20,420	65.5
Redlichstraße 2	Dusseldorf	Germany	14,149	36.6
Billstraße 78-80a	Hamburg	Germany	17,229	29.7
Nymphenburger Straße 3	Munich	Germany	15,100	57.1
Neuturmstraße 5	Munich	Germany	4,728	29.3
Leopoldstraße 157	Munich	Germany	6,911	19.0
Avenue de Tervuren 226-236	Brussels	Belgium	10,533	17.1
55 Moorgate	London	UK	5,981	40.8
131 Finsbury Pavement	London	UK	7,307	53.5
Route d'Esch 400, Ariane 1-3	Luxembourg	Luxembourg	15,085	49.0
Via Imbonati, Maciachini	Milan	Italy	66,115	297.5
3-5, rue St. Georges	Paris	France	7,179	56.4
41 Avenue de Friedland	Paris	France	6,069	48.6
79-83 Rue Baudin, La Chocolaterie	Paris	France	6,174	29.6
Other (total of 21 properties with selling price less than €12 million)			66,596	72.4
Total			**280,976**	**932.7**

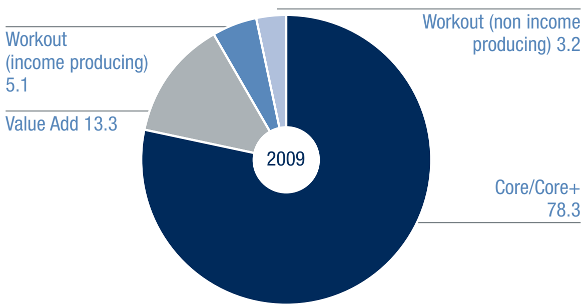
* On-balance sheet disposals up until 31 December 2009

Portfolio development in € m



* Exchange rate effects, changes in value of non investment property

Portfolio structure fair value according to investment profile in %



Portfolio structure still dominated by core/core+ properties

Despite the disposals to secure liquidity, the portion of core/core+ properties fell only slightly. The portfolio consists of a balanced mix of long-term stable, fully let core/core+ properties and value-add properties which have potential for capital appreciation through active asset management. More non-strategic properties in the Workout segment will be sold in the future.

Key portfolio figures 2009

		National	International	Core/Core+	Value Add	Workout (income producing)	Workout (non income producing)	Total
Actual rent	€ m	219	85	251	36	14	2	303
Property-related costs (NRI)	€ m	17	12	16	8	3	1	29
NRI	€ m	202	73	235	27	11	1	275
NRI	%	5.5	5.3	5.8	4.5	4.9	0.7	5.5
NOI	€ m	189	69	224	24	9	0	258
NOI	%	5.2	5.1	5.6	4.0	3.9	0.2	5.1
Expected rent *	€ m	235	73	237	50	19	2	308
Contract rent *	€ m	211	68	228	36	13	2	279
Leased area *	'000 sqm	1,608	316	1,417	317	24	166	1,923
Area *	'000 sqm	1,836	360	1,502	430	240	24	2,195
Economic occupancy rate *	%	89.7	92.5	95.9	72.1	69.7	-	90.4
Market value *	€ m	3,526	1,001	3,547	604	232	144	4,527
Expected rental yield	%	6.7	7.3	6.7	8.2	8.3	1.2	6.8

* As of 31.12.2009

High-quality tenant structure

41% of the total contract rent is covered by the Top 10 tenants. The largest tenant across various locations is Allianz with a total area of around 409,000 sqm and an annual contracted rent of €64 million.

Top 10 tenants

	Company	Lettable area sqm	Dec. 2009 Rent p. a. € m	Share of total rent volume %
1	Allianz (Hamburg, Frankfurt, Munich, Stuttgart)	409,454	64.0	23.0
2	Régie des Bâtiments service extérieur (Brussels)	60,002	10.5	3.8
3	Siemens (Berlin, Hamburg, Dusseldorf, Munich)	72,480	9.6	3.4
4	THALES (Paris)	33,054	6.6	2.4
5	HSBC (Paris)	14,628	5.2	1.9
6	Verlagsgruppe Milchstraße (Hamburg)	19,298	4.3	1.5
7	Daimler AG (Stuttgart, Ottobrunn)	21,338	3.9	1.4
8	AXA (London, Munich)	7,283	3.6	1.3
9	Bosch Sicherheitssysteme (Munich, Frankfurt)	31,873	3.3	1.2
10	Epcos (Munich)	32,630	3.2	1.2
	Total ten overall	**702,040**	**114.2**	**41.0**
	Total nominal rents		**278.6**	

The contracted rent expiry profile was spread out further into the future due to renegotiations and rental contract extensions. The average rent expiry was 6.1 years as of end 2009.

Lease expiry * in € m

	2010	2011	2012	2013	2014 ff.	unlimited
Germany	19.2	11.0	23.2	12.1	114.6	30.5
London	0.8	2.4	1.2	0.0	4.1	0.0
Paris	1.2	3.1	8.6	0.4	9.5	0.0
Other	1.5	2.1	4.6	2.1	13.8	12.4
Total	**22.8**	**18.5**	**37.6**	**14.6**	**142.0**	**43.0**
Share of total volume in %	**7.9**	**6.4**	**13.0**	**8.8**	**49.1**	**14.9**

* Flex lease not included

Occupancy rate at a glance

The occupancy rate of the previous year (2008: 92.5%) was not maintained due to the decline in the property rental market in 2009, falling by 2.1% percentage points to 90.4%. However, almost 60% of the rents are secured in the long-term. Rents decreased by 2.9% in a like-for-like-comparison.

Major goals/measures 2010

- Improve operational performance by means of proactive tenant management and long-term maintenance and modernisation measures (quality and rental offensive)
- Sharpen and focus on core/core+ and value-add investment profiles
- Selective selling of properties that do not conform to the strategy, especially in the Workout segment

IVG Investment

Development

Concentrating on core business

As part of the strategic reorganisation of the business model, a decision was made to eliminate the existing Development division. In future, development services for the company's own assets and fund assets are to be performed by the central service unit Asset Management. In the transition phase, current projects will be carried out on schedule and Development will be reported as a segment in the Investment division.

Key figures in € m

	2009	2008	Change in %
Revenues	67.8	69.4	-2.3
thereof project sales and realised changes in market value	*49.4*	*53.0*	*-6.8*
thereof other income	*18.4*	*16.4*	*12.1*
Changes in inventory	367.3	386.2	-4.9
Unrealised changes in market value	0.0	38.0	-
Realised changes in market value	-0.4	-20.4	-97.8
Other operating income	29.2	36.7	-20.4
Material expenses	-544.9	-611.7	-10.9
thereof risk provisions/ impairment losses	*-166.9*	*-215.1*	*-22.4*
Operational expenses	-44.8	-35.4	26.5
EBIT	**-125.8**	**-137.2**	**-8.3**

Risk provisions for projects increased again

The negative effects of the financial and economic crisis on the investment and rental markets also impacted the development business in 2009. IVG reacted to the changed market conditions with appropriate impairments and measures for risk provisions. In 2009, this mainly affected project Airrail with -€149.4 million.

Due to the successful conclusion of a rental contract for a project development and the reversals of projects at lower costs, the impairment losses recognised in 2008/provisions recognised in income in 2009 were reversed for a total of €16.9 million.

Risk provisions/ impairment losses in € m

Formation	**31.12.2009**	**31.12.2008**
Short-term pipeline	-166.9	-118.2
Long-term pipeline	0.0	-51.4
Old projects incl. reversals	0.0	-45.4
	-166.9	**-215.1**
Reversal		
Reversal of inventories	9.7	0.0
Reversal of risk provisions	7.2	0.0
	16.9	**0.0**
Total unrealised changes in market value	**-150.0**	**-215.1**

Systematic reduction of the project pipeline

The remaining project developments are high quality, in good locations and have excellent sustainability.

Despite the difficult market situation, IVG sold 3 developments in 2009, generating €131 million and an average trading profit of 26%.

Project disposals

	Total investment costs € m	Number	Sales volume € m	Trading Profit %
IVG own projects	37.2	2	43.0	16
IVG investment projects	66.6	1	88.3	32
Total (IVG share)	**103.8**	**3**	**131.3**	**26**

Reducing the project development pipeline was gradually pursued further in 2010. In this context, up to 14 additional projects are expected to be transferred and invoiced in 2010. In doing so, IVG is increasing its efforts to work more closely with the IVG Investment and IVG Funds divisions to create integrated value. IVG Funds launched a "IVG Premium Green Fund" as a specialised fund for some of the projects through which select project developments that are certified under the LEED standard are placed with institutional investors.

In addition to the completion of the current developments, increasing the value of the projects for sale by improving the occupancy rate is the focus of activities.

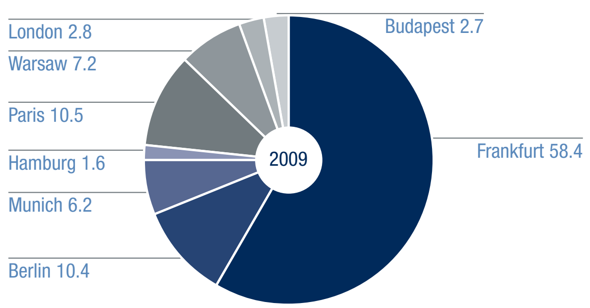
Project pipeline

	Lettable area sqm	Total investment costs IVG share € m	Already invested € m	Cost to complete € m	thereof 2010	thereof 2011	thereof 2012
Short-term pipeline							
Realisation 2010	185,655	766	564	202	194	7	1
Realisation 2011 to 2013	174,473	1,090	625	464	441	4	0
	360,127	**1,856**	**1,190**	**666**	**635**	**11**	**1**
Long-term pipeline	**13,978**	**108**	**102**	**6**	**6**	**0**	**0**
Participation in joint ventures	**87,169**	**149**	**62**	**87**	**21**	**18**	**21**
TOTAL PIPELINE	**461,274**	**2,113**	**1,353**	**760**	**663**	**29**	**22**

Key figures short-term pipeline in %

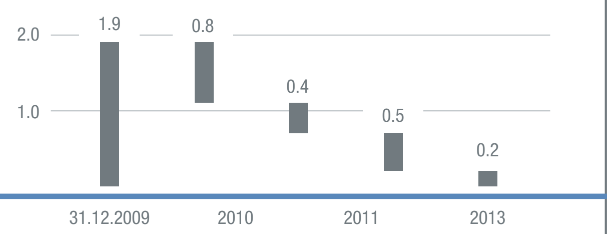
	Occupancy rate	Yield on cost	Exit Yield	Project financing
Realisation 2010	67	7.3	6.3	64
Realisation 2011 to 2013	59	6.0	6.3	43
Weighted average	**63**	**6.5**	**6.3**	**52**

Current pipeline by location in %



Total volume (IVG share): €1,856 m

Reduction of project pipeline in € bn



Total investment costs (IVG share): €1.9 bn

Major goals/measures 2010

- Reduction of the development pipeline by disposing up to 14 projects with a volume of over €700 million
- Integration of Development services into Asset Management
- Selective exploitation of modernisation/refurbishment potential in the IVG portfolio and the fund portfolio

IVG Investment

Caverns

Caverns as an attractive asset class

As part of the restructuring of the business model, the formerly independent Caverns division was integrated into the Investment division. The core business of the Caverns segment is the construction, operation, leasing, and sale 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 2008, IVG sold 70 caverns (40 existing caverns and 30 development caverns) to an institutional fund for which IVG is responsible for the fund and asset management. The first development cavern was transferred to the fund in 2009. IVG also intends to realise at least anther 60 caverns at the Etzel location near Wilhelmshaven, Germany. Of these, six are under contract, 27 are under option and 27 are free caverns.

Key figures in € m

	2009	2008	Change in %
Revenues	61.4	57.2	7.3
thereof management fees	*11.3*	*0.0*	*-*
thereof net rents	*0.1*	*50.0*	*-99.8*
thereof performance fees (promote structure)	*43.1*	*0.0*	*-*
therof other income	*6.9*	*7.2*	*-4.2*
Own work capitalised/changes in inventories	6.6	16.7	-60.5
Unrealised changes in market value	197.0	48.5	-
Realised changes in market value	-0.4	175.7	-
Other income	5.8	181.8	-96.8
Operational expenses	-36.6	-37.3	-1.9
EBIT	**233.8**	**442.6**	**-47.2**
Gross proceeds	32.5	835.8	-96.1
Investments	**103.5**	**184.0**	**-43.8**

Positive influence from fair value accounting

The 2009 results are heavily influenced by unrealised changes in the market value of investment property. Since the beginning of 2009, caverns under construction are required to be reported under investment property and carried at fair value in accordance with IAS 40 (revised 2008), providing that their fair value can be reliably determined. The corresponding fair value measurement took place in 2009 for 13 caverns, of which one cavern was sold as planned to the IVG Cavern Fund in July 2009 after completion. The reported unrealised changes in market value represent the differences between the fair values and the recognised manufacturing costs. The increase in revenues from management fees is due to the provision of services for the entire year for the fund after its sale in the fourth quarter of 2008. The reduction of net rents generated until that point was only partially offset. In terms of leasing performance, IVG agreed a promote structure for the oil storage contracts to be extended until 2015 as part of the cavern transaction. Based on the contracts concluded in 2009, IVG secured future income that was recognised at present value in revenues. €4.8 million of this affected cash for IVG.

Leasing 2009

IVG future caverns

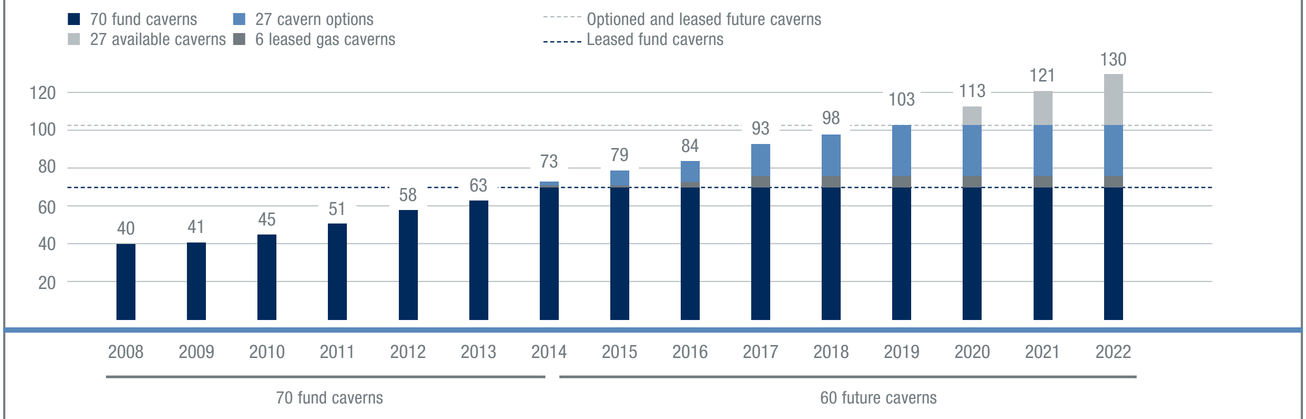
Type of leasing	Oil	Gas	Volume million m³
New leases		6	3.9
Total		**6**	**3.9**

IVG fund caverns

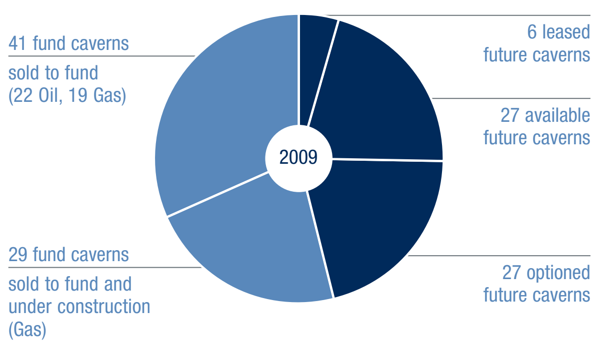
Type of leasing	Oil	Gas	Volume million m³
New leases	1		0.4
Prolongation of contracts	8		3.3
Total	**9**		**3.7**

The following differences should be noted in the accounting of the caverns: Of the 29 caverns that were already pre-sold to the fund (fund cavern), 12 are already posted under investment property at the discounted fair value of €285 million as of 31 December 2009, as they reached the set threshold in construction progress. 17 caverns are in the early stages of construction with cumulative construction costs of €106 million in investment property, but have not yet reached the threshold for fair value accounting. Therefore a total of 29 caverns with a value of €390 million are shown in the balance sheet. The expected discounted difference from the fair value amount (in this case the selling price to the IVG Cavern Fund) for the 17 caverns amounts to €171 million and is included in the adjustment to the NAV.

Cavern development programme in € m



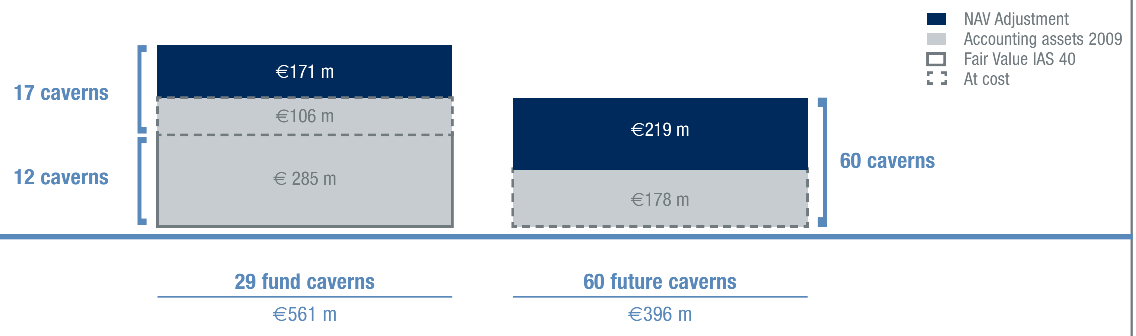
Structure of cavern porfolio number



Purchase prices and investments: 70 fund caverns 2008-2015 in € m	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2010-2015**
Purchase price [1]	835.8	37.3	124.0	183.9	200.4	137.8	192.0	20.3	858.4
Investments [2]	-160.0	-41.0							-136.5

[1] Purchase prices from 2009 to 2015 include a promote structure in the amount of €92 million for extensions of prolongation storage contracts 2009 to 2014
[2] This does not take account of non-cash investments (capitalised loan interests and own work capitalised)

Accounting of cavern assets



The same principle applies to the 60 future caverns that will be gradually completed from 2014. Onwards the end of the year, €178 million in cumulative construction costs are already included in the balance sheet; the difference from the fair value amount is €219 million. The latter is included in the NAV adjustment only.

Accounting and NAV adjustment 2009		Balance sheet value	NAV adj.	Total value
29 fund caverns		**390.3**	**170.9**	**561.2**
12 fund caverns	*Fair Value*	*284.5*		*284.5*
17 fund caverns	*At cost*	*105.8*	*170.9*	*276.7*
60 future caverns		**177.7**	**218.7**	**396.4**
89 caverns under construction		**568.0**	**389.6**	**957.6**

Development programme for caverns: Operating focus shifts

The focus in the coming years remains on the development and operation of the caverns sold and leased to the fund and the leasing of additional future caverns.

In December 2009, the IVG Investment segment Caverns entered into a long-term rental contract with a consortium including British Petroleum (BP) concerning six caverns for gas storage. This means the expansion of IVG's cavern location is proceeding according to plan. The contract provides for the start-up of the caverns with a total void volume of at least 3.9 million m³ from 2014 to 2017. The conclusion of the rental contract is having a positive effect on the adjustments of the off-balance sheet future caverns in the adjusted net asset value (NAV) calculation. In the assessment of the future caverns, there is a 50% risk discount on the cash flow streams before leasing. After the caverns are leased, the discount is reduced to 25%.

Major goals/measures 2010

- Transfer four more completed caverns to the IVG Cavern Fund
- Continue construction and development activities for 29 pre-sold fund caverns and 60 future caverns
- Conclude additional rental contracts for future caverns

IVG Funds

Institutional Funds

Market-leading position maintained

The Institutional Funds segment is part of the IVG Funds division and deals with the development, sales and management of real estate funds for institutional investors.

With a market share of about 30%, IVG is a market leader among open-ended specialised real estate funds (according to Bundesverband Investment und Asset Management e.V., 30 November 2009). The basis for this is many years of experience and expertise in the administration and management of real estate funds, allowing IVG to manage institutional investors in line with their requirements and achieve an optimal placement of fund products.

Key figures in € m

	2009	2008	Change in %
Revenues	66.4	67.0	-0.9
thereof one-off fees	*5.2*	*7.4*	*-29.9*
thereof rolling fees	*59.6*	*58.7*	*1.5*
thereof other revenues	*1.6*	*0.8*	*100.0*
Other income	1.8	3.8	-52.6
Operational expenses	-45.2	-47.5	-4.8
EBIT	**23.0**	**23.3**	**-1.3**
Acquisitions [1]	922	1,127	-18.2
Sales	273	106	157.5
Assets under management [2]	12,677	11,967	5.9
Number of funds	37	35	5.7

[1] Acquisitions 2008 excl. €836 million from cavern transactions
[2] Assets under Management since 2009 incl. asset manager for third parties

Innovative funds concept realised

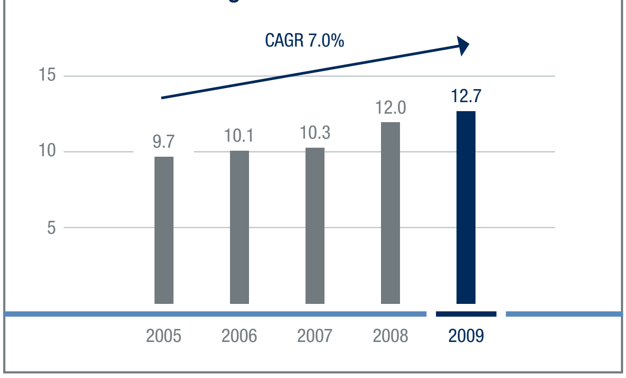
With the “IVG Protect Fund”, IVG successfully placed a new product in 2009 with an investment volume of around €300 million. In order to take full advantage of the opportunities offered by the nascent economic upswing, eight high-yield office buildings from IVG’s own portfolio in the European office metropolises of Brussels, London, Paris, Berlin, Hamburg and Munich were added to the fund. The innovative concept of the “IVG Protect Fund” is establishing an alignment of interests between investors and IVG and the seller and fund manager. Interests are aligned by means of IVG’s participation of 20% in the fund‘s placed equity, which also serves as a risk cushion. In this context, possible decreases in value will be offset against IVG’s share for a total of five years. The fund will fully benefit from increases in value, while IVG also receives a performance fee. With this organisational form, the “IVG Protect Fund” met with great investor interest.

Operational business stable, assets under management increased

As of the end of the year, IVG Funds managed €12.7 billion in real estate assets in its Institutional Funds segment (including third-party mandates and third party management). Assets under management were thus up over €710 million year-on-year. The purchase volume was €922 million compared to disposals of €273 million, which were realised despite the difficult market situation. Revenues amounted to €66.4 million, while operating expenses in the past financial year were €45.2 million. Overall, 2009 EBIT of €23.0 million was unchanged as against the previous year.

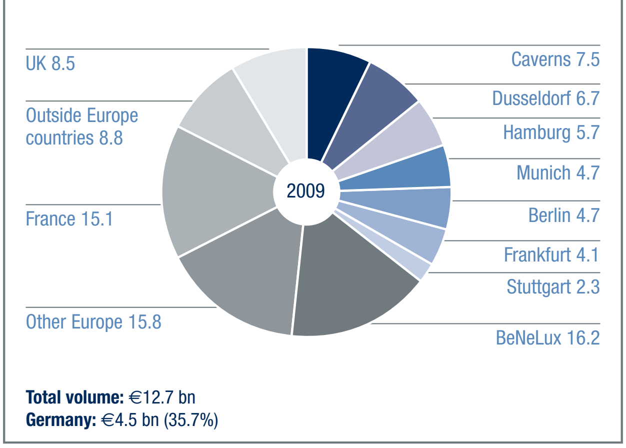
In the Institutional Funds segment, IVG Funds uses its expertise in specialised real estate funds to expand its assets under management and broaden its customer base. High-quality and innovative funds products with attractive yields and improved customer support are the basis for continuing to exceed the expectations of our international investors in future.

Assets under Management in € bn *

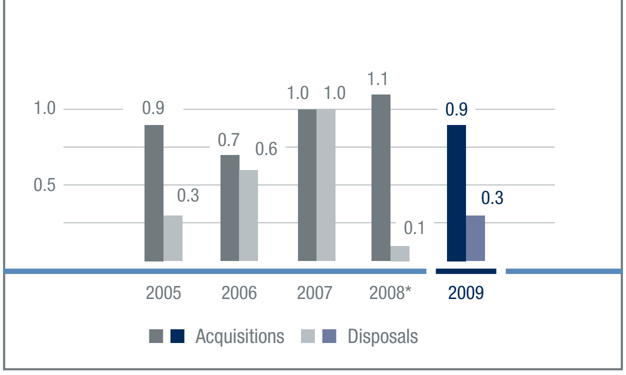


* Incl. €142 million in third party management (previous year in IVG Funds – Private Funds)

Assets under Management Institutional Funds
by regions in %



Acquisitions and disposals in € bn



* Additions in 2008 excl. €836 million in cavern transactions

Major goals/measures 2010

- Expand assets under management and expand customer base
- Launch and placement of new innovative funds with IVG participation (alignment of interests): “IVG Premium Green Fund”
- Further permanent improvement of customer service quality

IVG Funds

Private Funds

Closed-end real estate funds defy turbulent times

As part of the IVG Funds division, the Private Funds segment focuses on developing, selling and managing real estate funds for private investors. With the EuroSelect funds, Private Funds offers private investors in the closed-end real estate funds market investment opportunities in attractive European properties and portfolios. Despite the difficult times, IVG Private Funds had €175 million in equity in 2009, claiming third place among the providers for closed-end real estate funds. The market share remained stable at approximately 7%.

Key figures in € m

	2009	2008	Change in %
Revenues	14.5	52.3	-72.2
thereof one-off fees	*11.1*	*25.6*	*-56.8*
thereof recurring fees	*3.5*	*2.5*	*38.6*
thereof net rents	*0.0*	*24.2*	*-*
Changes in inventory	0.0	50.6	-
Other income	8.3	14.3	-42.2
Operating expenses	-21.1	-97.5	-78.4
EBIT	**1.7**	**19.7**	**-91.4**
Equity placed	175	257	-31.9
Assets under management	3,197	3,327	-3.9
Investors managed	57,803	51,756	11.7

Top 5 fund initiators of closed-end real estate funds in € m

	Placed Equity
Real I.S.	420
Hannover Leasing	344
IVG	**175**
KGAL	136
SHB	103

Source: VGF Branchenzahlen 2009

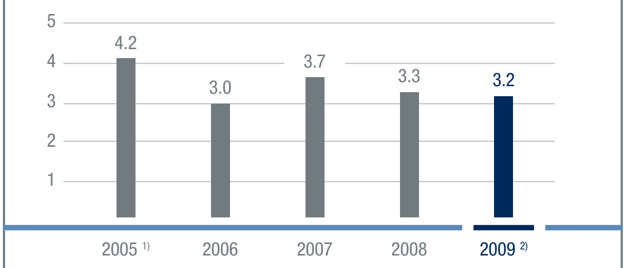
EuroSelect 17 wound up on schedule, EuroSelect 20 launched successfully

EuroSelect 17 "Office Center Amstelveen" with €99.5 million in equity was wound up on schedule within six months. Sales in EuroSelect 20 "The North Gate" had a successful start in November, already taking in €66 million in equity by the end of 2009. In turn, the number of investors supported increased to over 57,000 by the end of 2009.

Product pipeline for 2010 already in implementation

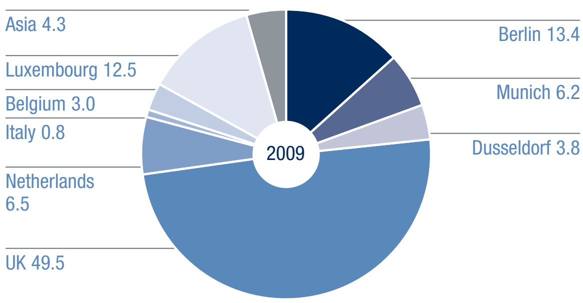
In 2010, there are new funds in the planning with a geographic focus on the Netherlands, Germany and Belgium.

Assets under Management in € bn



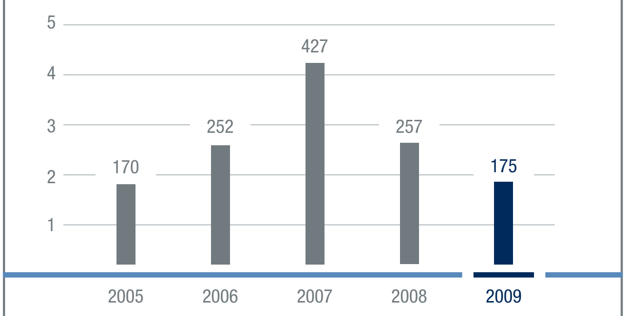
1) Incl. 25% share in Hannover Leasing with €1.3 billion
2) Reclassification of third party management to Institutional Funds (€142 m)

Assets under Management by geographic region in %



Total volume: €3.2 bn
Germany: €749 m (23.4%)

Equity placed in € m



Major goals/measures 2010

- Placement of more than €200 million in equity
- Realisation of the product pipeline with up to three new investment opportunities
- Strengthening the sales platform by obtaining new sales partners

"German real estate offers attractive risk-return ratios with a low level of volatility."

Interview with Dr Oliver Voß, Head of Research, IVG

How does the Head of Research at IVG view the current market assessment of the economy?
Dr Voß: After the economic slump due to the financial crisis, a recovery process has begun over the second half of 2009 – we are now talking about moderate economic growth again in 2010 und 2011. However, it is important to note that the labour market will have a delayed reaction to this – therefore continue to expect bad news in 2010 in terms of overall employment. This also applies to Germany, where mass redundancies have been avoided so far due to reduced working hours. Looking at consumer prices, we see further stability, but expect the ECB to withdraw liquidity from the market over the course of 2010. It cannot be ruled out that key interest rates will rise in the second half of the year.

And how does this impact the real estate markets?
Dr Voß: Due to the wait-and-see attitude at companies, we saw a considerable decline in office space transactions in 2009. However, some locations such as London and Paris showed improvements towards the end of the year. The vacancy rate in European office space increased from 8.3% to 9.9% over the course of the year – Germany is exactly in the European middle here. Prime rents in the European markets fell 8.8% on average in 2009. At 6.1%, the decline in Germany was moderate by comparison. We expect continued downward pressure on rents in general in 2010 and stabilisation for most locations in 2011.

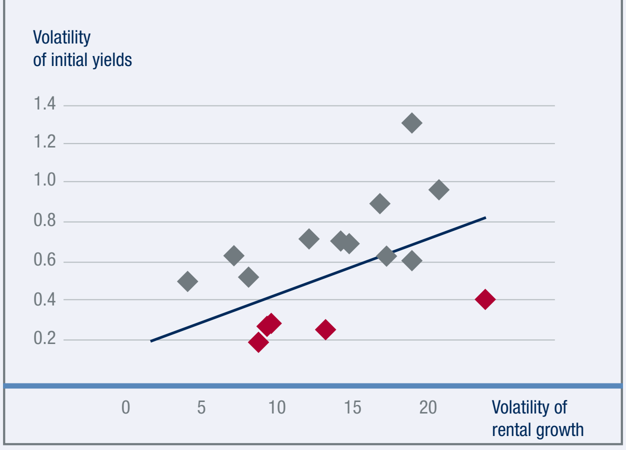
The situation on the investment markets for commercial property is different. We already hit bottom in this sector in spring 2009 and since then we have been observing rising investment volumes from quarter to quarter. Nonetheless, the European transaction volumes in 2009 were down around 42% year-on-year. This means we have two contrary effects on the real estate market – rents that could decline further and falling initial yields due to increasing transaction volumes – which tend to neutralise each other in terms of their effect on the assessment of commercial properties.

Could you explain the development in initial yields in more detail and place Germany in the context of Europe in this respect?
Dr Voß: Firstly, it must be said that fully-let top office properties are generating high current income at the present time, especially in comparison to government bonds. Just compare the current average rental yield in Germany's real estate strongholds of 5.35% on average with the yield on a ten-year German government bond of 3.3%. This makes investing in office properties in Germany and Europe attractive, despite the pressure on the rental markets. Secondly, the top initial yields in Germany are still well above their long-term average of 5.1% – meaning there is still potential here for positive development. In Europe, we see that the situation is similar in Paris. By contrast, initial yields on London's West End have again fallen below the 5% mark. Thirdly, and a vital factor especially in the current risk-adverse market climate, Germany is exposed to significantly less volatility in initial yields than other European cities. For example, top initial yields in the five largest German locations in the last decade have fluctuated within a range of 75 (Berlin) to 125 basis points (Frankfurt/Main), while the range between the high and low of the cycle in Paris and London has increased by 260 and 200 basis points, respectively.

And where does this low level of volatility in Germany come from?

Dr Voß: In empirical terms, there is a significant connection between the degree of fluctuation in initial yields and rent growth rates. The higher stability in the initial yields in Germany can therefore be attributed to the relatively low volatility in rental prices and expectations for rental growth. The latter is based on the fact that the demand for office properties in German real estate strongholds is broadly diversified across sectors as compared with other European countries. For example, the cyclical financial sector does not have considerable influence on the rental markets in every location, as is the case with Frankfurt/Main and London. In general terms, the commercial property business in Germany is not centred in a dominant large city, but is a main consumer of lettable office space in a number of major cities with different industries due to the federal structure of the country. A second important influential factor in the volatility is the investor base. Many traditional investor groups active in Germany have a firm capital base, such as the German funds, insurance companies and private investors. Apart from the period from 2005 to 2008, these investor groups have been the primary influence on the German market for the last 20 years. They have had a stabilising effect on the initial yields and therefore also the real estate prices in the boom as well as in the most recent downturn. Increased borrowing has certainly led to higher increases in value in other European real estate markets, but has had a destabilising effect in the downturn to the same degree.

Volatility of top initial yields and rent increase rates 1985-2009 * in %



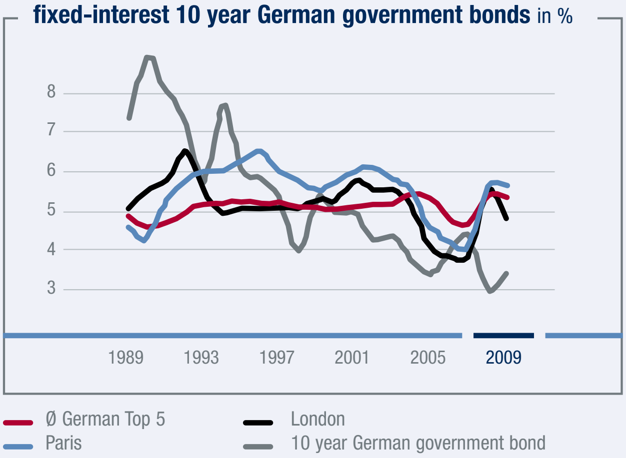
* Volatility measured by means of standard deviation
German locations depicted in red. Correlation 0.46 (excluding Berlin 0.65)

Source: IVG Research based on estate agent data

So: Germany or the rest of Europe as your favourite for 2010, Dr Voß?

Dr Voß: Surely this depends on the investment approach – there are opportunities for both conservative and risk-taking investors in the current situation. For the conservative approach, I would recommend Germany with its relatively stable initial yields and low rental volatility. There are certainly higher-return opportunities in selected European cities, which offer greater opportunities in an upturn but also involve greater risks in a downturn as a result of higher volatility. But this is just the macro view of things. As I am sure you know, you can do good business in all markets if you have local expertise. That's why the real estate business remains a local business!

Top office intial yields and interest rate for fixed-interest 10 year German government bonds in %



Source: IVG Research based on estate agent data

Market volatility 1985-2009

in %	Top office initial yields		Growth rate in prime rents		Growth rate in net present value [2]	
	Average	Standard dev.	Average	Standard dev.	Average	Standard dev.
Berlin [1]	5.3	0.39	3.5	22.7	6.5	30.5
Dusseldorf	5.2	0.26	1.4	8.4	1.5	10.6
Frankfurt	5.0	0.25	2.6	12.2	3.8	14.8
Hamburg	5.0	0.18	1.9	7.9	1.8	9.0
Munich	4.9	0.28	2.8	8.7	3.2	12.0
London	5.1	0.60	4.8	17.9	7.5	22.1
Paris	5.4	0.62	3.0	13.7	5.4	19.1

[1] The high volatility of the Berlin growth rates for rents and net present values can be explained by the special effect of German reunification
[2] Annual net present value, defined as prime rent/top initial rent

Source: IVG Research based on estate agent data

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1 Overview

IVG had positive operating business in 2009 before unrealised changes in value

The 2009 consolidated net loss of €158.0 million (previous year: loss of €451.7 million) was heavily influenced by non-cash unrealised changes in value totalling -€175.4 million. Unrealised changes in value of investment property occurred in the Real Estate segment (-€194.2 million) and the Caverns segment (€197.0 million from fair value measurement of caverns under construction) as well as write-downs on inventories (-€166.9 million) for project developments in the Development segment. In addition, negative valuation effects from financial investments and exchange rate effects of -€22.7 million impacted the financial result and therefore consolidated net loss. Operative EBIT totalled €216.9 million in 2009. The decline of €505.1 million as compared with the previous year (2008: €722 million) is mainly due to the cavern transaction carried out in November 2008.

Net asset value declines due to non-cash negative changes in value

Shareholders' equity plus the adjustments for the off-balance sheet part of the 89 fund and future caverns form the Group's adjusted net asset value. 2009 net asset value suffered significant negative effects in the amount of -€175.4 million from non-cash negative changes in value in the Real Estate, Caverns and Development segments as well as in financial instruments. It is below the prior-year figure at €863.8 million (2008: €987 million). Net asset value per share was €6.86 in 2009 (2008: €8.51) and implicitly takes into account the capital increase carried out in October and the related increase in the number of shares by 10 million from 116 million to 126 million. After adjustments for the off-balance sheet market values of caverns, the adjusted NAV per share for financial year 2009 was €9.95 (2008: €12.70).

Stable income outlook due to professional asset and fund management

The current market conditions and requirements for secure recurring income were taken into account in the reorganisation of the business model: The Development business with its risk of loss was discontinued and current projects were completed according to plan. Income potential lies in professional asset management of real estate investments in the company's own and third-party portfolios with the aim of ensuring a sustainable and attractive cash flow. In addition, innovative products with a sound risk-return-profile will increasingly generate steady income in the investment and fund business.

No dividend payment

IVG Immobilien AG's separate financial statements prepared according to the German Commercial Code report a loss of €86.4 million after the accumulated profit carried forward, which was offset against the available retained earnings. This means there will be no dividend payment for financial year 2009.

Focus 2010: strengthening operating business

Following the successful completion of the financial restructuring phase in 2009, the focus of the current financial year is strengthening the operating business under the "Operational Excellence & Efficiency" principle. In this connection business processes will be optimised, more efficient planning and management tools will be implemented and costs will be reduced further, among other improvements. The Group's financial liabilities will be also further decreased on an ongoing basis and select market opportunities will be taken in the form of co-investments.

2 Structure and Strategy

2.1 Business model

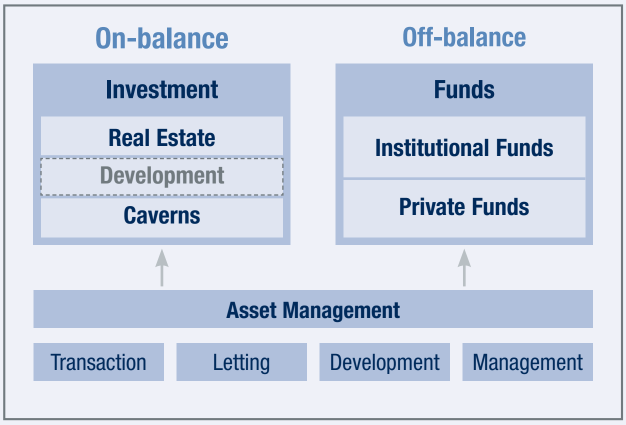
Streamlined business model follows from changed market conditions

Due to the financial and economic crisis and the increasingly conservative assessment of risk, companies with stable recurring income in particular are attracting investor interest. A conservative, transparent and consistent business model can be of critical importance in view of the current market climate and rising competition for capital. In this context, IVG Immobilien AG's Management Board and Supervisory Board decided to strategically reorganise the company's business model in 2009. It aims to secure existing income potential in operating business and reduce activities entailing a risk.

The strategic realignment of the business model simplifies the corporate structure and focuses on the changed market conditions with a clear orientation on core business with a stable recurring income. This allows IVG to minimise risks, save costs and increase efficiency.

Reduction to two business divisions

The new reorganisation is based on a leaner and more efficient organisational structure. IVG has reduced the number of business divisions from four to two.



The IVG Investment division is responsible for investing in real estate and caverns with its own funds, while the IVG Funds division is responsible for developing, selling and managing investment products for private and institutional investors. The existing IVG Development division was discontinued. In the future, development services for the company's own assets and the fund assets will be performed by the central service unit Asset Management. As long as projects are being completed according to plan in the Development segment, the development business will be reported under the IVG Investment business division as a separate segment.

IVG will step up its activities as a platform for real estate investment projects with an integrated value chain in the future. As a central service unit, Asset Management serves to ensure a long-term and attractive cash flow for real estate investments in the company's own and third-party portfolios and generate sufficient value development. With its focus on customer-oriented services, Asset Management actively supports IVG Investment and IVG Funds with its branch offices in Germany and Europe. Focusing efforts included outsourcing Property Management to strategic partners starting on 1 January 2010.

The adjustments allow IVG to positively influence significant value drivers for managed assets from internal structures. IVG's European branch network in particular handles the company's operating business. The branches are responsible for services such as letting and ongoing tenant support, raising development and building rights reserves and buying and selling real estate. IVG is focused on reorganising structures and processes in such a way that efficient service structures and therefore cost structures arise.

2.2 Focus and goals

Adaptation to changed market conditions

As an income-based property company, IVG bases its strategic and operative activities on stable cash flow and lasting creation of value. The most important orientation points are corporate targets and the interests of the shareholders.

Further strategic development takes account of changes in the financial and capital markets. It sets the conditions for direct company business activities. The main goals for the Group in 2010 are strengthening operating business under the principle of "Operational Excellence & Efficiency" and the ongoing improvement of operating results. Radical structural measures that were taken and are being taken in this context are strategically important beyond 2010.

2010 goals to strengthen operating business ("Operational Excellence & Efficiency")

After liquidity was secured at an early stage and therefore the direct financial restructuring of the company was successfully completed in 2009 management activities within the company's current operating restructuring focus on strengthening operating business in 2010. The upcoming tasks include in particular:

- Optimisation of business processes, including the implementation of more efficient planning and management tools
- Continued reduction of financial liabilities to reduce the loan-to-value ratios
- Reduction of costs in operating business to increase sustainable cash flow
- Additional stabilisation of operating income by means of the realisation of a quality and letting campaign
- Further product innovations in the fund business
- Selective use of market opportunities/investment opportunities as a co-investor (participation in fund products with equity)
- Further reduction of the development pipeline
- Transparency offensive (including orientation on the EPRA Best Practice Recommendations)

The divisions support the goals as follows:

- **IVG Investment – Real Estate**

As part of investing activities, the portfolio structure will be adapted rigorously in line with strategy and market conditions. Selected properties will be sold in order to increase internal flexibility. Non-strategic properties will also be successively sold off in a targeted manner. Asset management activities will be intensified, particularly focussing on retaining tenants and re-letting. A further focus is reducing ongoing costs to increase operative performance.

- **IVG Investment – Development**

The focus of development activities in 2010 remains a sustainable increase in the pre-letting rate, a targeted further development of projects to be sold, and project sales. Rigorous reduction of the project pipeline can further reduce risks, further strengthen IVG's liquidity position, and further optimise the company's debt position. No new acquisitions are being made. Freed-up resources will be used in future to optimise the value of properties that IVG holds or manages.

- **IVG Investment – Caverns**

In 2010, IVG Caverns will further strengthen its position as a provider of oil and gas storage facilities in Germany. 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. As co-investor in cavern funds, developer and operator, the cavern business retains its strategic importance for IVG.

- **IVG Funds – Institutional Funds**

The main goal of the Institutional Funds division for 2010 is to stabilise and further expand its market position. In connection with this, it will launch new innovative funds that account for the changed market climate in order to increase assets under management. In 2009, institutional customers were surveyed regarding their satisfaction with the quality of IVG Institutional Funds' services. The knowledge acquired there helps to define specific improvement measures that are planned for introduction in 2010. Even during these difficult economic times, professional fund management in connection with the support of local asset management should generate a high level of customer loyalty and satisfaction.

- **IVG Funds – Private Funds**

The Private Funds division will seek to at least maintain its market position in 2010 for private investors. The range of products offered is to be extended in line with investors' need for security-oriented investments. As in the Institutional Funds division, professional fund management in connection with the support of local asset management should ensure a high level of customer loyalty and satisfaction.

Orientation on employees and sustainability as non-financial goals

IVG seeks to offer a pleasant working environment for our staff and possibilities for targeted further training. In line with this, key tools for strategic personnel development were launched or greatly improved in the last year. Social commitment and sustainability are very important to IVG. Within the scope of the IVG Foundation and by other means, the company assumes social responsibility and supports projects in the fields of science, education, culture and social welfare.

In addition, the topic of sustainability is playing an increasingly important role at IVG. With the new "IVG Premium Green Fund", we are investing in sustainable property in Germany together with institutional co-investors. 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. IVG will continue to strategically address the topic of sustainability more and more in the future.

Competitive edge through real estate market research as a focus for own research and development

Real estate market research provides the basis for making solid investment decisions. This basis is specific econometric models together with current projections on economic growth and new construction, allowing IVG to produce independent forecasts for its relevant property markets.

2.3 Corporate management

Central requirements of successful corporate management are a clear strategic direction and management of the Group via clearly defined indicators suited to the strategy. IVG makes its business decisions on the basis of efficiency calculations, taking into account the effects on the income statement and liquidity or cash flow.

Strategic orientation, with an eye on developments in the business environment, is regularly examined in forecasts and quarterly discussions between the Management Board and managers of the divisions and corporate functions. Management of the divisions was reorganised, taking into account the changed market situation. In light of the strong exogenous influence on the market values of property, management is increasingly cash-flow-oriented. Management then keeps a closer watch on the contributions of the divisions to the operating cash flow of the company. This is also taken into account in current and mid-term planning and in reporting to investors and analysts. Other division-specific key performance indicators (KPIs) are determined and the operating growth of the divisions on the basis of these KPIs is discussed regularly with the Management Board. In addition to the analysis of the actual figures, the planned/actual comparison and the comparison with developments of relevant competitors are also very important. The ongoing examination and further development of KPIs ensure that changes in activities of the divisions are adequately mapped for management purposes.

3 Conditions and Business Development

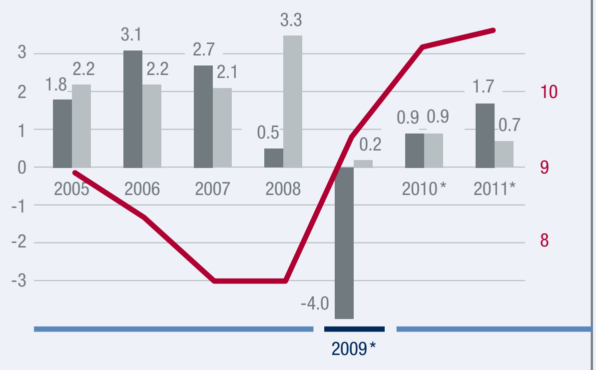
3.1 Economic cycle and the property market

The economy has stabilised over the course of 2009

The economic performance of the European Union slumped dramatically in 2009 due to the international financial and economic crisis. The gross domestic product of the countries in the European Monetary Union fell more than 4% year-on-year. The Federal Statistical Office estimates the decline in Germany was as much as 5%. However, the economic situation stabilised in the second half of the year and a recovery process began due to the massive deployment of monetary and fiscal policy instruments. OECD forecasts predict economic growth of 0.9% for the eurozone and 1.4% for Germany in 2010 and 1.7% for the eurozone and 1.9% for Germany for 2011.

The situation in the European labour market has deteriorated significantly in the past year due to the recession. For example, OECD's eurozone unemployment figure rose from 7.4% in 2008 to 9.5% in 2009. As experience shows that employment takes time to react to macroeconomic changes, the OECD estimates a further increase in this figure to 10.6% this year and 10.8% next year. Last but not least, Germany, which has avoided mass redundancies due to increased working hours, should expect a sharp decline in employment as well.

Economic development in the eurozone in %



Gross domestic product (lhs) Consumer prices (rhs)
Unemployment rate (lhs) * Forecast

Source: OECD, OECD Economic Outlook No. 86, November 2009, Annex Tables 1, 13 and 18

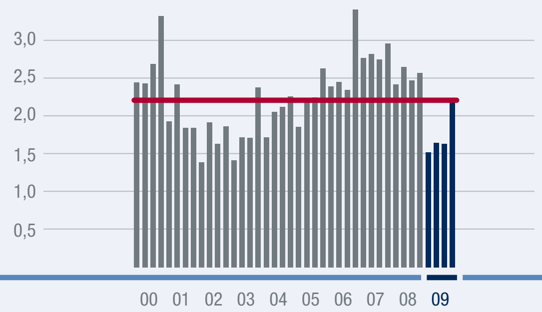
Consumer prices have been largely stable in the past year due to the recession. Inflation in the eurozone and Germany averaged around 0.3%. Due to the slow economic recovery, the OECD predicts inflation rates for 2010 and 2011 that are significantly below the target rate of 2.0% of the European Central Bank. This means the risk of inflation in the current year and next year is limited despite the large expansion the amount of central bank money and the over-indebtedness of public budgets.

But, the European Central Bank may gradually withdraw liquidity from the market in the second half of 2010 and increase the key interest rate again from its historical low of 1.0% in May 2009. The three-month EURIBOR, which has slipped to 0.7% due to the recession, should rise in the next two years against this background. Interest levels for ten-year German government bonds have already increased slightly over the course of 2009.

Supply overhang on real estate rental markets

The economic slump was reflected in the last year in a significant drop in demand for office space. Many tenants have adopted a wait-and-see attitude due to the economic uncertainty and extended their existing rental contracts in cases of doubt instead of moving. Take-up therefore decreased by 30% year-on-year in 2009 in the 20 European markets covered and in the five most important German markets and by 20% from the average recorded between 2000 and 2009. Some locations such as London, Brussels and Madrid, however, showed improvement towards the end of the year.

Aggregated office space transactions in Europe in sqm million

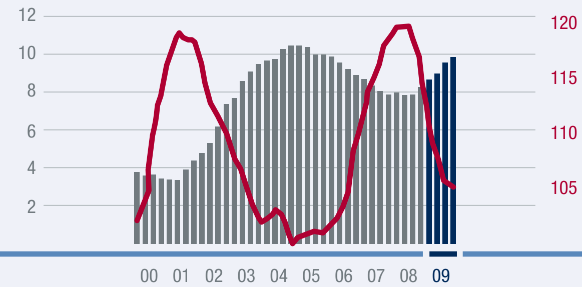


Take-up — 10 year average

Source: IVG Research based on Cushman & Wakefield data for 20 locations in Europe

Due to the low demand for space, the vacancy rate on European markets increased steadily over the year from 8.3% to the most recent figure of 9.9%. In the established office space locations, vacancy rates moved in a range between 5.5% in Luxembourg to 17.4% in Amsterdam. Germany's five most important markets averaged 10.0% vacancy, exactly the European median. The main driver behind the vacancy increase in Europe is new building activity. In contrast, offers of sub-let space rose only moderately in most locations, unlike the previous market cycle.

Development of vacancy rates and prime rents in Europe



Ø Vacancy rate in % — Prime rent (Rental index basis 1999 = 100)

Source: IVG Research based on Cushman & Wakefield data for 20 locations in Europe

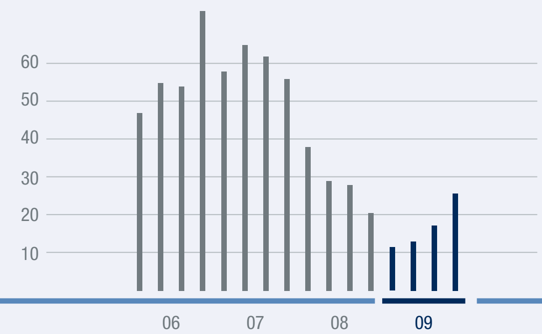
Prime rents declined in the twenty top European office markets by an average of 8.8% over the course of 2009. The following volatile office markets suffered particularly sharp losses in rent in the past year: London (-23%), Paris (-11%), Madrid (-26%) and Warsaw (-22%). At -6.1%, the decline in nominal prime rents in Germany was comparatively moderate on a year-on-year basis. The use of comprehensive tenant incentives such as rent-free periods meant that European nominal rents did not fall even further.

Due to the gloomy outlook on the labour market, most of the European office rental markets will continue to be characterised by subdued demand for space, customers changing locations with the aim of reducing costs, further increases in vacancies and ongoing downward pressure on rents in 2010. Most office locations are not likely to see stabilisation until 2011, as completions will then drop considerably in reaction to the financial and economic crisis. The office market of Central London is an exception – it recorded a trend reversal back at the end of 2009 and speculation about rental growth is emerging again.

Real estate investment markets complete trend reversal

The European investment markets for commercial properties hit the bottom of their current market cycle in spring of 2009. Investment volume has increased steadily since then from quarter to quarter, but the recovery process was halted by continued restrictive lending for real estate. European transaction volumes therefore fell by 42% to around €70 billion in 2009 as a whole as compared with 2008, while Germany recorded a year-on-year decline in commercial real estate investments of 49% to €10.6 billion.

Direct investment in Europe in € bn



Source: CB Richard Ellis

Investors who have good equity levels and focus on high-quality, well-leased properties in top locations were instrumental in driving investment demand. Initial yields for top office properties thus not only stabilised over the course of 2009, but tended to dip again in many European locations such as the British and German markets towards the end of the year. Properties with leasing or quality problems will continue to be difficult to place on the market this year, even though the European real estate market is expected to recover further.

Germany less volatile than London and Paris

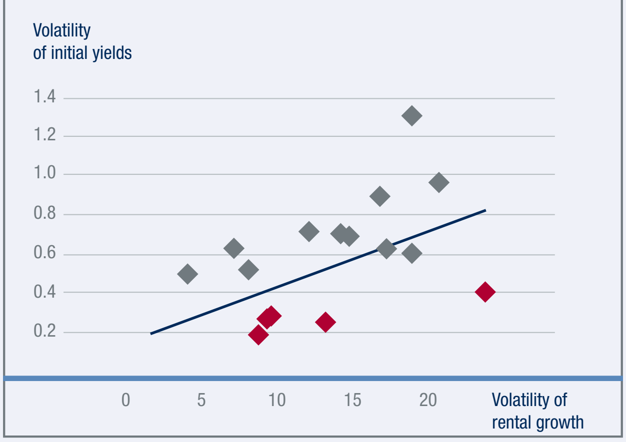
The following three points stand out in observing the long-term performance of top initial yields in Europe's key markets and the interest rates of long-term government bonds:

- Fully-let top office properties generate high current income at the present time in comparison to government bonds, which make real estate attractive as investment assets. While the interest rate for ten-year German government bonds hovered around 3.3% at the end of 2009, office properties in top locations of Germany's real estate strongholds generated an average of 5.35% and 5.6% in Paris.

- Measured by the average of the last ten years of 5.1% and 5.3% respectively, top initial yields in Germany and Paris recorded higher upward potential than London's, which have already fallen to below 5% (ten-year average) in the West End in the second half of 2009.

- Initial yields in Germany are much less volatile than in the large European cities of London and Paris. For example, top initial yields in the five largest German locations in the last decade have fluctuated within a range of 75 (Berlin) to 125 basis points (Frankfurt am Main), while the range between the high and low of the cycle in Paris and London has increased by 260 and 200 basis points respectively.

Volatility of top initial yields and rent increase rates 1985-2009 * in %

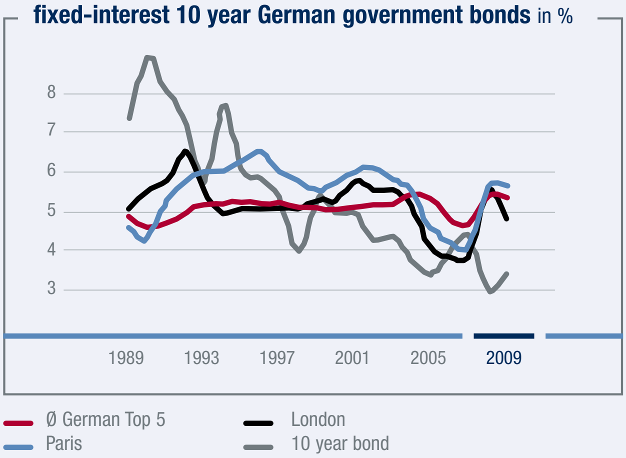


* Volatility measured by means of standard deviation
German locations depicted in red. Correlation 0.46 (excluding Berlin 0.65)

Source: IVG Research based on estate agent data

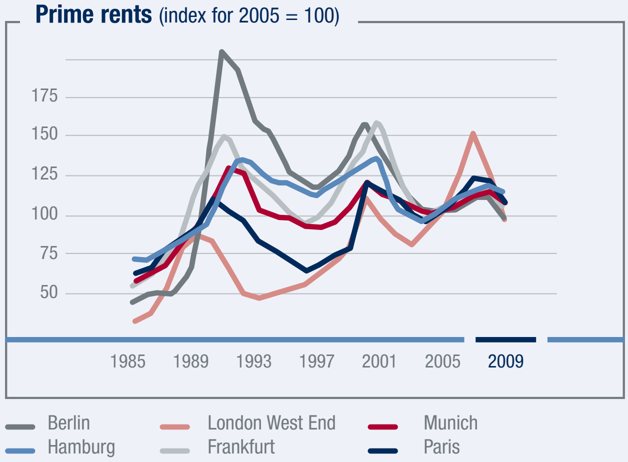
The European cities of London and Paris have particularly volatile prime rents – and therefore initial yields. This is due to the restrictions on the offer side (i.e. listed buildings) and enormous cyclical fluctuations in demand for space (i.e. financial sector is very important) in the top office locations.

Top office intial yields and interest rate for fixed-interest 10 year German government bonds in %



Source: IVG Research based on estate agent data

Prime rents (index for 2005 = 100)



Source: IVG Research based on estate agent data

The higher stability in the initial yields in Germany in particular comes from the relatively low volatility in rental prices and thus expectations for rental growth. An investor who can count on future value appreciation from increasing rents will accept less income and therefore a lower initial yield in the short-term when a property is purchased. Conversely, the same investor demands compensation in the form of higher yields if rental prices are falling. In empirical terms, this means a significant connection can be established between volatility in initial yields and rent growth rates.

In Germany, the ups and downs of the office markets are less pronounced since office activity is not concentrated in a dominant large city – such as the case in the UK and France – but spread out over a number of major cities due to Germany's federal structure. Only the prime rents of the Frankfurt office market are exposed to fluctuations as strong as the ones in London and Paris: a large part of the demand for space is generated here from the economically-sensitive banking sector, which is willing to pay high rents in boom periods. The historically high volatility of the prime rents in Berlin is due to the one-time effect of German reunification in 1990, which is irrelevant for future rent fluctuations.

The relatively low volatility of initial yields and rental growth rates has led to comparatively moderate fluctuations in the growth rates of net present values in Germany

Market volatility 1985-2009

in %	Top office initial yields		Growth rate in prime rents		Growth rate in net present value [2]	
	Average	Standard dev.	Average	Standard dev.	Average	Standard dev.
Berlin [1]	5.3	0.39	3.5	22.7	6.5	30.5
Dusseldorf	5.2	0.26	1.4	8.4	1.5	10.6
Frankfurt	5.0	0.25	2.6	12.2	3.8	14.8
Hamburg	5.0	0.18	1.9	7.9	1.8	9.0
Munich	4.9	0.28	2.8	8.7	3.2	12.0
London	5.1	0.60	4.8	17.9	7.5	22.1
Paris	5.4	0.62	3.0	13.7	5.4	19.1

[1] The high volatility of the Berlin growth rates for rents and net present values can be explained by the special effect of German reunification.
[2] Annual net present value, defined as prime rent/top initial rent

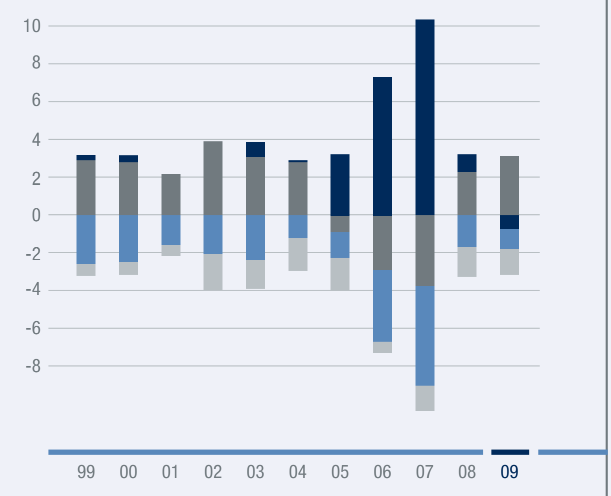
Source: IVG Research based on estate agent data

One of the factors driving the relatively moderate increase in German top initial yields since mid 2007 is the fact that investors expected a relatively gentle downward correction in rents: The upswing on the German office markets began in 2006, much later than in London and Paris. Therefore the rents had recovered only slightly from their lows as another downswing began in German office locations at the end of 2008 as a result of the international financial crisis. Downward pressure on rents and then on real estate prices was therefore weaker than in Paris and London, where the office markets gave off clear signs of overheating due to the pronounced boom.

Another reason for the moderate volatility of initial yields and office property prices in Germany is the specific investor base. Except for the period from 2005 to mid 2008, the buyer side of the last twenty years of the German investment market has been dominated by investors with a high level of equity who leveraged their returns with loans only to a limited degree (e.g. German funds, institutional investors). These investors, who traditionally follow a long-term conservative investment strategy and often focus on current income yields, hardly got a chance during the intensive bidding competition in the boom years of 2006 and 2007. Most of them were net sellers of properties in this period due to the low attainable initial yields.

In contrast, this group of investors with relatively high equity levels was active as net investors in Germany in the last two years when banks granted real estate loans only at extremely restrictive conditions. Their anti-cyclical investment demand had a stabilising effect on initial yields and real estate prices during the boom as well as during the most recent downswing. A comparison with the UK is interesting in this context: The investment strategy of institutional investors there is traditionally much more focused on total return, which implies greater use of loans. This meant British institutional investors were forced to sell large numbers of properties following the outbreak of the financial crisis with the corresponding destabilising effect on real estate prices.

Net investors in German real estate strongholds in € bn



* "Eq. inv." includes open-ended and closed-end funds, insurance companies, pension funds, and private investors

Source: IVG Research based on estate agent data

In comparing the extent of the volatility in the top initial yields before and after the turn of the millennium, it appears the volatility of the real estate markets in recent years has increased, especially in the cases of London and Paris. A key reason for this was surely the enormous glut of liquidity flooding the investment markets before the financial crisis that also drove up real estate prices due to seemingly unlimited leveraging possibilities.

Volatility of the top office initial yields

in %	1985-1999		2000-2009	
	Average	**Standard dev.**	**Average**	**Standard dev.**
Berlin *	5.3	0.45	5.2	0.26
Dusseldorf	5.1	0.22	5.3	0.27
Frankfurt	4.9	0.19	5.0	0.30
Hamburg	5.0	0.16	5.1	0.20
Munich	4.8	0.25	4.9	0.31
London	5.2	0.43	4.9	0.74
Paris	5.5	0.53	5.8	0.70

* Berlin standard deviation for the period from 1985-1999 reflects the special effect from German reunification.

Source: IVG Research based on estate agent data.

Of course the increasing importance of cross-border real estate investments in recent years also contributed to the fact that the German and European real estate markets are fluctuating more. For example, the investment horizon of German traditional investor groups also now extends to foreign countries and Germany's properties are in the global competition for investors. The influence of investors from English-speaking countries has resulted in financial market driven factors (such as interdependence with other asset classes and leverage) becoming more relevant in terms of valuation and pricing of German real estate and has also caused some German investors to rethink the investment strategies they have followed until now (buy-and-sell strategy instead of buy-and-hold strategy, total return approach). Influenced by the global economy, shorter market cycles can also be expected, causing initial yields in Germany and other countries to be exposed to higher volatility in the future than before the turn of the millennium.

But, as shown, initial yields are significantly influenced by expected rental growth. Due to the physically decentralised structure of the office real estate market and the specific mix of industries, future rents in Germany will continue to fluctuate less strongly than in the other two large European investment markets of the UK and France. Therefore Germany's real estate market will also be characterised by comparatively high value stability in the coming years.

3.2 Results of operations

Financial crisis negatively impacts results

IVG's results of operations continued to be negatively impacted in 2009 by the financial crisis. The following are key components of the results:

- Negative development in market values of portfolio property
- Impairment losses for project developments, especially for the project Airrail
- Positive valuation effects from caverns (mainly from the adjustment of IAS 40)
- Significant improvement in the financial result

The income statement reports a consolidated loss of €158.0 million for 2009 (previous year: -€451.7 million).

Key income statement figures

in € m	2009			2008		
	Before changes in value	**Unrealised changes in value**	**Total**	**Before changes in value**	**Unrealised changes in value**	**Total**
Revenues	838.8	0.0	838.8	608.6	0.0	608.6
Changes in the market value of investment property	-64.1	2.8	-61.2	171.1	-583.3	-412.2
EBIT	**216.9**	**-152.8**	**64.1**	**722.0**	**-820.6**	**-98.6**
Financial result	-230.7	-22.7	-253.4	-274.7	-123.8	-398.5
EBT	**-13.8**	**-175.4**	**-189.3**	**447.3**	**-944.4**	**-497.1**
Consolidated net loss			**-158.0**			**-451.7**
Basic earnings per share			-1.61			-4.18

Please refer to the notes to the consolidated statements for details (see Section 12.7).

The main income statement items developed as follows:

Revenues advanced €230.2 million from €608.6 million to €838.8 million, due in particular to the completion and sale of a property in Italy, which added €287.5 million to income from project disposals to the Real Estate segment. However, the negative performance of income in the Private Funds segment and in net rents in the Real Estate segment had the opposite effect.

Changes in market values of investment property totalled -€61.2 million on 2009, €351.0 million less negative than the previous year (-€412.2 million). The reason for this was contrary developments in unrealised and realised changes in market values.

Unrealised changes in market values of investment property improved by €586.1 million from -€583.3 million to €2.8 million. This development is attributable to the Real Estate segment in the amount of €477.0 million (from -€671.2 million to -€194.2 million), the Development segment in the amount of -€38.0 million (from €38.0 million to €0.0 million), the Caverns segment in the amount of €148.5 million (from €48.5 million to €197.0 million) and consolidation effects of -€1.4 million (from €1.4 million to €0.0 million). Unrealised changes in market value in the Caverns segment during the period under review were triggered mainly by the reclassification of the measurement of caverns under construction to fair value in accordance with IAS 40 (Revised 2008), which was mandatory since the start of the year.

The realised changes in the market value of investment property were -€235.2 million from €171.1 million to -€64.1 million due to €175.7 million reported in the previous year from the cavern transaction as well as the fact that properties were sold below their carrying amounts in the year under review due to the weak investment market. The liquidity generated from these disposals is required to finance the company's extensive internal investment programme.

Other operating expenses were reduced significantly by €41.2 million from €178.6 million to €137.4 million.

All in all, EBIT rose by €162.7 million from -€98.6 million to €64.1 million. This improvement is primarily due to that fact that the positive performance of the unrealised changes in market value of investment property of €586.1 million more than offset the loss of the income from the cavern transaction of €352.3 million received last year. Since the result from the cavern transaction could not be allocated to unrealised changes in market value, EBIT before changes in value fell by €505.1 million from €722.0 million to €216.9 million.

The financial result improved in the year under review by €145.1 million from -€398.5 million to -€253.4 million, primarily due to the following two reasons: Improvement of the interest earnings by €72.9 million, especially because of decreased interest rates, lower liabilities, and a year-on-year reduction of €74.7 million in impairment losses on financial assets.

Income taxes amount to €31.3 million (previous year: €45.4 million). The Group tax ratio is 16.5% (previous year: 9.1%), attributable to the considerable decrease in the negative unrealised changes in value.

Consolidated net loss was much less negative due to the above-mentioned effects – it improved by €293.7 million from -€451.7 million to -€158.0 million.

3.2.1 IVG Investment division

3.2.1.1 Real Estate segment

in € m	**2009**	2008	Change in %
Total revenues	632.8	364.1	+73.8
thereof net rents	*303.4*	*321.0*	*-5.5*
thereof project sales	*287.5*	*0.0*	*-*
Changes in inventories	-276.0	-0.9	-
Unrealised changes in market value of investment property	-194.2	-671.2	-71.1
Realised changes in market value of investment property	-63.6	15.8	-
Other operating income	32.0	41.8	-23.5
Material expenses	-26.1	-2.2	-
EBIT	**-44.0**	**-427.7**	**-89.7**
thereof unrealised changes in value	*-198.1*	*-685.6*	*-71.1*
EBIT before changes in value	**154.1**	**257.9**	**-40.3**

Revenues in the Real Estate segment rose €268.7 million year-on-year to €632.8 million, primarily due to the income from the sale of a property erected in Milan (€287.5 million). In contrast, net rents fell by €17.6 million to €303.4 million, as the additional net rents from a newly allocated property from the Private Funds segment was not able to offset the loss of net rents from sold investment property. On a like-for-like basis adjusted for lease extensions already concluded, net rents fell by 2.9% in the current year.

Changes in inventories declined from -€0.9 million to -€276.0 million due to the sale of the Milan property in the fourth quarter of 2009.

At -€194.2 million, non-cash changes in market value were significantly less negative than the previous year (-€671.2 million). This corresponds to a negative change in value of 3.7% of the real estate portfolio.

In 2009, property sales in the amount of €932.7 million were carried out, needed to finance the extensive investment programme. Some of these sales were below the carrying amount as at 1 January 2009, thereby creating realised changes in market value of -€63.6 million as compared with €15.8 million in the previous year. This reflects the difficult situation on the investment market, while at the same time this comparatively low discount demonstrates the intrinsic value of the portfolio.

Other operating income fell from €41.8 million in the previous year to €32.0 million in the current year. The reason for this change was the one-off tax refund received in the previous year (€23.1 million), compared to the additional income from the promote structure from a property sale in 2009 (€5.5 million).

Material expenses increased from -€2.2 million in the previous year to €26.1 million due to the property in Milan that was finished and sold in the fourth quarter of this year.

EBIT changed accordingly, increasing by €383.7 million from -€427.7 million to -€44.0 million. Before unrealised changes in value, EBIT fell from €257.9 million to €154.1 million, driven in particular by the development of the realised changes in market value.

3.2.1.2 Segment Development

in € m	2009	2008	Change in %
Total revenues	67.8	69.4	-2.3
thereof project sales	*49.4*	*53.0*	*-6.8*
Changes in inventories	367.3	386.2	-4.9
Changes in market value of investment property	-0.4	17.6	-
Other operating income	29.2	36.7	-20.4
Material expenses	-544.9	-611.7	-10.9
EBIT	**-125.8**	**-137.2**	**-8.3**
thereof unrealised changes in value	*-150.0*	*-177.1*	*-15.3*
EBIT before changes in value	**24.2**	**39.9**	**-39.5**

Revenues in the Development segment fell only slightly from €69.4 million to €67.8 million. They primarily consisted of project invoicing, most of which related to a project in Budapest and another project in Frankfurt in 2009.

Changes in inventory decreased by €18.9 million from €386.2 million in the prior year to €367.3 million. They include investments capitalised in line with construction progress and reported in material expenses as well as outgoing carrying amounts at project invoicing.

The changes in market values in the previous year included one-time effects from the completion and sale of a project development managed as an investment property (€15.3 million).

Other operating income of €29.2 million was positively impacted by write ups of project developments (€16.9 million). This was primarily due to the successful conclusion of a rental agreement for a project development in the second quarter of 2009 at better conditions than originally forecast. Other operating income in the previous year largely contained the capital gain from the sale of a project development in Paris in the second quarter of 2008 (€22.3 million).

Material expenses fell by €66.8 million from -€611.7 million in the previous year to -€544.9 million. This negative development is due to the lower impairment volume. Material expenses contain current investments in addition to impairment losses totalling €166.9 million (€215.1 million in the previous year) pertaining to four project developments and were necessary due to adjusted rent and cost estimates. This mainly related to the project Airrail with write-downs of €149.4 million.

The EBIT of the Development segment therefore improved by a total of €11.4 million from -€137.2 million to -€125.8 million. Before non-cash unrealised changes in value of -€150.0 million from the assessment of the project developments, EBIT amounted to €24.2 million as compared with €39.9 million in the previous year.

3.2.1.3 Segment Caverns

in € m	2009	2008	Change in %
Total revenues	61.4	57.2	+7.4
thereof management fees	*11.3*	*0.0*	*-*
thereof net rents	*0.1*	*50.0*	*-99.7*
thereof letting fees	*43.1*	*0.0*	*-*
thereof other revenues	*5.3*	*7.2*	*-26.6*
Unrealised changes in market value of investment property	197.0	48.5	-
Realised changes in market value of investment property	-0.4	175.7	-
Other operating income	5.8	181.8	-96.8
EBIT	**233.8**	**442.6**	**-47.2**
thereof unrealised changes in value	*195.3*	*48.5*	*-*
EBIT before changes in value	**38.5**	**394.1**	**-90.2**

Development in the Caverns segment is characterised by the sale of 40 portfolio caverns at the end of 2008 to a special fund managed by IVG. The loss of net rent resulting from the sale was only partially offset by the increase in management fee income from the caverns. In addition, leasing income from the IVG Cavern Fund of €43.1 million was generated that pertained to caverns that had already been transferred.

Since the beginning of 2009, caverns under construction are required to be reported under investment property and carried at fair value in accordance with IAS 40 (Revised 2008), providing that their fair value can be reliably determined. Accordingly, the segment reports unrealised changes in market value of €197.0 million in the reporting year as a result of the first-time use of the fair value approach for 13 caverns. Unrealised changes in fair value of €48.5 million in the previous year arose from the start-up of three caverns.

The previous year's realised changes in market value included €175.7 million from the sale of portfolio caverns. Only one realised change in market value of -€0.4 million was recorded in 2009 as a result of the transfer of one of the above-mentioned 13 caverns to the IVG Cavern Fund.

Other operating income declined from €181.8 million to €5.8 million due to the prior year's one-off effect of €175.3 million from the sale of a Group company in connection with a cavern transaction.

EBIT before unrealised changes in value fell by €355.6 million from €394.1 million to €38.5 million, almost exclusively attributable to cavern transaction carried out in the previous year. After changes in value, EBIT fell by €208.8 million from €442.6 to €233.8 million, as the unrealised changes in market value partially offset the loss of profit from the cavern transaction.

3.2.2 Funds division

3.2.2.1 Institutional Funds segment

in € m	2009	2008	Change in %
Total revenues	66.4	67.0	-0.9
thereof management fees	*59.6*	*58.7*	*+1.6*
thereof transaction fees	*5.2*	*7.4*	*-29.9*
Personnel expenses	-11.8	-9.1	+29.4
Other operating expenses	-33.3	-37.1	-10.2
EBIT	**23.0**	**23.3**	**-1.3**
thereof unrealised changes in value	*0.0*	*0.0*	*-*
EBIT before changes in value	**23.0**	**23.3**	**-1.3**

Revenues from the Institutional Funds segment remained virtually unchanged from the previous year at €66.4 million. Fees from fund and property management increased by 1.6% to €59.6 million due to the performance of the assets under management and taking into consideration a one-time fee reimbursement. This was 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, transaction fees fell by €2.2 million to €5.2 million, largely because no such fees were received for the transfer of the IVG properties to the "IVG Protect Fund".

Due to the intragroup transfer of employees from IVG's corporate functions to the Institutional Funds segment, personnel expenses increased by €2.7 million, from €9.1 million to €11.8 million.

By contrast, other operating expenses fell by €3.8 million year-on-year to €33.3 million due to the above-mentioned transfer. They contained mainly internal Group services within IVG including asset management.

At €23.0 million, EBIT of the Institutional Funds segment remained virtually stable.

3.2.2.2 Private Funds segment

in € m	2009	2008	Change in %
Total revenues	14.5	52.3	-72.2
thereof structuring fees	*11.1*	*25.6*	*-56.8*
thereof management fees	*3.1*	*2.5*	*+25.6*
thereof net rents from properties to be placed	*0.0*	*24.2*	*-*
Other operating income	8.3	14.3	-42.2
Profit from associated companies	0.9	14.6	-93.8
EBIT	**1.7**	**19.7**	**-91.4**
thereof unrealised changes in value	*0.0*	*-7.8*	*-*
EBIT before changes in value	**1.7**	**27.5**	**-93.8**

Revenues in the Private Funds division declined by €37.8 million from €52.3 million to €14.5 million. There were three key reasons for this: Firstly, the structuring fees fell by €14.5 million to €11.1 million in line with the lower placement volume. Secondly, there were no net rents from properties to be placed. This effect is attributable to the successful placement in the previous year of the EuroSelect 16 The Square fund as well as the reallocation of a property to the Real Estate segment as at 1 January 2009 due to a change in property strategy. Thirdly, a simplification of the settlement method for the capital procurement fees of the sales partners reduced both segment income and expenses.

Other operating income contained mainly book profits from the placement of the EuroSelect 17 Amstelveen fund in the current year and EuroSelect 16 The Square in the previous year, and fell by €6.0 million to €8.3 million.

EBIT of the Private Funds division fell as a consequence of the above effects by €18.0 million from €19.7 million to €1.7 million. Before unrealised changes in value, EBIT fell by €25.8 million to €1.7 million, as a value correction of €7.8 million was reported in the previous year from a property awaiting placement.

4 Financial Position and Net Assets

4.1 Financial management

Financing for the IVG Group is managed in the corporate function Finance in accordance with guidelines laid down by the Management Board. This applies both to the central treasury function and to the integration of subsidiaries into IVG's electronic cash pool.

The central financial management forms the basis for cost-efficient fundraising and helps optimise net interest income. In addition to the goal of raising efficiency for the whole Group, comprehensive financial management enables IVG to manage and structure interest rate risks, currency and liquidity risks. A central feature of our risk management system is regular reporting to the company's boards.

4.2 Capital structure and financing sources

Capital structure

Liabilities to banks and liabilities from the commercial paper programme amounted to a total of €4.96 billion at the end of 2009 after €5.23 billion in the previous year. Liabilities due to banks under financial liabilities at the end of 2009 excluding netting, deferrals, and the disposal group amounted to €4.84 billion. Redemptions and paying off bank loans in the amount of €0.62 billion were offset in financial year 2009 by new liabilities of €0.35 billion for implementing investments. Of note here were the borrowings of development credit facilities and bilateral credit facilities as well as reductions in property sales and payments of CP borrowings and bridge loans.

Liabilities to banks refer to 34 banks of which 15 have a commitment of more than €100 million.

As of 31 December 2009, liabilities due to banks (excluding the convertible bond) had the following maturities:

in € m	Total Nominal	thereof reduction by sale Development	thereof reduction by sale Real Estate	thereof reduction by repayment	thereof planned prolongations
2010	811	501	22	188	100
2011	490	75	0	222	193
2012	1,942	30	0	172	1,740
2013	125	0	0	5	120
2014	1,556	52	69	5	1,430
2015ff.	34	0	10	6	18
Total	**4,958**	**658**	**101**	**598**	**3,601**

Financing for project development is scheduled to be repaid from the sales proceeds when the relevant projects are completed and sold. The financing are to be extended if any completed projects remain with IVG. The liabilities settled through property sales relate to property loans from funds recognised by IVG during the marketing period. The loans are expected to be derecognised from the balance sheet of IVG by the first half of 2010.

Under the terms of the new syndicated loan, instalments of €180 million, €212 million and €167 million will be due for payment in 2010, 2011 and 2012 respectively prior to the final maturity of 28 December 2012. These repayments are expected to be financed from the proceeds of the sales of caverns to the IVG Cavern Fund, which have already been contractually agreed. The remaining amount (totalling €39 million) will be repaid by 2021 in the form of annuity and amortising loans.

This means that secured loans of only €100 million in 2010 and €143 million in 2011 will be required to be extended. A bilateral credit facility of €50 million must also be extended in 2011. The required prolongations in 2012 totalling around €1.7 billion are composed of "core" financing for the Allianz portfolio and the final payment under the new syndicated loan. After 2012, a bilateral credit facility (€100 million in 2013) and the syndicated loan from 2007 (€1,350 million in 2014) will be scheduled for prolongation.

With the exception of €128 million (equivalents in GBP) all liabilities to banks are denominated in Euro.

IVG has launched a commercial paper programme (CP programme) in Germany for €400 million. There were no drawdowns in financial year 2009. Drawdowns of €67 million existing since the end of 2008 were paid back. The Belgian CP programme of €200 million was terminated in 2009.

Financing sources

As at 31 December 2009, IVG had unutilised credit facilities in the amount of €0.44 billion, all of which are project-related. The project-related credit commitments are not available for liquidity requirements outside of the specific projects. The scope in the commercial paper programme of €0.40 billion is effectively unusable due to the fact that the commercial paper market has dried up.

As at 31 December 2009, total liquidity excluding the project-related credit facilities and cash reserves amounted to €0.26 billion:

in € m	31.12.2009
Unused non-project-related credit lines	3
Cash reserves	253
Sight deposits and current securities	2
Derivatives with positive market values	1
Total	**259**

The maturities of the bank lines of credit are divided as follows:

in € m	2010	2011	2012	2013	2014 ff.	Total
Non project-related credit lines	**0**	**50**	**0**	**100**	**1,350**	**1,500**
thereof unused	*0*	*0*	*0*	*0*	*3*	*3*
Number of credit lines	0	1	0	1	1	3
Project-related credit lines	**866**	**116**	**40**	**0**	**43**	**1,065**
thereof unused	*355*	*41*	*10*	*0*	*33*	*439*
Number of credit lines	10	4	1	0	1	16

All non-project-related credit facilities due in 2009 and 2010 (€0.85 billion), bridge loans (€0.06 billion) and unsecured loans (€0.41 billion) were refinanced in the financial year with Syndicated Loan II.

The average interest rate of the financial liabilities fluctuated between 4.57% (beginning of 2009) and 4.04% (end of 2009). Increased credit margins increased interest rates, while falling EURIBOR/LIBOR interest rates and the conclusion of favourable interest rate swaps decreased interest rates.

Most loans are subject to financial covenants. These are normally LTV figures (loan to value = ratio between loan and market value of property), interest coverage ratios for property financing, debt ratio objectives (ratio between debt and asset) and senior debt arrangements (ratio of unsecured loan to total loan) for Group loans. Due to the complex business structure, the covenant rules are highly detailed and extended by exceptions (carve-outs). Therefore it is not always possible to derive figures from the balance sheet ratios.

In 2009, no breaches were discovered during the course of regular covenant tests. For Development financing, increased construction costs required additional equity contributions in the amount of €0.17 million in order to meet contractual requirements. The formal covenant test for one property financing of €980 million is not yet complete. Please refer to the risk report in Section 6.5.3. for more information on this subject.

Further details on liabilities to banks, such as term structures, currency splits and type and amount of collateral are included in Section 10.2 of the notes to the consolidated financial statements.

There are no off-balance sheet financing instruments with a material effect on the net assets.

For details about derivative financial instruments, see Section 10.3 of the notes to the consolidated financial statements. Details about financial risk can be found in Section 6.5.3 of the Group management report.

4.3 Liquidity

The cash flow statement was prepared in accordance with the EPRA "Best Practices Policy Recommendations". The summarised version is as follows:

in € m	2009	2008
Cash flow from current activities	168.2	277.2
Cash flow for short-/midterm investments from operational divisions	-31.2	-418.1
Net interest payments	-165.8	-273.6
Net tax payments	-21.7	-8.1
Cash flow from operating activities	**-50.5**	**-422.6**
Cash flow from investing activities	**485.8**	**-410.7**
Cash flow from financing activities	**-204.4**	**772.0**
Change in cash and cash equivalents	**230.9**	**-61.3**
Cash and cash equivalents at closing date	274.9	44.2

Cash flow from operating activities improved considerably year-on-year by €372.1 million from -€422.6 million to -€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 characterised by current investments in project developments. Net interest payments decreased year-on-year by €107.8 million from -€273.6 million to -€165.8 million due to the favourable development of interest rates and the significant reduction in financial liabilities by €243.0 million carried out in the financial year.

Cash flow from investing activities of €485.8 million primarily contains proceeds from the sale of properties (€636.0 million) and from a tranche of the company's interest in the IVG Cavern Fund. These are offset by payments for current investments, especially for caverns under construction.

Cash flow from financing activities has decreased significantly on a year-on-year basis from €772.0 million to -€204.4 million in particular because of repayments for commercial papers falling due and bridge loans. After the deduction of transaction costs, IVG generated a cash inflow of €70.6 million from the capital increase carried out in the forth quarter.

The interest coverage ratio for the past twelve months was 1.1 as compared with 2.6 in the previous year. This change is mainly due to the result from the cavern transaction reported in last year's Group EBIT before changes in value. This figure was calculated by adjusting consolidated EBIT before changes in value for depreciation and amortisation comparing it to interest earnings.

4.4 Net assets

Asset structure

in € m	31.12.2009	31.12.2008	Change in %
Total assets	7,393.4	7,875.5	-6.1
Non-current assets	5,705.1	6,471.3	-11.8
Current assets	1,688.3	1,404.2	+20.2
Equity	1,265.1	1,390.9	-9.0
Equity ratio in %	17.1	17.7	-3.1
Non-current liabilities	4,694.3	4,633.0	+1.3
Current liabilities	1,434.0	1,851.6	-22.6
Financial liabilities	5,254.4	5,599.5	-6.2
Debt ratio financial liabilities in %	71.1	71.1	-

Non-current assets declined by €0.8 billion from €6.5 billion as at 31 December 2008 to €5.7 billion as at 31 December 2009. This was due to property sales, especially in Paris, London and Helsinki, with a total volume of €148.1 million, the sale of a cavern to the IVG Cavern Fund (€31.8 million), reclassification from investment property to current assets as a result of intended sales (net -€668.6 million) as well as unrealised changes in value (+€2.8 million).

Current assets increased by €0.3 billion from €1.4 billion to €1.7 billion due to the previously mentioned reclassification from non-current assets to current assets as well as current investments in inventories (€432.9 million) less valuation effects on inventories (-€157.2 million) and the increase in cash (€222.7 million). This was offset by the disposals of investment property of €531.8 million (of which for the placement of "IVG Protect Fund": €322.9 million) as well as the disposals of project developments (€338.3 million), especially in Milan and Budapest. All in all, total assets decreased by €0.5 billion from €7.9 billion to €7.4 billion.

Equity declined by €0.12 billion from €1.39 billion to €1.27 billion, largely as a result of the consolidated net loss (-€158.0 million), the effects of hedge accounting (-€12.1 million) and the accrued interest on the hybrid bond (-€32.0 million) taken directly to equity. After the deduction of transaction costs, the capital increase generated proceeds of €70.6 million. Accordingly, the equity ratio decreased from 17.7% in the previous year to 17.1%.

Non-current liabilities remained virtually unchanged at €4.7 billion in the financial year. However, current liabilities were reduced by €0.4 billion from €1.8 billion to €1.4 billion in particular because of the decrease in liabilities due to banks by €0.2 billion from €5.2 billion to €4.96 billion due to the realisation of the divestment programme.

Reflecting the change in equity, net asset value (NAV) declined from €8.51 per share as at 31 December 2008 to €6.86 per share as of 31 December 2009. Adjusted for the components of the market value of caverns not recognised on the balance sheet, net asset value fell from €12.70 per share to €9.95 per share.

Other off-balance sheet assets are of only minor significance. They are held in non-consolidated and inactive companies and in shelf companies. All material activities are disclosed in the consolidated balance sheet.

5 Further Information

5.1 Remuneration report

Following intensive public debate on the appropriateness of the remuneration of Management Board members and managers, the German legislature enacted regulations in the form of the Law on the Appropriateness of Management Board Remuneration (VorstAG) which are intended to result in incentives for long-term corporate development increasingly being put in place for Management Board remuneration.

The Management Board and Supervisory Board of IVG Immobilien AG took this development and the German Corporate Governance Code's recommendation to review the remuneration model on a regular basis, as an opportunity to review and improve the existing remuneration model. In addition to fulfilling legal regulations, another specific goal is providing increased incentives for success that lead to a sustained increase in enterprise value. The Supervisory Board discussed the new remuneration model in December 2009 and resolved to introduce it.

5.1.1 Management Board remuneration under the new remuneration model

The new remuneration model resolved by the Supervisory Board applies from financial year 2010 and is a significant improvement over the old model. The remuneration of Management Board members and of managers is determined on the basis of the same remuneration model.

In contrast to the old model, bonuses for Management Board members are granted not only for achieving a company-related target, but also for achieving personal targets which the Supervisory Board sets individually for each member of the Management Board. Furthermore, the bonus is limited to double the bonus reference figure and a portion of it is converted into limited share acquisition rights for which IVG shares are distributed after three years. This provides for increased incentives for personal performance as well as for sustainable corporate development.

The variable remuneration with long-term incentives was also improved. The vesting period of the new Performance Cash Plan was extended by one year to four years. In addition, the increase in the net asset value (NAV) and funds from operations (FFO) provides greater focus on incentives for targets which contribute to sustainable corporate development.

Under the new remuneration model, the total remuneration of members of the Management Board and managers consists of the elements of fixed remuneration, variable remuneration with short-term incentives and variable remuneration with long-term incentives.

Fixed remuneration

As fixed remuneration, the members of the Management Board and managers receive a monthly base salary and a company car. The basic remuneration for Dr Niesslein is €430,000.00, €350,000.00 for Prof Schäfers and €300,000.00 per year for Dr Reul.

As payment after the end of their activities, the managers primarily receive pension commitments. The basic principles for providing these services to the members of the Management Board have not changed as a result of the new remuneration model. Therefore, please refer to the details of current remuneration in the financial year 2009.

Variable remuneration with short-term incentives

Short-term variable remuneration 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 were achieved. The initial figure for calculating bonuses is the contractually agreed bonus reference figure, which corresponds to 100% target achievement. In calculating the bonus, company-related and personal targets are weighted at 50% each. The total bonus is capped at 200% of the bonus reference figure (bonus-cap).

Bonuses are generally paid out in the month of the General Meeting. However, in the case of members of the Management Board and managers who report directly to the Management Board, only the portion of the bonus relating to achievement of personal targets is paid out in the month of the General Meeting.

The portion of the bonus granted for the achievement of company targets is converted into limited share acquisition rights for this group of individuals. The number of share acquisition rights 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.

After a vesting period of three years, IVG shares are distributed for the share acquisition rights. In the event of the person concerned leaving the company early, this figure is reduced pro rata temporis.

The bonus reference figure for Dr Niesslein is €430,000.00, €350,000.00 for Prof Schäfers and €300,000.00 per year for Dr Reul. The personal targets for each member of the Management Board are determined by the Supervisory Board.

Variable remuneration with long-term incentives

As variable remuneration with long-term incentives, participation in the newly designed Performance Cash Plan is granted. The plan is open to members of the Management Board and selected managers with whom participation in the Performance Cash Plan has been contractually agreed.

In addition, the Management Board may allow other employees and managers to participate independently of a contractual agreement.

The term of a Performance Cash Plan begins with the month after the General Meeting and ends after four full years. The term of the 2009 Performance Cash Plan 2009 begins on 1 June 2009 and ends on 31 May 2013. In future, participation in the plan will be dependent on a mandatory individual investment in IVG shares.

At the start, the participants receive a commitment in the amount of a specified initial figure. The amount to be paid out is calculated by multiplying this initial figure by the following performance multiplier after the end 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:

- 1st performance indicator (shareholder point of view):
  Performance of the IVG share compared with the FTSE EPRA/NAREIT Developed Europe Index

- 2nd performance indicator (earnings point of view):
  Increase in the FFO I per share as compared to the planned figure

- 3rd performance indicator (assets point of view):
  Increase in the NAV adjusted per share as compared to the planned figure

The scaling of the three performance indicators at the beginning 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 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.

Overall, long-term incentives dominate the variable remuneration, since in addition to the Performance Cash Plan the variable remuneration with short-term incentives also includes a long-term incentive component in the form of the limited share acquisition rights.

5.1.2 Management Board remuneration under the previous remuneration model

Management Board remuneration in 2009

The remuneration in 2009 is essentially still based on the remuneration model previously applicable for Management Board members. However, the Supervisory Board has resolved that for 2009 the variable remuneration with long-term incentives will not be granted as performance shares, as in previous years, but instead in the form of participation in the newly designed Performance Cash Plan.

The remuneration of the members of the Management Board is linked to performance and consists of fixed and variable remuneration components.

The **fixed remuneration component** for members of the Management Board consists 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 **variable remuneration component with short-term incentives**, every member of the Management Board receives a bonus based on pre-tax consolidated net profit (in 2009 for the last time). Dr Niesslein, the Chief Executive Officer, receives a bonus of 0.5%, Dr Kottmann, who was Chief Financial Officer until 31 May 2009, and Prof Schäfers, who took up this position on 1 February 2009, receive a pro rata temporis bonus of 0.4%, and Dr Reul and Mr Barth receive a bonus of 0.35% of consolidated net profit before income taxes and other taxes but not less than €100,000.00 per year, or €150,000.00 per year in the case of Prof Schäfers.

As a **variable remuneration component with long-term incentives**, the members of the Management Board were granted participation in the newly designed Performance Cash Plan. The Supervisory Board resolved that the initial figures for the Performance Cash Plan shall be equivalent to the individual bonus reference figures applicable from 2010. Dr Niesslein's initial figure is €430,000.00, while Prof Schäfers' is €350,000.00 and Dr Reul's is €300,000.00. In accordance with the new Performance Cash Plan, the initial figures allocated can increase by a maximum factor of 2 over the term until 2013.

Furthermore, in recognition of the particular achievements of Dr Niesslein and Prof Schäfers in the past year and as an incentive to continue along this path with undiminished commitment, their initial figures were additionally increased by €300,000.00 (Dr Niesslein)/by €200,000.00 (Prof Schäfers) on a one-off basis. The same regulations apply for this increase as for the new Performance Cash Plan, with the exception that the performance multiplier can only vary between 1 and 2 and the claim remains valid if the beneficiaries leave IVG Immobilien AG before the end of the plan.

Details on the new Performance Cash Plan can be found in the section above on the new remuneration model, as well as in Section 12.12 of the notes to the consolidated financial statements.

In 2009, the members of the Management Board received the following total remuneration (2008 in brackets):

in €	Basic salary	Bonus	Other payments	Cash value of Performance plans at time of issue	Total remuneration
Barth until 31.12.2009	280,000.00 (280,000.00)	100,000.00 (100,000.00)	12,520.68 (11,593.20)	0.00 (79,776.00)	392,520.68 (471,369.20)
Dr Kottmann until 31.05.2009	144,897.50 (350,000.00)	41,666.67 (100,000.00)	6,525.40 (15,009.60)	0.00 (99,720.00)	193,089.57 (564,729.60)
Dr Niesslein	430,000.00 (71,667.00)	100,000.00 (16,666.67)	11,469.00 (1,108.00)	651,987.00 (0.00)	1,193,456.00 (89,441.67)
Dr Reul	300,000.00 (300,000.00)	100,000.00 (100,000.00)	13,546.56 (13,036.71)	242,370.00 (79,776.00)	655,916.56 (492,812.71)
Dr Schäfers from 01.02.09	320,837.00 (0.00)	150,000.00 (0.00)	30,128.62 (0.00)	485,825.00 (0.00)	986,790.62 (0.00)
Total	**1,475,734.50 (1,001,667.00)**	**491,666.67 (316,666.67)**	**74.190.26 (40.747.51)**	**1.380.182.00 (259.272.00)**	**3,421,773.43 (1,618,353.18)**

In the calculation of total remuneration, participation in the new **Performance Cash Plan** was included at fair value at the date it was granted. Payments to Dr Kottmann were included pro rata temporis until the date of his departure from the Management Board of IVG Immobilien AG.

The following table shows changes in outstanding **performance shares** granted to members of the Management Board in previous years:

	Outstanding 01.01.2009	Issued 2009	Payed 2009	Expired 2009	Out-standing 31.12.2009
Barth	34,083	0	0	34,083	0
Dr Kottmann	55,250	0	0	15,250	40,000
Dr Reul	44,681	0	0	12,681	32,000
Total	**134,014**	**0**	**0**	**62,014**	**72,000**

The performance shares granted in 2006 expired in 2009, as the agreed targets were not achieved.

The existing Performance Share Plans and the participation in the new 2009 Performance Cash Plan result in the following expenses (-) and income (+) for 2009: Dr Niesslein: -€93,878.34; Dr Reul: -€33,214.95 (2008: +€109,335.34), Mr Barth +€3,086.01 (2008: +€28,202.21); Dr Kottmann: -€49.79 Euro (2008: +€178,864.73) and Prof Schäfers: -€69,924.02.

In line with the termination agreement concluded with Dr Kottmann dated 13 May 2009, he received his fixed salary payments until 31 December 2009 and a bonus of €100,000.00. Under the termination agreement, there is also a claim to the performance shares granted under the 2007 and 2008 plans. From 1 January 2010, a termination benefit of 50% of the last fixed annual payments, i.e. in the amount of €175,000.00 p.a., is payable to Dr Kottmann. Any other remuneration will be fully offset against this.

In line with the termination agreement concluded with Mr Barth dated 18 December 2009, Mr Barth continues to receive fixed salary payments until 31 December 2010 and at a maximum until 30 June 2011, provided he does not enter into other employment. From 2010 onwards, Mr Barth no longer has a claim to a bonus. There is also no further claim to the performance shares granted under the 2007 and 2008 plans.

Commitment in the case of premature termination of employment

It is agreed with Dr Niesslein and Prof Schäfers that if their appointment on the Management Board is terminated before expiry of their contracts, without good cause or the existence of a change of control, they will receive a severance payment of any outstanding amounts until the end of the remaining period of their contracts, 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 compensation in the form of lump-sum payment in the outstanding amount due from the time the termination of his employment contract is effective until the end of the agreed contractual period, 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 Kottmann is entitled to retirement benefits of 50% of his full fixed salary.

Dr Niesslein, Dr Reul and Mr Barth are entitled to receive a defined contribution commitment linked to their fixed salary.

As a rule retirement benefits are paid from the age of 65 onwards.

Otherwise, if Dr Niesslein, Dr Reul or Mr Barth leave before their 65th birthday, vested retirement benefits accrued up to that point are payable. In case of early retirement a discount of 0.5% is applied for each month by which the claim is premature.

Due to his special situation as a university professor on leave, IVG pays a pension supplement for Prof Schäfers to the State of Bavaria as represented by the University of Regensburg and thus continues his pension scheme existing there.

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.

The pension expenses (service cost) for the financial year 2009 amount to €240,518.00 for Dr Niesslein (2008: €20,748.00), €58,557.00 for Dr Reul (2008: €38,864.00), €233,775.00 for Mr Barth (2008: €28,566.00), €30,128.62 for Prof Schäfers and €870,170.00 for Dr Kottmann (2008: €72,414.00).

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 Niesslein, Dr Reul and Mr Barth, 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.

If a member of the Management Board dies, their surviving children are entitled to an orphan’s pension. For Dr Niesslein, Dr Reul und Mr Barth, 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 the deceased’s own children, step-children and foster children who are not in regular employment and have not yet reached the age of 18 at the time when the Management Board member dies. 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.

In the case of Prof Schäfers, any claims to benefits for invalidity and surviving dependents result from his contractual regulations with the Free State of Bavaria as represented by the University of Regensburg.

As at 31 December 2009, 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 Management Board members and their surviving dependants amounted to €2,521,418.23 (2008: €961,149.48). The pension obligations totalled €14,504,600.00 (2008: €10,143,413.00). Total payments to former Management Board members include expense of €1,110,038 from the obligation to pay a termination benefit to Dr Kottmann until he reaches the age of 60.

Supervisory Board remuneration in 2009

The remuneration of the Supervisory Board is regulated in Section 16 of the Articles of Association of IVG Immobilien AG. It takes into account the responsibilities and scope of activities of the Supervisory Board members as well as the economic situation of the company.

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 for each committee membership. The Committee Chairman receives double this additional remuneration. The members of the Nomination Committee do not receive any additional remuneration.

Members of the Supervisory Board also receive reimbursement of out-of-pocket expenses for each Supervisory Board meeting or committee meeting.

in €	Fixed remuneration	Variable remuneration	Total
Bierbaum (Chairman)	45,000.00	0.00	45,000.00
Beelitz (Deputy Chairman)	35,000.00	0.00	35,000.00
Dr Gaul	22,500.00	0.00	22,500.00
Günther	20,000.00	0.00	20,000.00
Dr Eckart John von Freyend	20,000.00	0.00	20,000.00
Graf von Krockow	20,000.00	0.00	20,000.00
Lutz	22,500.00	0.00	22,500.00
Merz	22,500.00	0.00	22,500.00
Schäffauer	22,500.00	0.00	22,500.00
Total	**230,000.00**	**0.00**	**230,000.00**

Remuneration for the Supervisory Board in 2009 totalled €0.23 million (2008: €0.23 million). The variable remuneration was not paid, as Group earnings per share were negative.

As at 31 December 2009, no advance payments or loans had been made to members of the Supervisory Board.

5.2 Disclosures pursuant to Section 315 (4) of the German Commercial Code (HGB) and explanatory report

Structure of subscribed capital

The subscribed capital (share capital) of IVG Immobilien AG on 31 December 2009 amounted to €126,000,000. It is divided into 126,000,000 bearer shares with no par value. Each share has a pro rata proportion of the share capital of €1.00. Each share has identical rights and confers one vote at the General Meeting. Shareholders exercise their rights in accordance with statutory regulations and the Articles of Association at the General Meeting, where they have the right to vote.

Restrictions on voting rights and the transfer of shares

The Management Board is not aware of any restrictions on voting rights or the transfer of shares.

Shareholdings which exceed 10% of voting rights

To the knowledge of the Management Board, Solidas 3 S.A., Luxembourg, Luxembourg, directly holds 18.41% of the voting rights (23,200,001 votes) of IVG Immobilien AG since 22 October 2009. Sal. Oppenheim jr. & Cie. S.C.A., Luxembourg, Luxembourg, SGG S.A., Luxembourg, Luxembourg, and Solidas 2 S.A., Luxembourg, Luxembourg, also hold indirect shareholdings in the same amount for which the voting rights can be attributed to Solidas 3 S.A., Luxembourg, Luxembourg, pursuant to Section 22 (1) Sentence 1 No.1 of the German Securities Trading Act (WpHG).

To the knowledge of the Management Board, Santo Holding AG, Zurich, Switzerland, directly holds 14.39% of the voting rights (18,133,651 votes) of IVG Immobilien AG since 22 October 2009.

Shares with special control rights

No shares which confer special control rights have been issued.

System of control of any employee share scheme where control rights are not exercised directly by employees

There is no employee share scheme at IVG Immobilien AG where employees do not have direct control rights over their shares.

The appointment and recall of members of the Management Board of IVG Immobilien AG is determined by Sections 84 and 85 of the German Stock Corporation Act (AktG) in conjunction with Article 7 of the Articles of Association of IVG Immobilien AG.

Amendments to the Articles of Association of IVG Immobilien AG must be decided by the General Meeting with a simple majority of the share capital represented at the adoption of the resolution. However, amendments to the purpose of the company require a majority of at least three-quarters of the share capital represented at the adoption of the resolution. Pursuant to Article 17 of the Articles of Association of IVG Immobilien AG, the Supervisory Board is authorised to decide on amendments to the Articles of Association which apply only to the wording.

Authorisation of the Management Board to issue and buy back shares

IVG Immobilien AG is authorised to issue capital up to the amount of €48.0 million.

By resolution of the General Meeting dated 14 May 2009, the Management Board was authorised to increase the share capital with the approval of the Supervisory Board by issuing new registered ordinary shares and/or preference shares with or without voting rights on one or more occasions by 13 May 2014 in exchange for cash by up to a total of €24,000,000.00 (Authorised Capital I).

Shareholders must be granted subscription rights to the new shares. The Management Board may determine that the new shares can be acquired by one or more banks or by companies operating pursuant to Section 53 (1) Sentence 1 or Section 53b (1) Sentence 1 or (7) of the German Banking Act with the obligation to offer them to the shareholders for subscription (indirect subscription rights). However, with the approval of the Supervisory Board, the Management Board can exclude a fractional amount from the subscription rights of shareholders. The Management Board is also authorised to determine the further details of the capital increase and its execution including the dividend rights of the new shares with the approval of the Supervisory Board. If preference shares are issued repeatedly (e.g. in multiple tranches) on the basis of this authorisation, the Management Board is authorised to issue further preference shares (with or without voting rights) that have priority over or are equal to the previously issued preference shares in terms of distribution of profits or company assets.

By resolution of the General Meeting dated 14 May 2009, the Management Board was also authorised to increase the share capital with the approval of the Supervisory Board by issuing new registered ordinary shares and/or preference shares with or without voting rights on one or more occasions by 13 May 2014 in exchange for cash or contribution in kind up to a total of €24,000,000.00 (Authorised Capital III).

In the case of capital increases for cash, shareholders must be granted subscription rights to the new shares. The Management Board may determine that the new shares can be acquired by one or more banks or by companies operating pursuant to Section 53 (1) Sentence 1 or Section 53b (1) Sentence 1 or (7) of the German Banking Act with the obligation to offer them to the shareholders for subscription (indirect subscription rights). However, with the approval of the Supervisory Board, the Management Board can exclude a fractional amount from the subscription rights of shareholders. In addition, the Management Board is authorised, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in the case of capital increases for payment in kind, in order to issue new shares in the context of mergers or the acquisition of companies, parts of companies, equity investments in companies, including increases in existing investments, or other assets eligible for contribution which relate to an acquisition plan of this kind, including receivables from the company. The Management Board is also authorised to determine the further details of the capital increase and its execution including the dividend rights of the new shares with the approval of the Supervisory Board. If preference shares are issued repeatedly (e.g. in multiple tranches) on the basis of this authorisation, the Management Board is authorised to issue further preference shares (with or without voting rights) that have priority over or are equal to the previously issued preference shares in terms of distribution of profits or company assets.

In addition to this authorised capital, there are also two conditional share capital increases. The share capital was increased conditionally by €8,654,262. This conditional capital serves to fulfil the convertible bonds issued by the company on 29 March 2007 for a total face value of €400 million. The conditional 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 and the conversion price is currently €45.65. They can be called in early by the holders for the first time with effect from 29 March 2014.

The share capital is also increased conditionally by up to €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. Under this authorisation, bonds or convertible bonds up to a total amount of €1,500 million may be issued until 23 May 2012. The authorisation also allows Group companies to issue convertible bonds or bonds with warrants and with the approval of the Supervisory Board allows the company to assume guarantees and to guarantee shares issued as a result of convertible rights or options rights.

The convertible bonds and/or bonds with warrants – which have a maximum term of 20 years – should be offered to shareholders on subscription. However, the Management Board is authorised, with the approval of the Supervisory Board, to exclude subscription rights under certain conditions:

- where the convertible bonds and/or bonds with warrants have been issued for cash and the issue price is not significantly lower than the theoretical market value, in these circumstances the convertible bonds or bonds with warrants rights may only be issued up to an amount of 10% of the existing share capital at the time of the resolution being made by the General Meeting or – if this amount is lower – at the time of the exercise of the authorisation. On top of this limit of 10% should be included any shares which during the period of validity of the authorisation until the issue of convertible bonds or bonds with warrants excluding subscription rights pursuant to Section 186 (3) Sentence 4 of the German Stock Corporation Act (AktG) (i) were sold as treasury shares pursuant to Section 186 (3) Sentence 4 AktG excluding subscription rights or (ii) issued from authorised capital excluding subscription rights pursuant to Section 186 (3) Sentence 4 AktG; or

- to exclude fractional amounts resulting from the subscription ratio or

- if this exclusion is necessary in order to grant a subscription right to bearers in the amount to which they would be entitled as shareholder after exercise of the convertible or option rights from the convertible bonds and/or bonds with warrants already issued at the time of exercise of the authority.

The conversion or option price for a share with no par value of the company with a pro rata share in the ordinary share capital of the company of €1 must

- be equivalent either to 130% of the listed price of the IVG share in the XETRA closing price on the Frankfurt Stock Exchange on the last trading day before the day the decision was made by the Management Board about the issue

- or – where a subscription right is granted – be equivalent to 130% (rounded up to a full cent) of the average of the listed prices of the IVG share in the XETRA closing price on the Frankfurt Stock Exchange on the days on which the subscription right for the issue was traded, with the exception of the last two trading days.

Under certain circumstances the bearers of the convertible or option rights may be granted protection against dilution of equity without prejudice to Section 9 (1) of the German Stock Corporation Act (AktG).

By resolution of the General Meeting on 14 May 2009, the Management Board was authorised until 13 November 2010 to purchase company shares of any class. The authorisation 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 being made by the General Meeting or – if this amount is lower – at the time of the exercise of this authorisation. The authorisation 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, a company in which it has a majority shareholding, 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 it has a majority shareholding.

Purchase can be made at the discretion of the Management Board via the stock market, by way of a public 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 made via the stock market, the payment per share made by the company (excluding ancillary purchase costs) may not fall short of or exceed by more than 5% the arithmetic mean of the closing prices of company shares of the same class in XETRA trading (or in 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 may not fall short of or exceed by more than 10% the arithmetic mean of the closing prices of company shares of the same class in XETRA trading (or in 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 publication of the offer, the effective date is the date on which the Management Board of IVG Immobilien AG makes a final decision on the formal adjustment. The volume of the public offer can be limited. If the 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. In addition, 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 these shares can be given precedence. In these cases, the shareholders' rights 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 of IVG Immobilien AG 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 share price at the time of publication of the invitation to submit offers for sale. The purchase price per share paid by the company, which the company calculates based on the offers for sale received, may not fall short of or exceed by more than 10% the arithmetic mean of the closing prices of company shares of the same class in XETRA trading (or in 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 the company makes a final formal decision on acceptance of the offers for sale. The volume of the acceptance can be limited. If there are several equivalent offers for sale which cannot all be accepted due to limitation of the volume, the purchase can be made based on the ratio of shares offered (offer ratio) rather than on the proportion of shares held. In addition, 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 these shares can be given precedence. In these cases, the shareholders' rights to further offers are excluded.

With the approval of the Supervisory Board, which can also be granted in advance as a maximum amount authorisation for the period between two Supervisory Board meetings, the Management Board is authorised to use the company shares purchased on the basis of this authorisation – in addition to sale on the stock market or through an offer to all shareholders – for the following purposes:

1. Selling company shares in some other way than on the stock market or by an offer made to all shareholders, provided the sale takes place in exchange for cash payment and at a price which does not fall significantly below the average stock market price of company shares of the same class and pursuant to Section 186 (3) Sentence 4 of the German Stock Corporation Act (AktG). This authorisation is limited to the sale of shares which are equivalent to a maximum total amount of 10% of the existing share capital at the time of the resolution being made by the General Meeting or – if this amount is lower – at the time of the exercise of this authorisation. The limit of 10% of the share capital is reduced by the amount of the share capital which relates to shares which are issued during the term of this authorisation in the context of a capital increase with subscription rights disapplied pursuant to Section 186 (3) Sentence 4 AktG or which must be issued to service options or convertible bonds with option or conversion rights or with an option or conversion obligation, provided the bonds are issued during the term of this authorisation with subscription rights disapplied pursuant to Section 186 (3) Sentence 4 AktG;

2. Transferring company shares to third parties as part of a merger or the acquisition of companies, parts of companies or equity investments in companies, including increases in existing investments, or other assets eligible for contribution which relate to an acquisition plan of this kind, including receivables from the company;

3. Using treasury shares instead of new shares from the contingent capital, with the approval of the Supervisory Board, to (partially) meet obligations resulting from convertible bonds and/or bonds with warrants, which have been or may be issued in accordance with existing or future authorisations of the General Meeting;

4. In the case of a sale of treasury shares by way of an offer made to all shareholders or a capital increase with subscription rights: Transferring shares to holders of option or conversion rights or equivalent option or conversion obligations issued by IVG Immobilien AG or by a dependent company of IVG Immobilien AG or a company in which it has a majority shareholding, in order to grant them subscrip-

tion rights or similar rights from shares to the extent that would be attributable to them after exercising the option or conversion right / after fulfilling the option or conversion obligation;

5. Calling in company shares without this calling in and its implementation requiring a further resolution by the General Meeting. The calling in leads to a capital reduction in the amount of the part of the share capital relating to the shares called in. As an exception to this, the Management Board can determine, with the approval of the Supervisory Board, that the share capital shall remain unchanged on calling in and that the calling in shall instead result in an increase in the share of the remaining shares in the share capital pursuant to Section 8 (3) AktG. In this case, the Management Board is authorised to adjust the information on the number of shares in the Articles of Association.

The authorisations to use the purchased shares can be used one or more times, in full or in part, individually or collectively. They also include the use of company shares which are purchased on the basis of Section 71d Sentence 5 AktG or by a dependent company of IVG Immobilien AG or a company in which it has a majority shareholding, or by a third party acting on behalf of IVG Immobilien AG, or by a third party acting on behalf of a dependent company of IVG Immobilien AG or a company in which it has a majority shareholding.

When using treasury shares in accordance with the authorisations described above in Numbers 1, 2, 3 and 4, shareholders' subscription rights are disapplied. Furthermore, in the case of the sale of treasury shares by way of an offer made to all shareholders, the Management Board can disapply shareholders' subscription rights for fractional amounts with the approval of the Supervisory Board.

Agreements in the event of a change of control

Significant financing agreements of IVG Immobilien AG contain the usual clauses common to such contracts regarding a change of control. In particular, the lenders are entitled to require repayment of loans in the case of a change of control. Change of control is defined in these agreements as a takeover of more than 50% of voting rights in IVG Immobilien AG. If a lender should require repayment of a loan as a result of a change of control, IVG Immobilien AG would be obliged to repay the loan forthwith.

Compensation agreements with members of the Management Board or employees of IVG Immobilien AG in case of a takeover bid

A "change of control" agreement was made with Dr Niesslein. Under this agreement, Dr Niesslein has the right within a period of six months to resign his appointment as member of the Management Board and CEO and to end his contract of employment in return for a lump-sum payment if the independence of the company is affected by the acquisition of control by a shareholder or a third party and this significantly affects the independent leadership of the company by the Management Board.

Provided the needs of the company require that Dr Niesslein remain in the Management Board, the Supervisory Board may require that he continue to carry out performance of his duties until the expiry of a period of six months after the acquisition of control has been made known.

A control acquisition in the sense of this rule is when, after his appointment as CEO of IVG, one or more shareholders or third parties acting in conjunction acquire at least 30% of available voting rights (Section 29 of the German Securities Acquisition and Takeover Act (WpÜG)) or otherwise acquire a controlling influence over the company. Controlling influence also exists if the shareholder or third parties acting alone or jointly have a share of voting rights of more than half the voting rights present at three consecutive General Meetings; this shall not apply if the voting rights share of these shareholders already existed at the time of the appointment as CEO of IVG.

Upon termination of employment, Dr Niesslein will receive compensation in the amount of any remaining amount due from the time of the termination of his employment contract until the end of the agreed period of employment, reduced by 25%. The compensation, after the reduction of 25%, shall not be more than three times and not less than two times the total normal annual salary.

Otherwise, the IVG Group does not currently have any compensation agreements with members of the Management Board or employees following takeovers.

5.3 Employees

Qualifications and development ensure success

The success of our company is largely dependent on the professional and personal skills of our employees. Key output and value-generating efforts come from them. We therefore pursue a human resources policy which is designed to recognise potential and promote performance and development. We place emphasis on a modern and open company culture, individual responsibility and constructive cooperation.

Number of employees down slightly on previous year

On 31 December 2009, the total number of employees in the IVG Group was 654 (previous year: 672). This also includes part-time staff. It does not include trainees or inactive employees such as those in partial retirement or on parental leave. The number of employees decreased overall in comparison with the previous year by 18 or about 2.68%. Expressed as full-time equivalents, the number of employees was 621.6 (previous year: 643.7). The number of apprentices and trainees was 27 (previous year: 23).

There are different changes with respect to the divisions:

Number	31.12.2009	31.12.2008	Change in %
Total	**654**	**672**	**-18**
Investment	8	4	4
Funds	158	156	2
Development	57	81	-24
Caverns	74	69	5
Asset Management	217	238	-21
Corporate Functions	140	124	16

There were the following changes on the basis of full-time equivalent employees (FTE):

	31.12.2009	31.12.2008	Change in %
Total	**621.6**	**643.7**	**-22.1**
Investment	8.0	4.0	4.0
Funds	152.5	147.6	4.9
Development	54.7	78.4	-23.7
Caverns	70.5	67.6	2.9
Asset Management	204.6	227.8	-23.2
Corporate Functions	131.3	118.3	13.0

The decrease in the number of employees in the Asset Management division results primarily from transfers of employees from Central Services to the Personnel corporate function. In the Development division, the number of employees dropped particularly as a result of transfers to various corporate functions and due to the closure of branch offices.

Employee participation scheme

In 2009, IVG continued to offer its employees the participation scheme of IVG employee loans, with which we strengthen and promote cooperation as partners.

The IVG employee loan is an exchange risk-free savings scheme. The employees make capital available to IVG, which thanks to a tax-free supplement and interest payments results in a return of around 9.8% over a six-year period.

Personnel development measures

In the past year we established key instruments for strategic personnel development. Building on a new, development-oriented system of annual appraisal interviews, we use personal development rounds to compare the potential of our employees against the current and future demands on their abilities. This allows us to offer our employees development opportunities in line with their requirements and to ensure sustainable personnel and succession planning.

Regular constructive exchange with employees and promotion of their potential in line with their requirements is one of the key responsibilities of our management. Continuous improvement of management skills is therefore a key cornerstone of our management development. In the past year we implemented the first fundamental component of a new company-wide management development scheme for all IVG managers.

6 Risk Management

6.1 Introduction

In adopting the new business model in March 2009, IVG Immobilien AG reacted to the altered rental and investment market environment. Market cultivation now takes place in a clear Group structure with the two divisions IVG Investment, with the segments Real Estate, Development and Caverns, and IVG Funds, with the segments Institutional Funds and Private Funds, as well as a strengthened Asset Management area as a central operating service unit. The high-risk Development segment has been incorporated into the Investment division.

Opportunities and risks for IVG Immobilien AG and in particular the realisation of the project and property sales planned for 2010 are highly dependent on the rental and sales yields (exit yields) achieved and are thus directly linked to the development of the rental and investment markets. Although initial signs of a cautious relaxation can be seen in individual cases both on the financial and capital markets and also in national economic leading indicators, their sustainability cannot yet be gauged with certainty. The rental markets in particular are affected, as the impact on them follows on from the current financial and economic crisis with a time lag.

IVG Immobilien AG is responding to the continuing uncertainties regarding the further development of the financial and economic crisis and its influence on the rental, investment and financing markets by recognising risks at an early stage and actively counteracting them. In order to take into account the increased significance of risk management, IVG established a new Risk and Process Management corporate function in June 2009.

6.2 Structure of risk management

Risk and opportunity management provides for the security and further development of the IVG Group and is binding for all organisational units within IVG. The Management Board is responsible for the continuous and proper organisation of the risk management process.

The Risk and Process Management corporate function established in 2009 supports the Management Board in this. Risk management has also been revised in light of the financial and banking crisis and with the aim of raising awareness of risks, so that relevant risks can be identified more rapidly, aggregated across the divisions and countermeasures can be taken at an early stage.

The frequency of risk reporting was changed during the financial year 2009 from a half-yearly to a quarterly basis. The divisions report on risks to central Risk and Process Management. Quarterly reporting to Risk and Process Management covers risks representing a possible loss of assets or liquidity of more than €1.0 million. These risks are identified as far as possible on a bottom-up basis in connection with individual projects or properties or individual caverns as the smallest economic unit. Additional elements of risk reporting are simulations and scenario analysis for performance of property, exits from project development and financial planning.

In addition to the risk reporting prepared on a quarterly basis, IVG Immobilien AG carried out a risk inventory on the basis of individual risks for the first time in 2009. The threshold for this is a possible loss of assets or liquidity of more than €0.5 million.

Finally, quarterly standard reporting by the divisions and regular discussions between the divisions and the Management Board about the respective risks and opportunities continue as before. The Management Board must be notified immediately of any risks representing a potential economic loss of more than €12.5 million.

As before, reporting from Corporate Finance on the Group liquidity situation and current refinancing needs in conjunction with margin development is normally made on a weekly basis at the Management Board meeting and via ad-hoc announcements for specific developments. The close interrelation between planning for capital requirements of the divisions has been strengthened. Attention to the development of covenants from finance agreements is being intensified with regard to exogenous yield shifts in the market values of property and related reductions in market values.

The internal audit department is an integral part of the process-independent monitoring system. Audit planning for 2009 consisted of 33 audits in total, 17 of which had high priority. Eight audits were completed in 2009, and one is at the stage of report preparation. In consultation with the Management Board, 16 audits with a low priority were cancelled or were postponed due to special audits. Eight audits were postponed until 2010. In addition, three special audits were performed for risk reasons, one of which has been completed and two of which are at the stage of report coordination. As at 31 December 2009, the internal audit department identified a risk in the defined risk class 1 (loss of assets of more than €12.5 million) in the Caverns division with regard to the on-schedule completion of fund caverns. This risk was counteracted through an amendment to the contract regarding the deadline for completion and an increase in carrying out the leaching process. No further risks in the defined risk classes 1 and 2 (loss of assets of more than €2.5 million) were identified. As at 31 December 2009, one further audit was completed from the audit planning for 2008, as its implementation was carried over into the calendar year 2009.

PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (PwC) has examined the risk early warning system of IVG Immobilien AG as part of its audit of the consolidated financial statements in line with the requirements of stock corporation law. It fulfils all legal requirements for such systems.

6.3. Description of the accounting-related internal control system

IVG's accounting-related internal control system (ICS) is used to minimise risks in financial reporting arising from the possibility that annual and interim financial statements could contain incorrect information which has a significant influence on the decisions of those for whom the information is intended. Using the ICS, possible sources of errors are to be identified and reporting risks limited. The system covers financial reporting in the entire IVG Group. The organisation of the accounting-related ICS is closely linked to the internal accounting and financial reporting processes and the existing structures for managing the divisions and corporate functions. The preparation of separate and consolidated financial statements which comply with the legal requirements is thus ensured with sufficient certainty.

The accounting of subsidiaries of IVG takes place either at the Group head office, at the accounting department of the subsidiary IVG Institutional Funds GmbH, or on a decentralised basis at foreign IVG branch offices respectively by external service providers. The individual financial statements are consolidated into IVG Group accounting at the Group head office. In all cases, the basis for financial statements to be delivered is the IVG accounting guideline for ensuring uniform quality standards for accounting and valuation. Group reporting is based on a uniform reporting system. The financial accounting systems are predominantly supported by T-Systems International GmbH. The service provider is managed centrally by IT Management at IVG Immobilien AG.

The division controllers are involved in the process of preparing the separate and consolidated financial statements in the context of quality assurance. The accounting-related processes and work instructions are transparent for all employees and are included in the IVG organisation manual. The control environment is shaped by the universally binding guidelines and by ethical and compliance principles at IVG. The discussion of accounting risks and consequences is an integral part of the decision protocol of IVG's Management Board as early as in the preparation of transactions.

As part of the accounting-related ICS, the management of IVG ensures the effectiveness of initiated control measures through the continuous development of the control framework. The internal audit department at IVG also functions as a non-process-dependent monitoring authority.

The structure of accounting-related risk management is described in Section 6.2.

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.

6.5 Discussion of individual risks

6.5.1 Operating environment and sector risks

Rental markets

The development of the economy continues to give rise to considerable risks for the rental markets for office space. Even if another relapse into recession is avoided, it is still probable that the employment rate in many European countries will continue to fall, in 2010 at least. At the same time, considerable volumes of new construction are being completed despite credit rationing in some locations, not least of all those in Germany.

Many of the office property markets where IVG operates are therefore likely to be characterised by moderate take-up, rising vacancy rates and stagnating or decreasing rents in 2010, too. There are particularly high letting risks for older existing buildings due to the trend towards modern, efficient space, since the former no longer match the preferences of prospective tenants. The risk that such properties will only be marketable after extensive renovation or will become permanently obsolete will increase in future as a result of demographic change, particularly in secondary locations.

There are opportunities for the rental markets in that the global economy could recover more significantly than forecast, and also from regional or sector-specific boom economies (e.g. the financial sector in London). Because construction activity is expected to decline substantially from the end of 2010, there will be a shortage of modern space in Europe in the medium-term.

Investment markets

Whether the stabilisation process in the finance and banking industries continues or not, is of considerable importance to the investment markets for commercial property. As before, the risk of the financial crisis flaring up again cannot be ruled out. There is also the question of how banks will deal with non-performing real estate loans in future. For instance, in countries such as the UK it cannot be ruled out that banks may offer large volumes of property with financing problems to the market, thereby influencing their price development. The problem of follow-up property financing has not yet been solved in the case of commercial mortgage-backed securities which will increasingly fall due in the coming years.

In general, however, the recovery process which began on Europe's investment markets in summer 2009 can be expected to continue, although this development may still be limited to the prime segment which is the focus of the currently active, risk-averse conservative investors. The decisive factors here will be the direction in which the rental markets develop and the extent to which loans are extended again for more risk-taking, opportunistic investments.

Developments on the investment markets for property will also be significantly influenced by the markets for other investment assets such as shares and bonds. This results in both opportunities and risks. The major increases in share prices, the historically low interest rates and the high volatility on the securities markets put property in an attractive light due to its comparatively high initial yields. In contrast, a sharp adjustment on the share markets (negative wealth effect) and a steep, continuous rise in real interest rates (higher opportunity costs of real estate investments) would have a negative effect on the real estate investment markets.

Despite the crisis in the past two years, the risk of investors' valuation of the real estate investment category fundamentally declining can be assessed as low. On the contrary: studies such as that by the rating agency Feri indicate that the significance of the real estate investment category will continue to increase as a result of the specific risk-return profile in the asset portfolios of institutional investors.

6.5.2 Business performance risks

IVG INVESTMENT DIVISION

Real Estate Segment

Since early 2008, the effects of the financial and economic crisis have led to an increase in yields for office property, which was less pronounced on the German markets than on the foreign markets.

The yield increase in the past is mainly reflected in discount rates applied in the appraisal reports and capitalisation rates, and has a direct effect on consolidated net profit due to reporting of changes in value pursuant to IAS 40. In 2009, unrealised changes in market value for the IVG investment portfolio amounted to -€192.8 million.

In light of the forecast market developments and the real estate markets' dependency on macroeconomic trends, the changes in value in the properties represent a significant risk for the Real Estate segment in 2010, too.

To quantify risks, sensitivity analyses were carried out by external valuers as at 31 December 2009, which show the effect of changes to discount and capitalisation rates on fair market value.

Scenarios for development of fair market value

in € m		Only discount rates		Only capitalisation rates		Discount and capitalisation rates	
Region	**Volume**	**-0.25%**	**0.25%**	**-0.25%**	**0.25%**	**-0.25 %**	**0.25%**
Germany	3,362	99	-27	124	-47	190	-107
Paris	383	10	-4	13	-6	20	-13
Brussels	269	5	-5	7	-6	12	-11
Helsinki	216	4	-4	4	-3	8	-7
London	115	2	-2	3	-2	5	-3
Milan	10	0	0	0	0	1	0
Total	**4,355**	**120**	**-42**	**150**	**-64**	**235**	**-141**

All other things being equal, calculations show that an increase in discount rates by a further 25 basis points leads to a further reduction in fair market value of €42 million as against the values at 31 December 2009. If the capitalisation rates also increase by 25 basis points, the value of the IVG portfolio will fall by €141 million. In the event of an equivalent decrease in discount rates and capitalisation rates, the value of the portfolio would increase by €120 million and €235 million respectively.

Properties with a volume of €204 million are not included in the valuations as they are not based on DCF calculations. These chiefly comprise portfolio land.

As at the end of 2009, 41.0% of total contract rents relates to the following ten tenants: Allianz, Régie des Bâtiments service extérieur, Siemens, THALES, HSBC, Verlagsgruppe Milchstraße, Daimler AG, AXA, Bosch Sicherheitssysteme and Epcos. This is equivalent to an increase of 2.7 percentage points as against the previous year, which results from the sales conducted in 2009 and from the (partial) cancellation by Allianz. The top ten tenants are renowned companies, mostly of strong financial standing and primarily from the service and consultancy industries. With the exception of the tenants Allianz, Régie des Bâtiments service extérieur and Siemens, no tenant has a share of more than three per cent of total rent volume.

Of the current total volume of contract rents in the amount of €278.6 million p.a., rental contracts of €41.3 million will expire in 2010/2011 or may be cancelled.

Furthermore, Allianz has special cancellation rights which stipulate a termination of the rental contract within 18 months in favour of Allianz in 2010 and 2012 with a volume of approximately 5.5% to 7.4% of the total annual net rent of the segment in each case.

The current economic vacancy rate of IVG Immobilien AG is 9.5%. The highest vacancy rates constitute 55% of the total vacancy rate.

At €218 thousand, only a very minor portion of the economic vacancy rate at the end of 2009 is covered by received rent guarantees. Approximately €31 thousand of this rent guarantee sum expired at the end of 2009, while the remaining €187 thousand will expire at the end of 2012.

IVG is responding to the rental contract expiries, the risk of termination of rental contracts and vacancy rates with an active letting campaign targeting early follow-on letting and new letting. This strategy also includes early extensions of contracts, in some cases with adjustment of the rent to the current market rents for existing tenants. Corresponding typical market incentives and other marketing costs are taken into account as part of division planning.

As at 31 December 2009, provisions of €7.5 million have been made for rent guarantees given on property disposals. There is a risk of an increase in the rent guarantee amounting to €0.2 million in one case.

For the investments in real estate funds held by IVG in Germany and abroad, the risks relate in particular to the performance of the shares and the difficulty of selling on the secondary market. There may be delays and unscheduled write-downs in connection with the planned sales, particularly of investments in institutional funds with an investment focus on Asia. Delays in selling may lead to unplanned liquidity requirements at IVG in the case of fund investments with still unpaid capital commitments. However, this is also countered by opportunities for positive performance due to real estate markets in Asia recovering faster than planned.

Development Segment

Project-specific risks

As a result of the strategic reorganisation of IVG Immobilien AG, the Development segment will no longer be continued as an independent division.

IVG has consequently decided that projects where the land acquisition has not yet been completely finalised or that are right at the beginning of the development process and where there are no contractual obligations to fulfil, should be shelved or halted where possible. Two such measures were achieved in 2009 and further disposals of potential development land in London are planned for 2010.

To reduce the development pipeline, another thirteen projects and three project investments with an IVG share of sales volume of €774.0 million are also to be sold in 2010. A billing volume of €98.6 million of this has already been sold to third parties. The projects are to be handed over in 2010. As a result of synergies with the Funds division, there is an opportunity to sell a volume of approximately €300 million to an institutional fund (“IVG Premium Green Fund”).

In the context of the separate financial statements and the 2009 risk inventory, occupancy rates and planned sales proceeds were checked for necessary market adjustments. This resulted in impairment losses of €166.9 million and provisions for rent guarantees and potential losses in the amount of €11.0 million in 2009.

Despite the stabilisation of the real estate investment markets forecast for 2010 and 2011, in view of the weaker development on the real estate rental markets in 2010 and the uncertainty regarding the further development of the financial and economic crisis it cannot be ruled out that the underlying assumptions for lettings and sales used as a basis for risk provisions may be too pessimistic or too optimistic, with the effect that both risks and opportunities may result from a change in the parameters driving value.

The effects of corresponding rental and exit yield fluctuations on the billable sales volume are shown below:

Change in billing volume and therefore 2010 EBIT

in € m	Yield variation				
Rent variation	+0.50%	+0.25%	Forecast	-0.25%	-0.50%
-10%	-65	-46	-26	-3	21
-5%	-53	-34	-13	10	22
-3%	-48	-29	-8	15	40
Forecast	-41	-21	**774**	23	48
+3%	-34	-14	8	31	56
+5%	-29	-9	13	36	62
+10%	-17	4	26	50	76

Change in billing volume and therefore 2011 EBIT

in € m	Yield variation				
Rent variation	+0.50%	+0.25%	Forecast	-0.25%	-0.50%
-10%	-5	-4	-2	0	2
-5%	-5	-3	-1	1	3
-3%	-4	-3	-1	1	3
Forecast	-4	-2	**124**	1	4
+3%	-4	-2	0	2	4
+5%	-3	-2	0	2	4
+10%	-3	-1	1	3	5

Results clearly show that conclusion of leases in 2010 for available for sale projects were 10% below the last forecast level and exit yields were 50 basis points higher than the last forecasts and this resulted in a reduction in income of €65 million. If concluded leases or sales are better than previously forecast, there will be an opportunity to increase income. In 2010, this amounts to up to €76 million according to the sensitivity analysis. The fluctuations in proceeds from the sales planned for 2011 range between plus €5.0 million and minus €5.0 million.

Risks of project financing

The project sales planned for 2010 in the amount of €774 million are countered by expiring project financing with a credit volume of €440.0 million. For two projects, extensions of the project financing in the amount of up to €196.8 million may be required. Due to the fact that one project has not yet achieved a occupancy rate which would allow a sales price higher than the project loan to be expected with reasonable certainty in the current investment market environment and there is an increase in construction costs in addition to the time delay in completing construction, there is a risk that the financing conditions could deteriorate.

For one other project, the realisation of an extension of project financing in the amount of up to €501 million has been impeded by a possible delay in completing the project. If one of the anchor tenants were to exercise its potential right to cancel the rental contract, the extension of the project financing might no longer be possible in the full amount. In this context, IVG took a whole range of measures to stabilise project development: the management of the project company was extended, individual managers were replaced, the entire construction site organisation was adapted, and the construction process was given clear priorities for completion. As a result, there is a sustainable chance that further project delays can be avoided and the contract will not be cancelled.

Risks of cost development

Significant cost increases were recorded for two projects. These were already included in the comprehensive project valuation at the end of 2009 and contributed to the impairment losses described above. The other contracts were awarded in line with authorised project budgets.

No further project-specific individual risks are known of as at 31 December 2009. The dependency on the development of rental and investment markets will result in opportunities and risks in 2010 which IVG Immobilien AG will respond to through prompt, active opportunity and risk management.

Caverns Segment

At the end of 2008, IVG Caverns sold 40 portfolio caverns and 30 leased caverns and caverns under construction to a special fund subscribed by institutional investors on the condition that the caverns under development are gradually transferred the to the respective tenants and the fund by 2014.

Our focus in the coming years will be on the development and the operation of caverns sold to the fund. The main economic risk relates to on-schedule completion with the correct volume as contractually agreed with the tenants and the funds. This is primarily based on scheduling, geological and technical risks involved in the construction process with economic consequences for the Caverns segment.

Scheduling risks could arise from the length of the detailed permit process for cavern construction. Scheduling risks are countered by forward-looking and integrated planning and cooperation with public authorities.

The geological inhomogeneity of a salt dome carries the risk of limited usability through to total loss of the cavern site. Each further borehole delivers new information about the structure of the salt dome, which is fed into a simulation model and is used in developing the cavern field. The risk of total loss of a cavern, which can generally be identified in a very early development process, is taken into account in the development of fund caverns by keeping “replacement caverns” in reserve. The segment’s implemented risk reporting allows deviations from volumes and scheduling to be recognised at an early stage, with the effect that appropriate measures can be taken in good time.

In the process of building a cavern, technical risks arise mainly during drilling operations and ensuing completion processes. Damage and delays due to material failure are covered by suitable installation insurance.

A further technical risk arises from the leaching process for caverns, which takes more than two years, and from the age of the equipment required for this. In order to avoid damage and unscheduled shutdowns, extensive preliminary investigations and maintenance are carried out on the technical infrastructure. €10.0 million per year is included in planning for maintenance investment and a further €6.0 million per year for cost increases resulting from unscheduled maintenance measures.

Price/time risks from procurement of materials and services are countered by early procurement transactions and long-term contracts. IVG Caverns holds adequate insurance to cover business risks from the operation of caverns. This includes mainly operational and environmental liability insurance and environmental contamination insurance.

According to the risk report as per 31 December 2009, no risks critical to scheduling or volumes can be identified for the caverns to be developed for the fund.

IVG FUNDS DIVISION

Institutional Funds Segment

There are risks in the Institutional Funds segment with regard to the expected fee income, which is primarily dependent on the volume of the funds managed. This volume (assets under management, or AUM) can be negatively influenced both by negative developments in fair value in the funds and also by reduced investment activity or the liquidation of funds. Long-term reduced fee income and/or increased capital costs could lead to impairment on the goodwill of IVG Institutional Funds GmbH. Here there is a risk of up to €6.5 million in 2010 in relation to lower income from fees as compared to the planning and thus potential goodwill impairment.

One risk which has been addressed relates to customer satisfaction and loyalty with regard to institutional investors in the funds. A lack of customer confidence can lead to share certificates being returned and thus funds being withdrawn, which reduces the most important basis for income as the level of managed funds is reduced. If IVG's reputation as a provider of institutional fund products suffers, this may also put the implementation of planned new funds at risk, for which new customers must be gained for IVG fund products in addition to existing customers.

To boost customer confidence, a special real estate fund for institutional investors was launched in 2009 in the form of the "IVG Protect Fund", in which IVG itself invested with a share of 20%, thereby creating an alignment of interests with investors. Further products with participation by IVG are planned. In addition, a customer satisfaction analysis was performed in 2009 on the basis of a customer survey, the results of which indicate ways of increasing customer satisfaction which are to be put into action in 2010.

Private Funds Segment

There are risks in the Private Funds segment with regard to guarantees for interim equity financing and for fund placement, take-back obligations for fund shares, negative performance of fund shares in IVG's own portfolio, and changes in commission margins for external sales. A negative fund performance and devaluation of fund properties can lead to loans to the funds having to be paid back before repayment date, for example where there is a breach of covenant, and planned distributions to the investors having to be reduced, which diminishes their satisfaction and damages IVG's reputation as a fund provider.

Placement risk is a significant risk for IVG in the Private Funds segment. If equity cannot be placed, the fund company has to provide the necessary financial funds (placement guarantee) and therefore assumes the economic risk of the equity investment. For "forward deals" and in the conception phase, changes in interest rates and currency fluctuations can have a very strong effect on the attractiveness of the fund. By taking out long-term positions on interest rate conditions, early currency hedging and adjustments to fund structures, we increase pricing security. The fund initiator usually commissions an advance tax assessment and other legal or economic analyses in order to avoid conceptual risk.

6.5.3 Financial risks

The IVG Group is exposed to various financial risks in the course of its business. In particular, these are exchange rate, liquidity and interest rate risks and the counterparty default risk (for rent default risk, see the information on the Investment division, Real Estate segment). Risk management is carried out by the corporate function Finance in accordance with guidelines approved by the company's boards.

IVG makes selective use of derivative financial instruments such as interest rate swaps, interest rate/currency swaps, interest rate caps, swaptions, currency swaps and foreign exchange forward contracts as part of active interest and foreign rate exchange management. Derivative financial instruments are used only on the basis of underlying operational transactions. Where there is an accounting mismatch (no balance natural hedge), hedge accounting relationships are created where possible. The designation of hedge accounting relationships helps avoid volatility of financial results, as the special hedge accounting avoids accounting imbalances resulting from differing recognition of underlying and hedge transactions.

The counterparty default risk for derivative financial instruments and financial transactions is kept to a minimum by the selection of financial institutions with excellent credit ratings. We examined the creditworthiness of any relevant financial institutions and saw no reason to make any impairment losses on derivatives with positive market values.

Currency risks

Due to its international investment and financing activity, IVG operates in various currency areas and is therefore exposed to currency risks. IVG limits this risk by the use of currency derivatives or by borrowing in the currency of the foreign currency investments.

The largest currency position is in pounds sterling (GBP). There are also risk positions in US dollars and in currencies from eastern Europe.

Investments in pounds sterling (GBP) are hedged with loans in GBP or currency derivatives. A residual effect on net profit can result from internal Group loans valued at balance sheet date. Investments in Asian real estate funds on a USD dollar basis are hedged with currency derivatives. The open currency position in Swiss francs (CHF) as at 31 December 2008 was reduced by conversion into euro and repayment. Project development in Poland and Hungary is partly financed by external bank loans or by the IVG Group in Euro. Translation of the loans into local currency has an effect on net profit. In 2009, this amounted to €+3.0 million (2008: -15.7 million). Until developed projects are sold, the loans are subject to currency risk. However, as most investors in these countries finance borrowings in Euro, the currency risk is limited.

Information on loans in foreign currencies and currency derivatives is given in sections 10.2 and 10.3 of the notes.

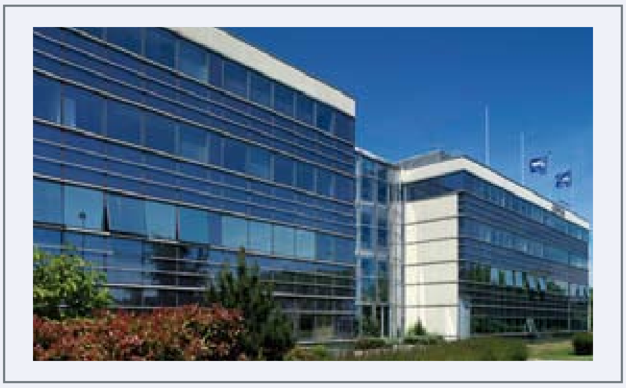
Liquidity risks

Financial planning tools for the whole Group provide early indications of the liquidity situation. These systems show expected liquidity developments for a planning horizon of up to three years.

Liquidity planning must ensure that in addition to scheduled borrowing requirements (investment of the Investment Development and Investment Caverns sub-segments, selective scheduled purchases in the Investment Real Estate sub-segment), it will also be able to meet any unscheduled liquidity requirements. It also needs to maintain sufficient free lines of credit at banks and sufficient cash and cash equivalents, and to adapt the normal buy and sell scheduling to meet liquidity requirements in the long-term. An overview of cash and cash equivalents available as at the end of 2009 is given in the "Capital structure and financing sources" section (4.2).

Liquidity risks arise when due loans which are foreseen for extension cannot be extended in some cases, and when there are delays in processing sales activities, for instance in project development. Further liquidity risks arise from additional contribution obligations for project financing in the IVG Development division and for covenant breaches in respect of property financing. IVG anticipates further additional contribution obligations for at least one project in 2010 in the amount of approximately €70 million as a consequence of construction cost overruns in the Development segment. This risk has already been taken into account in liquidity planning.

For some property financing with agreed covenants, such as loan to value (LTV), where the agreed LTV is exceeded, some credit agreements require that IVG makes an additional contribution (extraordinary repayment or provision of additional guarantees) within a fixed period (such as 20 days) in order to repair the agreed LTV. Significant changes in the fair value of financed properties can lead to the agreed LTV being exceeded. A covenant (LTV) for one property financing of €980 million is not fulfilled on the basis of the value calculated in the bank appraisal. However, the bank has not yet formally announced a breach of covenant. In this case, IVG would have to repay €130 million of the loan early or deposit this in cash as collateral within 20 days. IVG entered into negotiations with the bank in good time to ward off the breach of covenant by restructuring the financing. We expect an agreement in the form of a margin increase and repayments totalling €70 million spread out over time until 2012. The Management Board is confident that the agreement can be reached quickly. In addition, there are LTV clauses for financing for four further properties with a total volume of €200 million and interest cover/principal repayment cover clauses for financing for four properties amounting to €320 million. None of these clauses appear to be at risk in 2010.



IVG does not expect any breaches in 2010 for the existing Group financing facilities (syndicated loans and bilateral credit lines) due to customised covenant agreements. For example, the LTV defined identically for both syndicated loans and two bilateral credit lines allows for a tolerance for further negative changes in market value of its own property of €450 million.

IVG expects that liquidity will be stable in 2010 on the basis of the above premises and if it becomes aware of any unforeseen risks, it will take appropriate steps such as pre-financing or refinancing of existing assets.

Interest rate risks

Interest rate risks result from market fluctuations in interest rates. These affect the amount of interest expense during the year as well as the market value of closed-end derivatives. In addition to development of interest rates (money market and swap rates), the amount of credit margins to which IVG is subject is relevant. The credit margins are dependent on market conditions and IVG's credit ratings. Changes in the margins may occur in the event of new lendings, extensions of existing loans or breaches of covenants.

A significant part of IVG's liabilities to banks have a fixed rate of interest and thus match the fixed cash flows from rents, meaning that the effects of market interest rate fluctuations can be estimated for the medium-term.

IVG ensures the hedging of financial liabilities at floating interest rates partly by using derivative financial instruments, mainly in the form of payer swaps, and also through using swaptions and caps. In order to optimise interest earnings, and as part of the active buy and sell strategy, approximately 30% of assumed liabilities are held at floating interest rates. At the end of the year, taking into account hedging instruments, these represented 31% of financial liabilities (2008: 39%). The high level of variable-rate financial liabilities at the end of 2008 had been reduced in favour of lower interest rates at the end of 2009.

The average interest rate in the IVG Group, consisting of interest rate and credit margin, varied in 2009 between 4.57% and 4.04%. In the first half of the year, the increased credit margins for extensions were more than offset by low money market interest rates and the variable portion of the interest item. In the second half of the year, IVG benefited from further decreases in money market interest rates and favourable fixed-rate positions. In 2010, we anticipate contrary effects from increased credit margins and the expiry of fixed-rate items which can probably be extended on more favourable conditions.

The interest expenses of the IVG Group should increase by €18 million p.a. in the following year for an average rise in the refinancing rate of 100 basis points, taking into account the maturities of the fixed-rate positions. The nominal amount subject to interest rate risk can be derived from the maturity of the financial liability (credit margin increase risk), the maturity of the fixed-rate exposure (interest change risk from swap markets) and the amount of remaining variable exposure after fixed-rates (interest change risk money market) – (see section 10.2 of the notes to the consolidated financial statements).

6.5.4 Other risks

Legal risks

The IVG Immobilien AG Group is not subject to any current or potential legal proceedings which could threaten the future of the Group. Major legal proceedings for more than €40,000 are monitored and managed by the Legal & Compliance corporate function. The current legal proceedings relate almost exclusively to usual types of cases from operating business. If necessary, provisions are set aside in the equivalent amount for the costs and the main claim. The total amount of provisions made by the Group as of 31 December 2009 amounts to €9,746,180. The provisions are allocated between ten disputes in total. No provisions have been set aside for another twelve proceedings, as they are either active disputes that we are likely to win or passive proceedings where the risk of adverse judgement is less than 50%.

In the past financial year, the ongoing appeals against resolutions of the General Meeting were settled. For example, the claimants in the actions raised against two different resolutions of the 2006 General Meeting had appealed following a dismissal of the actions by the court of first instance. The Higher Regional Court of Cologne concluded that the claimants were right with regard to certain aspects and declared the resolutions approving the actions of the Management Board and Supervisory Board and electing Dr Eckart John von Freyend as null and void, although the rest of the appeal was dismissed. After weighing up the advantages and disadvantages, IVG allowed the judgement to become final; the claimants also did not lodge an appeal.

The appeals against the dismissal of two appeals against resolutions of the 2008 General Meeting were withdrawn by the claimants following a dismissal by the court of first instance and an equivalent notification by the Higher Regional Court of Cologne, meaning that these actions were also settled.

The appeals in connection with the squeeze-out at IVG Deutschland Immobilien AG have been withdrawn. No payments were made by IVG to the claimants or their lawyers. A large number of shareholders initiated a legal challenge to have the offered purchase price legally reviewed in terms of its appropriateness. If IVG Immobilien AG loses this action, an additional, interest-bearing payment will have to be made to all shareholders who were squeezed out. The increase in the compensation payment could amount to a medium six-figure sum. IVG is confident that the legal challenge will not result in an additional payment, as the compensation paid is based on a carefully prepared appraisal, the results of which were confirmed by a court-appointed appraiser.

Environmental risks

For historical reasons, IVG holds land which shows evidence of contamination with traces of explosives derived from production. There is a risk that the responsible authorities will begin proceedings against the company requiring expensive decontamination. Until now, in conjunction with the local authorities, IVG has been able to take the necessary measures to secure the land and avoid any potential dangers and has thus been able to avoid being subject to mandatory provisions.

Corresponding risk provisions were made in the annual financial statements for necessary safety and demolition measures, for example in Dörverden and Clausthal-Zellerfeld. The risk provisions amount to €7.0 million for 2010.

In Lower Saxony, where there is a threat of claims against properties which were, in part, sold a long time ago, IVG is still holding discussions with the German Federal State of Lower Saxony in order to find a settlement with respect to all contamination claims in this German Federal State. A settlement agreement is not to be expected before 2011. Corresponding expenses have been included in IVG Immobilien AG's planning.

Damage risks

IVG holds adequate insurance to cover operational business risks. It is continually advised by one of the largest brokerage firms and regularly reviews its insurance coverage. In particular, it insures risks from the site in Etzel, including environmental contamination risks from the operation of pipelines. IVG has also taken out installation insurance for losses caused by the leaching of new caverns. The company's portfolio has all risks coverage and is separately insured against damage from terrorism.

There is also the usual owner's liability insurance. At Group level, IVG has D&O insurance, professional indemnity insurance and other usual insurance coverage. During the past financial year there were no significant insurance damages in the operational business or at Group level.

Tax risks

The company has made adequate provision (€30.2 million) for potential tax risks arising from tax audits, financial litigation and negotiated settlements.

7 2010 Outset and Outlook

7.1 Significant events after balance sheet date

Sale of properties to streamline portfolio

In the context of streamlining the portfolio, a contract for the sale of three residential facilities in Berlin for €18.1 million was concluded on 4 January 2010. The payment of the purchase price and the transfer of the properties are scheduled for the second quarter of 2010. The funds will be used to repay liabilities to banks of the Group company making the sale.

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 has been sold to third parties, which has not yet impacted the balance sheet (see section 6.5.2 of this management report). Including two further sales in Warsaw and Berlin which have been contractually assured since the beginning of the year, this results in a billing volume of €201.6 million, equivalent to roughly a quarter of the sales volume planned for 2010.

Placement of EuroSelect 20 The NorthGate

The placement of our EuroSelect 20 fund with the North Gate property of approximately 60,000 sqm in Brussels is developing extremely successfully. At the time of going to press, the sale, which began in mid October 2009, had exceeded the 95% mark and is expected to be entirely completed in March 2010.

Discontinuation of EuroSelect 18 GermanCities

The EuroSelect 18 fund comprises five properties in attractive locations in Germany. Because three of these properties are still under construction, this fund was perceived as a project development fund, leading to weak development of the placement. IVG has decided to discontinue sales and to carry out liquidation of the fund together with the investors.

Reduction of Asia commitment

On 9 February 2010, a contract was signed for the complete sale of the fund shares in the Alpha Asia Macro Trends Fund. Receipt of payment of transfer of the fund shares is expected to take place in March 2010.

Successful development of “IVG Premium Green Fund”

With the new “IVG Premium Green Fund”, IVG is investing in sustainable property in Germany together with selected institutional co-investors. With LEED-standard certified office properties in the urban areas of Berlin, Cologne/Bonn, Frankfurt am Main and Munich, this fund is intended to take into account the increasing demand for sustainable investments. The development of the fund is completed. The fund is expected to be launched on 1 May 2010 with the transfer of the first two properties to the fund. The properties are currently still part of the project pipeline, which will thereby continue to be systematically reduced.

7.2 Forecast

Business environment

Overall economic expectation

The expansive economic and monetary policy, together with improved sentiment among consumers and companies, indicate that economic output in Europe will recover slightly in 2010. For instance, forecasts by the OECD point to economic growth of 0.9% in 2010 in the European currency area and of 1.4% in Germany. However, this will only be reflected in the labour market with a time lag: the OECD anticipates a further increase in unemployment in the euro zone from 9.5% to 10.6%. Due to the underutilisation of economic capacity, consumer prices will increase only slightly by 1.0% in Germany and in the euro zone.

Property markets

Most European property markets will be characterised in 2010 by rising vacancy rates and generally decreasing rents as a result of the gloomy labour market outlook. One of the few exceptions will be Central London, where the rental market already bottomed out in 2009. Although lending of real estate loans will still be restrictive, the trend of increasing investment volumes on the European real estate investment markets will continue. High-quality, well-leased properties will be a key focus for investors in 2010, too, meaning that there will be downward pressure on top initial yields.

Probable Group development

Due to the contrary development on the real estate investment markets and rental markets, IVG cannot currently make a clear quantitative forecast about results in the coming financial years. However, excluding further valuation effects from the inventories portfolio, there should be a consolidated net profit in the next two years. The extent to which general economic developments will continue to have a sustained negative impact on price development and performance in the office property markets is difficult to predict. If the trend towards lower rental rates from new and follow-on leasing implemented or to be implemented by IVG persists, adjustments to property values cannot be ruled out. A high default risk for existing tenants is not anticipated. In the inventories portfolio, the sales volume purely for streamlining the portfolio is expected to be considerably lower in the planning period than in 2009. The planned project sales will be used in a targeted way to further reduce risks and debt.

As has been reported on several occasions, in the medium-term IVG is pursuing the goal of reducing capital levels in the Development segment. Therefore, major investments in existing projects are no longer to be expected in 2010. No acquisitions for new projects are planned in the coming years. On the basis of the expected sales, the short-term project pipeline should be reduced to €0.7 billion by the end of 2011. In the Caverns segment, IVG expects to complete four to five caverns in 2010 and in 2011 it expects to complete six caverns, which will be handed over as scheduled to the Cavern Spezialfond managed by IVG.

In the Institutional Funds segment, IVG anticipates a slight increase in assets under management, as a regrouping of special-purpose vehicles is also planned as well as additional purchases for these. As already implemented with the “IVG Protect Fund” and IVG Cavern Fund, IVG expects to maintain investments of approximately 10% in new products. The sales volume in the Private Funds segment is expected to exceed €200 million in each of the next two years.

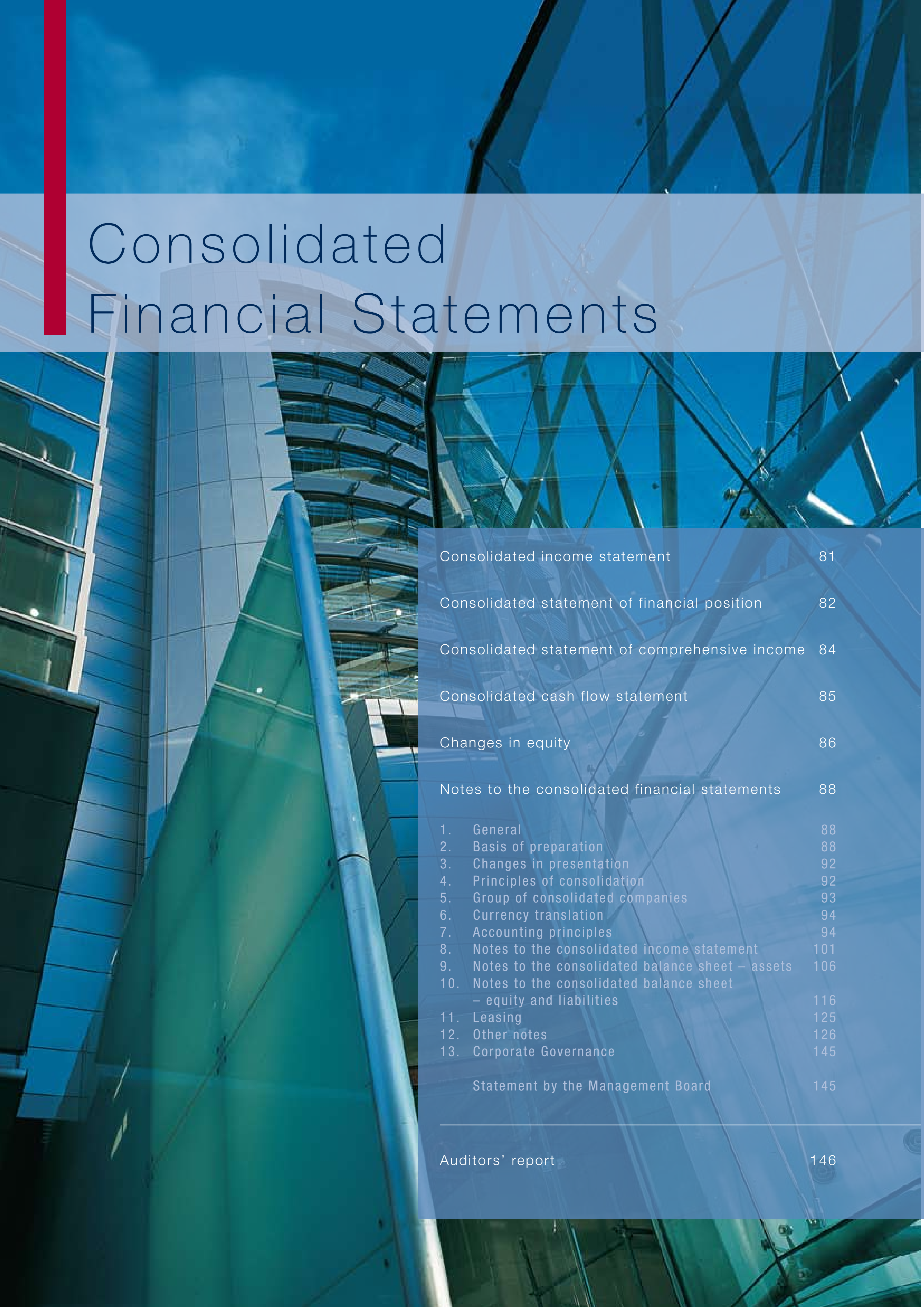
This Management Report includes forward-looking statements and information. Such forward-looking statements are based on current expectations and certain assumptions. Therefore they contain a range of risks and uncertainties. A number of factors, many of which lie beyond IVG’s control, have an effect on the operations, performance, corporate strategy and the results of IVG. These factors may mean that actual results, performance and success of IVG differ considerably. Should one or several of these risks or uncertainties materialise, or if the assumptions should turn out to be incorrect, actual results may differ considerably either positively or negatively from those results which were included in the forward-looking statements as expected, anticipated, intended, planned, believed, projected or estimated earnings. IVG assumes no responsibility for this and does not intend to update these forward-looking statements or to correct them if a different development is expected.

Bonn, 8 March 2010

Gerhard Niesslein

Georg Reul

Wolfgang Schäfers



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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 value [1]	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 invesments 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

Consolidated statement of financial position

as of 31.12.2009

ASSETS			
in € m	Notes	2009	2008
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**

EQUITY AND LIABILITIES

in € m	Notes	2009	2008
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 liabilies		**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

in € m				Other reserves		
	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 shareholders	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 pro-rated 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.

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

	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

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

(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

in € m	2009			2008
	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 contruction 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

in € m	2009			2008		
	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:

in € m	2009			2008		
	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 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

in € m	2009			2008		
	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:

in € m	2009		2008	
	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**

in € m	2009		2008	
	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):

in € m	2009		2008
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 charges on 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:

in € m	2009		2008	
	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):

in € m	2009		2008
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.

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:

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**

in € m	2009		2008	
	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, pre-paid 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 risksperformance 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

in € m	2009			2008		
	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 lessee.

in € m	2009					2008				
	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

in € m	Carrying amount at 31.12.2009	Not overdue	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

in € m	Carrying amount at 31.12.08	Not overdue	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 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

Legende
AfS Available for Sale
afvtpl at fair value through profit or loss
LaR Loans and Receivables
FAHfT Financial Assets Held for Trading
FLAC Financial Liabilities At Cost
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 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
Accrued items	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
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
afvtpl at 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
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.

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 in € m	Investment								
	Real Estate			Development			Caverns		
	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 in € m	Investment								
	Real Estate			Development			Caverns		
	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 *thereof Management Board*	756.000 *274.050*	749.250 *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 (thereof Management Board)	157,250 *52,000*	165,850 *76,000*	156,785 *67,327*	127,475 *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 no-arbitrage 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 Wertpapierhandelsgesetz (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

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)
Wirtschaftsprüfer
(German Public Auditor)

(Schwalm)
Wirtschaftsprüfer
(German Public Auditor)

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Property Overview

	Year of construction	Last refurbish-ment	Investment profile	IVG share 2009 in %	Type of ownership 2009	Type of use	Site area in '000 sqm	Lettable area w/o parking in '000 sqm
Berlin								
Stromstraße 1-7, Berlin	1988	2001	Core/Core+	100	Freehold	Office	12.8	27.7
Leibniz-Kolonnaden, Leibnizstraße 49, 53/ Walter-Benjamin-Platz 1-8, Berlin	1999-2001	2007	Core/Core+	100	Freehold	Office	7.5	14.0
Spreespeicher, Kühlhaus, Stralauer Allee 1-2, Berlin	1928	2000	Core/Core+	97	Leasehold	Office	5.9	17.6
Spreespeicher, Getreidespeicher, Stralauer Allee 1-2, Berlin	1913	2000	Core/Core+	97	Leasehold	Office	6.9	18.4
Taubenstraße 44-45, Berlin	1999		Core/Core+	100	Freehold	Office	1.0	4.4
Rankestraße 17/Schaperstraße 12-13, Berlin	1958	2000	Core/Core+	100	Freehold	Office	1.4	5.4
Am Borsigturm 13-17, 19, 27-33, 44-46, 52-54, Berlin	1998		Value Add	100	Freehold	Office	14.9	23.4
Bayer-Haus, Kurfürstendamm 177-179, Xandtnerstraße 14, Berlin	1953/58/60		Value Add	100	Freehold	Office	5.2	10.7
Bundesallee 204-206, Berlin	1972		Value Add	96	Freehold	Office	7.5	14.8
Tempelhofer Weg 62, Berlin	1997		Value Add	100	Freehold	Office	4.0	8.0
Tempelhofer Weg 64, Berlin	1997		Value Add	100	Freehold	Office	3.1	5.9
Core/Core+							**35.3**	**87.5**
Value Add							**34.6**	**62.9**
Workout (income producing)							**373.8**	**112.9**
Workout (non income producing)							**81.6**	**0.0**
Total Berlin							**525.3**	**263.3**
Brussels								
North Gate, Bd du Roi Albert II 6-8, 16, Brussels	1994		Core/Core+	100	Freehold	Office	13.8	60.0
Diegem, Bessenveldstraat 9, Brussels	1999		Core/Core+	100	Freehold	Office	10.1	13.7
Rue Thomas Edison 2, Luxembourg	1993		Core/Core+	100	Freehold	Office	6.4	5.8
Chaussée de la Hulpe 154, Brussels	1975		Core/Core+	100	Freehold	Office	3.5	4.6
WTC (17th Floor) , Bd du Roi Albert II, 28-30, Brussels	1970		Core/Core+	100	Leasehold	Office	0.1	1.1
Rue du Collège, 35-39, Verviers	1973		Core/Core+	100	Leasehold	Retail	0.0	0.6
Core/Core+							**33.9**	**85.8**
Value Add							**-**	**-**
Workout (income producing)							**12.8**	**18.4**
Workout (non income producing)							**16.7**	**0.0**
Total Brussels							**63.4**	**104.2**

In-building parking	Expected rent in € T	Contracted rent in € T	Actual rent in € T	Economic occupancy rate in %	Economic vacancy in %	WAULT in years	Like for like rents in %	Fair value of property 4Q08 in € T	Fair value of property 4Q09 in € T	NRI in %	NOI in %
0	3,814	3,488	3,363	91	9	4.8	3	52,670	49,400	6.6	6.5
296	2,555	2,199	2,243	86	14	2.6	-14	43,300	40,340	5.1	4.7
100	2,523	2,523	2,483	100	0	2.5	5	37,000	35,870	6.7	6.5
61	2,084	2,075	2,032	100	0	1.4	8	30,647	31,027	6.2	5.8
32	717	717	717	100	0	1.0	0	12,630	12,380	4.7	4.7
40	769	688	676	89	11	3.1	1	10,830	10,200	6.6	6.4
261	2,355	1,681	1,906	71	29	1.7	-7	34,150	31,890	4.9	4.7
53	1,733	1,437	1,255	83	17	4.0	2	27,740	27,430	4.1	3.9
329	1,408	1,104	1,104	78	22	1.0	0	11,330	11,250	7.0	6.7
128	879	624	595	71	29	1.8	5	11,290	10,680	4.3	4.1
132	663	585	648	88	12	1.9	-4	9,310	8,450	7.5	7.2
529	**12,461**	**11,690**	**11,514**	**94**	**6**	**2.9**	**0**	**187,077**	**179,217**	**6.1**	**5.8**
903	**7,038**	**5,431**	**5,509**	**77**	**23**	**2.2**	**-2**	**93,820**	**89,700**	**5.1**	**4.9**
137	**7,835**	**5,982**	**6,001**	**76**	**24**	**1.4**	**5**	**96,163**	**93,140**	**5.6**	**4.7**
0	**23**	**23**	**78**	**100**	**0**	**91.1**	**0**	**8,228**	**7,310**	**0.9**	**-2.3**
1,569	**27,357**	**23,127**	**23,102**	**85**	**15**	**2.5**	**1**	**385,288**	**369,367**	**5.6**	**5.2**
1.003	10,542	10,542	10,295	100	0	15.3	2	204,848	194,220	5.0	4.8
266	2,536	2,536	2,536	100	0	3.0	3	30,030	27,739	9.0	9.0
173	1,530	1,496	1,356	98	2	2.6	9	21,255	20,036	6.6	6.5
72	657	657	550	100	0	2.8	-1	8,409	6,776	8.1	1.8
8	191	191	190	100	0	0.1	3	1,365	975	16.7	16.7
0	60	60	53	100	0	3.6	1	439	390	7.5	7.5
1,522	**15,516**	**15,481**	**14,980**	**100**	**0**	**11.3**	**3**	**266,346**	**250,136**	**5.7**	**5.4**
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
339	**1,762**	**577**	**562**	**33**	**67**	**1.8**	**-17**	**21,158**	**18,720**	**-1.3**	**-1.4**
150	**0**	**0**	**0**	**-**	**-**	**0.0**	**-100**	**5,505**	**4,615**	**-1.5**	**-5.3**
2,011	**17,278**	**16,058**	**15,543**	**93**	**7**	**11.0**	**-3**	**293,008**	**273,472**	**5.1**	**4.7**

	Year of construction	Last refurbish-ment	Investment profile	IVG share 2009 in %	Type of ownership 2009	Type of use	Site area in '000 sqm	Lettable area w/o parking in '000 sqm
Dusseldorf								
Willstätterstraße 11-15, Dusseldorf	1986		Core/Core+	100	Freehold	Office	18.8	24.1
Völklinger Straße 2, Dusseldorf	1967		Core/Core+	100	Freehold	Office	18.3	13.2
Eduard/Schulte/Straße 1, Dusseldorf	1994		Core/Core+	100	Freehold	Office	4.1	8.3
Businesspark Zapp-Platz 1, Ratingen	1972-1992		Core/Core+	100	Freehold	Office	62.7	26.1
Zanderstraße 5-7, Bonn	1960/2003	2003	Core/Core+	100	Freehold	Office	7.2	9.3
Stockholmer Allee 32, Dortmund	2001		Core/Core+	100	Freehold	Office	7.3	6.7
Neue Weyerstraße 6, Cologne	1992		Core/Core+	100	Freehold	Office	1.2	4.3
D2 Park 5, Ratingen	1996		Core/Core+	100	Freehold	Office	4.5	5.6
Monschauer Straße 5-9, Am Markt 15-21, Poensgenstraße 19, Schleiden	1930-1995		Core/Core+	100	Freehold	Other	7.8	6.7
Zollstraße 1-7, Neuss	1992		Core/Core+	100	Freehold	Office	0.6	2.2
Zeppelinstraße 10-16, Bonn	1962		Core/Core+	100	Freehold	Other	2.9	1.9
Airport Business Center, Franz-Rennefeld-Weg 2-6, Dusseldorf	2003		Value Add	100	Freehold	Office	9.8	13.1
Businesspark, Jagenbergstraße/Bonner Straße, Neuss	1990		Value Add	100	Freehold	Industr./ Logistics	84.9	40.0
Hans-Böckler-Straße 33, Dusseldorf	1985		Value Add	100	Freehold	Office	5.1	9.6
Immermannstraße 59, Dusseldorf	1961		Value Add	100	Freehold	Office	1.7	6.6
Kölner Straße 263, Cologne-Porz	1994		Value Add	100	Freehold	Office	1.9	3.9
Winkelsweg 177-179, Langenfeld	1968-1995		Value Add	100	Freehold	Industr./ Logistics	69.6	23.0
Westfalendamm 67, Dortmund	1974		Value Add	100	Freehold	Office	2.5	3.5
Am Wehrhahn 28+30, Dusseldorf	1958		Value Add	100	Freehold	Office	0.8	2.5
Friedrich-Ebert-Straße 55, Dusseldorf	1972		Value Add	100	Freehold	Office	0.5	2.5
Martin-Schmeisser Weg 18, Dortmund	1991		Value Add	100	Freehold	Office	2.1	3.4
Unterfeldhaus, Max-Planck-Straße 15/ Lohbruchweg, Erkrath	1985		Value Add	100	Freehold	Office	3.9	4.0
Otto-Hahn-Straße 27, Dortmund	1992		Value Add	100	Freehold	Office	1.3	1.4
Lehmstraße 1-3, Duisburg	1979		Value Add	100	Freehold	Industr./ Logistics	11.8	5.2
Core/Core+							**135.3**	**108.3**
Value Add							**195.8**	**118.7**
Workout (income producing)							**25.9**	**27.9**
Workout (non income producing)							**39.6**	**0.0**
Total Dusseldorf							**396.7**	**254.9**

In-building parking	Expected rent in € T	Contracted rent in € T	Actual rent in € T	Economic occupancy rate in %	Economic vacancy in %	WAULT in years	Like for like rents in %	Fair value of property 4Q08 in € T	Fair value of property 4Q09 in € T	NRI in %	NOI in %
585	2,571	2,308	2,251	90	10	6.4	1	33,420	33,540	6.7	6.4
71	2,531	2,531	2,531	100	0	9.2	0	33,290	28,100	9.2	9.0
149	1,155	1,155	1,185	100	0	10.0	1	19,710	20,580	6.3	5.1
83	1,570	1,570	1,570	100	0	4.4	0	17,220	16,600	9.0	8.9
106	1,725	1,725	1,725	100	0	11.0	0	28,790	26,600	6.6	6.6
0	808	786	664	97	3	4.4	17	11,190	10,900	6.3	3.6
56	662	651	682	98	2	1.8	-1	9,880	9,310	6.7	6.5
71	819	819	682	100	0	1.7	0	8,980	7,940	8.3	8.0
0	480	480	480	100	0	9.3	0	5,550	5,450	8.6	8.5
0	322	315	241	98	2	7.4	28	4,539	4,470	4.5	-1.2
0	121	104	108	86	14	0.2	0	1,511	1,510	5.6	5.6
149	2,172	1,519	1,486	70	30	3.1	-3	33,900	32,920	4.0	3.2
0	3,066	2,546	2,473	83	17	3.7	-15	32,850	32,130	7.0	6.8
77	1,696	1,213	1,172	72	28	6.3	2	25,410	24,540	2.5	2.2
21	974	748	720	77	23	3.9	2	13,490	13,400	5.6	4.3
46	533	307	385	58	42	4.0	-38	7,010	6,360	5.5	5.3
0	664	548	569	83	17	0.1	0	5,940	5,720	7.1	6.7
13	452	408	263	90	10	4.9	33	5,328	5,320	3.9	1.0
0	410	313	274	76	24	2.0	-18	5,740	5,300	4.6	4.4
30	393	374	309	95	5	1.8	6	5,710	5,290	5.0	4.2
0	405	224	224	55	45	2.6	2	5,530	5,000	3.6	2.7
0	322	220	154	68	32	2.5	5	2,400	2,770	4.7	3.0
28	162	143	144	88	12	1.8	4	2,470	2,300	4.6	3.8
0	198	163	95	83	17	1.7	87	1,930	2,000	1.6	-3.3
1,121	**12,762**	**12,444**	**12,119**	**98**	**2**	**7.1**	**2**	**174,080**	**165,000**	**7.3**	**6.7**
364	**11,446**	**8,726**	**8,269**	**76**	**24**	**3.6**	**-6**	**147,708**	**143,050**	**4.8**	**4.1**
454	**3,075**	**1,589**	**1,404**	**52**	**48**	**2.5**	**5**	**37,107**	**35,430**	**2.9**	**2.5**
0	**11**	**0**	**8**	**0**	**100**	**0.0**	**-1**	**16,210**	**14,430**	**-1.2**	**-1.2**
1,939	**27,294**	**22,759**	**21,800**	**83**	**17**	**5.4**	**-1**	**375,105**	**357,910**	**5.5**	**4.9**

	Year of construction	Last refurbish-ment	Investment profile	IVG share 2009 in %	Type of ownership 2009	Type of use	Site area in '000 sqm	Lettable area w/o parking in '000 sqm
Frankfurt								
Theodor-Stern-Kai 1, Frankfurt	2002		Core/Core+	100	Freehold	Office	22.8	65.3
Benzstraße 1, Bad Homburg	2005		Core/Core+	100	Freehold	Office	9.7	14.5
Logistik Center, Cargo City Süd Geb.554, Frankfurt-Airport	1998		Core/Core+	100	Leasehold	Industr./ Logistics	17.7	11.7
Lahnstraße 34-40, Frankfurt	1991		Core/Core+	100	Freehold	Office	3.5	6.8
Siemensstraße 14, Neu-Isenburg	1993		Core/Core+	100	Freehold	Office	4.3	6.6
Emil-von-Behring-Straße 8-14, Frankfurt	1996		Value Add	100	Freehold	Office	20.6	33.3
Schildkrötstraße 15-19, Mannheim	1994		Value Add	100	Freehold	Office	17.0	12.6
ComConCenter, Colmarer Straße 5 + 11, Frankfurt	2003		Value Add	94	Freehold	Office	6.1	16.2
Gottlieb-Daimler-Straße 6-10, Mannheim	1973	2006	Value Add	100	Freehold	Office	13.1	6.6
Janderstraße 3-6, Mannheim	2002		Value Add	100	Freehold	Office	11.0	7.8
Monreposstraße 49, Ludwigsburg	1994		Value Add	100	Freehold	Office	3.0	5.4
Core/Core+							**58.1**	**104.8**
Value Add							**70.8**	**82.0**
Workout (income producing)							**18.6**	**19.9**
Workout (non income producing)							**2,304.1**	**20.9**
Total Frankfurt							**2,451.5**	**227.6**
Stuttgart								
Buschlestraße 1/Herrmannstraße 6/ Reinsburger Straße 19-21, 36, Stuttgart	1900-2006	1990-2006	Core/Core+	100	Freehold	Office	39.5	88.9
Uhlandstraße 2, Stuttgart	1982/1991		Core/Core+	100	Freehold	Office	19.0	51.7
Plieninger Straße 140, Stuttgart	1982	1999	Core/Core+	100	Freehold	Office	46.7	20.9
Core/Core+							**105.1**	**161.5**
Core+							**-**	**-**
Value Add							**-**	**-**
Workout (income producing)							**-**	**-**
Workout (non income producing)							**-**	**-**
Total Stuttgart							**105.1**	**161.5**
Hamburg								
Großer Burstah 3/Trostbrücke 2, Hamburg	1982		Core/Core+	100	Freehold	Office	7.8	29.9
Penta Hof, Suhrenkamp 71-77, Hamburg	1999		Core/Core+	100	Freehold	Office	13.0	24.8
Mittelweg 175-176, Hamburg	1994		Core/Core+	100	Leasehold	Office	8.4	14.0
Baumwall 5-7, Hamburg	1982		Core/Core+	100	Freehold	Office	3.7	11.1
Christoph-Probst-Weg 26-30, Hamburg	1930	2000/2001	Core/Core+	100	Freehold	Office	8.9	15.6
Heidenkampsweg 99-101, Hamburg	1988-1992		Core/Core+	100	Freehold	Office	3.7	18.6
Christoph-Probst-Weg 1-2/ Quartier am Zeughaus, Hamburg	2000		Core/Core+	100	Freehold	Office	4.5	13.8
Sonninhof, Sonninstraße 24-28, Hamburg	1915	1995-2002	Core/Core+	100	Freehold	Office	4.1	20.9

In-building parking	Expected rent in € T	Contracted rent in € T	Actual rent in € T	Economic occupancy rate in %	Economic vacancy in %	WAULT in years	Like for like rents in %	Fair value of property 4Q08 in € T	Fair value of property 4Q09 in € T	NRI in %	NOI in %
543	14,819	11,954	14,369	81	19	11.0	-20	250,000	246,400	5.7	5.5
370	2,953	2,953	3,042	100	0	4.9	4	40,520	39,170	7.9	7.9
0	1,488	1,488	1,488	100	0	19.8	0	16,720	16,500	7.1	7.1
113	751	751	643	100	0	4.7	-30	13,590	12,660	5.1	4.8
74	264	264	66	100	0	1.8	-	8,660	9,020	-0.8	-5.6
551	4,743	2,506	2,408	53	47	1.8	9	70,790	65,620	2.3	1.9
126	1,645	1,407	1,306	85	15	2.7	4	23,110	21,980	6.0	5.5
161	1,877	1,299	1,076	69	31	3.4	12	20,060	19,950	2.6	1.6
275	849	804	799	95	5	2.9	6	20,227	19,650	1.3	1.1
87	1,061	827	744	78	22	1.6	15	14,420	13,520	4.8	4.9
84	479	425	427	89	11	1.6	-13	6,019	5,320	8.4	7.9
1,100	**20,276**	**17,410**	**19,607**	**86**	**14**	**10.3**	**-14**	**329,490**	**323,750**	**5.8**	**5.5**
1,284	**10,655**	**7,269**	**6,760**	**68**	**32**	**2.3**	**7**	**154,626**	**146,040**	**3.2**	**2.8**
257	**2,450**	**1,826**	**1,831**	**75**	**25**	**1.1**	**2**	**29,970**	**26,460**	**6.3**	**5.8**
0	**897**	**897**	**893**	**100**	**0**	**9.3**	**10**	**26,254**	**24,740**	**1.7**	**0.9**
2,641	**34,278**	**27,402**	**29,091**	**80**	**20**	**7.6**	**-7**	**540,339**	**520,990**	**4.9**	**4.5**
592	12,385	11,050	11,699	89	11	10.8	-11	190,470	194,190	5.4	4.4
611	8,175	8,156	8,098	100	0	10.0	0	130,300	131,420	5.9	5.8
0	3,703	3,703	3,703	100	0	4.9	0	55,420	53,590	7.1	7.2
1,203	**24,264**	**22,910**	**23,500**	**94**	**6**	**9.5**	**-6**	**376,190**	**379,200**	**5.8**	**5.3**
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
1,203	**24,264**	**22,910**	**23,500**	**94**	**6**	**9.5**	**-6**	**376,190**	**379,200**	**5.8**	**5.3**
205	5,487	5,487	5,470	100	0	10.9	1	104,140	102,930	5.0	4.9
347	3,197	3,197	3,195	100	0	10.3	0	45,020	43,910	7.3	6.2
220	3,462	3,462	3,798	100	0	2.0	-1	45,680	42,500	7.3	7.3
73	2,425	2,275	2,269	94	6	2.8	15	43,070	41,580	5.4	5.3
267	2,962	2,333	2,267	79	21	8.1	-5	40,290	38,490	5.7	5.5
124	2,703	2,378	2,343	88	12	3.6	-2	37,720	36,740	5.9	5.8
232	2,072	2,069	2,330	100	0	4.2	-14	36,350	36,020	6.3	6.3
0	2,850	2,820	2,730	99	1	1.9	8	38,680	35,040	7.7	7.3

	Year of construction	Last refurbish-ment	Investment profile	IVG share 2009 in %	Type of ownership 2009	Type of use	Site area in '000 sqm	Lettable area w/o parking in '000 sqm
Christoph-Probst-Weg 3-4, Hamburg	2005		Core/Core+	100	Freehold	Office	8.8	13.6
Willy-Brandt-Straße 23, Hamburg	1967		Core/Core+	100	Freehold	Office	3.9	10.5
Van-der-Smissenstraße 1-2a, Hamburg	1992		Core/Core+	100	Leasehold	Office	5.5	7.8
Brandstwiete 19 (Spiegelhaus), Hamburg	1969	2007	Core/Core+	100	Freehold	Office	3.9	8.9
Channel 9-11, Blohmstr. 10-16, Hamburg	2006		Core/Core+	100	Freehold	Office	6.6	10.6
Channel Tower, Karnapp 25, Hamburg	2002		Core/Core+	100	Freehold	Office	2.0	9.2
Osterbrookweg 35-45, Schenefeld	1959		Core/Core+	100	Freehold	Industr./ Logistics	115.6	45.9
Altonaer Poststraße 9-13b, Hamburg	1892	1990er	Core/Core+	100	Freehold	Office	5.8	8.8
Essener Straße, Gewerbepark Mitte Jungheinrich, Hamburg	2007		Core/Core+	100	Freehold	Office	5.4	5.4
Channel 1, Harburger Schloßstraße 22b, Hamburg	1998		Core/Core+	100	Freehold	Office	13.4	3.7
Channel 2, Harburger Schloßstraße 24, Hamburg	1999/2000		Core/Core+	100	Freehold	Office	3.1	3.7
Palmspeicher, Harburger Schloßstraße 22a, Hamburg	1995		Core/Core+	100	Freehold	Office	4.3	5.1
Channel 3, Harburger Schloßstraße 26, Hamburg	1999/2000		Core/Core+	100	Freehold	Office	3.0	3.6
Channel 4, Harburger Schloßstraße 26, Hamburg	1999/2000		Core/Core+	100	Freehold	Office	2.9	3.5
Willinghusener Weg 5 a-e, Oststeinbek	1990		Core/Core+	100	Freehold	Industr./ Logistics	10.8	6.7
Channel 8, Harburger Schloßstraße 30, Hamburg	2000		Core/Core+	100	Freehold	Office	2.1	2.6
Friesische Str. 1-9/Rote Str. 2, Flensburg	1984		Core/Core+	100	Freehold	Office	1.8	3.3
Freundallee 11, Hannover	1987	2005	Core/Core+	100	Freehold	Office	4.6	3.3
Ludwig-Erhard-Straße 37, Hamburg	1992		Core/Core+	100	Freehold	Office	0.6	1.7
Channel 5-7, Schellerdamm 22-28, Hamburg	1997		Value Add	100	Freehold	Office	6.1	14.1
Walkerdamm 1/Hopfenstr. 71, Kiel	1990		Value Add	100	Freehold	Office	2.2	4.8
Heidenkampsweg 44-46, Hamburg	1959	1984	Value Add	100	Freehold	Office	1.6	4.2
Marktwiete 8-10, Bad Schwartau	1986	2006	Value Add	100	Freehold	Retail	2.6	2.9
Lademannbogen, Hamburg	1978	1992	Value Add	100	Freehold	Office	3.0	4.1
Schleswiger Straße 103, Gutenbergstraße 20, Mergenthalerstraße, Flensburg	1916/1988; 1960	1988	Value Add	100	Freehold	Industr./ Logistics	25.5	13.4
Core/Core+							**258.3**	**306.4**
Value Add							**41.1**	**43.5**
Workout (income producing)							**77.3**	**23.9**
Workout (non income producing)							**43.7**	**0.9**
Total Hamburg							**420.3**	**374.8**

In-building parking	Expected rent in € T	Contracted rent in € T	Actual rent in € T	Economic occupancy rate in %	Economic vacancy in %	WAULT in years	Like for like rents in %	Fair value of property 4Q08 in € T	Fair value of property 4Q09 in € T	NRI in %	NOI in %
219	2,179	1,986	1,804	91	9	2.1	10	35,090	34,420	4.8	4.5
62	1,818	1,818	1,818	100	0	0.5	0	30,240	29,820	6.1	6.3
0	1,766	1,697	1,620	96	4	2.8	1	31,030	29,770	4.3	4.0
81	1,569	1,569	1,569	100	0	0.5	0	25,480	25,220	6.2	5.7
169	1,618	1,618	1,553	100	0	1.7	-2	25,530	22,910	6.6	6.5
32	1,464	1,445	1,430	99	1	1.5	0	22,300	20,790	6.2	5.8
0	1,718	1,718	1,704	100	0	1.9	0	19,410	18,630	11.4	11.1
0	833	782	799	94	6	2.5	-1	12,070	11,040	7.1	6.8
0	681	666	277	98	2	5.2	-	8,530	7,980	2.1	2.1
158	526	523	502	99	1	1.0	-3	7,920	7,210	6.5	6.3
64	508	489	493	96	4	0.7	-1	8,170	6,970	7.0	6.9
32	652	541	545	83	17	0.7	0	7,610	6,780	7.1	6.9
78	531	522	524	98	2	0.7	-1	7,850	6,580	7.4	7.3
45	530	397	337	75	25	2.3	-27	6,930	6,550	5.1	4.1
0	464	461	460	99	1	1.5	0	5,624	5,420	8.6	7.9
12	372	372	358	100	0	2.7	12	5,380	4,960	6.6	6.3
31	366	355	347	97	3	2.1	4	4,848	4,750	7.2	6.8
69	322	322	322	100	0	1.0	0	4,550	4,170	7.1	6.9
14	249	220	190	88	12	3.2	-5	3,470	3,310	4.4	3.1
32	1,882	653	1,323	35	65	0.9	-58	27,240	21,620	5.3	4.6
75	604	349	431	58	42	1.3	-38	7,876	7,130	5.2	5.4
26	493	410	386	83	17	1.5	9	6,910	6,350	6.0	5.5
43	521	460	457	88	12	2.1	-1	6,557	6,180	7.0	6.6
45	340	152	108	45	55	1.1	-	4,637	4,210	2.4	1.8
0	233	233	226	100	0	4.4	2	1,680	1,700	9.3	8.8
2,533	43,325	41,523	41,053	96	4	4.3	0	662,982	634,490	6.2	5.9
221	4,074	2,258	2,930	55	45	1.7	-30	54,901	47,190	5.5	5.0
0	890	884	749	99	1	1.7	1	13,914	12,240	3.7	3.6
16	188	186	635	99	1	0.5	-39	12,951	15,100	4.2	4.1
2,769	48,477	44,850	45,368	93	7	4.1	-2	744,749	709,020	6.0	5.8

	Year of construction	Last refurbish-ment	Investment profile	IVG share 2009 in %	Type of ownership 2009	Type of use	Site area in '000 sqm	Lettable area w/o parking in '000 sqm
Helsinki								
Vallilan Toimisto, Satamaradankatu 1, Helsinki	1930 - 1940	1999-2001, 2007-08	Core/Core+	100	Freehold	Office	10.0	13.9
Vilhonkatu 5, Helsinki	1992		Core/Core+	100	Freehold	Retail	1.6	6.4
Plaza Forte, Äyritie 12 C, Vantaa	2002		Core/Core+	100	Freehold	Office	4.0	6.1
Pakkalan Kartanonkoski 3, Vantaa	1992		Core/Core+	100	Freehold	Office	9.5	7.8
Helsingin Radiokatu 20, Helsinki	1985		Core/Core+	100	Leasehold	Office	7.4	10.6
Sörnäisten Rantatie 25, Helsinki	1961	1985, 2009	Core/Core+	100	Freehold	Office	3.4	2.9
Niittymäenpolku 9, Espoo	1991		Core/Core+	100	Freehold	Office	9.8	5.1
Pakkalan Kartanonkoski 12, Vantaa	2001		Core/Core+	100	Freehold	Office	4.0	3.4
Scifin Alfa, Espoo	1991		Core/Core+	100	Freehold	Office	7.8	4.7
Kilon Timantti, Espoo	1991		Core/Core+	100	Freehold	Office	3.9	4.0
Vanha Talvitie 11, Helsinki	1919	1991	Core/Core+	100	Leasehold	Office	2.8	6.6
Helsingin Latokartanontie 7, Helsinki	1987		Core/Core+	100	Leasehold	Office	2.8	3.6
Ykkösseppä Oy, Helsinki	1989		Core/Core+	100	Leasehold	Other	3.4	4.6
Niittylänpolku 16, Helsinki	1988		Core/Core+	100	Freehold	Office	2.7	2.9
Kornetintie 6, Helsinki	1966	1985,1989	Core/Core+	100	Leasehold	Office	2.0	3.3
Tapiontuuli, Itätuulentie 1, Espoo	1977	1999	Value Add	100	Freehold	Office	3.1	6.8
Kumpulantie 3, Helsinki	1952	1999	Value Add	100	Freehold	Office	2.3	10.9
Sinimäentie 10, Espoo	1989		Value Add	100	Freehold	Office	23.4	10.8
Pasilanraitio 5, Helsinki	1984		Value Add	100	Leasehold	Office	2.1	6.8
Kilon Helmi, Espoo	1991		Value Add	100	Freehold	Office	3.7	3.8
Satomalmi, Helsinki	1989		Value Add	100	Freehold	Office	2.3	3.4
Pitkänsillankatu 1-3, Kokkola	1887	1990	Value Add	100	Freehold	Office	3.7	6.3
Kiiskinkatu 5, Helsinki	1991		Value Add	100	Leasehold	Office	3.3	4.2
Kuopion Satama, Kuopio	1940	1985	Value Add	100	Freehold	Office	3.5	5.5
Kirkonkyläntie 3, Helsinki	1949	1987	Value Add	100	Freehold	Office	1.0	1.4
Kamppi Parkki, Helsinki			Value Add	5	Freehold	Other	0.0	0.0
Core/Core+							**75.0**	**85.9**
Value Add							**48.4**	**59.8**
Workout (income producing)							**11.0**	**13.9**
Workout (non income producing)							**10.0**	**0.0**
Total Helsinki							**144.5**	**159.6**

In-building parking	Expected rent in € T	Contracted rent in € T	Actual rent in € T	Economic occupancy rate in %	Economic vacancy in %	WAULT in years	Like for like rents in %	Fair value of property 4Q08 in € T	Fair value of property 4Q09 in € T	NRI in %	NOI in %
91	2,169	2,168	2,162	100	0	10.2	0	29,540	25,534	6.8	6.2
40	1,431	1,282	1,389	90	10	1.2	-6	17,736	17,058	6.6	6.5
151	1,618	1,295	1,396	80	20	0.7	-16	18,004	16,630	6.8	6.6
13	1,470	1,280	1,434	87	13	1.5	-12	13,155	12,926	8.7	8.5
65	1,639	1,592	1,575	97	3	1.1	5	12,113	12,276	8.3	7.7
60	547	508	248	93	7	8.5	226	8,408	11,972	0.7	-0.2
46	906	901	898	99	1	0.6	3	7,254	7,278	10.6	10.2
86	714	708	714	99	1	1.5	-2	6,908	6,642	8.6	8.3
61	718	669	702	93	7	1.9	-3	7,256	6,420	8.7	8.5
0	599	461	595	77	23	1.5	-24	5,897	5,214	9.6	9.5
0	708	669	669	94	6	0.6	1	5,226	5,066	7.6	7.2
4	565	532	540	94	6	1.6	-1	3,864	3,699	10.3	9.1
11	470	459	458	98	2	0.7	2	3,453	3,378	9.9	9.8
26	333	332	331	100	0	1.7	3	2,857	2,515	10.9	10.7
11	338	330	310	98	2	0.9	12	2,673	2,424	6.9	6.1
0	997	581	568	58	42	6.5	20	13,098	13,238	3.3	2.9
45	1,324	822	441	62	38	2.3	-38	13,550	12,888	1.5	0.8
8	1,423	996	955	70	30	0.9	17	11,023	10,942	3.4	2.1
62	1,200	1,085	1,083	90	10	1.8	-4	10,289	9,791	3.8	3.4
0	588	476	526	81	19	0.8	1	5,350	4,725	8.5	7.7
31	506	302	468	60	40	1.2	-43	4,290	3,699	4.3	3.2
0	567	499	495	88	12	1.3	18	2,739	2,969	9.1	7.5
44	513	416	416	81	19	0.9	-8	3,172	2,852	8.9	7.9
0	393	313	319	80	20	0.6	-17	2,007	2,012	9.9	9.5
13	209	199	198	95	5	0.6	0	1,549	1,434	9.5	7.8
1,000	78	78	78	100	0	4.0	5	1,253	1,279	5.5	5.5
665	**14,226**	**13,186**	**13,420**	**93**	**7**	**2.9**	**-1**	**144,345**	**139,031**	**7.3**	**6.9**
1,203	**7,798**	**5,767**	**5,548**	**74**	**26**	**1.9**	**-9**	**68,320**	**65,828**	**4.3**	**3.5**
22	**1,597**	**955**	**929**	**60**	**40**	**1.9**	**-38**	**12,743**	**11,422**	**4.9**	**4.2**
0	**0**	**0**	**0**	**-**	**-**	**0.0**	**3**	**3,486**	**3,486**	**-0.2**	**-0.2**
1,890	**23,621**	**19,908**	**19,896**	**84**	**16**	**2.6**	**-6**	**228,894**	**219,767**	**6.2**	**5.6**

	Year of construction	Last refurbish-ment	Investment profile	IVG share 2009 in %	Type of ownership 2009	Type of use	Site area in '000 sqm	Lettable area w/o parking in '000 sqm
London								
20 St. James's Street, London	1920er	2001	Core/Core+	100	Leasehold	Office	0.8	5.1
1 Aldgate, London	1990er		Core/Core+	100	Freehold	Office	0.8	5.2
29 Wellington Street, Glasgow	2009		Core/Core+	100	Freehold	Office	1.0	7.2
Core/Core+							**2 .5**	**17.5**
Value Add							**-**	**-**
Workout (income producing)							**-**	**-**
Workout (non income producing)							**-**	**-**
Total London							**2.5**	**17.5**
Munich								
Dieselstraße 6, Munich-Unterföhring	2004		Core/Core+	100	Freehold	Office	42.5	65.5
Fritz-Schäffer-Straße 9, Munich	1981,1996		Core/Core+	95	Freehold	Office	37.9	71.6
Media Works Munich, Rosenheimer-/ Anzingerstraße, Munich	1966/2006	2008	Core/Core+	100	Freehold	Office	39.5	90.6
Dieselstraße 4/Gutenbergstraße 8, Munich-Unterföhring (BGU)	1992,1999		Core/Core+	100	Freehold	Office	36.5	65.4
St.-Martin-Straße 76, Munich	1993		Core/Core+	100	Freehold	Office	30.7	57.4
Werner-von-Siemens-Ring 1-10, Grasbrunn	2001		Core/Core+	100	Freehold	Office	17.1	34.4
Garmischer Straße 2-12/Riedlerstraße 51, Munich	1985		Core/Core+	100	Freehold	Office	8.5	22.9
Pontis Haus, Arnulfstraße 25-27, Munich	1992		Core/Core+	100	Freehold	Office	5.1	13.7
Fashion Mall (Bronce), Heinrich-Kley-Straße 6, Munich	2007		Core/Core+	100	Freehold	Office	3.6	5.7
Äußere Bayreuther Str./Thurn und Taxis Str., (NOP 89-93 - Fraunhofer), Nuremberg	2002		Core/Core+	100	Freehold	Office	8.7	9.1
NOP 12 - 14, Nuremberg	Ende 1990er		Core/Core+	100	Freehold	Office	6.6	8.5
Sendlinger-Tor-Platz 5, Munich	1981		Core/Core+	100	Leasehold	Office	1.4	4.5
Äußere Bayreuther Straße/Thurn und Taxis Straße, (Altbestand und NOP 3-5), Nuremberg	2007		Core/Core+	100	Freehold	Office	4.0	5.8
Äußere Bayreuther Straße/Thurn und Taxis Straße, (Altbestand und NOP 7-9), Nuremberg	2008		Core/Core+	100	Freehold	Office	4.0	5.6
Frankenstr. 9, Regensburg	2003		Core/Core+	100	Freehold	Office	2.9	3.6
Äußere Bayreuther Str./Thurn und Taxis Str., (NOP 16), Nuremberg	1999		Core/Core+	100	Freehold	Office	5.1	4.5
Einsteinstr. 2, Unterschleißheim	1989		Core/Core+	100	Freehold	Office	4.4	2.8
Friedenstr. 36 u.38, Kreuzinger Str. 20, 43, 49, Lerchenstr. 19-22, Schwalbenstr. 5, 7, 8, 10, 12, Unterpfaffenhofen	1930-1940		Core/Core+	100	Econimic Freehold	Other	11.7	1.4
Äußere Bayreuther Str./Thurn und Taxis Str., (NOP 26 - Parkhaus), Nuremberg	1993		Core/Core+	100	Freehold	Parking	4.1	0.0
Äußere Bayreuther Str./Thurn und Taxis Str., (NOP 24), Nuremberg	1985		Core/Core+	100	Freehold	Office	1.2	0.5
Äußere Bayreuther Str./Thurn und Taxis Str., (NOP 87 - Kita), Nuremberg	2001		Core/Core+	100	Freehold	Other	3.9	0.5
Landsberger Straße 155, Munich	2000		Value Add	100	Freehold	Office	10.7	20.8

In-building parking	Expected rent in € T	Contracted rent in € T	Actual rent in € T	Economic occupancy rate in %	Economic vacancy in %	WAULT in years	Like for like rents in %	Fair value of property 4Q08 in € T	Fair value of property 4Q09 in € T	NRI in %	NOI in %
0	2,976	2,976	2,610	100	0	2.6	-1	38,895	42,472	5.3	5.3
8	3,244	3,244	3,273	100	0	4.5	-1	37,615	41,292	7.8	7.8
24	2,373	2,373	0	100	0	1.5	-	4,961	31,461	-	-
32	**8,593**	**8,593**	**5,883**	**100**	**0**	**3.0**	**-1**	**81,470**	**115,225**	**6.6**	**6.6**
-	-	-	-	-	-	-	-	-	-		-
-	-	-	-	-	-	-	-	-	-		-
-	-	-	-	-	-	-	-	-	-		-
32	**8,593**	**8,593**	**5,883**	**100**	**0**	**3.0**	**-1**	**81,470**	**115,225**	**6.6**	**6.6**
926	11,195	11,195	11,195	100	0	15.0	0	209,810	210,000	5.7	5.7
672	10,270	10,270	10,270	100	0	11.0	0	168,060	166,880	6.1	5.9
0	9,256	8,944	9,214	97	3	2.4	-2	127,070	124,020	7.4	6.6
166	7,026	7,026	7,026	100	0	15.0	0	117,890	117,900	4.6	4.6
1,259	6,831	6,831	6,831	100	0	7.2	0	112,520	109,220	5.9	5.9
625	4,958	4,564	2,727	92	8	6.3	-16	73,910	64,440	5.1	4.7
356	3,273	3,057	2,877	93	7	6.7	2	50,617	47,370	5.9	5.7
156	2,545	2,294	2,026	90	10	3.1	9	38,540	37,970	5.1	3.5
70	1,123	1,091	1,092	97	3	4.0	0	17,550	17,260	6.2	6.2
143	1,193	1,180	1,177	99	1	2.7	-1	16,290	16,730	7.4	6.9
0	997	996	995	100	0	2.0	1	13,550	12,830	8.1	7.4
7	1,024	1,024	1,002	100	0	3.3	9	11,290	10,950	7.0	6.6
0	801	794	794	99	1	3.0	6	11,160	10,600	6.8	6.5
0	790	782	217	99	1	6.8	57	10,490	9,550	0.8	-0.7
47	363	362	360	100	0	6.1	3	5,400	5,420	6.3	6.1
406	480	336	522	70	30	1.4	-29	5,910	5,220	10.3	9.9
38	478	478	478	100	0	3.0	0	5,723	4,850	9.9	9.9
0	87	87	108	100	0	0.2	-7	4,420	4,280	2.3	2.1
404	200	196	196	98	2	0.5	0	2,230	2,140	7.8	7.8
0	46	46	46	100	0	1.0	5	380	350	11.6	11.4
0	18	18	34	100	0	21.7	0	210	210	11.1	9.9
278	3,700	2,721	2,850	74	26	1.0	-17	50,280	46,600	5.5	5.4

	Year of construction	Last refurbish-ment	Investment profile	IVG share 2009 in %	Type of ownership 2009	Type of use	Site area in '000 sqm	Lettable area w/o parking in '000 sqm
Implerstraße 7-9/Kapellenweg 4-6, Munich	1973		Value Add	100	Freehold	Office	4.6	14.0
Leopoldstraße 236-238, Munich	1990		Value Add	100	Freehold	Office	5.8	10.3
Äußere Bayreuther Str./Thurn und Taxis Str., (Altbestand incl. Str.), Nuremberg			Value Add	100	Freehold	Other	21.4	10.2
Core/Core+							**279.4**	**474.0**
Value Add							**42.5**	**55.3**
Workout (income producing)							**169.2**	**22.6**
Workout (non income producing)							**545.9**	**1.7**
Total Munich							**1,037.0**	**553.6**
Paris								
7 Place Vendôme, Paris	1930, 18th century		Core/Core+	100	Freehold	Office	2.5	11.7
20-22 rue Grange Dame Rose, Vélizy-Villacoublay	1992		Core/Core+	100	Freehold	Office	30.5	32.7
186 Avenue Frédéric et Irène Joliot-Curie, Nanterre	2002		Core/Core+	100	Freehold	Office	2.4	14.6
47 Rue des Fauvelles, Courbevoie	2003		Core/Core+	100	Freehold	Office	5.0	11.0
Core/Core+							40.5	70.0
Value Add							-	-
Workout (income producing)							-	-
Workout (non income producing)							-	-
Total Paris							**40.5**	**70.0**
Other								
Via Dione Cassio 13, Milan	1980/1981		Value Add	98	Freehold	Office	7.0	8.3
Core/Core+							**0.0**	**0.0**
Value Add							**7.0**	**8.3**
Workout (income producing)							**0.0**	**0.0**
Workout (non income producing)							**0.0**	**0.0**
Total Other							**7.0**	**8.3**
Total							**5,194**	**2.195**
Core/Core+							**1,023**	**1.502**
Value Add							**440**	**430**
Workout (income producing)							**689**	**240**
Workout (non income producing)							**3,042**	**24**

In-building parking	Expected rent in € T	Contracted rent in € T	Actual rent in € T	Economic occupancy rate in %	Economic vacancy in %	WAULT in years	Like for like rents in %	Fair value of property 4Q08 in € T	Fair value of property 4Q09 in € T	NRI in %	NOI in %
93	2,189	1,638	1,765	75	25	2.5	-9	29,180	27,470	5.6	5.2
148	1,605	1,125	1,063	70	30	2.1	5	27,030	26,100	3.6	3.5
0	304	304	308	100	0	3.1	-2	1,650	1,960	7.5	7.1
5,275	**62,951**	**61,569**	**59,185**	**98**	**2**	**8.8**	**-1**	**1,003,020**	**978,190**	**5.9**	**5.6**
519	**7,798**	**5,787**	**5,985**	**74**	**26**	**1.8**	**-10**	**108,140**	**102,130**	**5.1**	**4.9**
0	**1,655**	**1,610**	**2,403**	**97**	**3**	**3.6**	**-15**	**35,866**	**34,900**	**4.6**	**3.4**
963	**652**	**640**	**708**	**98**	**2**	**1.6**	**-55**	**80,668**	**74,356**	**-0.5**	**-0.6**
6,757	**73,056**	**69,607**	**68,282**	**95**	**5**	**8.0**	**-3**	**1,227,694**	**1,189,576**	**5.4**	**5.1**
0	8,842	8,564	6,944	97	3	3.9	31	164,251	168,037	3.9	3.9
1,155	6,578	6,578	6,570	100	0	6.9	5	97,239	92,078	7.1	7.1
231	5,156	5,156	5,673	100	0	2.1	-28	100,057	86,074	6.6	6.6
180	2,500	2,500	2,514	100	0	3.0	-4	38,942	36,413	6.9	6.9
1,566	23,076	22,798	21,702	99	1	4.3	1	400,489	382,602	5.6	5.6
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
1,566	**23,076**	**22,798**	**21,702**	**99**	**1**	**4.3**	**1**	**400,489**	**382,602**	**5.6**	**5.6**
53	833	569	516	68	32	1.7	-5	11,700	10,140	3.8	3.1
0	**0**	**0**	**0**	**-**	**-**	**0.0**	**-**	**0**	**0**	**-**	**-**
53	**833**	**569**	**516**	**68**	**32**	**1.7**	**-5**	**11,700**	**10,140**	**3.8**	**3.1**
4	**1**	**1**	**36**	**100**	**0**	**0.0**	**-**	**147**	**127**	**6.3**	**6.3**
0	**0**	**0**	**0**	**-**	**-**	**0.0**	**-**	**0**	**0**	**-**	**-**
57	**834**	**570**	**552**	**68**	**32**	**1.7**	**-5**	**11,847**	**10,267**	**3.8**	**3.2**
22,434	**308,126**	**278,579**	**274,719**	**90.4**	**9.6**	**6.1**	**-3**	**4,665,073**	**4,527,396**	**5.6**	**5.2**
15,546	**237,450**	**227,603**	**222,964**	**95.9**	**4.1**	**6.9**	**-2**	**3,625,488**	**3,546,842**	**6.0**	**5.7**
4,547	**49,641**	**35,808**	**35,517**	**72.1**	**27.9**	**2.4**	**-6**	**639,215**	**604,078**	**4.5**	**4.0**
1,213	**19,264**	**13,422**	**13,916**	**69.7**	**30.3**	**1.8**	**-4**	**247,067**	**232,439**	**4.5**	**3.7**
1,129	**1,771**	**1,746**	**2,322**	**-**	**-**	**6.6**	**-25**	**153,303**	**144,037**	**0.3**	**-0.2**

EPRA Key Figures

Portfolio data

Investment Property rental data

	Gross Rental Income in the period in € m	Net Rental Income in the period in € m	Lettable space in '000 sqm	Passing rent at reporting date * in € m	Estimated rental value at reporting date in € m	Vacancy rate in %
Berlin	30.8	23.1	263	19.5	25.8	15.5
Dusseldorf	28.4	22.7	255	20.7	25.5	16.6
Frankfurt	32.1	26.0	228	26.6	34.6	20.1
Stuttgart	25.1	22.3	162	22.5	20.8	5.6
Hamburg	54.2	44.5	375	40.1	46.4	7.5
Munich	80.5	68.1	554	67.0	72.0	4.7
Total national	**251.0**	**206.8**	**1.836**	**196.3**	**225.1**	**10.3**
Brussels	23.1	18.3	104	16.1	18.0	7.1
Helsinki	21.3	14.4	160	19.7	24.8	15.7
London	10.3	8.6	17	6.2	7.9	0.0
Paris	26.6	24.7	70	21.2	22.5	1.2
Milan/Madrid	11.6	8.4	8	0.5	0.8	31.7
Total international	**92.9**	**74.4**	**360**	**63.7**	**74.0**	**7.5**
Total Europe	**343.9**	**281.2**	**2.195**	**260.0**	**299.1**	**9.6**

* Excl. rent-free periods

Investment Property valuation data

	Property value (gross) in € m	Property valuation in € m	Initial yield in %	Equivalent yield in %
Berlin	383	369	6.3	6.7
Dusseldorf	370	358	6.4	6.9
Frankfurt	529	521	5.3	6.5
Stuttgart	381	379	6.0	5.5
Hamburg	728	709	6.3	6.4
Munich	1,205	1,190	5.9	6.0
Total national	**3,597**	**3,526**	**6.0**	**6.3**
Brussels	280	273	5.9	6.4
Helsinki	224	220	9.1	11.1
London	121	115	7.5	6.5
Paris	393	383	6.0	5.7
Milan/Madrid	11	10	5.6	7.5
Total Europe excl. Germany	**1,029**	**1,001**	**6.8**	**7.2**
Total Europe	**4,626**	**4,527**	**6.2**	**6.5**

Investment Property lease data

in € T	Lease expiry data					WAULT	
	2010	**2011**	**2012-2014**	**2015 ff.**	**Unlimited**	**To break**	**To expire**
Berlin	3,517	1,868	7,181	3,768	3,174	2.5	2.6
Dusseldorf	950	2,148	4,468	8,665	4,492	5.4	5.5
Frankfurt	1,474	508	6,213	14,876	3,500	7.6	7.6
Hamburg	6,332	1,858	10,911	7,740	13,214	4.1	4.2
Munich	5,499	4,047	15,106	38,838	3,466	8.0	8.0
Stuttgart	2	34	3,783	17,961	694	9.5	9.5
Total national	**17,774**	**10,463**	**47,663**	**91,848**	**28,541**	**6.5**	**6.6**
BeLux	306	1,153	4,003	10,596	0	11.0	11.5
Helsinki	1,188	911	2,601	2,999	11,998	2.6	2.6
London	849	0	5,371	0	0	3.0	3.5
Milan	31	0	39	40	415	1.7	1.7
Paris	1,223	3,070	10,259	6,602	14	4.3	5.3
Total Europe excl. Germany	**3,597**	**5,135**	**22,273**	**20,236**	**12,427**	**5.3**	**5.8**
Total Europe	**21,371**	**15,598**	**69,935**	**112,084**	**40,968**	**6.1**	**6.3**
Total in %	**8.2**	**6.0**	**26.9**	**43.1**	**15.8**		

Project data

	Project/Object	Address	IVG share in %	Degree of realisation in %	Lettable area [1] in sqm
DE-Paris	Front Office, Asnières	38, Quai Aulagnier, 92600 Asnières-sur-Seine	100	81	23,474
DE-Paris	Rue la Boétie	83, rue La Boétie, 75008 Paris	100	83	3,340
DE-Paris	Route de la Reine	Route de la Reine, 92100 Boulogne-Billancourt	100	55	-
DE-Paris	Courbevoie Europe - FDV II	Avenue de l'Europe, 92400 Courbevoie	21	92	-
DE-Paris	Ris-Orangis - FDV II	91330 Ris-Orangis	21	96	-
DE-Paris	Bois Colombes Phase III - FDV II	92100 Bois Colombes	21	64	-
DE-Paris	Suresnes Ph. II - FDV II	Rue Gambetta, Rue Carnot and Rue de Verdun, 92150 Suresnes	21	42	35,943
DE-Berlin	Hackesches Quartier	An der Spandauer Brücke, 10178 Berlin	100	48	31,135
DE-Berlin	Airporthotel Schönefeld (IC Hotel)	Am Seegraben 2, 12529 Schönefeld	100	88	8,457
DE-Frankfurt	artquadrat	Emil-Nolde-Str. 7, 53113 Bonn	100	89	9,750
DE-Frankfurt	Frankfurt Central (Hauptbahnhof 18)	Am Hauptbahnhof 18, 60329 Frankfurt/Main	100	71	10,056
DE-Hamburg	Rödingsmarkt 20	Rödingsmarkt 20, 20459 Hamburg	100	18	3,842
DE-Hamburg	Hermes II	Essener Straße 91, 22419 Hamburg	100	72	9,246
DE-Munich	Squareparc 2. BA	Lyonel-Feininger-Straße, 80807 Munich	33	83	10,630
DE-Munich	Arabella-Park	Arabellastraße 26/28, 81925 Munich	100	100	0
DE-Munich	An den Brücken (Landsberger Str.)	Landsberger Str. 84-90 & 94-98, 80339 Munich	100	87	29,123
DE-Munich	Olympia Office Tower (Knorr Bremse)	Moosacher Straße 82, 80809 Munich	50	21	40,596
DE-Munich	Medienbrücke	Rosenheimerstr. 145 d, 81671 Munich	100	49	7,767
DE-Airrail	Airrail	Frankfurt/Main	97	55	141,510
DE-Budapest	StefániaPark	Stefánia út 101-103., 1143 Budapest	100	81	5,349
DE-Budapest	Infopark E	Neumann János u. 1./ E, Budapest	100	73	17,000
DE-Warsaw	Horizon Plaza	ul. Domaniewska 39a, 02-675 Warsaw	100	90	37,729
DE-Warsaw	Drukarnia (Galeria Astoria)	ul. Jagiellonska 1,85-067 Bydgoszcz	100	92	10,614
DE-Warsaw	Vector (Obozowa)	Ul. Obozowa, Warsaw	100	100	-
DE-London	Euston Road (Phase 1 - Melton)	1 Melton Street, London NW1	100	97	3,874
DE-London	Euston Road (Phase 2 - Euston)	194 Euston Road, London NW1	100	97	10,104
DE-London	Broadway 1 (Cowcaddens)	Renfield Street, Glasgow	100	87	11,736
DE-London	Broadway 2 (Cowcaddens)	Renfield Street, Glasgow	100	100	-
				64	461,274

[1] Above ground and under ground
[2] Developments are in the process of being sold or reversed

Classification	Transfer year	Occupancy rate in %	Type of use	Status	Office in sqm	Retail in sqm	Residential in sqm	Logistics in sqm	Other in sqm
Short-term	2010	0	Office	Marketing	22,396	-	-	-	1,078
Short-term	2010	100	Office	Marketing	2,841	-	-	189	310
Long-term [2)]	-	0	Land	Marketing	-	-	-	-	-
Equity investment [2)]	2010	0	Land	Marketing	-	-	-	-	-
Equity investment [2)]	2010	0	Land	Marketing	-	-	-	-	-
Equity investment [2)]	2010	0	Land	Marketing	-	-	-	-	-
Equity investment	2011	100	Office	Under construction	31,942	-	-	-	4,001
Short-term	2010	75	Office, Retail	Under construction	25,121	3,923	-	1,300	791
Short-term	2010	100	Hotel	Under construction	-	-	-	-	8,457
Short-term	2010	100	Office	Marketing	8,689	-	-	1,061	
Short-term	2010	69	Office, Retail	Under construction	8,790	1,130	-	106	30
Short-term	2010	0	Office	Under construction	3,389	453	-	-	-
Short-term	2010	100	Office	Under construction	8,350	-	-	896	-
Equity investment	2011	49	Office	Marketing	10,361	-	-	269	-
Long-term	2014	0	Land	Planning	-	-	-	-	-
Short-term	2010	82	Office	Under construction	28,099	-	-	832	192
Equity investment	2013	0	Office	Planning	38,346	-	-	1,250	1,000
Short-term	2010	52	Office	Under construction	7,167	-	-	600	-
Short-term	2011/12/13	57	Office, Retail	Under construction	94,169	6,045	-	4,356	36,941
Short-term	2011	71	Office	Marketing	4,774	227	-	348	-
Short-term	2011	64	Office	Marketing	16,015	-	-	800	185
Short-term	2010	89	Office	Marketing	32,194	2,923	-	2,004	608
Short-term	2011	86	Retail	Marketing	-	10,614	-	-	-
Long-term [2)]	2012	0	Land	Planning	-	-	-	-	-
Long-term [2)]	-	0	Land	Planning	3,874	-	-	-	-
Long-term [2)]	-	0	Land	Planning	9,290	-	-	-	814
Short-term	2010	100	Office	Marketing	11,722	-	-	15	-
Long-term [2)]	2013	0	Land	Planning	-	-	-	-	-
		63			**367,528**	**25,314**	**-**	**14,025**	**54,406**

NAV caculation

in € m	2009		2008	
Equity before minority interests		863.8		987.0
Derivative financial instruments: assets	1.4		38.7	
Derivative financial instruments: liabilities	125.6	124.2	105.0	66.3
Deferred tax assets	281.2		367.0	
Deferred tax liabilities	99.6	-181.6	246.0	-121.0
Diluted EPRA NAV		**806.4**		**932.3**
Number of shares (million)		126.0		116.0
Diluted EPRA NAV per share (in €)		**6.40**		8.04
Derivative financial instruments: assets	-1.4		-38.7	
Derivative financial instruments: liabilities	-125.6	-124.2	-105.0	-66.3
Financial liabilities	5,339.4		5,599.5	
Fair value financial liabilities	5,191.9	147.5	5,467.8	131.7
Net deferred taxes	181.6		121.0	
Adjustment at fair value	0.0	181.6	0.0	121.0
Diluted EPRA NNNAV		**1,011.3**		**1,118.7**
Number of shares (million)		126.0		116.0
Diluted EPRA NNNAV per share (in €)		**8.03**		**9.64**

EBITDA calculation [1)]

according to „Ground Rules for the Management of the FTSE EPRA/NAREIT Global Real Estate Index Series", Version 4.2, March 2009

	IVG Total [2)]	Real Estate	Development	Caverns	Institutional Funds	Private Funds
Property Operations Income and Expense:						
Net rents from IP [3)]	*290.5*	*290.4*	*0.1*	*0.0*	*0.0*	*0.0*
Other net rents	*22.1*	*13.0*	*9.0*	*0.1*	*0.0*	*0.0*
Total net rents	312.6	303.4	9.1	0.1	0.0	0.0
Income from service charges	40.1	38.4	1.7	0.0	0.0	0.0
Expenses from IP [3)]	-69.9	-69.9	0.0	0.0	0.0	0.0
Net Property Income (NPI)	**282.8**	**271.9**	**10.8**	**0.1**	**0.0**	**0.0**
Other Operating Income and Expense (OOIE):						
Realised changes in market value of IP [3)]	-64.4	-63.6	-0.4	-0.4	0.0	0.0
Income from project disposals	*339.0*	*287.5*	*49.9*	*1.6*	*0.0*	*0.0*
Income from construction contracts	*6.6*	*0.0*	*6.6*	*0.0*	*0.0*	*0.0*
Income from transactions, concepts and sales [4)]	*21.1*	*0.0*	*0.0*	*4.8*	*5.2*	*11.1*
Income from fund and property management	*74.4*	*0.3*	*0.1*	*11.3*	*59.6*	*3.1*
Other revenues	*11.3*	*3.2*	*0.9*	*5.3*	*1.6*	*0.3*
Other operating income	*60.2*	*32.0*	*12.3*	*5.8*	*1.8*	*8.3*
Other operating revenue, including third party fees	512.6	323.0	69.8	28.8	68.2	22.8
Changes in inventories and other own work capitalised	97.9	-276.0	367.3	6.6	0.0	0.0
Material expenses	-423.6	-26.1	-378.0	-13.2	0.0	-6.3
Personnel expenses	-31.3	-0.3	-8.0	-6.2	-11.8	-5.0
Other operating expenses	-154.2	-66.5	-32.0	-11.3	-33.3	-11.1
Gains/loss from associated companies accounted for using the equity method	-12.2	-10.7	-1.9	-0.5	0.0	0.9
Income from share investments	1.3	2.9	-2.2	0.0	0.2	0.4
Total Other Operating Income and Expenses	**-73.9**	**-117.3**	**14.6**	**3.8**	**23.3**	**1.7**
Income From Operations before Finance Costs and Taxes (EBITDA)	**208.9**	**154.6**	**25.4**	**3.9**	**23.3**	**1.7**
Percentage of total EBITDA [2)]	**100.0**	**74.0**	**12.2**	**1.9**	**11.2**	**0.8**

[1)] Based on figures before unrealised changes in value
[2)] Without corporate functions and consolidation
[3)] IP = Investment Property
[4)] Segment Caverns adjusted for non-cash impact from promote structure

Consolidated Subsidiaries and Equity Investments

as of 31.12.2009 (part of the notes to the Consoldated financial statements)

	Group share %	Country	Equity € '000	Net profit for the year € '000	
I. Affiliated, consolidated companies [1]					
IVG Polar Oy, Helsinki	100.00	Finland	370,457	24,799	
IVG Caverns GmbH, Bonn	100.00	Germany	1,530,183	-	4)
Suomen Osakaskiinteistöt Oy, Helsinki	100.00	Finland	10	0	
Polar-Rakennus Oy, Helsinki	100.00	Finland	2,288	70	
Kilometri Koy, Espoo	100.00	Finland	25	-9	
Kilon Helmi Koy, Espoo	100.00	Finland	4,486	-791	
Kilon Timantti Koy, Espoo	100.00	Finland	4,836	-894	
Kornetintie 6 Koy, Helsinki	100.00	Finland	-188	-440	
Kuopion Satama 4 Koy, Kuopio	100.00	Finland	1,625	-157	
Kutomotie 6 Koy, Helsinki	100.00	Finland	2,717	-523	
Malmin Kauppatie 8 Koy, Helsinki	100.00	Finland	3,752	-1,168	
Niittylänpolku 16 Koy, Helsinki	100.00	Finland	2,515	-424	
Pakkalan Kartanonkoski 12 Koy (Leija), Vantaa	100.00	Finland	962	-478	
Pakkalan Kartannnkoski 3 Koy, Vantaa	100.00	Finland	17,523	-616	
Pasilanraitio 5 Koy, Helsinki	100.00	Finland	9,730	-466	
Plaza Forte Koy, Vantaa	100.00	Finland	15,815	-1,795	
Pitkänsillankatu 1-3 Koy, Kokkola	100.00	Finland	291	-32	
Satomalmi Koy, Helsinki	100.00	Finland	3,657	-605	
Scifin Alfa Koy, Espoo	100.00	Finland	4,439	-1,067	
Sinimäentie 10 Koy, Espoo	100.00	Finland	909	-76	
Sörnäisten Rantatie 25 Koy, Helsinki	100.00	Finland	5,645	-1,210	
Tapiontuuli Koy, Espoo	100.00	Finland	2,079	-350	
Vanha Talvitie 11 Koy, Helsinki	100.00	Finland	1,049	-570	
Vilhonkatu 5 Koy, Helsinki	100.00	Finland	3,504	-805	
IVG Nordostpark VIII GmbH & Co. KG, Bonn	100.00	Germany	6,488	259	2)
IVG Investment GmbH & Co. Hamburg XIV - Objekt Essener Bogen - KG, Bonn	100.00	Germany	-3	-103	2)
IVG Development Frankfurt Objekt Am Hauptbahnhof 18 GmbH, Frankfurt am Main	100.00	Germany	-9,585	-3,252	
IVG Development Frankfurt Objekt Savignystraße GmbH, Frankfurt am Main	100.00	Germany	826	128	
IVG Immobilien-Management GmbH & Co.Bonn X - Objekt Dusseldorf, Eduard-Schulte-Straße - KG, Bonn	100.00	Germany	2,074	1,800	2)

	Group share %	Country	Equity € '000	Net profit for the year € '000	
IVG Development Düsseldorf Objekt Fichtenhain GmbH, Dusseldorf	100.00	Germany	2,057	48	
IVG Immobilien-Management GmbH & Co. Hamburg V - Objekt Ludwig-Erhard-Strasse - KG, Bonn	100.00	Germany	-1,580	-611	2)
IVG Immobilien-Management GmbH & Co. Hamburg III - Objekt Altonaer Poststrasse - KG, Bonn	100.00	Germany	-3,490	-387	2)
IVG Immobilien-Management GmbH & Co. Hamburg IV - Objekt Rödingsmarkt - KG, Bonn	100.00	Germany	-445	-109	2)
IVG Immobilien-Management GmbH, Bonn	100.00	Germany	-162	153	
IVG Immobilien-Management GmbH & Co.Hamburg I - Objekt Baumwall KG, Bonn	100.00	Germany	-5,029	264	2)
IVG Immobilien-Management GmbH & Co. Hamburg II - Objekt Heidenkampsweg 44/46 - KG, Bonn	100.00	Germany	-2,480	-330	2)
IVG Immobilien-Management GmbH & Co. Frankfurt I - Objekt Lahnstraße- KG, Bonn	100.00	Germany	-4,540	-747	2)
IVG Immobilien-Management GmbH & Co. Frankfurt II - Objekt Heddernheim- KG, Bonn	100.00	Germany	-32,746	-4,670	2)
IVG Immobilien-Management GmbH & Co. Frankfurt III - Objekt Neu-Isenburg - KG, Bonn	100.00	Germany	-2,677	-651	2)
IVG Immobilien-Management GmbH & Co. Frankfurt IV - Objekt Mannheim, Schildkrötstraße - KG, Bonn	100.00	Germany	-2,836	-253	2)
IVG Immobilien-Management GmbH & Co. Frankfurt V - Objekt Mannheim, High-Tech-Park II - KG, Bonn	100.00	Germany	-2,337	-377	2)
IVG Immobilien-Management GmbH & Co. Berlin I - Objekt Focus Teleport - KG, Bonn	100.00	Germany	-11,381	-665	2)
IVG Immobilien-Management GmbH & Co. Berlin II - Objekt Tempelhofer Weg 62 - KG, Bonn	100.00	Germany	-1,487	-257	2)
IVG Immobilien-Management GmbH & Co. Berlin III - Objekt Tempelhofer Weg 64 - KG, Bonn	100.00	Germany	-1,768	-344	2)
IVG Immobilien-Management GmbH & Co. Berlin IV - Objekt Am Borsigturm - KG, Bonn	100.00	Germany	-8,825	-1,148	2)
IVG Immobilien-Management GmbH & Co. Bonn I - Objekt Düsseldorf Airport Business Center - KG, Bonn	100.00	Germany	-8,623	-236	2)
IVG Immobilien-Management GmbH & Co. Bonn II - Objekt Düsseldorf, Kanzlerstraße 8 - KG, Bonn	100.00	Germany	-8,507	-866	2)
IVG Immobilien-Management GmbH & Co. Bonn III - Objekt Düsseldorf, Kanzlerstraße 8a - KG, Bonn	100.00	Germany	-4,116	-286	2)
IVG Pegarino GmbH & Co. Frankfurt I - Objekt Bad Homburg - KG, Bonn	100.00	Germany	-1,276	-954	2)
IVG Pegarino GmbH & Co. Frankfurt II - Objekt Neu-Isenburg, Dornhofstraße - KG, Bonn	100.00	Germany	-1,212	-569	2)
IVG Pegarino GmbH & Co. Frankfurt IV - Objekt Bad Homburg, Im Atzelnest 5 - KG, Bonn	100.00	Germany	-1,186	-1,059	2)
IVG Pegarino GmbH & Co. Frankfurt V - Objekt Dreireich-Sprendlingen - KG, Bonn	100.00	Germany	-80	-252	2)
IVG Pegarino GmbH & Co. Bonn I - Objekt Düsseldorf Erkrath - KG, Bonn	100.00	Germany	-1,033	0	2)
IVG Pegarino GmbH & Co. Bonn II Dortmund, Otto-Hahn-Straße - KG, Bonn	100.00	Germany	209	-81	2)
IVG Pegarino GmbH & Co. Bonn III - Objekt Dortmund, Mart.-Schmeisser-Weg - KG, Bonn	100.00	Germany	-305	-365	2)
IVG Pegarino GmbH & Co. Bonn IV - Objekt Porz - KG, Bonn	100.00	Germany	-2,185	-330	2)
IVG Pegarino GmbH & Co. Hamburg - Objekt Hannover, Freundallee - KG, Bonn	100.00	Germany	-914	-89	2)
IVG Asset Management GmbH, Bonn	100.00	Germany	-5,925	-	4)
IVG Pegarino Holding GmbH & Co. KG, Bonn	100.00	Germany	-5,046	-142	2)
IVG Immobilien-Management Holding AG, Bonn	100.00	Germany	-257,787	30,361	
IVG Development München Objekt Arabellapark GmbH, Munich	100.00	Germany	129	-95	
IVG Immobilien-Management GmbH & Co. Hamburg X - Objekt Channel 9-11 - KG, Bonn	100.00	Germany	-732	-684	2)
TERCON Immobilien Projektentwicklungsgesellschaft mbH, Bonn	100.00	Germany	-2,839	-1,494	
OPUS 2 investment Sp. z o.o., Warsaw	100.00	Poland	-10,420	-6,370	
Opus 2 S.à r.l., Luxembourg	100.00	Luxembourg	-62	-14	
IVG Immobilien-Management GmbH & Co. Hamburg VI - Objekt Van-der-Smissen-Straße-KG, Bonn	100.00	Germany	-6,626	-609	2)

	Group share %	Country	Equity € '000	Net profit for the year € '000	
IVG Immobilien-Management GmbH & Co. Hamburg VIII - Objekt Mittelweg - KG, Bonn	100.00	Germany	-17,071	-501	2)
IVG Immobilien-Management GmbH & Co. Hamburg IX - Objekt Spiegelinsel - KG, Bonn	100.00	Germany	-3,288	965	2)
IVG Immobilien-Management GmbH & Co. München I - Objekt Sendlinger-Tor-Platz - KG, Bonn	100.00	Germany	-7,859	-27	2)
IVG Development München Objekt Landsberger Straße GmbH, Munich	100.00	Germany	-3,129	5,597	
IVG Investment GmbH, Bonn	100.00	Germany	153,269	-	4)
IVG Immobilien GmbH & Co. Bonn I - Objekt Zanderstraße - KG, Bonn	5.98	Germany	14,521	1,353	2) 3)
MMD Bauträgergesellschaft mbH, Bonn	100.00	Germany	256	-	4)
BURG Grundstücksverwaltung GmbH & Co. Ristamos KG, Berlin	96.31	Germany	-2,978	-255	2)
IVG Immobilienentwicklungsgesellschaft mbH & Co. - Objekt Hamburg Glinde - KG, Hamburg	100.00	Germany	1,523	-28	2)
IVG Management GmbH & Co. Liebenau VIII - Objekt Bomlitz - KG, Bonn	100.00	Germany	1,619	-103	2)
IVG-Immobilien-GmbH & Co. Liebenau II - Objekt Dörverden - KG, Bonn	100.00	Germany	-4,315	4,322	2)
IVG-Immobilien-GmbH & Co. Liebenau III - Objekt Liebenau - KG, Bonn	100.00	Germany	8,824	-118	2)
IVG Management GmbH & Co. Liebenau IX - Objekt Clausthal - KG, Bonn	100.00	Germany	-2,697	-752	2)
IVG-Immobilien-GmbH & Co. Liebenau IV - Objekt Dragahn - KG, Bonn	100.00	Germany	15,925	-107	2)
IVG Immobilien GmbH & Co. Liebenau V - Objekt Bremen-Blumenthal - KG, Bonn	100.00	Germany	0	117	2)
IVG Immobilien GmbH & Co. Bonn II - Objekt Bad Godesberg - KG, Bonn	100.00	Germany	1,615	67	2)
IVG-Immobilien-GmbH & Co. München II - Objekt Unterpfaffenhofen - KG, Bonn	100.00	Germany	4,142	586	2)
IVG Management GmbH & Co. Berlin XI - Objekt Gravensteinstraße - KG, Bonn	100.00	Germany	979	53	2)
IVG-Immobilien-GmbH & Co. München III - Objekt Ottobrunn - KG, Bonn	100.00	Germany	16,692	796	2)
BOTAGRUND Verwaltungs- GmbH, Bonn	100.00	Germany	637	-	4)
IVG Nordostpark I GmbH & Co. KG, Bonn	100.00	Germany	217	-17	2)
IVG Nordostpark II GmbH & Co. KG, Bonn	15.17	Germany	14,756	-3,516	2) 3)
IVG Nordostpark III GmbH & Co. KG, Bonn	100.00	Germany	754	554	2)
IVG Nordostpark IV GmbH & Co. KG, Bonn	100.00	Germany	635	208	2)
IVG Businesspark Media Works Munich I GmbH & Co. KG, Bonn	100.00	Germany	4,966	-85	2)
IVG Businesspark Media Works Munich II GmbH & Co. KG, Bonn	100.00	Germany	12,127	-143	2)
IVG Businesspark vor München II GmbH & Co. KG, Bonn	100.00	Germany	13,210	-1,362	2)
IVG Businesspark vor München V GmbH & Co. KG, Bonn	100.00	Germany	10,136	-99	2)
IVG Management GmbH & Co. Liebenau X - Objekt Hessisch-Lichtenau - KG, Bonn	100.00	Germany	33	-74	2)
IVG Management GmbH & Co. Liebenau XI - Objekt Lippoldsberg - KG, Bonn	100.00	Germany	1,288	102	2)
IVG Immobilienverwaltung Bonn GmbH & Co. - Objekt Langen - KG, Bonn	100.00	Germany	167	125	2)
IVG Immobilien GmbH & Co. Bonn XI - Objekt Frankfurt Flughafen - KG, Bonn	100.00	Germany	11,538	883	2)
IVG Management GmbH & Co. Liebenau XII - Objekt Fienerode - KG, Bonn	100.00	Germany	1,648	2,186	2)
IVG-Immobilien-GmbH & Co. Bonn IV - Objekt Düsseldorf, Hohenzollernwerk - KG, Bonn	100.00	Germany	50	4,634	2)
IVG-Immobilien-GmbH & Co. Bonn V - Objekt Homburg/Saar - KG, Bonn	100.00	Germany	-171	-21	2)
IVG-Immobilien-GmbH & Co. Hamburg III - Objekt Hannover - KG, Bonn	100.00	Germany	7,101	104	2)
IVG Immobilien GmbH & Co. Berlin VIII - Objekt Neue Spreespeicher Cuvryhof - KG, Bonn	100.00	Germany	-2,537	-79	2)
IVG Businesspark Micropolis Ost Verwaltungs GmbH & Co. KG, Bonn	100.00	Germany	70	-11	2)
IVG Management GmbH & Co. Bonn XV Objekt - Zanderstr.1 und 3 - KG, Bonn	100.00	Germany	364	-13	2)
IVG-Immobilien-GmbH & Co. Kassel IX - Objekt Waldau - KG, Bonn	100.00	Germany	8,229	-27	2)
IVG Management GmbH & Co. München XIII - Objekt Leopoldstraße 157 - KG, Bonn	100.00	Germany	-660	-1,376	2)

	Group share %	Country	Equity € '000	Net profit for the year € '000	
IVG-Immobilien-GmbH & Co. Berlin II - Objekt Streitstraße - KG, Bonn	100.00	Germany	-1,928	104	2)
IVG-Immobilien-GmbH & Co. Berlin V - Objekt Freiheit - KG, Bonn	100.00	Germany	6,174	116	2)
IVG Nordostpark VI GmbH & Co. KG, Bonn	100.00	Germany	6,168	-724	2)
IVG Management GmbH & Co. Nordbahnhof Berlin KG, Bonn	80.00	Germany	1,817	1,081	2)
IVG Management GmbH & Co. Hamburg VII - Objekt Spaldingstraße - KG, Bonn	100.00	Germany	3,838	-1,334	2)
IVG Institutional Management GmbH, Bonn	100.00	Germany	5,377	159	
IVG Management GmbH & Co. München XVII - Objekt Heinrich Kley Straße - KG, Bonn	100.00	Germany	1,006	475	2)
IVG Immobilienentwicklungsgesellschaft mbH & Co. - Objekt Hamburg Glockengießerwall 19 - KG, Hamburg	100.00	Germany	-507	-53	2)
IVG Development Berlin Objekt Schönefeld I GmbH, Berlin	100.00	Germany	545	6	
IVG Clearing GmbH, Bonn	100.00	Germany	318,963	-	4)
IVG Gewerbeimmobilien 1 GmbH, Bonn	100.00	Germany	575	-	4)
IVG Gewerbeimmobilien 2 GmbH, Bonn	100.00	Germany	665	-	4)
IVG Gewerbeimmobilien 3 GmbH, Bonn	100.00	Germany	2,660	-	4)
IVG Regium Park Krefeld GmbH, Bonn	100.00	Germany	2,409	-588	
IVG Finsbury GmbH, Berlin	100.00	Germany	21,052	-	4)
IVG Management GmbH & Co. Hamburg X - Objekt Heidenkampsweg - KG, Bonn	100.00	Germany	2,793	1,060	2)
IVG Management GmbH & Co. München XVIII - Objekt Landsberger Straße - KG, Bonn	100.00	Germany	-5,606	-1,354	2)
IVG Management GmbH & Co. Hamburg XI - Objekt Christoph-Probst-Weg . KG, Bonn	100.00	Germany	-1,524	2,438	2)
IVG Poland Sp. z o.o., Warsaw	100.00	Poland	-181	-223	
AIRRAIL Center Frankfurt Verwaltungsgesellschaft mbH & Co.Vermietungs KG, Frankfurt/Main	66.66	Germany	-215,542	-129,917	2)
XXTRA Liegenschaften GmbH & Co. KG, Nuremberg	100.00	Germany	-278	17	2)
IVG Curtis Plaza II Sp. z o.o., Warsaw	100.00	Poland	-7,189	-614	
Tardis Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Munich	0.034	Germany	-5,358	-864	2) 3)
IVG Management GmbH & Co.München XIX - Objekt Schwabing Leopoldstraße 236 - 238 - KG, Bonn	100.00	Germany	-3,846	-558	2)
IVG Management GmbH & Co. Bonn XVI Objekt Düsseldorf Redlichstrasse KG, Bonn	100.00	Germany	-11,749	-6,911	2)
Bessenveld SA, Brussels	100.00	Belgium	851	-301	
Molenveld SA, Brussels	100.00	Belgium	587	-246	
IVG Development France SARL, Paris	100.00	France	-12	-8	
IVG Institutional Funds GmbH, Wiesbaden	94.00	Germany	20,972	-	4)
IVG Netherlands B.V., Amsterdam	100.00	Netherlands	2,270	1,676	
IVG France S.A.S., Paris	100.00	France	1,532	939	
IVG UK Ltd., London	100.00	UK	3,770	2,292	
Property Management Gesellschaft mbH, Wiesbaden	94.00	Germany	151	14	
IVG Management GmbH & Co. - Officeportfolio I - KG, Bonn	100.00	Germany	-6,853	-2,316	2)
IVG Management GmbH & Co. - Officeportfolio II - KG, Bonn	100.00	Germany	-4,724	193	2)
IVG Management GmbH & Co. - Officeportfolio III - KG, Bonn	100.00	Germany	7,717	308	2)
IVG Management GmbH & Co. - Officeportfolio IV - KG, Bonn	100.00	Germany	-22,328	-5,556	2)
IVG Management GmbH & Co. Hamburg XII Objekte Channel Karnapp/Schellerdamm KG, Bonn	100.00	Germany	-8,999	-4,909	2)
IVG Management GmbH & Co. Hamburg XIII Objekte Channel Harburger Schloßstraße KG, Bonn	100.00	Germany	-5,997	-2,554	2)
Stefánia Park Kft., Budapest	100.00	Hungary	-739	628	

	Group share %	Country	Equity € '000	Net profit for the year € '000	
IVG Management GmbH & Co. München XXI - Objekt St. Martin Straße - KG, Bonn	100.00	Germany	-523	2,978	2)
IVG Management GmbH & Co. Berlin XV - Objekt Köbisdreieck - KG, Bonn	100.00	Germany	65,911	-93	2)
IVG Fund Management GmbH, Bonn	100.00	Germany	328	105	
IVG Management GmbH & Co. Berlin XIV - Objekt Taubenstraße - KG, Bonn	100.00	Germany	1,120	255	2)
IVG Management GmbH & Co. München XX . Objekt Nymphenburger Straße - KG, Bonn	100.00	Germany	-11,393	-7,140	2)
IVG Balanced Portfolio Italy GmbH & Co. KG, Bonn	100.00	Germany	-7,091	-4,760	2)
IVG Immobilien-Management GmbH & Co. Bonn IV - Objekt Düsseldorf, Am Wehrhahn - KG, Bonn	100.00	Germany	-1,080	-342	2)
IVG Immobilien-Management GmbH & Co. Bonn V - Objekt Düsseldorf, Friedrich-Ebert-Straße - KG, Bonn	100.00	Germany	-610	-375	2)
IVG Immobilien-Management GmbH & Co. Bonn VI - Objekt Düsseldorf, Immermannstraße/Karlstraße - KG, Bonn	100.00	Germany	-1,669	-136	2)
IVG Immobilien-Management GmbH & Co.Bonn VII - Objekt Düsseldorf, Willstätterstraße - KG, Bonn	100.00	Germany	1,156	1,527	2)
IVG Immobilien-Management GmbH & Co.Bonn VIII - Objekt Köln, Neue Weyerstraße - KG, Bonn	100.00	Germany	-199	-47	2)
IVG Immobilien-Management GmbH & Co.Bonn IX - Objekt Krefeld, Ostwall - KG, Bonn	100.00	Germany	-1,454	-533	2)
IVG Development GmbH, Bonn	100.00	Germany	16,495	-	4)
IVG Kavernenbetriebsführungsgesellschaft mbH, Friedeburg	100.00	Germany	267	-	4)
IVG Logistics Holding S.A., Luxembourg	100.00	Luxembourg	866	-4,514	
IVG Development CR s.r.o, Prague	100.00	Czech Republic	41	534	
IVG Boulogne - Reine SAS, Paris	100.00	France	-10,360	2,552	
IVG Austria GmbH, Vienna	100.00	Austria	248	0	
IVG Glasgow Limited Partnership, London	100.00	UK	-9,393	-7,106	
IVG Deutschland Immobilien GmbH, Bonn	100.00	Germany	103,100	-4,408	
Property Security Belgium SA, Brussels	100.00	Belgium	30,394	-69	
Stodiek Immobilien- und Verwaltungsgesellschaft mbH, Bonn	100.00	Germany	32	2	
Stodiek Wohnpark Kaarst GmbH & Co. KG, Bonn	100.00	Germany	489	123	2)
Stodiek ESPANA SA, Madrid	100.00	Spain	10,786	133	
Stodiek Italia S.r.l., Milan	99.00	Italy	3,177	-995	
Stodiek Immobiliare S.r.l., Milan	99.00	Italy	787	53	
Stodiek Inmobiliaria SA, Madrid	100.00	Spain	1,988	2,473	
Vallilan Toimisto, Oy, Helsinki	100.00	Finland	17,990	-4,845	
Kirkonkyläntie 3 Koy, Helsinki	100.00	Finland	-222	-211	
Helsingin Radiokatu Koy, Helsinki	100.00	Finland	9,215	-676	
Kumpulantie 3 Koy, Helsinki	100.00	Finland	11,167	-1,408	
Niittymäenpolku 9 Koy, Espoo	100.00	Finland	6,187	-320	
Ykkösseppän Koy, Helsinki	100.00	Finland	2,859	-237	
Kiiskinkatu 5 Koy, Helsinki	100.00	Finland	2,535	-520	
Helsingin Latokartanontie 7 Koy, Helsinki	100.00	Finland	3,210	-390	
IVG Sweden AB, Stockholm	100.00	Sweden	638	606	
IVG Investments (UK) Limited, London	100.00	UK	14,526	-21,429	
Stodiek Beteiligungs I Sarl, Luxembourg	100.00	Luxembourg	34,544	-31	

	Group share %	Country	Equity € '000	Net profit for the year € '000	
Stodiek Beteiligungs II Sarl, Luxembourg	100.00	Luxembourg	32,846	-43	
IVG Developments (Melton St) Limited, London	100.00	UK	-9,182	83	
IVG Developments (Euston) Limited, London	100.00	UK	-3,075	225	
IVG Finance B.V., Amsterdam	100.00	Netherlands	1,821	-45	
IVG Developments (London & UK) Limited, London	100.00	UK	57,551	-1,628	
Pfäffikon Beteiligungs- und Verwaltungs GmbH, Bonn	100.00	Germany	88	-11	4)
IVG European Real Estate SA, Brussels	100.00	Belgium	142,248	-14	
IVG European Properties AB, Gothenburg	100.00	Sweden	95,025	17,223	
Asticus AB, Gothenburg	100.00	Sweden	124,488	18,775	
Asticus Belgium II SNC, Brussels	100.00	Belgium	507,934	28,756	
Asticus Belgium SNC, Brussels	100.00	Belgium	462,381	74,213	
Asticus Europe GIE, Brussels	100.00	Belgium	0	0	
Beaulieu SPV SA, Brussels	100.00	Belgium	-1,741	-667	
Bolet SA, Brussels	100.00	Belgium	-1,978	-2,091	
Bonne Odeur SA, Brussels	100.00	Belgium	322	-673	
Demot SPV SA, Brussels	100.00	Belgium	-233	-138	
Gertrud SA, Brussels	100.00	Belgium	117,458	-730	
Groenhoek SA, Brussels	100.00	Belgium	-286	-161	
Immobilière Groenveld SA, Brussels	100.00	Belgium	12,423	-991	
IVG Brussels SNC, Brussels	100.00	Belgium	896,615	41,470	
Madou Plaza SA, Brussels	100.00	Belgium	372,040	224	
Praten SA, Brussels	100.00	Belgium	116,873	-17	
Spoor SA, Brussels	100.00	Belgium	8,997	-207	
Svanen SA, Brussels	100.00	Belgium	-15,197	-6,625	
Valen SA, Brussels	100.00	Belgium	5,639	-1,202	
Varla SA, Brussels	100.00	Belgium	982	-292	
Edison SA, Luxembourg	100.00	Luxembourg	-1,892	0	
Thomas SA, Luxembourg	100.00	Luxembourg	3,399	-684	
Aranäs International NV, Amsterdam	100.00	Netherlands	9,795	452	
IVG Immobilière SAS, Paris	100.00	France	89,096	-19,154	
C:ie Foncière Vendôme, Paris	100.00	France	112,694	6,558	
IVG Developments (Broadway) Ltd., London	100.00	UK	20,241	-938	
IVG Asticus (Caxton Hall) Ltd., London	100.00	UK	14,288	910	
IVG Development (UK) Ltd., London	100.00	UK	76,514	5,225	
Brooksave Ltd., London	100.00	UK	3,182	0	
IVG Asticus (Lombard) Ltd., London	100.00	UK	14,591	-17,107	
IVG Asticus (Aldgate) Ltd., London	100.00	UK	281	399	
Asticus International AB, Stockholm	100.00	Sweden	74,968	-10	
IVG Fauvelles SAS, Paris	100.00	France	16,878	-633	
IVG 55 Moorgate GmbH, Berlin	100.00	Germany	14,969	-	4)
Kribus Kft, Budapest	100.00	Hungary	4,550	3	

	Group share %	Country	Equity € '000	Net profit for the year € '000	
IVG Management GmbH & Co. Bonn III - Objekt Neuss - KG, Bonn	100.00	Germany	22,880	1,354	2)
Infopark Fejlesztesi RT, Budapest	100.00	Hungary	8,486	449	
IVG Hungary Kft., Budapest	100.00	Hungary	2,256	477	
IVG Pablo Nerruda SAS, Paris	100.00	France	1,305	-17,465	
IVG Front Office Asniéres SAS, Paris	100.00	France	-17,603	-997	
IVG Boétie SAS, Paris	100.00	France	-10,014	-130	
IVG Chocolaterie SAS, Paris	100.00	France	-3,168	-6,381	
IVG Galilee Velizy, Paris	100.00	France	30,167	-1,658	
IVG Developpement SAS, Paris	100.00	France	2,676	-159	
IVG Development Obozowa Sp. z o.o., Warsaw	100.00	Poland	-795	-113	
Infopark E Kft, Budapest	100.00	Hungary	3,518	445	
IVG Holding Ltd, Malta	100.00	Malta	602,343	28,356	
IVG Finance Ltd, Malta	100.00	Malta	558,156	21,765	
IVG Investments Ltd, Malta	100.00	Malta	962,802	42,533	
IVG Malta Ltd, Malta	100.00	Malta	854,550	-11,878	
Grundbesitz Investitionsgesellschaft Leibniz-Kolonnaden mbH & Co. KG, Berlin	100.00	Germany	3,584	-2,482	2)
IVG Real Estate Belgium SA, Brussels	100.00	Belgium	26,976	-21,896	
Batipromo S.A., Brussels	100.00	Belgium	214,216	-40,813	
GELFOND Verwaltungsgesellschaft mbH & Co. Frankfurt - Niederrad Besitz KG, Munich	94.00	Germany	-32,705	-2,414	2)
IVG Spree-Speicher GmbH & Co. KG , Bonn	100.00	Germany	10,821	1,163	2)
IVG Media Works Munich Vermietungsgesellschaft mbH, Bonn	100.00	Germany	-1,563	-	4)
IVG Italia S.r.l., Milan	100.00	Italy	1,482	-7,748	
IVG Italy s.r.l.; Milan	100.00	Italy	201	143	
IVG Private Funds Beteiligungs- und Verwaltungsgesellschaft mbH, Berlin	100.00	Germany	704	95	
REM Gesellschaft für Stadtbildpflege und Denkmalschutz mbH, Berlin	100.00	Germany	-962	-19	
IVG Private Funds GmbH, Bonn	100.00	Germany	4,054	-	4)
IVG Private Funds Management GmbH, Berlin	100.00	Germany	2,425	633	
FvH Grundstücksverwaltungs-GmbH & Co. Hardenbergstraße 26 - KG, Berlin	98.38	Germany	16,371	149	2)
Investitionsgesellschaft Hackescher Markt mbH & Co. KG, Berlin	100.00	Germany	-4,480	-5,657	2)
IVG Società di Gestione del Risparmio S.p.A., Milan	100.00	Italy	1,259	-332	
IVG Luxembourg S.à.r.l.	100.00	Luxembourg	416	291	
IVG Immobilien-Management GmbH & Co.Berlin V - Objekt Kurfürstendamm Bayerhaus - KG, Bonn	100.00	Germany	-3,908	403	2)
IVG Nordostpark V GmbH & Co. KG, Berlin	5.98	Germany	12,253	188	2) 3)
actio(plus KG K.u.K. Grundverwaltungs GmbH & Co., Berlin	49.56	Germany	19,383	-972	2) 3)
IVG Service GmbH & Co. Berlin - Objekt Potsdam - KG, Bonn	100.00	Germany	3,277	79	2)
IVG Service GmbH & Co. Berlin - Objekt Teltow - KG, Bonn	100.00	Germany	4,166	79	2)
IVG Service GmbH & Co. Berlin - Objekt Großziethen - KG, Bonn	100.00	Germany	3,398	549	2)
Johs. Uckermann GmbH & Co. Grundstücksentwicklung KG, Bonn	92.50	Germany	1,416	12	2)
IVG Holland V GmbH, Bonn	100.00	Germany	164	-12	
IVG Immobilien-Management GmbH & Co. München II - Objekt Fritz-Schäffer-Straße - KG, Bonn	94.90	Germany	181,998	9,245	2)

	Group share %	Country	Equity € '000	Net profit for the year € '000	
IVG EuroSelect Rue Saint Georges GmbH & Co. KG, Berlin	100.00	Germany	1,976	1,978	2)
IVG EuroSelect Crystal Dèfense SCI, Paris	100.00	France	33,280	-10,324	
IVG EuroSelect Fonds IV GmbH & Co. KG, Berlin	100.00	Germany	-25,014	-5,971	2)
Maciachini Properties srl, Milan, Italy	100.00	Italy	46,136	-26,654	
IVG EuroSelect Achtzehn GmbH & Co. KG	0.02	Germany	4,188	-1,170	2) 3)
IVG EuroSelect Fonds XI GmbH & Co. KG	0.005	Germany	36,794	115	2) 3)
IVG EuroSelect Fonds Zwanzig GmbH & Co. KG	0.002	Germany	55,899	-2,505	2) 3)
II. Associated companies – accounted for using the equity method [1]					
Objektgesellschaft Moosacher Straße mbH & o. KG, Munich	50.00	Germany	4,330	2,500	
Frankonia Eurobau Parkstadt Schwabing GmbH, Nettetal	33.33	Germany	383	3,840	
IVG Italy Office Fund GmbH & Co.KG., Bonn	38.47	Germany	19,770	770	
FDV Venture SA, Luxembourg	30.00	Luxembourg	1,100	2,160	
Real Estate Capital Partners, N.Y.	25.00	USA	25,616	0	
FDV II Venture SA, Luxembourg	21.17	Luxembourg	55,500	23,000	
FREYA-PIPELINE GmbH & Co. KG, Bonn	60.00	Germany	14,860	0	
Rantasarfvik Oy, Helsinki	50.00	Finland	0	0	
Real Estate Investor Fund s.a.r.l., Luxembourg	50.00	Luxembourg	17,730	1,150	
Greater London Trust, Jersey	50.00	UK	17,146	6,238	
HIPPON Verwaltungsgesellschaft mbH & Co. Salzufer I Vermietungs KG, Berlin	50.00	Germany	350	-110	
HIPPON Verwaltungsgesellschaft mbH & Co. Salzufer II Vermietungs KG, Berlin	50.00	Germany	-17,540	100	
IVG Protect Fund	20.00	Germany	165,700	1,210	

1) Values are in accordance with the Financial Statements based on International Financial Reporting Standards (IFRS)
2) Section 264b HGB
3) Special purpose entity (SPE) companies pursuant to SIC 12
4) Profit and loss transfer agreement exists/transfer of losses

Group Advisory Committee

IVG Immobilien AG has set up an Advisory Committee to support the business activities of the Group. One of the tasks of the Advisory Committee is to promote contact with companies and public officials in Germany and abroad.

Members of Advisory Committee

Status: as of 31.12.2009

Dr Patrick Adenauer
Managing Partner
Bauwens GmbH & Co. KG

Hermann Aukamp
CIO Real Estate
Nordrheinische Ärzteversorgung K.d.ö.R

Dr Wilhelm Bender
Former Chairman of the Board
FRAPORT AG

Dr Burckhard Bergmann
Former Chairman of the Mangement Board
E.ON Ruhrgas AG

Dr Ralf Bethke
Chairman of the Supervisory Board
K+S Aktiengesellschaft

Dirk van den Broeck
Executive Director
Petercam S.A.

Rolf Eckrodt
Supervisory Board Chairman
Tognum AG

Wolfgang Egger
Chairman of the Board
Patrizia Immobilien AG

Dr Alexander Erdland
Chairman of the Management Board
Wüstenrot & Württembergische AG

Dr Michael Fuchs
Member of the Bundestag (German Federal Parliament)
Bundestag (German Federal Parliament)

Werner Gegenbauer
Supervisory Board Chairman
Gegenbauer Holding SA & Co. KG

Dr Gert Haller
Former State Secretary, Head of the Office of the Federal President
Office of the Federal President

Dr Rudolf Hanisch
Former Chairman of the Management Board
Bayerische Landesbank

Jochen Herwig
Member of the Management Board
LVM Versicherungen

Daniel F. Just
Deputy Chairman of the Management Board
Bayerische Versorgungskammer

Dr Wolf Klinz
Member of the European Parliament
European Parliament

Peter Kobiela
Former Chairman of the Management Board
Helaba Landesbank Hessen-Thüringen

Dr Stephan Leithner
Head of Global Banking Germany & Co-Head European M&A
Deutsche Bank AG

Dr Johannes Ludewig
Executive Director
Community of European Railway and
Infrastructure Companies (CER)

Paul William Marcuse
Head of Global Real Estate
UBS Global Asset Management (UK) Ltd.

Dr Dirk Matthey

Dr Jens Odewald
Chairman of the Board of Directors
Odewald & Compagnie GmbH
Dr Klaus Rauscher

Nicolaas J. M. van Ommen
Member of the Supervisory Board
IMMOFINANZ AG & IMMOEAST AG

Dr Klaus Rauscher

F. Christian Ulbrich
CEO EMEA
Jones Lang LaSalle Europe Ltd.

Bernhard Visker
Member of the Mangement Board
HSH Nordbank AG

Dr Henning Voscherau
Notary and Mayor (rtd.)
Notariat am Alstertor

Dr Theo Waigel
Lawyer and Federal Minister (rtd.)
Rechtsanwälte GSK Stockmann & Kollegen

Dr Ludolf-Georg von Wartenberg

Claus Wisser
WISAG Service Holding GmbH & Co. KG

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 (property and caverns). 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 recognised 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 sales 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 the 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.

Compound Annual Growth Rate (CAGR) Average annual growth rate over a pre-determined period

Contracted Rent The rent excluding ancillary costs paid by the tenant.

Core/Core+ Property Economic classification of property. Property with a secure income base and low risk in a good location.

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.

Cost to Complete In the Development division, the term is used for investment in current project developments.

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.

Earnings before Interest and Taxes (EBIT) Earnings before interest and taxes.

Equity Ratio Equity as a proportion of the balance sheet total. Calculations based on fair value valuations include unrealised capital gains, in contrast to calculations based on depreciated cost.

European Public Real Estate Association (EPRA) The EPRA is an organisation 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. In connection with this, the EPRA endeavours to establish best practice standards in terms of accounting, disclosure and corporate governance.

Exit Yield Planned net rent in relation to planned gross selling price; describes yield from a property for potential purchasers.

Expected Rent The expected rent is derived from the contract rent plus forecast rent. The forecast rent is the possible annual rent income for vacant space on the basis of current market rent.

Fair Value Describes the current market value of an asset. The fair value is the amount which willing partners would be ready to pay in return for an asset under normal market conditions. The fair value for IVG investment property is checked regularly by external appraisers.

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) The FFO is a liquidity-based key financial figure that describes net cash from operating activities. It is an established key figure in the real estate sector for the operating performance of listed real estate companies, especially asset management companies.

International Financial Reporting Standards (IFRS) International financial reporting standards, especially for listed companies.

Investment Property (IP) Property, land and buildings that are held as a financial investment to generate rental income or asset growth and not used for operating purposes.

Key Performance Indicators (KPIs) Controlling term. KPIs are key figures which are most important for assessing, for example, the development of a division. KPIs serve to reduce complexity in corporate management.

Leadership in Energy and Environmental Design (LEED) US system for classifying sustainable buildings. The evaluation is performed by awarding points for individual criteria. The total of the points awarded determines the allocation to the following categories: Certified, Silver, Gold and Platinum.

Like for Like Comparison Comparison of identical property holdings in two different reporting years. In particular additions to and disposals from portfolios are eliminated.

Loan to Value (LTV) The LTV is generally defined as the share of the loan amount in relation to the fair or current value of a defined asset.

Market Capitalisation The stock market value of a public corporation. Current share price multiplied by the number of shares.

Net Asset Value (NAV) The net asset value or net intrinsic value reflects the economic equity of a company. It comprises the current value of Group assets – essentially the value of our properties – less debt.

Net Operating Income (NOI)/NOI Yield A property-related earnings indicator, is determined by net rents less property costs, maintenance of investment property and marketing expenses. The NOI yield shows the relative share of net operating income in invested capital.

Net Rental Income (NRI)/NRI Yield Property-related figure; calculated from actual rent minus property costs The NRI yield describes the relative share of net rents in invested capital.

Occupancy Rate Rental income from a property from existing rental contracts in relation to the rental income the total lettable area of this property could theoretically generate.

Operative EBIT Earnings before interest and taxes less the effects of changes in value.

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.

Refurbishment Industry term for a fundamental modernisation up to renovation of a building.

Specialised Real Estate Fund A special type of open property fund in Germany with fixed, mostly institutional investors.

Stock Options Rights to purchase shares. Remuneration component for managers, subject to fulfilling certain performance criteria.

Structured Investments IVG develops tailored investment products for certain target groups. In addition to conditions impacting the property market, they also take account of tax and legal factors. They are marketed to foundations and extremely affluent private investors.

Total Investment Costs (GIK) In the Development division, the term is used for past and future investment in current project construction and financing costs.

Total Performance/Total Return The total return measures profitability. It is calculated from the sum of NOI yield and yield from change in value.

Up-front Fee Fee from Funds division, which is due at beginning of transaction regardless of success.

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.).

Weighted Average Unexpired Lease Term (WAULT) WAULT indicates the weighted average remaining lease term of a portfolio.

Workout Property Economic classification of property. At IVG – parts of property that do not conform to strategy. Such property is usually held for sale.

Yield on Cost Planned net rent in relation to total investment cost. Describes amount of yield upon transfer of a property development into own portfolio.

5-Year Overview

in € m	2005	2006 1)	2007 1)	2008 1)	2009 1)
Revenue	426.0	446.2	532.4	608.6	838.8
EBIT	242.6	222.9	475.6	-98.6	64.1
Consolidated net profit	110.1	115.1	301.0	-451.7	-158.0
Total assets	3,686.9	5,053.7	8,241.0	7,875.5	7,393.4
Equity (carrying amounts)	921.9	1,603.6	2,117.1	1,390.9	1,265.1
Equity ratio at carrying amounts in %	24.1	31.7	25.0 2)	17.7	17.1
Basic earnings per share in €	0.83	0.89	2.34	-4.18	-1.61
Dividend per share in €	0.38	0.50	0.70	0.00	0.00
Employees 3)	761	767	637	672	654

1) Fair value accounting
2) Exclusive dividends
3) Includes part-time staff, excl. trainees or inactive employees such as those in partial retirement or on parental leave

Contact and Financial Calendar

Contact

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Financial calendar

25.03.2010	Press conference/Analysts' conference/Publication of financial statements for financial year 2009
12.05.2010	Publication of interim report 1st quarter 2010
20.05.2010	General Meeting for financial year 2009
13.08.2010	Publication of interim report 2nd quarter 2010
12.11.2010	Publication of interim report 3rd quarter 20010
18.05.2011	General Meeting for financial year 2010

Note

This Annual Report is published in German and English. The German version is always the authoritative text. Further information on the company and the online Annual Report can be found on the website at www.ivg.de. Upon request we will also be pleased to send you written information. Contact us at: info@ivg.de.

Slight differences may arise when adding up individual figures in the tables and graphics in this annual report. This is due to figures being rounded up or down. When reporting relative changes in a year-on-year comparison, changes of less than -100% are not recognised.

Forward-looking statements

This present Annual Report for IVG Immobilien AG (IVG) contains statements on future developments. They reflect the current view of the management of IVG and are based on appropriate evaluation and expectations. These statements are not intended as guarantees that this expectation will be fulfilled. The Annual Report has also been generated using references. These references have been carefully selected and have been taken from credible sources. We nevertheless point out that IVG has not examined the veracity of the sources.

Imprint

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Variable remuneration with long-term incentives

As variable remuneration with long-term incentives, participation in the newly designed Performance Cash Plan is granted. The plan is open to members of the Management Board and selected managers with whom participation in the Performance Cash Plan has been contractually agreed.

In addition, the Management Board may allow other employees and managers to participate independently of a contractual agreement.

The term of a Performance Cash Plan begins with the month after the General Meeting and ends after four full years. The term of the 2009 Performance Cash Plan 2009 begins on 1 June 2009 and ends on 31 May 2013. In future, participation in the plan will be dependent on a mandatory individual investment in IVG shares.

At the start, the participants receive a commitment in the amount of a specified initial figure. The amount to be paid out is calculated by multiplying this initial figure by the following performance multiplier after the end 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:

- 1st performance indicator (shareholder point of view):
  Performance of the IVG share compared with the FTSE EPRA/NAREIT Developed Europe Index

- 2nd performance indicator (earnings point of view):
  Increase in the FFO I per share as compared to the planned figure

- 3rd performance indicator (assets point of view):
  Increase in the NAV adjusted per share as compared to the planned figure

The scaling of the three performance indicators at the beginning 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 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.

Overall, long-term incentives dominate the variable remuneration, since in addition to the Performance Cash Plan the variable remuneration with short-term incentives also includes a long-term incentive component in the form of the limited share acquisition rights.

5.1.2 Management Board remuneration under the previous remuneration model

Management Board remuneration in 2009

The remuneration in 2009 is essentially still based on the remuneration model previously applicable for Management Board members. However, the Supervisory Board has resolved that for 2009 the variable remuneration with long-term incentives will not be granted as performance shares, as in previous years, but instead in the form of participation in the newly designed Performance Cash Plan.

The remuneration of the members of the Management Board is linked to performance and consists of fixed and variable remuneration components.

The **fixed remuneration component** for members of the Management Board consists 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 **variable remuneration component with short-term incentives**, every member of the Management Board receives a bonus based on pre-tax consolidated net profit (in 2009 for the last time). Dr Niesslein, the Chief Executive Officer, receives a bonus of 0.5%, Dr Kottmann, who was Chief Financial Officer until 31 May 2009, and Prof Schäfers, who took up this position on 1 February 2009, receive a pro rata temporis bonus of 0.4%, and Dr Reul and Mr Barth receive a bonus of 0.35% of consolidated net profit before income taxes and other taxes but not less than €100,000.00 per year, or €150,000.00 per year in the case of Prof Schäfers.

As a **variable remuneration component with long-term incentives**, the members of the Management Board were granted participation in the newly designed Performance Cash Plan. The Supervisory Board resolved that the initial figures for the Performance Cash Plan shall be equivalent to the individual bonus reference figures applicable from 2010. Dr Niesslein's initial figure is €430,000.00, while Prof Schäfers' is €350,000.00 and Dr Reul's is €300,000.00. In accordance with the new Performance Cash Plan, the initial figures allocated can increase by a maximum factor of 2 over the term until 2013.

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