2010
Annual Report



Business model

IVG Investment

Real Estate

Acquisition, optimisation and disposal of office properties with focus on Germany, France and the UK

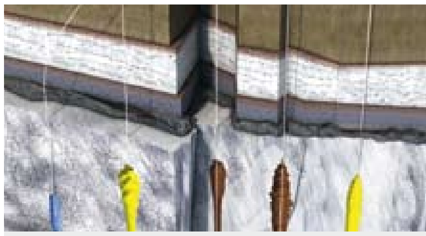
Assets under Management:	€4.3 bn
EBIT [3]:	€197.3 m
Portion of total-**EBIT** [3]:	70.1%

Development

Development of office properties in selected European growth regions

Assets under Management:	€1.4 bn [1]
EBIT [3]:	€39.2 m
Portion of total-**EBIT** [3]:	13.9%

Caverns



Construction, management and operation of underground repositories for oil and gas

Assets under Management:	€1.1 bn [2]
EBIT [3]:	€24.6 m
Portion of total-**EBIT** [3]:	8.7%

IVG Asset Management

1) Invested capital
2) Value of caverns in development (26 fund caverns, 59 future caverns)
3) Before changes in value

- **Focus on core business with a stable recurring income**
- **Business model with two pillars:**
  - **(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 a 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:	€12.1 bn
EBIT [3]:	€18.2 m
Portion of total-**EBIT** [3]:	6.5%

Private Funds

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

Assets under Management:	€3.0 bn
EBIT [3]:	€2.1 m
Portion of total-**EBIT** [3]:	0.8%

Group key figures

in € m	2010	2009	Change in %
Key operational figures			
Revenues	821.8	838.8	-2.0
thereof net rents	*266.2*	*310.3*	*-14.2*
thereof from project sales	*396.9*	*336.1*	*+18.1*
thereof fees for fund and property management, development and sales	*102.8*	*135.2*	*-24.0*
EBIT	256.2	64.1	-
EBT	21.1	-189.3	-
Consolidated net profit	23.2	-158.0	-
thereof unrealised changes in value	*-14.6*	*-175.4*	*-91.7*
Funds from Operations I (FFO I) [1]	15.0	55.8	-73.2
Funds from Operations II (FFO II) [1]	10.0	-21.8	-
Key balance sheet figures			
Total assets	7,292.4	7,393.4	-1.4
Equity (carrying amounts)	1,286.1	1,265.1	+1.7
Equity ratio at carrying amounts in %	17.6%	17.1%	+3.1
Net asset value (NAV)	884.8	863.8	+2.4
NAV adj. (incl. value potential of caverns)	1,241.1	1,253.4	-1.0
Equity ratio at NAV adj. in %	17.1%	17.0%	+0.9
EPRA NAV	797.9	806.4	-1.1
EPRA NNNAV	985.9	1,011.3	-2.5
Key figures per share in €			
Number of shares (31.12.)	126.0	126.0	-
Average number of shares	126.0	117.9	+6.9
NAV [2]	7.02	6.86	+2.4
NAV adj. [2]	9.85	9.95	-1.0
EPRA NAV [2]	6.33	6.40	-1.1
EPRA NNNAV [2]	7.82	8.03	-2.5
FFO I [1] [3]	0.12	0.31	-74.9
FFO II [1] [3]	0.08	-0.37	-
Earnings (EPS), undiluted [3]	-0.07	-1.61	-95.7
EPRA EPS [3]	-0.20	-1.03	-80.5
Diluted earnings [3]	0.02	-1.41	-
EPRA diluted earnings [3]	-0.10	-0.96	-89.5
Dividend	0.00	0.00	-
Segments			
IVG Real Estate: Fair value	4,266	4,527	-5.8
IVG Development: Invested capital (IVG share)	1,379	1,353	+1.9
IVG Caverns: Value of caverns under development	1,055	958	+10.2
IVG Funds: Assets under Management	15,096	15,874	-4.9
Employees at end of year (FTE)	590	622	-5.1

[1] Adjustment of 2009 figures due to change in methodology in 2Q/2010
[2] On the basis of the number of shares at reference date 31.12. (126.0 m shares)
[3] On the basis of the average number of shares (2010: 126.0 m shares/2009: 117.9 m shares)

Contents

Foreword by the Management Board

Dr Gerhard Niesslein
Chief Executive Officer

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

Dear Shareholders,
Ladies and Gentlemen,

The macroeconomic development in financial year 2010 was dominated by the recovery of the financial and economic crisis. At the same time, turbulences in relation to the euro – particularly in Greece, Ireland and Portugal – again demonstrated the real economy's strong dependency on the money market and capital market. In Europe, the German and Swedish economies in particular performed comparatively well in terms of economic growth (GDP growth of 3.6% and roughly 5% respectively).

Recovery on the investment market

In the real estate markets, improvement of the macroeconomic climate first became apparent on the real estate investment market. This is because the investment market is driven by expectations, meaning that positive market sentiment is reflected particularly strong here. In addition, investors are now seeking to invest large sums of parked capital in assets with intrinsic value again, with real estate representing a comparatively attractive investment option due to the low general interest rate (positive yield gap). As a result, well-leased properties at top locations ("core" market segment) saw rising prices over the course of the year. The average initial yield of core properties in Europe therefore fell from 5.5% to 5.1% over the course of 2010. The transaction volume on the European real estate markets amounted to approximately €105 billion in 2010 – compared to around €73 billion in 2009. It is thus approaching the pre-crisis level again in some countries.

Rental market bottoming out

In contrast to the investment market, the real estate rental market generally follows economic growth with a longer time lag, since new demand for floor space results from expansion investments, which are not made until economic growth has stabilised sufficiently. Therefore, only a bottoming out of the rental market was observed in 2010. The average vacancy rate in Europe stabilised at 10%. Customer retention and re-letting will therefore also remain a key challenge for 2011.

Restructuring continued, new business model strengthened

IVG successfully continued on its restructuring path in 2010. The key areas here were the reorganisation of asset management, the progress of the internal project to improve corporate management, the focussed work on the major project THE SQUAIRE with the adjacent SQUAIRE Parking, and the continuation of our efforts to organise corporate finance in an effective way. A total financing volume of approximately €2.2 billion was extended or concluded for the first time in 2010 for our own balance sheet and for the fund business.

In terms of strategy, we have decided to form a joint platform with the divisions IVG Investment, IVG Funds and IVG Asset Management which allows us to make selective investments in the areas of real estate and infrastructure 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 European branch offices to the markets. Joint investment with partners (the co-investment approach) creates an unconditional alignment of interests between IVG and the co-investors. It is not least for this reason that the IVG funds "Protect Fund", "Cavern Fund" and "Premium Green Fund", have already been launched and enjoyed a positive response from the market.

The processes of this new business model were first put to the test with a major bidding process in 2010. Despite not having been awarded the final contract for this transaction as a result of price reasons, the interaction of the IVG units as an investment platform developed very promisingly. We expanded the range of our investment platform in eastern Central Europe with the acquisition of the Austrian company Hypo Real Invest AG. This means that we are now again present in Vienna as well as Warsaw and Budapest.

Consolidated net profit positive again

IVG generated positive operating earnings (EBIT) before unrealised changes in value of €250.9 million in 2010, up roughly 16% on the previous year's figure. A major factor contributing to this increase was the significant improvement in realised changes in the market value of investment property, which had still been negatively impacted by the liquidity-driven divestment programme for IVG portfolio properties in the previous year. IVG continued to achieve further success in its cost reduction programme. Other operating expenses were reduced by another 18% year-on-year to €112.5 million in 2010. This success was rounded off with an impressive leasing performance: the occupancy rate stabilised at 90% at the end of the year.

Unrealised changes in value affected the result in different ways in 2010, too. The aftereffects of the financial and economic crisis led to value adjustments of approximately €88 million in the Real Estate segment, but these were more than offset by construction progress and pre-letting in cavern developments with revaluations totalling around €141 million. The IVG syndicated loan (SynLoan II) was repaid for the first time as scheduled from the proceeds of cavern sales.

IVG's biggest project development, THE SQUAIRE at Frankfurt Airport, will be completed in 2011. Due to the aftereffects of extraordinary developments in the past, this project development was the main reason for a valuation loss of roughly €47 million in the Development segment in 2010.

Overall, after two years with losses we closed the financial year 2010 with a consolidated net profit of €23.2 million. The separate financial statements of IVG Immobilien AG in accordance with the German Commercial Code (HGB) report a loss of €81.0 million, which was offset against freely available revenue reserves of €12.0 million. The resulting accumulated loss of €69.0 million was carried forward to new account. There will therefore be no dividend payment for the past financial year 2010.

We would like to thank our shareholders, investors and financial backers for the trust they have placed in us. Our thanks also go to our tenants for enabling reliable business relationships. And last but not least, we would like to thank our employees for their indispensable contribution which enabled the company to return to profitability.

Bonn, March 2011
The Management Board

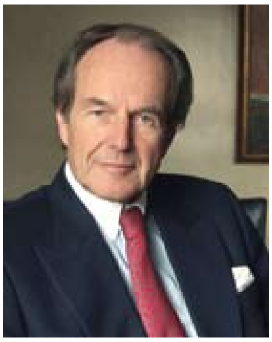
G. Niesslein

Dr Gerhard Niesslein

W. Schäfers

Professor Dr Wolfgang Schäfers

Report of the Supervisory Board



Detlef Bierbaum,
Chairman of the Supervisory Board

Dear Shareholders, Ladies and Gentlemen,

In the reporting year 2010, IVG still faced particular challenges due to the continuing major effects of the international financial and economic crisis. The Management Board met these challenges with the continuation of the restructuring programme initiated at the beginning of 2009, which was fully supported by the Supervisory Board. Significant success can be seen in the company's return to a consolidated net profit for the first time since 2007. During the second half of the year, an upward macroeconomic trend could be observed which also stimulated the market environment in the real estate sector. To take advantage of the positive market development for IVG, at the start of 2011 the Management Board and Supervisory Board resolved to carry out a capital increase which further strengthened the company's financing base. This has resulted in far better development prospects for IVG than in the previous years.

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.

Work performed by the Supervisory Board and 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 and the Group. 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 on a regular basis.

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 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 matters requiring clarification. After thorough review and discussion, we cast our vote on reports and proposed resolutions of the Management Board where approval was required by law or under the Articles of Association.

Supervisory Board meetings and committees

Ten Supervisory Board meetings were held in the financial year 2010, two of which were extraordinary meetings. We also held a meeting on the separate and consolidated financial statements on 21 March 2011.

No member of our Supervisory Board attended less than half of the Supervisory Board meetings.

In order to perform our duties in detail, there are three committees: the Audit Committee, the Personnel Committee and the Nomination Committee. The Audit Committee and the Personnel Committee prepare topics and resolutions for the Supervisory Board meetings and in some cases also exercise decision-making authority where this authority has been transferred to them 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. During the period under review, Audit Committee meetings were held regularly before the publication of the quarterly financial statements in order to discuss the quarterly results in detail with the Management Board. In 2010, the condensed interim financial statements and the interim management report as at 30 June 2010 were reviewed by an auditor for the first time. The findings of the review were discussed intensively with the Audit Committee. In this context, the Audit Committee also dealt in detail with the risks described in the risk report section of the interim management report that could threaten the continued existence of the Group as a going concern. Another focus of the Audit Committee's work was the audit of the separate and consolidated financial statements including the management reports for the financial year 2010. In this financial year, too, the auditor, the Compliance Officers, risk management and the internal audit department all provided detailed reports on their work to the Audit Committee.

The number of members on the Audit Committee was increased from three to four at the constituent meeting of the Supervisory Board following the General Meeting on 20 May 2010. Prior to this, the committee was made up of Mr Frank F. Beelitz (Chairman), Dr Hans Michael Gaul (Deputy Chairman) and Mr Rudolf Lutz. After the 2010 General Meeting, Mr Wolfgang Herr also joined the committee. This committee held four meetings in 2010.

The **Personnel Committee** makes suggestions to the full Supervisory Board with regard to matters involving Management Board members' contracts and all other personnel matters requiring approval from the Supervisory Board. It also makes recommendations to the full Supervisory Board with regard to the appointment and termination of Management Board members and authorised representatives (Prokuristen). Until the 2010 General Meeting, the committee was made up of Mr Detlef Bierbaum (Chairman), Mr Friedrich Merz (Deputy Chairman) and Mr Claus Schäffauer. Since the constituent meeting of the Supervisory Board following the 2010 General Meeting, the Personnel Committee consists of Mr Detlef Bierbaum (Chairman), Mr Klaus R. Müller (Deputy Chairman) and Mr David C. Günther. Three Personnel Committee meetings were held in the period under review.

The **Nomination Committee** proposes suitable candidates to the Supervisory Board for its proposals to the General Meeting for upcoming elections. Until the 2010 General Meeting, it consisted of Mr Detlef Bierbaum and Dr Eckart John von Freyend. The committee met once with these members. The number of members on the Nomination Committee was increased from two to three at the constituent meeting following the 2010 General Meeting and the committee is now made up of Mr Detlef Bierbaum, Mr Frank F. Beelitz and Mr Klaus R. Müller. The new Nomination Committee did not hold any meetings in the year under review.

Focuses of the discussions and decisions of the Supervisory Board

At each meeting, we dealt in detail with the current business development of IVG Immobilien AG and the Group. In particular, we regularly discussed the Group's net assets, financial position, results of operations and the development of employee numbers. When the meetings were preceeded by a committee meeting, the chairman of the committee in question reported on its key content.

In this year, too, discussions in the Supervisory Board focused on the effects of the financial and economic crisis on the company's liquidity situation and the development of its revenue and earnings, as well as the general financial position of IVG and the development of the IVG share price. The extensive divestment programme initiated in the previous year to secure liquidity in the short and medium term was continued in a targeted way in 2010 and its implementation was monitored intensively by the Supervisory Board. The continued strategic development of IVG's business model into an investment platform was also a central topic in the discussions. Possible new types of fund and investment products were discussed, as were markets and growth potential.

Throughout the period under review, the Management Board provided us with current information on the respective status of major projects and significant developments in the Group. The focus here was on the implementation of projects to increase the profitability and quality of customer and property management in fund and asset management. We also monitored the implementation of a new IT and process landscape to improve both the quality of planning, forecast and management and the further development of risk management.

In spring 2010, the Supervisory Board approved a new location concept for IVG, which envisages establishing a new central location in THE SQUAIRE at Frankfurt Airport in addition to the head office in Bonn and relocating individual departments of the Bonn head office and the Wiesbaden location there.

Alongside these and other general and Group-wide issues, the main focus of our discussions and decisions in the financial year 2010 were the following projects in the individual divisions:

Investment – Real Estate

In the period under review, we approved a total of three sales of properties in the UK. The Management Board kept us constantly informed about the current status of all sales.

Investment – Development

The Management Board provided regular detailed information on the progress in the construction and leasing of current projects in Germany, particularly on the construction progress and cost and risk management for the major project THE SQUAIRE at Frankfurt Airport, the Medienbrücke in Munich, the Hackesches Quartier in Berlin and on projects in other major European cities.

Investment – Caverns

The Management Board informed us on a regular basis about the progress in expanding the cavern field and important developments in the operation of the cavern site. During the year under review, we were also kept up to date regularly and in detail with the development of the specialised cavern fund for institutional investors which was launched in 2008.

Funds

In the area of fund investments for both, private and institutional investors, we monitored and advised the Management Board in developing new investment ideas and in inspecting properties. We granted approval for the launch of the first specialised real estate fund for sustainable buildings (IVG Premium Green Fund), in which five institutional investors have invested a fund volume of approximately €300 million.

Amendments to the Articles of Association

At the meeting on 22 March 2010, we discussed proposals for various amendments to the Articles of Association, which were then resolved by the General Meeting in May 2010.

Planning

At the meeting on 16 December 2010, we discussed in great detail the mid-term planning including the sales and investments for the years 2011 to 2013 and approved the Management Board's comprehensive investment and financial plan for 2011 at the extraordinary meeting of the Supervisory Board on 12 January 2011.

Capital increase

To finance the company's further development, we approved the Management Board's proposal of a capital increase without subscription rights in February 2011 and, in this context, authorised the Audit Committee to set the issue price and to bring about the necessary amendments to the Articles of Association and all other resolutions in connection with the capital increase. The Audit Committee then quickly adopted the necessary resolutions. The capital increase resulted in gross proceeds of around €87 million flowing to the company.

Management Board and managing directors (Group companies)

Dr Georg Reul did not extend his contract and stepped down from the Management Board as at 21 May 2010. The Supervisory Board would like to thank Dr Georg Reul for his many years of successful work at IVG.

At the meeting on 27 January 2011, the Supervisory Board approved extensions of the Management Board contract with Dr Gerhard Niesslein for another five years until 31 October 2016 and of the Management Board contract with Dr Wolfgang Schäfers also for another five years until 31 December 2016, with the conditions being adjusted. This expresses the recognition of the work performed and the successful restructuring of the company.

At various meetings, the Supervisory Board passed resolutions regarding the appointment of managing directors for Group companies.

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 2010 we discussed the further evolution of the corporate governance principles and their relevance to IVG in detail again. 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 2010, which can be found as part of the statement on corporate management on page 16 ff. of this Annual Report.

With one exception, no conflicts of interest as defined in Section 5.5.3 of the German Corporate Governance Codex arose during the period under review. The Supervisory Board member Dr Thiemann is also a member of the Supervisory Board of a company that is part of a banking syndicate financing THE SQUAIRE project. To avoid potential conflicts of interest, Dr Thiemann did not receive any documents on reporting on this project in connection with the Supervisory Board meetings. He was not present during reports and discussions on the topic of THE SQUAIRE and also did not participate in passing resolutions on it.

In the financial year 2010, the Supervisory Board again decided to examine the efficiency of its own work. 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 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.

In November 2010 and in January 2011, the Supervisory Board approved modifications of the Rules and Regulations for the Supervisory Board. In addition, in November 2010 a modification to the Rules and Regulations for the Management Board was resolved.

In revising the Code in 2010, the Government Commission on the German Corporate Governance Code paid particular attention to the issues of diversity and professionalisation of supervisory boards. With regard to the new recommendations on diversity in the Supervisory Board and the Management Board, in order to document in writing that in particular an examination of suitable female candidates takes place when filling positions on the Management Board and Supervisory Board, we approved a modification to the Rules and Regulations for the Supervisory Board at our meeting in November 2010.

On 16 November 2010, 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 2010, IVG Immobilien AG complied with all recommendations of the German Corporate Governance Code in the version issued in May 2010 and demonstrated its commitment to exemplary corporate management and control. The Declaration is published on page 16 ff. of the Annual Report and may also be viewed on the company's website.

Establishment of the 2010 annual financial statements and approval of the 2010 consolidated financial statements

PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Dusseldorf, was appointed as the auditor of the annual and the consolidated financial statements by resolution of the 2010 General Meeting.

The subject of the audits was the annual financial statements as at 31 December 2010 and the management report of IVG Immobilien AG prepared in accordance with the German Commercial Code (HGB) and the consolidated financial statements and the Group management report prepared in accordance with the International Financial Reporting Standards (IFRS). Both, the annual financial statements and the management report and the consolidated financial statements and the Group management report, were issued an unqualified audit certificate on 28 February 2011.

For the meeting to approve the balance sheet held on 21 March 2011 and the preceding Audit Committee meeting held on 17 March 2011, all members were provided in good time with the separate financial statements and management report, the consolidated financial statements and Group management report of IVG Immobilien AG, and the audit reports of PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Dusseldorf. The auditors attended both, the Audit Committee meeting on 17 March 2011 and the meeting of the full Supervisory Board, on 21 March 2011. They reported in detail on the main findings of the audit and remained on hand to provide additional information.

The Audit Committee discussed and reviewed the documents in detail at the meeting to approve the balance sheet held on 17 March 2011 and reported on this to the full Supervisory Board. The Audit Committee recommended to the Supervisory Board to approve the 2010 separate financial statements of IVG Immobilien AG and the IVG consolidated financial statements and also to approve the 2010 management report of IVG Immobilien AG and the IVG Group management report. At the Supervisory Board meeting to approve the balance sheet held on 21 March 2011, the Chairman of the Audit Committee explained the Audit Committee's recommendations.

Taking note and account of the Audit Committee report and the auditor's reports, the Supervisory Board reviewed and approved the separate financial statements, consolidated financial statements, management report and Group management report. The Supervisory Board concurs with the findings of the audit, which were discussed intensively with the auditor. We agree with the appraisal of the Management Board set out in the management report and the Group management report. The Supervisory Board also dealt in detail with the risks described in the risk report section of the management report that could threaten the continued existence of the Group as a going concern. We also have no objections to raise after our final examination. At the meeting of the full Supervisory Board on 21 March 2011, 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

Dr Eckart John von Freyend stepped down from the Supervisory Board as at 14 April 2010 and Mr Matthias Graf von Krockow as at 30 April 2010. At the end of the General Meeting on 20 May 2010, Mr Friedrich Merz and Mr Claus Schäffauer also left the Supervisory Board.

The Supervisory Board would like to take this opportunity to thank them all for their work and commitment to IVG and wishes them all the best.

On 20 May 2010, the General Meeting elected the new shareholder representatives Dr Bernd Thiemann, Mr Klaus R. Müller and Mr Wolfgang Herr to the Supervisory Board. In addition, I, Detlef Bierbaum, was re-elected to the Supervisory Board by the General Meeting on 20 May 2010. An action in rescission/for declaration of nullity was filed against my re-election to the Supervisory Board by the General Meeting on 20 May 2010. This action was rejected at the Regional Court in Cologne as the court of first instance on 26 November 2010. The plaintiff has filed an appeal against this ruling which is currently pending at the Higher Regional Court of Cologne.

Mr Thomas Neußer-Eckhoff succeeded Mr Claus Schäffauer as an employee representative on the Supervisory Board.

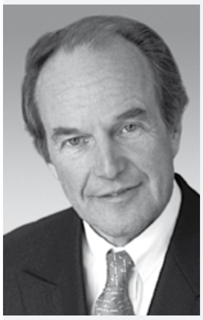
We would like to thank the Management Board, all the employees and the employee representatives for their great dedication and success in the reporting year.

Bonn, 21 March 2011
For the Supervisory Board

Detlef Bierbaum, Chairman

Supervisory Board and Management Board at 31.12.2010

Supervisory Board



Detlef Bierbaum (68)
Chairman of the Supervisory Board
Cologne

Nationality: German
Expiration of current term:
General Meeting 2015

Committee activities:
Chairman of the Personnel Committee
Member of the Nomination Committee
Membership of statutory supervisory boards:
- Deutsche Bank (Austria) AG [1]
- Douglas Holding AG
- General Reinsurance AG (Genre)
- IVG Institutional Funds GmbH (Chairman) [2]
- LVM Landwirtschaftlicher Versicherungsverein Münster a.G.
- LVM Lebensversicherungs-AG
- Monega Kapitalanlagegesellschaft mbH
- Oppenheim Kapitalanlagegesellschaft mbH [1]
- SMS GmbH (until 30 April 2010)

Similar positions:
- CA Immobilien Anlagen AG, Vienna
- Dundee REIT, Toronto
- Integrated Asset Management plc, London
- Lloyd George Management Ltd., Hong Kong
- Oppenheim Asset Management S.à.r.l., Luxembourg [1]
- Tertia Handelsbeteiligungsgesellschaft mbH
- The Central European and Russia Fund, Inc., New York
- The European Equity Fund, Inc., New York

Profession: Banker
Relevant work history:
1991 - 2008 Personally liable partner, Sal. Oppenheim jr. & Cie. KGaA
1982 - 1991 Member of the Managing Board, Nordstern Versicherung
1974 - 1982 Managing Director, ADIG Investment GmbH
Relationships with major shareholders: -/-
IVG securities held as of 31 December 2010:
160,000 shares, convertible bonds (nominal amount of €3 million)

Frank F. Beelitz (66)
Deputy Chairman of the Supervisory Board
Bad Homburg

Nationality: German
Expiration of current term:
General Meeting 2013

Committee activities:
Chairman of the Audit Committee
Member of the Nomination Committee
Membership of statutory supervisory boards:
- Südwestbank AG (until 12 July 2010)

Similar positions: -/-
Profession: Investmentbanker/Managing Partner, Beelitz & Cie.
Relevant work history:
1993 - 2000 Member of the Managing Board, Lehman Brothers Bankhaus AG
1985 - 1993 Member of the Managing Board, Salomon Brothers Inc.
1980 - 1985 Managing Director, Warburg Paribas Becker, Inc.
Relationships with major shareholders:
Consultant to Santo Holding AG
IVG securities held as of 31 December 2010:
5,000 shares, convertible bonds (nominal amount of €200,000)

[1] Oppenheim Group companies
[2] IVG Group company

Dr Hans Michael Gaul (68)
Member of the Supervisory Board
Dusseldorf

Nationality: German
Expiration of current term:
General Meeting 2011

Committee activities:
Deputy Chairman of the Audit Committee
Membership of statutory supervisory boards:
- Evonik Industries AG
- EWE Aktiengesellschaft
- 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 31 December 2010: -/-

David C. Günther (42)
Member of the Supervisory Board
Grünwald

Nationality: German
Expiration of current term:
General Meeting 2015

Committee activities:
Member of the Personnel Committee
Membership of statutory supervisory boards: -/-
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 31 December 2010: 253 shares

Wolfgang Herr (55)
Member of the Supervisory Board (since 20 May 2010)
Baden-Baden

Nationality: German
Expiration of current term:
General Meeting 2015

Committee activities: Member of the Audit Committee
Membership of statutory supervisory boards:
- POLIS Immobilien AG [3]

Similar positions: -/-
Profession: Member of the Management Board of Mann Immobilien-Verwaltung AG
Relevant work history:

2001 - 2007	Managing Director of Mann Group
1990 - 2000	Authorised financial representative (Finanzprokurist) Mann group of companies
1978 - 1996	Consultant for accounting Mann group of companies

Relationships with major shareholders:
Member of the Management Board of Mann Immobilien-Verwaltung AG
IVG securities held as of 31 December 2010: -/-

Dr Eckart John von Freyend (68)
Member of the Supervisory Board
Bad Honnef
Nationality: German
Expiration of current term: 14 April 2010
Committee activities: Member of the Nomination Committee
Membership of statutory supervisory boards:
- EUREF AG
- Finum Finanzhaus AG (Chairman) (until 7 April 2010)
- Hahn Immobilien-Beteiligungs AG
- Hamborner REIT AG (Head of Board)
- Investment AG für langfristige Investoren TGV
- VNR Verlag für die Deutsche Wirtschaft AG

Similar positions: -/-
Profession: Partner of Gebrüder John von Freyend Vermögens- und Beteiligungsgesellschaft mbH
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 14 April 2010: 10,000 shares [4]

[3] Mann Group company
[4] As of 14 April 2010, a further 1,700 IVG shares, €200 thousand in IVG convertible bonds and €600 thousand in IVG hybrid bonds are owned by John von Freyend Future KG, whose personally liable partner is Dr John von Freyend.

Matthias Graf von Krockow (61)

Member of the Supervisory Board

Cologne

Nationality: German

Expiration of current term: 30 April 2010

Committee activities: -/-

Membership of statutory supervisory boards:

- Bank Sal. Oppenheim jr. & Cie. (Austria) AG [5)] (Head of Board) (until 9 Februrary 2010)
- Fiat Group Automobiles Germany AG (Chairman)
- Oppenheim Vermögenstreuhand GmbH [5)]
- RWE-Power Aktiengesellschaft
- Schwestern-Versicherungsverein vom Roten Kreuz in Deutschland a.G

Similar positions:

- Sal. Oppenheim jr. & Cie. Beteiligungen S.A. [5)] (Luxembourg), Luxembourg (until 15 March 2010)

Profession: -/-

Relevant work history:

1984 - 2009	Personally liable partner, Sal. Oppenheim jr. & Cie. KGaA
1981 - 1983	Second Vice President, Citibank N.A.
1979 – 1981	Second Vice President, The Chase Manhattan Bank N.A.

Relationships with major shareholders:

Partner of Solidas 3 S.A.

IVG securities held as of 30 April 2010: -/-

Rudolf Lutz (57)

Member of the Supervisory Board

Bonn

Nationality: German

Expiration of current term:

General Meeting 2015

Committee activities:

Member of the Audit Committee

Membership of statutory supervisory boards: -/-

Similar positions: -/-

Profession: Employee, IVG Immobilien AG

Relevant work history: -/-

Relationships with major shareholders: -/-

IVG securities held as of 31 December 2010: 345 shares

Friedrich Merz (54)

Member of the Supervisory Board

Arnsberg-Niedereimer

Nationality: German

Expiration of current term: 20 May 2010

Committee activities: Deputy Chairman of the Personnel Committee

Membership of statutory supervisory boards:

- AXA Konzern AG
- DBV Winterthur AG
- Deutsche Börse AG
- WEPA Industrieholding SE (Chairman)

Similar positions:

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

Profession: Lawyer/partner, Mayer Brown LLP

Relevant work history:

1994 - 2009	Member, Bundestag (German Federal Parliament)
1989 - 1994	Member, European Parliament
1985 - 1986	Judge, Saarbrücken Regional Court

Relationships with major shareholders: -/-

IVG securities held as of 31 December 2010: -/-

Klaus R. Müller

Member of the Supervisory Board (since 20 May 2010)

Germersheim

Expiration of current term:

General Meeting 2015

Committee activities:

Deputy Chairman of the Personnel Committee

Member of the Nomination Committee

Membership of statutory supervisory boards:

- POLIS Immobilien AG [6)]

Similar positions: -/-

Profession: Lawyer/company lawyer of Mann Immobilien-Verwaltung AG

[5)] Oppenheim Group companies

[6)] Mann Group companies

Thomas Neußer-Eckhoff (51)

Member of the Supervisory Board (since 20 May 2010)
Ladenburg

Nationality: German
Expiration of current term: General Meeting 2015

Committee activities: -/-
Membership of statutory supervisory boards: -/-
Similar positions: -/-
Profession: Dipl.Ing (FH) architect
Relevant work history:

Since 2007	Technical Asset Manager at IVG Asset Management GmbH
1996-2007	Technical Property Manager at Oppenheim Immobilien-Kapitalanlagegesellschaft mbH
1995-1996	Freelance architect
1993-1995	Architect in regular employment (deputy office manager) Architekturbüro Peter Dietz

Relationships with major shareholders: -/-
IVG securities held as of 31 December 2010: 745 shares

Claus Schäffauer (55)

Member of the Supervisory Board
Heppenheim
Nationality: German
Expiration of current term: 20 May 2010
Committee activities: Member of the Personnel Committee
Membership of statutory supervisory boards: -/-
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 20 May 2010: 2,260 shares

Dr Bernd Thiemann (67)

Member of the Supervisory Board (since 20 May 2010)
Kronberg

Nationality: German
Expiration of current term: General Meeting 2015

Committee activities: -/-
Membership of statutory supervisory boards:

- Deutsche EuroShop AG
- Deutsche Pfandbriefbank (Chairman)
- EQC AG
- Hypo Real Estate Holding AG (Chairman)
- VHV Leben AG
- VHV Vereinigte Hannoversche Versicherung a.G.
- Wave Management AG

Similar positions:

- M.M. Warburg & CO KGaA Bank
- Odewald & Compagnie
- Würth Finance International B.V., Amsterdam
- Würth Group

Profession: Former Chief Executive Officer of DG Bank AG, Frankfurt/Main
Relevant work history:

1991 - 2001	Chairman of the Management Board, DG Bank AG
1981 - 1991	Chairman of the Management Board Nord/LB
1976 - 1981	Member of the Management Board Nord/LB

Relationships with major shareholders: -/-
IVG securities held as of 31 December 2010: -/-

Management Board

Dr Gerhard Niesslein (57)

Chief Executive Officer

Kronberg

Nationalität: Austrian

Expiration of current term:

31 October 2011

Membership of statutory supervisory boards:

- Deutsche Reihenhaus AG (Chairman)
- IVG Institutional Funds GmbH [7]

Similar positions: -/-

IVG securities held as of 31 December 2010:

98,000 shares, convertible bonds (nominal amount of €500,000)

Professor Dr Wolfgang Schäfers (45)

Member of the Management Board and Chief Financial Officer

Bad Abbach

Nationality: German

Expiration of current term:

31 December 2011

Membership of statutory supervisory boards:

- IVG Immobilien-Management Holding AG [7] (Chairman)
- IVG Institutional Funds GmbH [7]

Similar positions: -/-

IVG securities held as of 31 December 2010: -/-

Dr Georg Reul (43)

Member of the Management Board

Segments Investments and Funds

Bonn-Bad Godesberg

Nationality: German

Date of departure from the Management Board: 21 May 2010

Membership of statutory supervisory boards:

- IVG Immobilien-Management Holding AG [7] (until 21 May 2010)
- IVG Institutional Funds GmbH [7] (until 21 May 2010)

Similar positions:

- Goldbeck GmbH

IVG securities held as of 21 May 2010: 683 shares

[7] IVG Group company

Corporate Governance

The Management Board and Supervisory Board of IVG Immobilien AG are committed to responsible corporate management and control geared towards long-term success. The standards of good corporate governance form the basis for this.

Statement on corporate management pursuant to Section 289a HGB

The statement on corporate management includes the declaration of compliance pursuant to Section 161 AktG, features relevant information on corporate management practices applied which go beyond the legal requirements, and a description of the work procedures of the Management Board and Supervisory Board and the composition and work procedures of existing 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 16 November 2010, the Management Board and Supervisory Board submitted the declaration of compliance with the German Corporate Governance Code 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 26 May 2010. Since its last Declaration of Compliance on 12 November 2009, IVG Immobilien AG has complied with all the recommendations of the Code, as amended on 18 May 2009. Since 2 July 2010 (date of announcement of the current Code in the electronic version of the Federal Gazette), IVG Immobilien AG has been in compliance with all the recommendations made in the Code, as amended on 26 May 2010."

Before issuing the updated declaration of compliance, the Supervisory Board and Management Board dealt in particular with the new recommendations of the German Corporate Governance Code, as amended on 26 May 2010.

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

Key corporate management practices

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

Regulations of the Corporate Governance Initiative of the German real estate industry

In addition to the recommendations of the German Corporate Governance Code, we also comply with the regulations of the Corporate Governance Initiative (ICG) of the German property industry, which are available on the ICG website at http://www.immo-initiative.de/kodex/index.shtml.

Corporate Social Responsibility

IVG pursues a sustainable value creation approach. Alongside ecological and social management standards in the company itself, the associated measures also focus on supporting external organisations through the IVG Foundation. Further information on Corporate Social Responsibility is available on the IVG Immobilien AG website (www.ivg.de) under the heading "Sustainability".

Compliance

IVG has a comprehensive compliance system which encompasses the whole Group and is developed further by the Management Board, the Compliance Officers and the Compliance & Risk Committee on an ongoing basis and adjusted to changing requirements. Last year, IVG's compliance system was awarded the certificate of the Corporate Governance Initiative of the German real estate industry (ICG). IVG is one of the first companies to be awarded this certificate.

A key goal of the compliance measures is to develop a culture of responsibility. Furthermore, they also aim to keep employees from violating laws and other regulations and to support them in applying legal and internal Group regulations correctly. In addition to regular classroom training sessions, an e-learning programme specially developed for IVG was also carried out last year and was successfully completed by almost all employees.

All employees are obligated to report any infringements of regulations immediately. In cases of suspicion or doubt, employees also have the opportunity to consult the Compliance Officer or the external ombudsman, anonymously if desired. We are happy to report that no compliance violations became known in the past financial year.

Internal Audit

The internal audit department has the task of monitoring compliance with legal and internal company 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 our corporate management practices 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.

Work procedures of the Management Board and Supervisory Board

In line with German stock corporation law, IVG has a dual management system whereby tasks and responsibilities are clearly allocated between the Management Board and the Supervisory Board. Trust-based cooperation between the boards forms the basis for the company's success.

Management Board

The Management Board currently consists of two members. It manages business in the interests of the company with the aim of creating sustainable value.

The members of the Management Board each have their own specific areas of responsibility as part of the overall range of duties. However, matters of a fundamental nature or of major strategic or financial significance are always discussed by the entire Management Board. The Management Board decides in particular on basic questions of business policy and corporate strategy. A variety of measures are used to ensure that the individual divisions and corporate functions are managed in accordance with the interests of the Group. At the weekly Management Board meetings and the weekly meetings with the division managers, all significant current topics and projects are discussed. The division managers report to the Management Board about current business developments on a quarterly basis. Cross-divisional issues are also dealt with in fixed working groups, steering committees and regular meetings.

The organisation of the Management Board's work is determined in detail by a set of Rules and Regulations for the Management Board, which can be viewed on the IVG Immobilien AG website (www.ivg.de).

Supervisory Board

The Supervisory Board advises and monitors the Management Board in its management of the company. For this purpose, the Supervisory Board is informed by the Management Board on a regular basis about all issues relevant to the company and the Group. The Management Board also reports extensively about current operations at each meeting of the Supervisory Board. Major decisions and transactions of particular scope and significance require the approval of the Supervisory Board.

The organisation of the Supervisory Board's work is determined in detail by a set of Rules and Regulations for the Supervisory Board. which can be viewed on the IVG Immobilien AG website (www.ivg.de).

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

To prepare and supplement its work, the Supervisory Board has formed the following committees which make a major contribution to the efficiency of the Board's activities: the Audit Committee, the Personnel Committee and the Nomination Committee.

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

The Audit Committee, Personnel Committee and Nomination Committee support the Supervisory Board in fulfilling its duties. The members of the committees of the Supervisory Board and their personal details can be found under the "Supervisory Board and Management Board" heading of the 2010 annual report*. The composition of the committees can also be viewed on the IVG Immobilien AG website (www.ivg.de).

In detail, the committees have the following tasks and work procedures:

Audit Committee

The Audit Committee consists of four members, one of whom is an employee representative. The Audit Committee deals primarily 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 and has special knowledge and experience in the application of accounting principles and internal control processes.

The organisation of the work in the Audit Committee of the Supervisory Board is determined in detail by a set of Rules and Regulations for the Audit Committee which can be viewed on the IVG Immobilien AG website (www.ivg.de).

Personnel Committee

The Personnel 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 have decision-making authority itself. The Personnel Committee has three members, one of whom is an employee representative.

Nomination Committee

The Nomination Committee is responsible for preparing proposals to the General Meeting for the election of Supervisory Board members from the shareholders' side. The Supervisory Board has increased the number of members on this committee to three shareholder representatives in order to strengthen its expertise – particularly in the context of implementing the goals set by the Supervisory Board for its composition.

Further information on corporate governance

Goals of the Supervisory Board regarding its composition

When proposing candidates to the General Meeting, only candidates under the age of 70 are put forward. In addition, the Supervisory Board ensures that at all times its members have the necessary knowledge, skills and professional experience, particularly in real estate business, to fulfil their duties properly and that they are sufficiently independent. To allow for independent advice and monitoring, there are never more than two former members of Management Board on the Supervisory Board. If a Supervisory Board member is also a member of the management board of another listed company, he may not hold more than two other supervisory board mandates at listed companies outside the Group in addition to his Supervisory Board mandate. The Supervisory Board also endeavours in particular to establish diversity in its composition. In addition to taking account of the company's international activities, the Supervisory Board has set itself the goal of proposing at least one female candidate for the Supervisory Board to the General Meeting by 2015. The Supervisory Board has incorporated these goals as a binding part of its Rules and Regulations and will report on the pursuance of these goals in the Corporate Governance Report in the coming years.

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 present 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.

Remuneration report

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 remuneration report also describes the main features of the remuneration system. The remuneration report forms part of this Corporate Governance Report and of the Group management report* where it appears under 5.1. 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 11.10 and 11.11.

* The 2010 annual report, which includes the Group management report and the notes to the consolidated financial statements, is also available on the IVG Immobilien AG website (www.ivg.de).

Investor Relations

Capital market developments and shareholder structure

Capital market on the road to recovery in 2010 – IVG share displays good performance

In 2010, the global economy recovered from the effects of the international financial and economic crisis. Economic growth in Germany was above 3% again for the first time since reunification. The positive trend also did not fail to impact the real estate markets. With the situation on the real estate investment markets improving in the first quarter of 2010 even though at that point it was not yet possible to judge what effect the debt crisis in certain euro zone countries would have. In contrast, the real estate letting markets were still reacting cautiously at this point, as had been expected. The second quarter of the year under review was characterised by contrary macroeconomic tendencies: there were positive signs from the global economic growth but the debt crisis in certain Southern European countries continued to have a negative impact. The real estate investment markets were relatively stable at this point, with some sites in top locations already seeing declining initial yields again. On the real estate rental markets, the average vacancy rate in Europe stabilised at 10%, meaning that a bottoming out of the market could be seen here in the second half of 2010.

Over the year as a whole, the IVG share price rose by 21% and closed at €6.45 on 30 December 2010 (30 December 2009: €5.35). The share reached its annual high of €6.83 on 6 April 2010. As of 31 December 2010, IVG's market capitalisation was €813 million. Free float market capitalisation grew from €453 million to €486 million. During the financial year, the average number of IVG share trades per trading day was around 440,000.

Changes in the shareholder structure

In March 2010, Mann Immobilien-Verwaltung AG became the new major shareholder of IVG with the acquisition of 18.4%. It acquired the shares from Solidas 3 S.A., behind which stand the former shareholders of the bank Sal. Oppenheim. The other major shareholders of IVG include, as previously, Santo Holding (14.40%), Universal-Investment GmbH (5.00%) and Goldsmith Capital Partners (4.94%). The free float is 54.83% as at 31 December 2010. Our current shareholder structure can also be viewed on our Internet page under Investor Relations.

Awards for investor relations work

The transparency offensive launched in the 2009 financial year was continued in 2010 and won four awards from the capital market. One of these was the "German Investor Relations Prize 2010" in the MDax companies segment. Our investor relations (IR) work focuses on the continuous exchange of information both with private and institutional investors and with financial analysts. To this end, the Management Board and the IR team regularly give presentations on the company at roadshows, conferences and in one-on-one discussions. In addition, new communication channels are used in form of Twitter and YouTube in order to provide the public with even more information on IVG. The online medium "IVG Information Service", which currently appears once a quarter, also informs those who are interested in current news from IVG.

As in the previous year, the General Meeting in Bonn on 20 May 2010 was the most important investor relations event for private investors with represented capital of 63.6% (2009: 66.1%).

The main objectives of IR activities in financial year 2011 remain maintaining our contacts to the capital market, ensuring the flow of information and continuing to increase the transparency of IVG's business model.

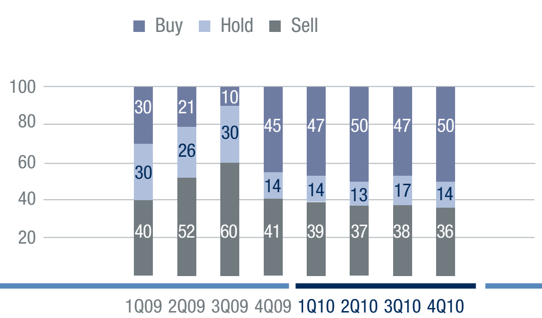
Analyst ratings from 23 institutions

Equity analysts from 23 institutions are currently actively covering IVG Immobilien AG. Of these, 19 have published recommendations since November 2010.

The target prices range from €4.00 to €10.20. Of the analysts who issued analyses last year up until now, eleven currently give the IVG share a “buy” rating, five give it a “hold” rating and seven give it a “sell” rating (as of 23 February 2011).

The development over time can be seen in the chart showing analyst recommendations (as of 31 December 2010). The number of buy recommendations decreased considerably over the course of 2009, hitting its low point in the third quarter of 2009. This was followed by a significant improvement in the ratings. At the time this report went to press, more than half of the analysts recommended buying our share. We see this as an indication of regained trust in the share and business model and as a positive response to the successful continuation of restructuring the company.

Analysts’ rating in %



	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
Buy	30	21	10	45	47	50	47	50
Hold	30	26	30	14	14	13	17	14
Sell	40	52	60	41	39	37	38	36

Successful capital increase

Another indication of investors’ regained trust in the future performance of IVG is the successful placement of the capital increase of approximately €87 million in February 2011. As part of an accelerated book-building process, IVG had placed 12,599,999 new no-par-value shares with institutional investors at an issue price of €6.90. The considerable oversubscription of the shares not only shows the capital market’s positive response to the previously published provisional figures for the financial year 2010, but also indicates the potential that professional investors see in IVG.

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 interest of the capital market and to improve comparability with other European real estate companies, the extensive implementation of the EPRA Best Practice Recommendations (as of October 2010) was again 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 include 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 also not possible to implement the EPRA recommendations in the 2010 annual report in some areas. This mainly pertains to the presentation of the annual financial statement tables, especially the income statement, which is currently still based on the total cost method.

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 the cases where IVG deviates from the EPRA recommendations, it strives to follow them 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)

Background of the FFO figure

The FFO is a liquidity-based key financial figure that reflects 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, and was 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 market 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.

With the publication of the half-year figures for 2010, the method for calculating the FFO was changed slightly to allow for even more precise presentation of the consistent earnings power. In particular, starting from the second quarter of 2010 the financing costs for the Caverns segment are adjusted, as the segment's unrealised changes in market value – and thus the primary source of value creation in this area – are not included in the revenue for the FFO calculation. In addition, the expenses for the IVG hybrid bond are now also regularly allocated to the individual divisions so as to ensure a more precise financing cost allocation. The disclosures on the FFO for the 2009 financial year were adjusted in line with the new calculation method.

Details on the FFO calculation

The FFO 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. It must also 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 – FFO I and FFO II – due to the special characteristics of its corporate structure and the recent adjustments in its business model. FFO I summarises the company's consistent recurring operating cash flow. It does not take into account non-recurring, one-time income such as development and sales activities. This key figure will become more and more relevant in future, especially as a result of the successive reduction of the project development pipeline. FFO II measures the company's entire operating cash flow including development and trading activities.

Share data

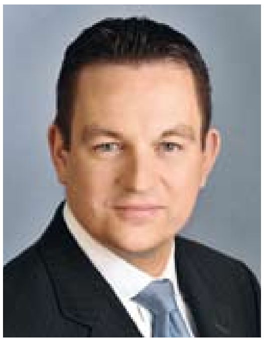
WKN/ISIN	620570/DE0006205701
Code	IVG
Stock exchange	Frankfurt/Main, Dusseldorf, Stuttgart, Munich, Berlin, Hamburg, Hannover, XETRA
Market segment	Regulated market/Prime Standard
Index membership (selection)	MDAX, MSCI Europe, MSCI Germany, GPR Indices
Designated sponsors	Commerzbank AG, DZ Bank
Market capitalisation (31.12.2010) [1]	€813 m
Free float market capitalisation (67.20%) (31.12.2010) [2]	€486 m
Number of shares (31.12.2010)	126 m shares
Share price (31.12.2010)	€6.45
First listed	01.10.1986
Capital increase [1]	2009

[1] After capital raise from 11.02.2011 with an issue volume of 12.59 m bearer shares at €6.9 market capitalisation has risen to €894 m (Status 15.02.2011)
[2] Free float definition Deutsche Börse

Share data in €

	2010	2009	Change in %
Closing share price at end of year	6.45	5.35	+20.6
Highest share price during year	6.83	8.16	-19.5
Lowest share price during year	4.76	3.43	+38.8
Average daily turnover	441,672	621,384	-28.9
Earnings per share	-0.07	-1.61	-95.7
Earnings per share EPRA	-0.20	-1.03	-80.6
Dividend per share	0.00	0.00	-
NAV adj. per share	9.85	9.95	-1.0

Contact Investor Relations:



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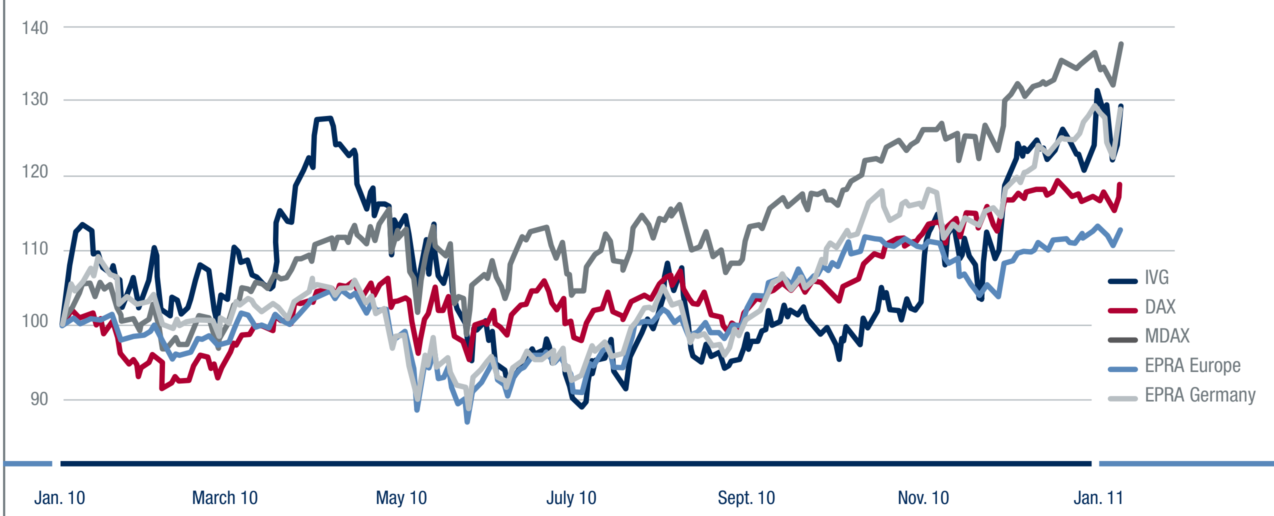
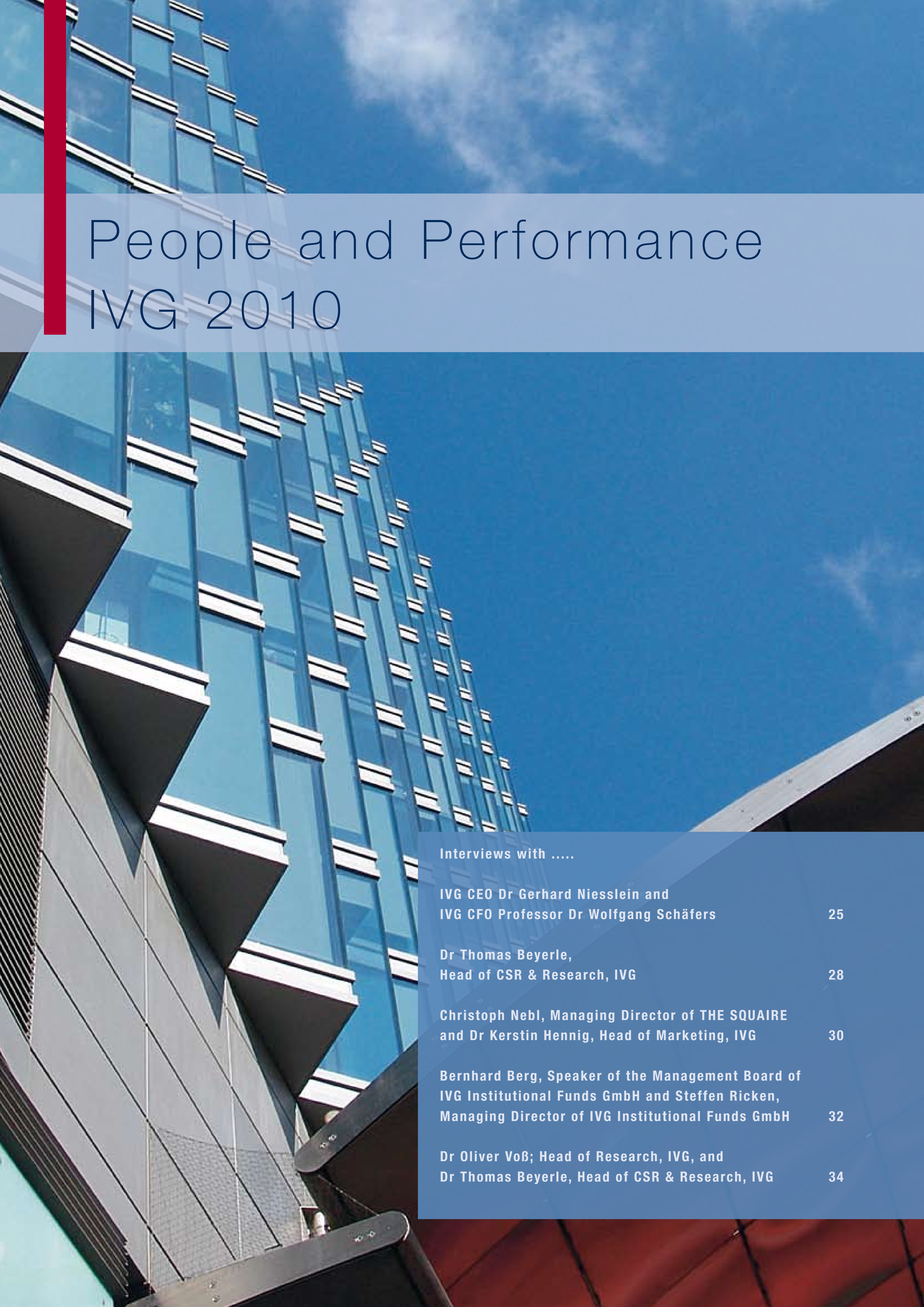
IVG index comparison indexed: 01.01.2010





People and Performance IVG 2010

Interviews with .....

"We build relationships that create sustainable values"

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

Dr Niesslein, in the strategic repositioning of IVG, you decided on the business model of an integrated investment platform. How might that work and were there activities in this regard on the market already in 2010?

Dr Niesslein: With the investment platform business model we bring together our expertise in direct and indirect investments in real estate and similar assets, taking into account different investor groups and their interests, and the asset management required for this. This results in added value for all parties involved and IVG will succeed in generating stable and consistent income. In addition, this also results in the opportunity to broaden access to attractive products for the various investor groups and tenants. One sub-area of the investment platform is the co-investment approach, which we already applied successfully in 2010 with our investment in the "IVG Premium Green Fund".

Dr Schäfers, could you give us a summary of the status of implementation of restructuring at IVG? What are the next steps and when do you expect this process could be completed?

Dr Schäfers: The implementation of restructuring measures in the past quarters has made IVG much leaner, more efficient, and more effective. We successfully met our challenge for 2010 of strengthening operating business in line with our principle of "Operational Excellence & Efficiency". The best example is the successfully implemented cost reduction programme. Other operating expenses, for instance, were reduced substantially again in 2010, by approximately 18%. However, in 2011 management activities will continue to be focussed on sustainably strengthening the company in operational and financial terms. We expect the process to be completed in the next two years when IVG has positioned itself on the market as a sustainable profit-oriented real estate company.

Completing THE SQUAIRE project at Frankfurt Airport has been and remains at the centre of IVG's ongoing development activities. What is the situation regarding the New Work City and how are the letting activities organised? In the early summer, individual areas of the Bonn head office and the Wiesbaden location will move to THE SQUAIRE. What does that mean for the employees?

Dr Niesslein: We have made significant progress in THE SQUAIRE project and have seen growing demand, particularly in the past few months – for instance, in early February 2011 we could announce an increase in the pre-letting rate to 66%, with further specific rental contracts in negotiation. Despite the one-off negative effects in the result for the fourth quarter of 2010, we essentially continue to see the current developments in completing this last major IVG development positively and are convinced of the quality of the property and the location, without any ifs ands or buts. Not least in this context, we also intend to take advantage of this optimal location and relocate the market-oriented divisions of the Bonn head office and the Wiesbaden location to Frankfurt. For roughly 115 employees, this will mean a change of workplace which will go hand in hand with a change in the current working and living conditions. However, we are fully convinced of the concept of the New Work City and believe that this will bring benefits not only for our employees but also for the company as a whole.

One pillar of IVG is the cavern business in Etzel in Northern Germany. What do you expect in terms of future developments here, and are you planning to expand these business activities?

Dr Schäfers: In the coming years, our cavern business activities will focus on on-schedule cavern development with the correct volumes and on operating the caverns pre-sold and pre-let to the fund. We will also continue the construction and development activities for the 59 "future caverns" and push forward with pre-letting them. In strategic terms, the cavern business is an attractive pillar of the investment platform for IVG and also had a major positive influence on the consolidated net profit in 2010.

The continued strategic development of IVG has led, among other things, to the establishment of the division for Corporate Social Responsibility. Does this represent another step towards sustainability following the launch of the IVG Premium Green Fund?

Dr Niesslein: Incorporating the issue of sustainability into IVG's strategic orientation is a logical consequence of the company's reorganisation. Among other things, the issue involves greater responsibility towards society and the environment and is also intended to strengthen IVG's image as a sustainably operating company with consistent income in future. To implement this task, the corporate function "Corporate Social Responsibility & Research" was created in January 2011. Our efforts in this area are also expressed in the first ever publication of an IVG Sustainability Report, which will be appearing soon.

Putting aside the final measures for restructuring IVG that were just outlined – what does IVG of the future stand for? What is its business philosophy?

Dr Niesslein: This is an issue of immense importance to the company and one that we feel very strongly about. For this reason, back in early 2010 we initiated a process which will end with a specific mission statement being defined for IVG. To this end, our first step was to develop a claim and a vision statement together with around 100 managers as part of various events. "Building Relationships" and "Creating Sustainable Value" will be IVG's slogans in future. and its new business philosophy will be anchored in this. Building on this basic idea, the second step was for the strategy participants to develop the formulation of a corporate vision, which reads as follows: "With passion and international expertise as an asset and investment manager, we provide our customers with tailored solutions. We build relationships which lead to sustainable value." To complete the process, in 2011 we want to work together with all employees to give life to this vision and develop a mission statement. In this context, all employees are invited to take part in workshops to define a yardstick for our actions and way of thinking in the coming years. The result is then a complete mission statement that describes concisely what IVG of the future stands for and what distinguishes the company.

Last month, IVG successfully placed a small capital increase on the market again: Analysts are again increasingly recommending buying IVG shares. Dr Schäfers, what do you attribute the positive sentiment on the capital market to? What is your opinion on the opportunities and risks for real estate shares in 2011 in general?

Dr Schäfers: In our view, the success of this most recent capital increase, in which we placed approximately 12.6 million bearer shares with institutional investors, is due to the investors' ever increasing confidence in IVG. It is the result of our efforts to continually increase transparency and to be openly accountable at all times to all of our investors, regardless of whether they are private or institutional. In addition, the environment for real estate shares has improved again and we are observing a significant "catch-up effect". We are convinced that for 2011 we will also represent an attractive investment alternative again and, as in the year under review, we will increasingly familiarise interested investors with IVG at roadshows, conferences and in one-on-one discussions.

Dr Niesslein, Dr Schäfers, what are your goals for 2011?

Dr Niesslein: The goals IVG has set itself for 2011 primarily include the finalisation of the project THE SQUAIRE and the successful placement of the last free spaces with potential tenants. Using the investment platform model, we will selectively exploit market and investment opportunities as a co-investor. This also includes developing further product innovations in the division and broadening the investor and product spectrum.

Dr Schäfers: The restructuring process involves optimising the business processes by using more efficient analyses, planning and management tools, restructuring the financial liabilities with regard to reducing the loan-to-value and optimising the maturity profile, and stabilising income and further reducing costs in operating business. In 2011 we will also continue our transparency offensive in line with the EPRA Best Practice Recommendations and thereby promote increasing trust in IVG.

Awards for IVG in 2010

The realignment of IVG initiated in the year 2009 accompanied by the transparency offensive has met positive feedback from various market participants in 2010. On behalf of the press, IVG has been awarded particularly for its transparent and open communication policy. IVG was able to receive a number of awards for its investor relations work. The strategic development led to awards especially for the operative segments IVG Funds and IVG Development.

WVFI award for active press relations work of IVG won again

The Wissenschaftliche Vereinigung zur Förderung des Immobilienjournalismus e.V. (WVFI) (Academic Association for the Promotion of Real Estate Journalism) selected IVG as the company with the "most active press relations work" in the category of "real estate companies" for the ninth time. IVG Immobilien AG also took first place among real estate companies that stand for a particularly transparent and open communication policy, a position it has held for the fourth time.

BIRD award for IR of IVG

In the survey by the investor magazine Börse Online, IVG received the BIRD (Best Investor Relations in Germany) award in the MDax and came in at second place in an overall comparison throughout Germany. The survey assessed accuracy of forecasts, changes to forecasts, up-to-date information, comprehensibility, credibility, contact, IR website, annual reports, quarterly reports, ad-hoc reports and image advertising. With the 2010 BIRD questionnaire, Börse Online investigated for the eighth time how well private investors feel they are kept informed by the IR departments of the 160 major listed German stock corporations.

Thomson Reuters Extel Pan-European Survey 2010 – Best IR Manager for Real Estate in Europe & German Investor Relations Award 2010 – Best IR Manager in the MDax Companies Segment

In May 2010, IVG employees received the "German Investor Relations Prize 2010" in the MDax segment for the liaison with institutional investors. In this survey the German Investor Relations Association (Deutscher Investor Relations Verband, DIRK), together with the market researchers from London firm Thomson Reuters Extel, had questioned over 800 fund managers and analysts from 17 European countries who work for roughly 300 fund companies, banks, brokers and insurance companies. The survey rated transparency and accuracy of the annual and quarterly reports, the reliability of the forecasts and for professional and sector-specific knowledge. At European level, IVG took first place out of 57 in the listed real estate stock corporations segment for members of the investor relations team.

CAPITAL/DVFA IR Award 2010 – IVG on the rise in MDax companies segment

The Capital IR Prize is awarded by Capital magazine each year. In this survey, 400 analysts and fund managers rate the IR work of close to 200 stock corporations on the basis of the "principle for effective communication". The assessment criteria include transparency and quality of forecasts. Here IVG was the climber in the MDax in 2010.

Feri Award – IVG as best initiator for international real estate

IVG Private Funds was awarded the 2010 Feri EuroRating Award in the category of "best initiator for international real estate". The Feri EuroRating Awards are a seal of quality which allows investors to identify those initiators that have launched particularly attractive funds. In the international real estate category, IVG Private Funds impressed with its transparent cost planning and its asset expertise.

Immobilienmanager Real Estate Oscar 2011 – Sustainability Award

At a major gala with 370 guests from the real estate, construction and financial sectors, the IVG project development "An den Brücken" in Munich was awarded the Sustainability Award by the trade magazine Immobilienmanager. The following reasons were cited for the award of this prize: "IVG applied renewable and pioneering technologies in the construction of the building. Heating and cooling are powered by geothermal energy through building component activation, individually controlled through ceiling sails. User comfort is increased by temperature controls for each room, the use of low-emission materials as well as natural lighting and ventilation." The first section of the building received LEED Gold certification, while the second section earned LEED Platinum certification, which was granted for the first time in Germany. The property was contributed to IVG's Premium Green Fund, Germany's first specialised fund for sustainable properties.

"Sustainability is one of the key drivers for our realignment"

Interview with Dr Thomas Beyerle, Head of CSR & Research, IVG

Dr Beyerle, you joined IVG in January 2011 as head of the new CSR & Research division. What appeals to you about this task?

Dr Beyerle: Over the last two years, I have been able to follow IVG's development from outside the company. In doing so, I saw a major positive change in the business model and consequently in corporate conduct. Those at the top of the company are credibly communicating their will to change to the market. This drive for development has since spread far through the staff levels.

I look forward to strengthening the Research division – which is traditionally very strong at IVG – in my position of responsibility and giving it new impetus in terms of its strategic orientation. Important keywords here are investment approach, strategy support and opinion making with market topics. What will be new is the focus on the area of CSR: IVG is the first company in the German real estate sector that has virtually institutionalised the issue of sustainability. This area offers huge scope for future-oriented conduct that can be of major importance to IVG's continued strategic development.

What does Corporate Social Responsibility (CSR) mean and what changes are planned as part of establishing the new corporate function?

Dr Beyerle: In one sentence, CSR means taking responsibility for the future – within the company and externally. CSR will also be part of our vision and mission and one of the sources of impetus for strategic realignment. This is linked to specific CSR measures taking account of ecological and economic requirements. Only companies that are convincing in their role as sustainably operating market participants will be rewarded in future by the markets.

What does this mean in concrete terms? We want to be pioneers in our sector in implementing a "best practice approach". One component of this will be our CSR reporting for real estate investments. It goes without saying that CSR also needs to be applied in our external relations. For instance, in selecting strategic partners (CSR Supply Chain Management), suppliers and of course customers, we will accordingly set clear standards. In short, CSR doesn't just mean building or owning a "green building". The issue also influences the whole Group in Germany and abroad and is already impacting topics such as product development, compliance and employee retention and development, to name just a few. Even IVG's new company car guideline has been positively influenced by this in ecological terms.

What goals have you set yourself for the new task? What would you like to change?

Dr Beyerle: I have three goals in mind above all. In the short term, the preparation and communication of a professional IVG sustainability report is on the agenda. Here, I am certain that we will start a new communications chapter within the real estate sector. Secondly, by the end of the year we will have developed a corporate CSR strategy which will enable IVG to act as a front-runner in the sector in the coming years. We want to be a model – when the words sustainability and real estate sector are mentioned together, market participants should immediately think of IVG. And thirdly, a screening of our portfolio will be carried out. Here we will answer the question of which properties we can position as future-oriented at what expense, and which we cannot.

What importance do IVG's stakeholders attribute to the issue of CSR? What relevance does a company's focus on CSR criteria have for the financial market participants?

Dr Beyerle: Stakeholders – i.e. employees, investors, customers or suppliers – by definition have an interest in the company's long-term success. In the truest sense of the word, they have something at stake – in most cases, their own economic success. Accordingly, they ought to have a natural interest in the issue of CSR – not without a healthy portion of reflection, of course.

Even if from time to time a short-term success beckons elsewhere, a company's fundamental focus on CSR criteria is a question of sustainable maintenance and should therefore be measured in years, not by the quarter. Nonetheless, a change must be visible from quarter to quarter – lived out by the people at IVG. In the long run, the economic component also comes into its own here.

Case study:
IVG Premium Green Fund

Total investment volume	€300 m
Investments	4 sustainable office building complexes
Locations	Berlin, Munich, Frankfurt/Main, Bonn
Completion	Dec. 2009 - Feb. 2011
Structure	Club deal with 5 institutional investors
Equity	€165 m
Loan-To-Value	45%
IVG share	20%
Distribution yield *	5.5%
Total yield IRR *	8%
Occupancy rate	90% (28 February 2011)
Average terms of the rental agree-ments	9.5 years
Lettable space	81,000 sqm
Parking spaces	871

* Target yield

In the first half of 2010, IVG launched the first specialised real estate fund for sustainable buildings and placed it in full.

The office properties are located in good city-centre locations and have excellent infrastructure connections. All four locations are within walking distance of train stations and/or bus stops in the local public transport network. As at 28 February 2011, the portfolio consisting of ten office buildings in total has an occupancy rate of 90%.

The aim of the IVG Premium Green Fund is to take advantage of the real estate cycle and the growing demand for "green" properties to generate attractive disposal proceeds.

The property portfolio of the IVG Premium Green Fund comprises lettable space of nearly 81,000 sqm (of which approx. 90% is office space) and 871 parking spaces. The largest portion of the investment relates to the "Hackesches Quartier" in Berlin (percentage in terms of value: 45%). The second focus of the portfolio is the office property "An den Brücken" in Munich (33%). The portfolio is rounded off with the investments in Frankfurt/Main with the completely renovated "Frankfurt Central" building (14%), located directly opposite Frankfurt Central Station, and in Bonn with the office property "artquadrat" (8%), which was completed in 2009.

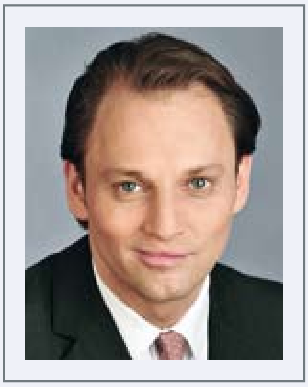
The central standard for the IVG Premium Green Fund is the Green Building certification system LEED (Leadership in Energy and Environmental Design), which was developed by the U.S. Green Building Council and has the highest level of international acceptance among investors and tenants. As a minimum requirement the properties in the fund must have at least "LEED Silver" status, and higher certifications are targeted. Platinum and Gold certification has already been achieved for the properties in Munich. The advantages of this building quality lie particularly in cost effectiveness. The additional costs of roughly 2% to 10% for a sustainable construction method are optimally offset by higher rental income.

In addition to lowering operating costs, sustainability also creates a healthy environment at the workplace and reduces the environmental impact and long-term follow-up costs due to environmental damage. Scientific studies have also come to the conclusion that office properties geared towards sustainability can be positioned much better on the market thanks to their building quality (e.g. energy efficiency, indoor climate, ancillary costs, image). The properties therefore have measurable competitive advantages over conventional buildings, which have a positive impact on both letting and value development.

"THE SQUAIRE faces a successful future"

Interview with Christoph Nebl, Managing Director of THE SQUAIRE and Dr Kerstin Hennig, Head of Marketing, IVG

Mr Nebl, THE SQUAIRE has been a focus of attention in the media and the real estate industry as a unique project in Europe. What is the status quo here?



Nebl: At the beginning of January 2011, the first tenants already began to move into THE SQUAIRE and will gradually be followed by others in the coming weeks and months – we are therefore talking about an "ongoing" opening. We can already clearly see the effects of the reorganisation of marketing in 2010 in the form of success in letting, and can already report a marked increase in demand for lettable space. Visitors can also now see that the building is about to be completed and that its quality and that of the lettable space is becoming clear and visible.

Dr Hennig, the success in letting is surely partly due to the active marketing. What marketing measures and letting campaigns are planned for 2011?

Dr Hennig: Our marketing measures will focus particularly on developing a brand, a permanent profile that THE SQUAIRE is to stand for. As such,

right from the start we placed a great deal of value on a long-term concept which allows for permanent strong brand creation beyond the letting phase itself. In addition to the two unique selling points – a unique location and unique architecture – the concept of the New Work City is the third element at the heart of the positioning. The New Work City concept represents the brand essence. Through the clear focus on the needs and requirements of people in the business world, a highly promising concept for success has been developed here. Companies are more successful here because employees are offered a platform which allows for both enhanced efficiency and increased motivation, thus optimising the company's performance.

What concepts can you offer prospective tenants beside the traditional office?

Nebl: THE SQUAIRE certainly offers a variety of spaces – not just in terms of their size but also their utilisation concepts. One of our new letting concepts is the so-called "satellite office", which offers a large company the opportunity to establish a small representative office at this central location with high prestige and optimal connections. With this concept, the companies do not need to relocate their head office or open a major new branch office. Rather, through their representation at the transport hub of Frankfurt Airport they benefit from the many different advantages of this location. There is simply no better or more central location to welcome business partners and customers from all around the world.

We can currently see the initial construction activities for SQUAIRE Parking. What will SQUAIRE Parking change?

Nebl: With 2,500 additional parking spaces, SQUAIRE Parking creates a competitive advantage for THE SQUAIRE, as the ratio of parking spaces to office space is considerably more attractive than in properties with space of a comparable quality in the Frankfurt business district. In addition, as a partly public car park SQUAIRE Parking reinforces the concept of the New Work City by optimising the links between all major forms of passenger transport – air, rail and road – in a way that is convenient for customers.

Furthermore, SQUAIRE Parking will be an addition to IVG's sustainable portfolio and a further sign of our activities in the area of green building. As with THE SQUAIRE, we are aiming for LEED Gold certification for SQUAIRE Parking. This would represent the achievement of another milestone for the sustainability of THE SQUAIRE and the Airport City.

Case study:
New Work City in the project THE SQUAIRE

THE SQUAIRE brings together all advantages: the unique location at the heart of the Airport City and the centre of mobility in Europe are combined with a new working and living environment. In THE SQUAIRE, the New Work City systematically puts focus on optimising company goals.

In addition to the workplace itself, which is easy to reach thanks to optimal local and long-distance transport connections, everything you need for your daily life is within walking distance. For instance, directly on the way from the train to the office you can stop by at the bakery or quickly drop off a couple of shirts at the dry cleaner's. Client relationships can also be improved, as you are centrally connected here and a meeting can be arranged much more easily. The New Work City links private life and working life in a pleasant, energising way and thus offers a unique opportunity for its users.

Conference: Unique spatial concepts for meetings of 2 to 578 people for exchanging information, holding confidential discussions or holding a conference

Network: Networks and exchanges at the highest level combining a restaurant, a business lounge and VIP conference rooms

Work: From mobile offices to satellite offices to representative corporate headquarters. New office types for a sophisticated business community

Shop & Taste: Shopping and relaxing under one roof; eating and drinking in bars, cafés and international restaurants

Relax & Stay: Relaxing in Hilton Worldwide Group hotels, working out in the fitness centre and an excellent concierge service

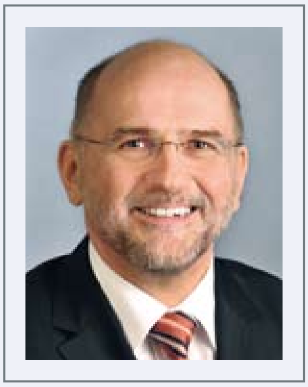
See & Enjoy: Light-filled atria and the unique ballroom “Globe” in the Hilton Frankfurt Airport; top conditions for events and exhibitions

Through the clear focus on the needs and requirements of people in the business world, a highly promising concept for success has been developed here. Companies are more successful here because employees are offered a platform which allows for both enhanced efficiency and increased motivation, thus optimising the company's performance.

“We focus significantly increased on investors’ expectations”

Interview with Bernhard Berg, Speaker of the Management Board of IVG Institutional Funds GmbH and Steffen Ricken, Managing Director of IVG Institutional Funds GmbH

You both moved to the management of IVG Institutional Funds last year. Why did you take this step and what do you want to do to make a difference in this area?



Berg: With a market share of around 24%, IVG Institutional Funds clearly has a market-leading role in specialised real estate funds in Germany. The company’s many years of expertise in this area allow for it to meet institutional investors’ requirements for secure and sustainable investment products in a professional way. Central structuring expertise together with local real estate market knowledge throughout Europe enable us to offer investors innovative and tailored products, not only in the form of German specialised real estate funds but also in line with international standards via our Luxembourg platform.

Ricken: We want to build on the successful development of IVG Institutional Funds in the past years. However, our future business will be characterised by more intense competition and increasing customer expectations. We must respond to this with the best possible customer support and attractive real estate products. We will therefore further diversify our product portfolio in the coming years by moving into new asset classes and by broadening our already excellent customer base with international investors in particular. IVG offers an ideal basis for this with its business model of an integrated investment platform.

Assets under management (AuM) decreased in the past financial year. What were the reasons for this?

Berg: At the end of the year IVG Institutional Funds was managing a real estate portfolio of approximately €12 billion. In 2010 we sold 40 properties with a total value of nearly €800 million from our portfolio as planned, despite the difficult market situation. Because on the other hand we were still acting cautiously with regard to purchases, our fund volume decreased by roughly €550 million as against the previous year. While we could still identify a considerable shortage of sufficiently qualified investment properties over 2010 as a whole, for some now we have been seeing a much improved starting situation on the investment market.

The decrease is also due to the reorganisation of the product range. Specifically, a rearrangement of older portfolio funds is currently taking place on the one hand, while on the other hand there is a change from “evergreen” funds to term funds and the addition of innovative speciality funds to the product range. These changes temporarily lead to minor effects on AuM and profits. However, they form the basis for the successful development of IVG Institutional Funds in the long term.

What strategy are you pursuing to increase AuM again? What is the new growth concept based on?

Ricken: In future we will address investor requirements in an even more targeted way. For instance, we need to meet the current investment requirements of investors in our portfolio funds with properties in line with the strategy while at the same time securing the basis for our future growth with new investment products. In this context, our new products will meet our investors’ expectations in a much more focused way. For instance, we will concentrate on specific types of use at locations with attractive growth potential and where IVG is present. Here our investors have direct access to our local real estate and location expertise. In addition, the internationalisation of our customer base is becoming increasingly important as another strategic focus. We will further increase our structuring expertise particularly outside German specialised funds, e.g. in Luxembourg, so that we can also offer international investors suitable product structures for real estate investments.

IVG invests in its own products as a co-investor. What is its purpose in doing so?

Berg: IVG’s selective co-investment, for instance in the IVG Premium Green Fund, guarantees an alignment of interests between IVG and our other investors over the term of the fund. Co-investment ensures that IVG and its investors participate in the value creation of the properties in the fund.

Case study:
IVG Paris Fund

Total investment volume	€200 million to €300 million
Investments	3 to 6 sustainable office building complexes
Investment period	24 months from closing
Locations	Paris, Île-de-France, Top locations
Structure	Club deal consisting of a maximum of 6 investors
Equity	€100 million to €150 million
Loan-To-Value	max. 50%
Distribution yield *	4.5%
Total yield IRR *	6%
Average terms of the rental agreements	10 years

* Target yield

In the past two years, there has been a fundamental change in demand from institutional investors away from products with a diversified portfolio towards fund products with a specific investment target – so-called speciality funds. The investment focus of these funds is defined by a specific topic which the investments are geared towards.

It can increasingly be observed that investors are controlling the strategic diversification of their portfolios as they see fit and are putting together the portfolio from different fund and investment vehicles with a thematic focus. The level of diversification and structuring of the portfolio based on the type of use, the investment profile of the property or thematic and geographical aspects is thus shifting from the fund company level to the investor level. IVG is therefore focusing on arranging its product range in line with this investor demand. This can already be seen in the fund products recently launched by IVG Institutional Funds. The IVG Premium Green Fund, the IVG Cavern Fund and the IVG Paris Fund all belong to the category of speciality funds.

IVG Institutional Funds has launched a Paris fund with an investment volume of approximately €250 million and a term of ten years. Early February 2011 saw the first closing of the fund with four institutional investors. At the same time, the first property for the fund was secured, a building on the Boulevard St. Germain on the Rive Gauche.

The fund is a specialised real estate fund under German investment law. A maximum of six investors can participate with a minimum amount of €15 million each in the fund, which is being launched in a club deal structure. "The great interest in our new IVG Paris Fund underscores the trend towards regionally focussed products with a focus on city-centre locations", emphasises Bernhard Berg, Speaker of the Management Board of IVG Institutional Funds GmbH.

The new IVG Paris Fund invests only in office and retail properties in the centre of Paris, Île-de-France, which is both the economic centre of France and also the second largest real estate market in Europe after London. With this strategy, the fund will benefit from rising rents in this area and from the long-term rental agreements and annual rental indices usually found there. The core strategy of the new IVG Paris Fund is primarily geared towards high letting and income security. The risk/return profile of the fund is accordingly security-oriented and is calculated with an annual minimum distribution of 4.5% and a targeted overall performance of at least 6.0% (IRR). The target investment volume of approximately €250 million has a maximum borrowing rate of 50%. With the IVG Paris Fund, IVG Institutional Funds is continuing its successful series of IVG club deal funds.

The first fund property, a fully let building with a well-known retail address in an excellent city-centre location which was completely revitalised in 2008/2009, was secured for the fund at an initial yield of 5.4%. The remaining term of the rental agreement is 10 years.

"The German commercial real estate market offers delightful yield perspectives"

Interview with Dr Oliver Voß; Head of Research, IVG, and Dr Thomas Beyerle, Head of CSR & Research, IVG

How do those in charge of IVG Research assess the current market and economic development?

Dr Voß: Following the severe recession in the previous year, the economy in the European Union in 2010 was characterised by a recovery. According to the OECD, economic output in the euro zone increased by roughly 1.7%. The economic recovery has not yet resulted in a turnaround in the unemployment rate trend in Europe as whole. The few European countries which saw a significant decrease in the unemployment rate included Germany, Finland and Sweden. The annual inflation rate in the euro zone soared to 2.2% towards the end of the year; in Germany it was at 1.9%. For 2011, most analysts anticipate a moderate inflation rate. In this respect we agree with the analysts' opinion and also expect the European Central Bank to raise the key interest rate from its current level of 1.0% in the second half of 2011 at the earliest.

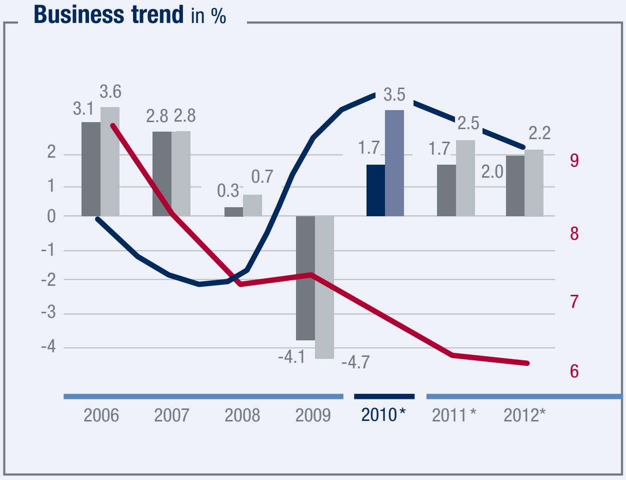
How are the current developments influencing the European real estate rental markets?

Dr Beyerle: As a result of the economic recovery and the low rental price level, in 2010 we saw a significant increase in European office take-up. In comparison to the preceding recession year, there was a 30% increase in the twenty European markets observed. However, the vacancy rate rose slightly, as the majority of the transactions on the rental market were based more on companies changing premises than on a requirement for additional offices. The prime rents on the European markets increased by 4.4% on average in 2010.

The transaction volume on the real estate investment market saw a significant increase in 2010. Could you give an assessment of this?

Dr Beyerle: According to data from CB Richard Ellis, the transaction volume in Europe actually increased by 44% year-on-year to €105 billion in 2010. In our opinion, the reasons for this include the stabilisation on the letting markets, the low yield on government bonds in the major EU countries, and a certain relaxation of the financing conditions. There was also

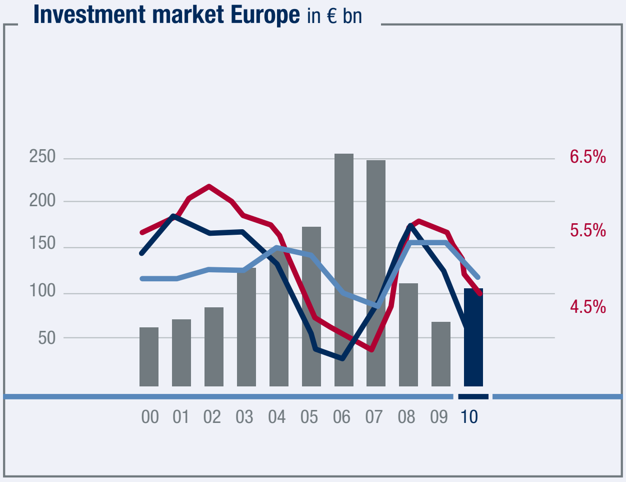
Business trend in %



Growth eurozone
Growth Germany
* Forecast
Unemployment rate eurozone
Unemployment rate Germany

Source: OECD, OECD Economic Outlook No. 88 (November 2010)

Investment market Europe in € bn



Investment volume
Prime Yield Frankfurt/Main
Prime Yield London
Prime Yield Paris

Source: IVG Research based on data from CB Richard Ellis and Jones Lang LaSalle (January 2011) an increasing number of major transactions again, with price increases arising in the prime segment. The increase in the transaction volume in Germany by 86% to roughly €20 billion was even more substantial.

Is it true that the focus here has largely been on the core segment so far?

Dr Voß: That's correct – the focus has been on the core markets in the UK, France and Germany. Fully let, high-quality properties in excellent locations played a particular role here. Because the supply in this segment has dried up considerably, some investors are now starting to cautiously feel their way up the risk curve. This is also happening because the initial yields for prime properties were constantly decreasing over the course of 2010 due to the excess demand.

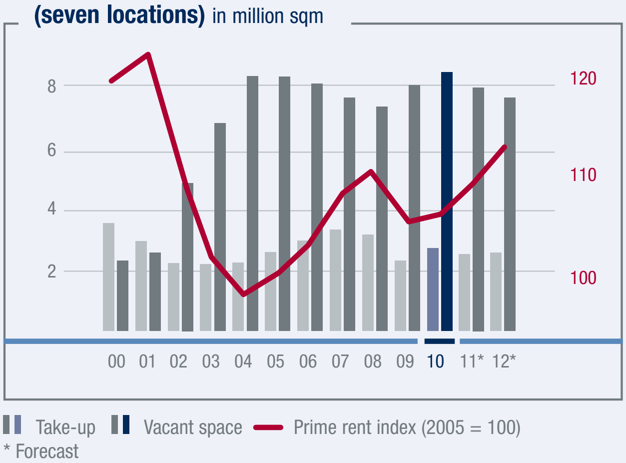
How do you expect the European investment markets to develop in 2011 and what are the prospects for Germany here?

Dr Voß: We expect that the European investment markets will continue to be characterised by rising transaction volumes and decreasing initial yields in the current year. However, the compression of yields will be slowed from the second half of 2011 on due to the increase in long-term interest rates on government bonds. As a result of the recent strong economic recovery, the German commercial real estate market offers potential investors not only stability, low volatility in rents and top initial yields, but also good income prospects.

Will the situation change on the German office rental market too in the near future? How do you view the prospects for Germany's office strongholds?

Dr Beyerle: In light of the fact that completions of new office properties have decreased, the unusually strong economy in the five biggest office locations has been reflected not only in a stabilisation of the vacancy rate at 10.3%, but even in a shortage of high-quality office space. The nominal rents for prime office properties therefore increased again in the fourth quarter of 2010. We expect rents to increase further in the current year, too, and anticipate high take-up due to the many rental contracts which were concluded in the boom periods of 2001 and 2006 and will expire in 2011. However, in 2011 the segment of average-quality office space will still be negatively impacted by a high base vacancy rate which will decrease only gradually.

Office letting market Germany (seven locations) in million sqm



* Forecast

Quelle: IVG Research (February 2011).
Locations Berlin, Dusseldorf, Frankfurt, Hamburg, Cologne, Munich and Stuttgart.

Company facts IVG 2010

IVG Group

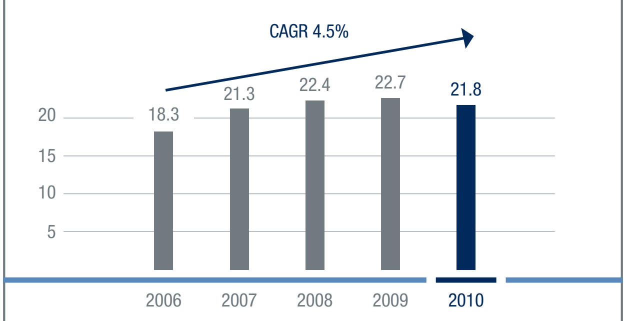
IVG is one of the major publicly listed real estate companies in Europe

IVG Immobilien AG is one of Europe's major real estate companies. With around 590 employees (FTE) at 19 locations, the company manages assets of approximately €22 billion. Through its network of branch offices in major German and European cities, IVG manages properties including office properties from its own portfolio with a market value of €4.3 billion.

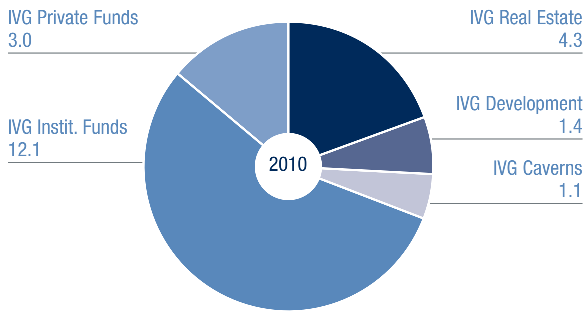
It also builds and operates underground caverns in Northern Germany for the storage of oil and gas. In the funds segment, IVG is the market leader for specialised real estate funds for institutional investors. Together with the closed-end real estate funds for private investors, IVG manages funds and mandates with a volume of €15.1 billion.

IVG has total Assets under Management amounting to €21.8 billion, presented in the following graphics over time, by segment and by region.

Assets under Management in € bn

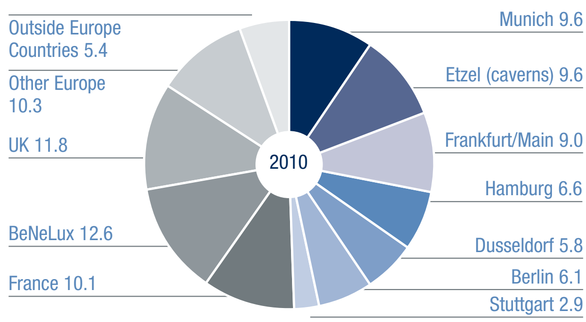


Assets under Management by segments in € bn



Total volume: €21.8 bn

Assets under Management by geographic region in %



Total volume: €21.8 bn
Volume Germany: €10.6 bn (49.8%)

Assets under management were down 4.3% as compared to 2009. This is chiefly due to a decline in the fund volume managed (sales volume was higher than purchase volume) in the Institutional Funds segment and the selective sales of properties in the Real Estate segment.

Positive earnings development after losses in 2008 and 2009

IVG Immobilien AG reports consolidated net profit of €23.2 million for 2010. This is a significant improvement as compared to 2009 (loss of €158.0 million) and 2008 (loss of €451.7 million) and clearly demonstrates the success of the restructuring programme initiated in early 2009.

At €250.9 million in 2010, EBIT before unrealised changes in value was up roughly 16% on the previous year. The unrealised changes in value were also much improved at -€14.6 million (2009: -€175.4 million). This was largely due to lower negative unrealised changes in market value of investment property in the Real Estate segment of -€87.8 million (2009: -€194.2 million) and lower write-downs on inventories for project developments, mainly in the Development segment, of -€45.4 million (2009: -€166.9 million). This was offset by the decrease in unrealised changes in market value of caverns from the fair value measurement of caverns under construction of €140.8 million (2009: €197.0 million).

Profit and loss in € m

	2010	2009	Change in %
EBIT before unrealised changes in value			
Real Estate – operational	196.3	217.7	-9.8
Real Estate – realised changes in value	1.0	-63.6	-
Development	39.2	24.2	+62.1
Caverns	24.6	38.5	-36.1
Institutional Funds	18.2	23.0	-20.8
Private Funds	2.1	1.7	+26.7
Corporate functions	-30.6	-23.9	+28.1
Consolidation	0.0	-0.7	-
	250.9	**216.9**	**15.7**
Unrealised changes in value			
Investment Property Real Estate	-87.8	-194.2	-54.8
Investment Property Caverns	140.8	197.0	-28.5
Material expenses	-45.4	-166.9	-72.8
Other	-2.3	11.4	-
Financial result	-19.9	-22.7	-12.3
	-14.6	**-175.4**	**-91.7**
IVG Group			
Financial result without changes in value	-215.2	-230.7	-6.7
Income taxes	2.1	31.3	-93.3
Consolidated net profit	**23.2**	**-158.0**	**-**

EBIT before unrealised changes in value amounted to €250.9 million in 2010 (2009: €216.9 million). The financial result before changes in value fell to -€215.2 million in 2010 (2009: -€230.7 million), primarily due to decreased interest rates. The change in income taxes from €31.3 million in 2009 to €2.1 million in 2010 is mainly due to the change in the earnings development.

NAV figures in € m

	2010	2009	Change in %
Assets *			
Real Estate	4,475.8	4,672.3	-4.2
Development	1,076.1	1,005.3	+7.0
Caverns	771.3	595.5	29.5
Instititutional Funds	260.5	263.1	-1.0
Private Funds	11.9	95.3	-87.5
Corporate functions	425.9	479.4	-11.1
Total assets	**7,021.5**	**7,110.8**	**-1.3**
Derivative and deferred tax assets	271.0	282.5	-4.1
Total assets (according to consolidated balance sheet)	**7,292.4**	**7,393.4**	**-1.4**
Liabilities			
Liabilities	5,288.5	5,254.4	+0.6
Hybrid capital and minority interests	401.3	401.3	0.0
Other liabilities	533.8	648.7	-17.7
Derivative and deferred tax liabilities	184.0	225.1	-18.3
IVG Group			
NAV	**884.8**	**863.8**	**+2.4**
Value of caverns	356.3	389.6	-8.6
NAV adj.	**1,241.1**	**1,253.4**	**-1.0**
NAV figures in € per share			
Net Asset Value	7.02	6.86	+2.4
Value of caverns	2.83	3.09	-8.6
Net Asset Value adjusted	9.85	9.95	-1.0

* Balance sheet figures may vary from Assets under Management

Net asset value – first increase in 2 years

As a result of the positive consolidated net profit in 2010, equity attributable to Group shareholders increased again for the first time in two years to €7.02 per share (2009: €6.86 per share).

The net asset value including the adjustments for the off-balance sheet part of the 26 remaining fund caverns and the 59 remaining future caverns forms the Group's adjusted net asset value. At €356.3 million, the adjustments were lower than in the previous year (€389.6 million). This is mainly attributable to the first-time recognition in 2010 as planned of nine caverns under construction, whose off-balance sheet part was included in the figure for 2009.

The adjusted NAV per share (including the future value potential from caverns business) accordingly remained almost constant at €9.85 per share (2009: €9.95 per share).

Funds from Operations (FFO) in € m

		2010	2009 *	Change in %
EBIT Group		**256.2**	**64.0**	**-**
+/-	Unrealised changes in value	-5.3	+152.8	-
EBIT Group (before unrealised changes in value)		**250.9**	**216.8**	**+15.7**
A)	Elimination of non-recurring EBIT from development activities +/- EBIT Development (before changes in value)	-39.1	-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)	+0.2	+63.7	-99.7
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)	+6.6	+5.5	+20.0
+/-	Gains/loss from associated companies accounted for using the equity method (excl. Development)	-6.3	+10.4	-
+/-	Other non-cash effects included in EBIT (excl. Development) and one-off items	-8.4	-22.8	-63.2
D)	Less regular payouts to other stakeholders			
+/-	Net interest result (cash effective part financial result without development financing)	-156.6	-155.2	+0.9
+/-	Current income tax expenses (cash tax, according to cash flow statement)	-8.2	-21.7	-62.2
-	Accrued payouts hybrid holder (to be payed out later)	-24.0	-26.0	-7.7
FFO I - recurring (excl. activities from development and trading)		**15.0**	**55.8**	**-73.1**
per share		**0.12**	**0.47**	**-74.5**
+/-	Add back eliminated result from trading activities	-0.2	-63.7	-99.7
+/-	Add back eliminated result from development activities	+39.1	+14.8	-
+/-	Elimination of non-cash effects included in EBIT from development activities	-11.9	-1.5	-
	+ Depreciation and amortisation of intangible assets and property, plant and equipment	0.0	+0.6	-
	+/- Gains/loss from associated companies accounted for using the equity method	-9.6	+1.9	-
	+/- Other non-cash effects included in EBIT and one-off items adjusted earlier	-2.3	-4.0	-42.5
+/-	Add back eliminated cash effective from development financing	-32.0	-33.6	-4.8
FFO II - total (incl. activities from development and trading)		**10.0**	**-28.1**	**-**
per share		**0.08**	**-0.24**	**-**
Average number of shares		126.0	117.9	+6.9

* Restated due to change in methodology in 2Q/2010

FFO I indicates positive operational earnings power

In 2010, IVG generated FFO I of €15.0 million, or €0.12 per share. Our core business thus possesses positive operational earnings power after adjustment for one-off effects (such as development costs and sales activities).

Business model streamlined as part of restructuring

As a result of restructuring, IVG is now considerably leaner, more efficient and more effective. IVG was repositioned in strategic terms in particular and now operates on the market as an integrated investment platform. As an investment platform, IVG will mainly offer tailored products for the requirements of institutional and private investors in real estate and similar investments, while also participating selectively in its own products through capital partnerships as a co-investor.

The business model consists of the two pillars Investment and Funds, which stand on the joint overall foundation of IVG's own Asset Management as an integrated value added chain. It aims to secure existing income potential in operating business and further reduce cyclical activities entailing a risk.

For IVG, the issue of sustainability – in general and in a specific real estate context – is of great importance to its business model and strategy. In this context, a sustainability strategy is currently being defined for the Group, taking into account the interests of the various sub-divisions of the Group and also of other stakeholders. This strategy will form a framework for the further development of the platform and individual products.

The strategic realignment of the business model simplified the corporate structure and focused on a clear orientation on sustainable core business with stable consistent income. This allows IVG to minimise risks, save costs, and significantly increase efficiency.

Active portfolio management of properties

On the basis of an active portfolio management strategy, the Real Estate division identifies property-specific potential and optimises it by means of appropriate measures. The properties are then sold in line with the cycle, taking into account current market environment. The central link in the value added chain is our Asset Management service unit, which has a network of branch offices in Europe – and thus works directly on sustainably increasing rental income, improving economic occupancy rates, and raising development and building rights reserves. The regional focus here is on the German office property market and on selected European locations.

Key figures in € m

	2010	2009	Change in %
Revenues	303.0	632.8	-52.0
thereof net rents	*259.3*	*303.4*	*-15.0*
thereof service charge	*37.6*	*38.4*	*-2.0*
thereof other revenues	*6.1*	*290.9*	*-98.0*
Changes in inventory	-2.9	-276.0	-
Unrealised changes in market value of investment property	-87.8	-194.2	-
Realised changes in market value of investment property	1.0	-63.6	-
Other income	9.6	32.0	-70.0
Operational expenses	-112.2	-175.0	-
EBIT	**110.6**	**-44.0**	**-**
Proceeds from sales	349	933	-63.0
Acquisitions	29	39	-25.0
Fair value at end of year	4,266	4,527	-6.0

Stabilised market values

The positive development on the real estate markets and active asset management contributed to a decrease in the negative effects on changes in market value over the course of the 2010 financial year. At -€87.8 million, these were therefore much lower than in previous years.

Overall, the value of the portfolio decreased from €4,527 million to €4,266 million mainly due to scheduled property sales.

Tactical sales lead to positive contribution to earnings

Under careful consideration of the risk/return profile of individual properties, 23 properties were sold in the past year, resulting in an inflow of liquidity totalling €348.6 million.

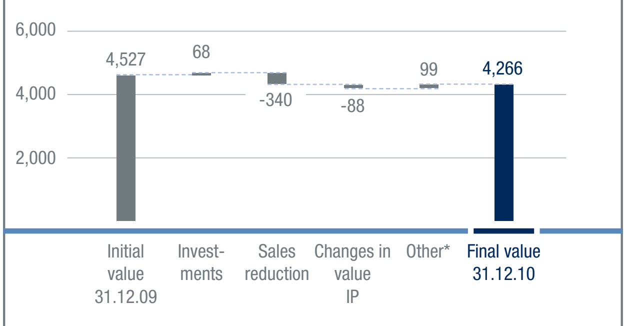
The biggest transaction in the divestment programme, at €180 million, was the placement of the property TheNorthGate in Brussels, which was added to the EuroSelect 20 closed-end fund launched by IVG via the integrated investment platform. Another 22 properties (including 7 partial property sales) were placed directly on the market.

Main portfolio acquisitions and disposals *

Purchases 2010	City	Country	Lettable space sqm	Price € m
Karl-Weinmair-Str. 9-11, Fashion Mall Titan	Munich	Germany	9,857	29.4
Disposals 2010				
Bd du Roi Albert II 6-8, 16	Brussels	Belgium	60,001	180.0
1 Aldgate	London	UK	5,181	40.2
20 St. James's Street	London	UK	5,116	48.6
29 Wellington Street	Glasgow	UK	7,158	35.1
Other (total of 19 properties with selling price less than €8 m)			30,798	44.6
Total			**108,254**	**348.6**

* On-balance sheet purchases/disposals up until 31 December 2010

Portfolio development in € m



* Exchange rate effects, changes in value of non investment property and internal repositioning of objects

Portfolio structure still dominated by Core/Core+ properties

The share of Core/Core+ properties was only slightly affected by the sales conducted. At the same time, purchases and order development in the internal Development division had a positive impact on the composition of the portfolio. The portfolio still consists of a balanced mix of long-term stable, fully let Core/Core+ properties and Value-Add properties which have strong potential for capital appreciation through active asset management. Non-strategic properties in the Workout category will also increasingly be sold in the coming years.

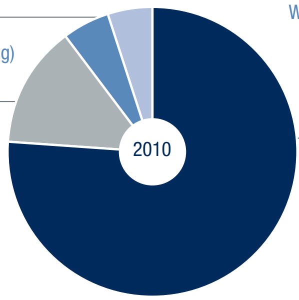
Top 10 tenants

	Company	Lettable space sqm	Rent p. a. € m	Share of total rent volume %
1	Allianz (Hamburg, Frankfurt/Main, Munich, Stuttgart)	408,218	63.8	24.7
2	Siemens (Berlin, Hamburg, Munich)	57,424	6.8	2.6
3	THALES (Paris)	32,715	6.6	2.6
4	HSBC (Paris)	14,628	4.9	1.9
5	Verlagsgruppe Milchstraße (Hamburg)	19,298	4.3	1.7
6	Daimler AG (Stuttgart, Ottobrunn)	20,920	3.8	1.5
7	Spiegel Verlag (Hamburg)	19,365	3.4	1.3
8	Epcos (Munich)	33,175	3.3	1.3
9	Bosch Sicherheitssysteme (Munich, Frankfurt/Main)	30,825	3.3	1.3
10	MEDA Pharma (Bad Homburg)	14,463	3.0	1.2
	Total ten overall	**651,031**	**103.1**	**40**
	Total nominal rents		**258.0**	

40% of total contract rent is covered by the Top 10 tenants. The largest tenant across various locations is Allianz with a total area of around 408,000 sqm and an annual contract rent of approximately €64 million.

The success with new and follow-up leases was often based on rental contracts with an average term of 5 years (plus renewal options). This and the sale of individual properties put lasting pressure on the remaining term of the rental contracts in the portfolio in 2010, which is now at 5.4 years.

Portfolio structure fair value according to investment profile in %



Total volume: €4,27 bn

Lease expiry

	in € m	in %
2011	31.5	12.2
2012	23.3	9.0
2013	14.6	5.7
2014	16.7	6.5
2015 ff.	114.0	44.2
Indefinite	18.2	7.1
ST break option [1]	15.2	5.9
MT break option [2]	24.4	9.5

[1] Lease contracts with short-term break options
[2] Lease contracts with mid-term break options

Occupancy rate at a glance

As a result of the economic recovery, which has not fully spread to the real estate rental markets yet, the occupancy rate was kept virtually stable at 89.8%. On a like-for-like basis, there was a slight decrease of 1.1%, although almost 60% of the rents are secured in the long term.

Key portfolio figures 2010

		National	International	Core/Core+	Value-Add	Workout (income producing)	Workout (non income producing)	Total
Actual rent	€ m	206	53	207	33	15	4	259
Property-related costs (NRI)	€ m	21	10	17	8	4	2	32
NRI	€ m	185	43	189	25	11	2	228
NRI	%	5.2	5.7	5.7	4.4	4.7	0.8	5.3
NOI	€ m	176	40	181	23	10	2	216
NOI	%	5.0	5.3	5.4	3.9	4.2	0.8	5.0
Expected rent *	€ m	233	55	218	49	18	2	287
Contract rent *	€ m	209	49	209	35	13	2	258
Leased area *	'000 sqm	1,638	244	1,345	301	193	44	1,882
Area *	'000 sqm	1,854	293	1,412	428	258	49	2,148
Economic occupancy rate *	%	89.9	89.2	95.7	71.4	69.6	-	89.8
Market value *	€ m	3,546	720	3,251	582	225	208	4,266
Expected rental yield	%	6.6	7.6	6.7	8.3	8.2	1.1	6.7

* At 31 December 2010

Major goals/measures 2011

- Improvement in operating performance through proactive tenant management and targeted maintenance and modernisation measures (quality and letting campaign)
- Streamlining and focussing on the Core/Core+ and Value-Add investment profiles with a particular focus on Germany
- Selective sale of non-strategic properties, especially from the Workout category (Other)

IVG Investment

Development

Concentrating on core business

The discontinuation of activities in the existing Development division, which was resolved as part of the reorganisation of the business model, is progressing as planned. Development services for the company's own assets and the fund assets are performed by the Asset Management central service unit.

Key figures in € m

	2010	2009	Change in %
Revenues	408.8	67.8	-
thereof project sales	*388.7*	*49.4*	-
thereof other income	*20.1*	*18.4*	*+9.3*
Changes in inventory	172.4	367.3	-53.1
Unrealised changes in market value	0.0	0.0	-
Realised changes in market value	0.0	-0.4	-
Other operating income	1.2	29.2	-95.9
Material expenses	-561.7	-544.9	+3.1
thereof risk provisions/ impairment losses	*-46.5*	*-166.9*	*-72.1*
Operational expenses	-28.1	-44.8	-37.2
EBIT	**-7.3**	**-125.8**	**-94.1**

Significant recovery in earnings after negative impacts in previous year

Following major value adjustments in inventories in the previous year, an almost break-even segment result was achieved in the past financial year with sales of €408.8 million. Specifically, project developments in London, Glasgow, Berlin, Frankfurt, Paris and Warsaw were realised and sold. Three project developments in Bonn, Frankfurt/Main and Munich were transferred to the IVG Premium Green Fund. In addition, contract projects in Hamburg und Munich were transferred to the Real Estate division.

Project disposals

	Total investment costs € m	Number	Sales volume € m
IVG own projects	501.6	11	464.5
IVG investment projects	16.8	3	15.6
Total (IVG share)	**518.4**	**14**	**480.1**

IVG realised and sold 14 developments with a sales volume of €480.1 million in 2010 as scheduled. As part of the reduction, IVG transferred three project developments with the "LEED" standard for sustainability to the IVG Premium Green Fund, which was launched by the IVG Funds division as a special fund for institutional investors, via the integrated investment platform. IVG has an investment in the fund and therefore participates in the expected positive developments in the completed projects.

Further reduction of the project pipeline

The short-term pipeline still to be completed of €1.6 billion primarily consists of the project THE SQUAIRE and SQUAIRE Parking in Frankfurt/Main, one project in Berlin and one in Paris, plus smaller projects in Eastern European cities.

The activities are focussed on completing the current project developments and improving the occupancy rate of the projects for sale. The latter should also contribute to increasing the value of the properties.

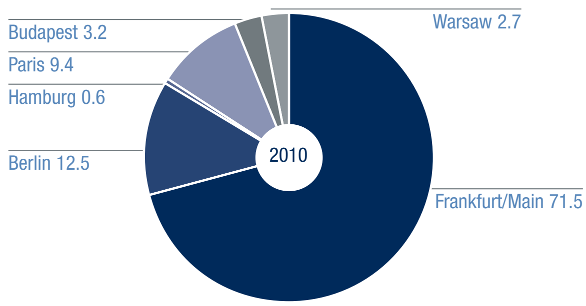
Project pipeline

	Lettable space sqm	Total investment costs IVG share	Already invested € m	Cost to complete	thereof 2011	thereof 2012	thereof 2013
Short-term pipeline							
Realisation 2011	35,147	271	183	88	84	4	0
Realisation 2012	199,739	1,304	1,169	135	118	16	0
	234,886	**1,575**	**1,352**	**223**	**202**	**20**	**0**
Long-term pipeline	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Participation in joint ventures	**32,111**	**130**	**59**	**71**	**18**	**1**	**2**
TOTAL PIPELINE	**266,997**	**1,705**	**1,411**	**294**	**220**	**21**	**2**

Key figures short-term pipeline in %

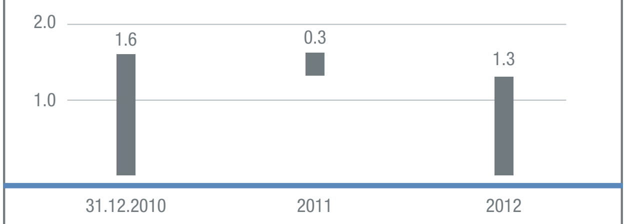
	Occupancy rate	Yield on cost	Exit-Yield	Project financing
Realisation 2011	64	6.5	5.9	41.0
Realisation 2012	57	6.0	6.0	40.0
Weighted average	**58**	**6.1**	**6.0**	**40.0**

Current pipeline by location in %



Total volume (IVG share): €1,575 m

Reduction of project pipeline in € bn



Total investment costs (IVG share): €1.6 bn

Major goals/measures 2011

- Finalisation of the project THE SQUAIRE and increase of the occupancy rate
- Completion of SQUAIRE Parking
- Further gradual reduction of the project development pipeline
- Selective exploitation of modernisations/refurbishment potential in the IVG portfolio and the fund portfolio in order to create sustainable value

IVG Investment

Caverns

Caverns as a stable real estate related asset class

Following the integration of the previously independent IVG Caverns division into the IVG Investment division, caverns business represents an attractive pillar on the IVG investment platform with an integrated value added chain. 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 from Europe.

In 2008, IVG had sold a total of 70 caverns (40 portfolio caverns and 30 future caverns) to an institutional fund. The total number has since increased to 71. IVG is responsible for the fund and asset management. In 2009 and 2010, the first five future caverns were transferred to the fund on schedule.

IVG also plans to construct another 59 caverns at the Etzel location near Wilhelmshaven. Seven of these caverns are already under contract and there are option contracts for eleven caverns. 41 caverns are available as free caverns.

Fair value measurement has positive influence on earnings

Unrealised changes in the market value of investment property also had a strong positive influence on earnings in 2010. 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 measurement and first-time recognition at fair value took place in 2009 for 13 caverns and in 2010 for nine caverns. Of these caverns, five were sold as planned to the Cavern Fund after completion (one in 2009 and four in 2010). The reported unrealised changes in market value show the difference between the fair values and the recognised construction costs.

The increase in management fee income is due to the service for the Cavern Fund after the sale of another four caverns in 2010. This is invoiced on the basis of the caverns to be operated.

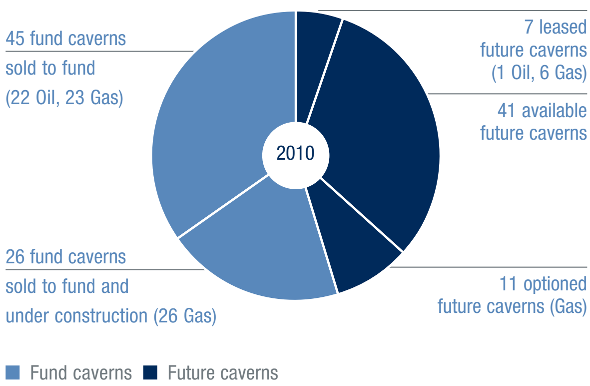
From the promote structure that IVG agreed with the Cavern Fund for the oil storage contracts to be extended until 2015, IVG secured further future income based on the contracts concluded in 2010. This income was recognised at present value in revenues. The resulting payment totalled €8.6 million in 2010.

Overall, IVG newly leased one future cavern to a European oil storage association in 2010 and agreed an extension of the contracts for four oil caverns from the Cavern Funds.

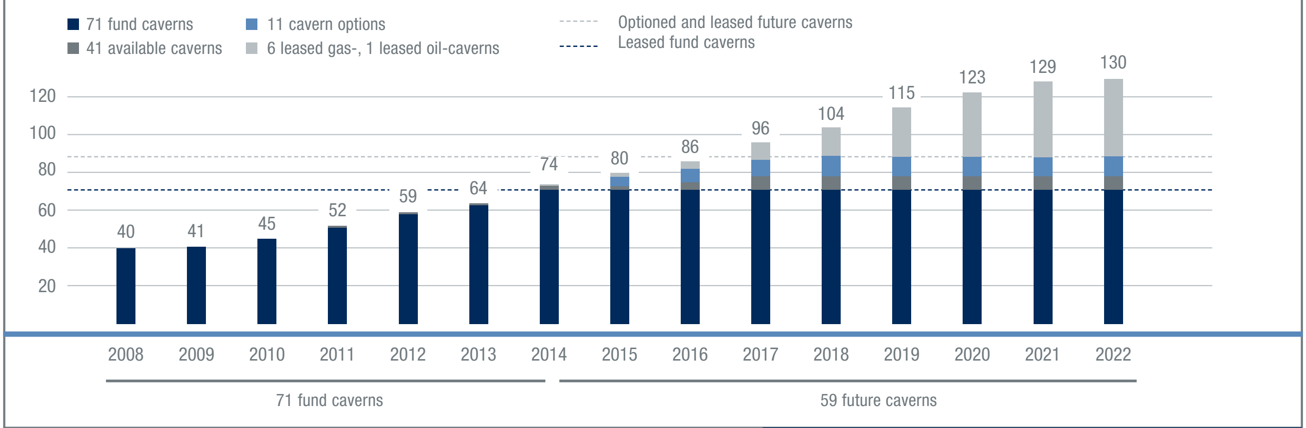
Key figures in € m

	2010	2009	Change in %
Revenues	45.8	61.4	-25.4
thereof mangement fee income	*13.2*	*11.3*	*+16.8*
thereof performance fees (promote structure)	*20.9*	*43.1*	*-51.5*
thereof revenues from project sales	*5.2*	*1.6*	*-*
thereof other income	*6.5*	*5.4*	*+20.8*
Own work capitalised/changes in inventories	0.9	6.6	-86.3
Unrealised changes in market value	140.8	197.0	-28.5
Realised changes in market value	-1.2	-0.4	-
Other income	5.8	5.8	0.0
Operational expenses	-29.1	-36.6	-20.7
EBIT	**163.2**	**233.8**	**-30.2**
Gross proceeds	122.5	32.5	-
Investments	**131.1**	**103.5**	**+26.7**

Structure of cavern porfolio number



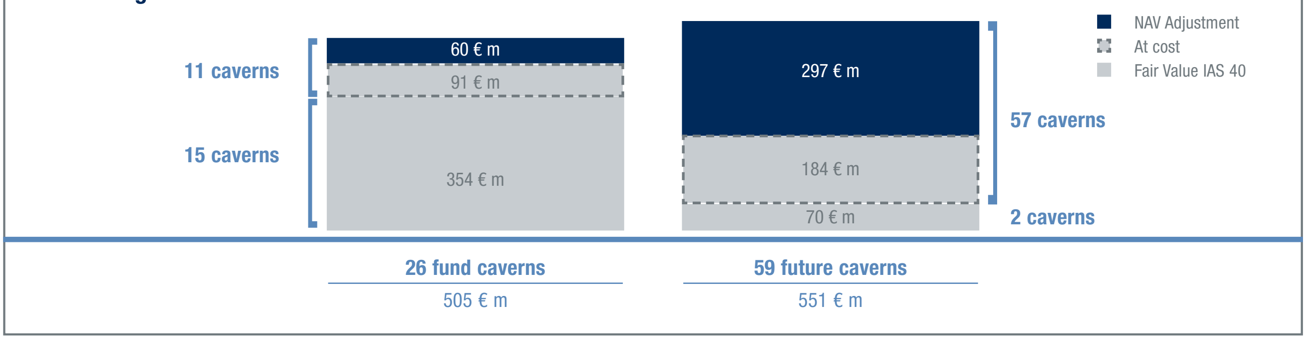
Cavern development programme in € m



Purchase prices and investments: 71 fund caverns 2008-2015 in € m	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2011-2015**
Purchase price [1]	835.8	37.3	124.0	183.9	200.4	137.8	192.0	20.3	**734.5**
Investments [2]	-160.0	-41.0	-61.5						**-84.2**

[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



Accounting and NAV adjustment 2010		**balance sheet value**	**NAV adj.**	**Total volume**
26 fund caverns		**445.0**	**59.6**	**504.6**
15 fund caverns	*Fair Value*	*354.3*		*354.3*
11 fund caverns	*At Cost*	*90.7*	*59.6*	*150.3*
59 future caverns		**253.9**	**296.7**	**550.6**
2 future caverns	*Fair Value*	*70.0*		*70.0*
*57 future caverns **	*At Cost*	*183.9*	*296.7*	*480.6*
85 caverns		**698.9**	**356.3**	**1.055.2**

* Incl. infrastructure investments

Development of cavern portfolio – Focus remains on schedule and volume

In the coming years, activities will continue to focus on on-schedule cavern development with the correct volumes and on operating the caverns sold and let to the fund. Due to the attractive increase in volume of a rental contract, previously consisting of 15 caverns pre-sold to the Cavern Fund, it has become necessary to construct another cavern. The number of fund caverns thus increases to 71 while the number of future caverns drops to 59. The division also deals with the development process for the seven IVG caverns and the leasing of additional future caverns. In particular, the focus here is on the completion as at 1 April 2011 of the IVG oil cavern leased to a European oil storage association. Overall, the expansion of IVG's cavern location is therefore still proceeding according to plan.

Major goals/measures 2011

- Complete and transfer at least six more caverns to the Cavern Fund
- Transfer one IVG oil cavern to the tenant
- Continue construction and development activities for 26 pre-sold fund caverns and 59 future caverns
- Convert existing option contracts into concrete rental contracts
- Conclude additional rental contracts for future caverns

IVG Funds

Institutional Funds

Market-leading position in Germany maintained

As part of the IVG Funds division, the Institutional Funds segment deals with developing, selling and managing real estate funds for institutional investors.

IVG's many years of experience and expertise in the management of real estate funds allows it to manage institutional investors in line with their requirements and achieve an optimal placement of fund products. On the basis of its expertise in real estate, IVG Institutional Funds is a market leader, with a market share of roughly 24% (according to Bundesverband Investment und Asset Management e.V., 30 November 2010).

Key figures in € m

	2010	2009	Change in %
Revenues	58.0	66.4	-12.6
thereof one-off fees	*2.2*	*5.2*	*-58.2*
thereof rolling fees	*55.6*	*59.6*	*-6.7*
thereof other revenues	*0.2*	*1.6*	*-86.8*
Other income	1.2	1.8	-31.4
Operational expenses	-41.0	-45.2	-9.3
EBIT	**18.2**	**23.0**	**-20.8**
Acquisitions	433	922	-53.0
Sales	789	273	-
Assets under Management *	12,125	12,677	-4.4
Number of funds	38	37	+2.7

* AuM incl. Third-party mandates

Pioneering sustainable fund concept realised

In 2010, IVG launched the first specialised real estate fund for sustainable buildings, the IVG Premium Green Fund, and placed it in full. The fund invests approximately €300 million in four sustainable office building complexes in Berlin, Bonn, Frankfurt/Main and Munich. These complexes represent ten office properties in total, with lettable space of just under 81,000 sqm. As a minimum requirement, all of the properties fulfil "LEED Silver" status (Leadership in Energy and Environmental Design), which is based on the Green Building rating developed by the U.S. Green Building Council. This rating has the highest level of international acceptance among investors and tenants. From the perspective of the fund, the additional costs for a sustainable construction method are offset by higher rental income, while from the tenant's point of view sustainable properties offer lower operating costs and a healthier working environment. With the Premium Green Fund, launched in a club deal structure with five investors in total, each investor assumes an equal share of the fund capital of approximately €165 million. IVG's co-investment also ensures an alignment of interests between all parties involved throughout the term of the fund. The aim of the Premium Green Fund is to take advantage of the real estate cycle and the growing demand for sustainable properties to generate attractive selling prices.

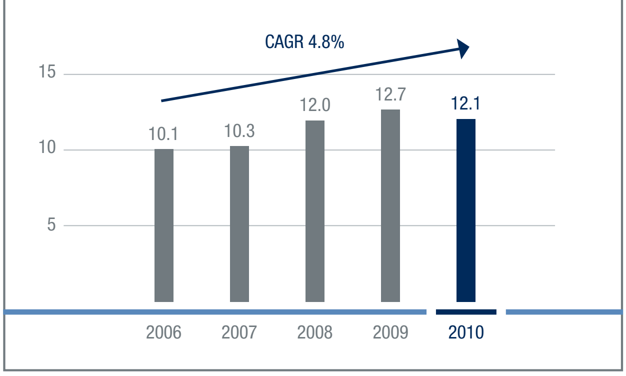
The first new investors for the newly launched IVG Paris Fund were already gained at the end of 2010. The fund, which has a target investment volume of €200 million to €300 million, plans to establish a balanced core property portfolio with a focus on attractive locations in the Paris region and high-quality properties. It is targeting a return of 6% p.a.

Temporary decline in Assets under Management

As of the end of the year, IVG Institutional Funds managed €12.1 billion in real estate assets (including third-party mandates and third party management). Assets under Management (AuM) were thus down by more than €552 million year-on-year. While property purchases with a volume of €433 million were realised, the sales volume amounted to €789 million despite the difficult market situation. Revenues amounted to €58.0 million, while operating expenses in the past financial year were €41.0 million. Overall, the 2010 EBIT of €18.2 million was down €4.8 million on the previous year.

The temporary decline in Assets under Management is also a result of the reorganisation of the product range. Specifically, a rearrangement of older portfolio funds is currently taking place on the one hand, while on the other hand there is a change from "evergreen" funds to term funds and the addition of innovative speciality funds to the product range. These changes temporarily lead to minor effects on AuM and profits. However, they form the basis for the successful development of the institutional funds in the long term.

Assets under Management in € bn



Acquisitions and disposals in € bn

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

Major goals/measures 2011

- Expand Assets under Management and expand customer base
- Streamline the portfolio of older portfolio funds and change over to new fund products
- Launch new innovative speciality funds with IVG participation (“alignment of interests”)
- Improve customer service quality on the basis of a differentiated package of measures

IVG Funds

Private Funds

Difficult year for foreign real estate funds

The Private Funds segment focuses on developing, selling and managing real estate funds for private investors. With the funds in the EuroSelect series, private investors have access to exclusive properties in selected European cities. Here Private Funds can draw on its many years of expertise as a provider of closed-end funds and the real estate expertise of its own local asset management.

The market for foreign real estate funds, which still represented the strongest asset class in 2009, came under pressure in 2010. In comparison to the previous year, there was a 47% decrease in equity placed. IVG Private Funds also could not escape this development. With equity of €71.0 million, it fell significantly short of the target for the year. However, EBIT was slightly improved. IVG Private Funds took fourth place among the providers of closed-end foreign real estate funds in 2010.

Key figures in € m

	2010	**2009**	**Change in %**
Revenues	6.2	14.5	-58.0
thereof one-off fees	*2.4*	*11.1*	*-78.0*
thereof recurring fees	*3.8*	*3.5*	*+9.0*
from fund mangement	*3.1*	*2.4*	*+28.0*
from asset management	*0.6*	1.0	-39.0
Other income	6.7	8.3	-18.0
Operating expenses	-10.9	-22.4	-51.0
thereof material expenses	*-0.6*	*-6.3*	*-90.0*
thereof personnel expenses	*-5.0*	*-5.0*	*0.0*
thereof other expenses	*-5.3*	*-11.2*	*-53.0*
Income from investments	0.2	1.3	-0.9
EBIT	**2.1**	**1.7**	**+27.0**
Equity placed	71	175	-60.0
Assets under Management	2,972	3,197	-7.0
Investors managed	59,867	57,803	4.0

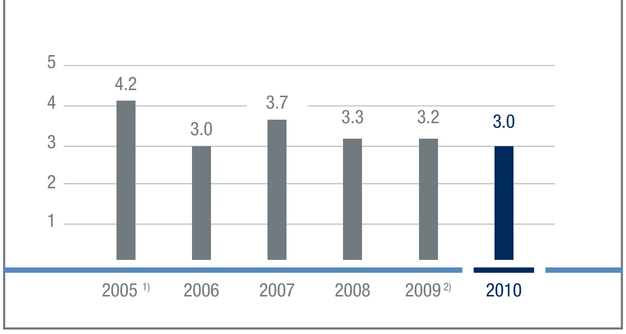
EuroSelect 20 placing on schedule, shares in EuroSelect 17 successfully placed again

The “EuroSelect 20 TheNorthGate” fund with a volume of €131 million was placed on schedule in April 2010. In addition, around €5 million in “EuroSelect 17 Amstelveen” was successfully placed again – in 2009 this share had remained with IVG as the placement guarantor. The number of investors supported was thus increased to just under 60,000.

Starting the new year with optimism and a specific pipeline

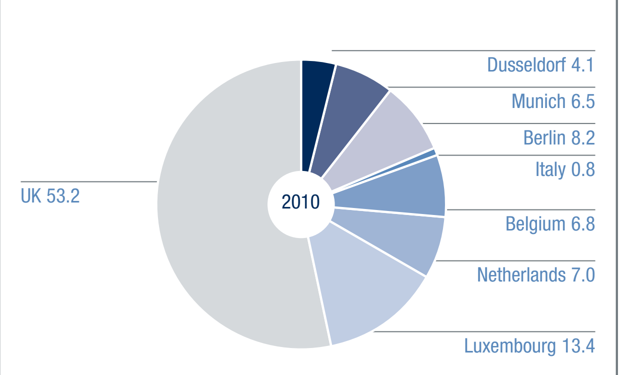
The sector is looking to the new year with confidence. For real estate funds in particular, increasing equity placements are expected in 2011 (Scope Business Climate Index for Closed-End Funds, GKI), with the investment focus lying particularly within Germany. Here, IVG Private Funds has already a specific product pipeline with attractive properties, particularly with assets managed by IVG. Furthermore, the network of branch offices throughout Europe guarantees constant access to the international transaction market and identifies suitable opportunities. The extent to which these opportunities can be translated into specific fund products will be seen in the course of 2011.

Assets under Management in € bn



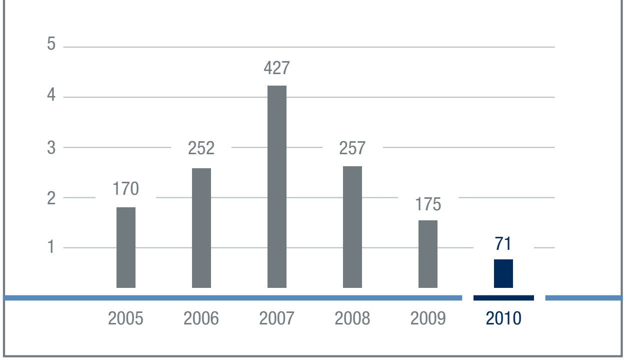
1) Incl. 25% share in Hannover Leasing of €1.3 billion
2) Reclassification of third party management to Institutional Funds (€142 m)

Assets under Management by geographic region in %



Total volume: €2.97 bn
Germany: €558 m (18.8%)

Equity placed in € m



Major goals/measures 2011

- 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

Group Management Report

1 Overview

Positive earnings development after losses in 2009 and 2008

IVG Immobilien AG is reporting a consolidated net profit of €23.2 million for 2010, a significant improvement compared with 2009 (loss of €158.0 million) and 2008 (loss of €451.7 million). This clearly demonstrates the success of the restructuring programme initiated in early 2009.

2010 EBIT before unrealised changes in value was €250.9 million, up by around 16% on the previous year. At -€14.6 million, the unrealised changes in value were significantly better than those of the previous year (2009: -€175.4 million), mainly due to lower negative unrealised changes in market values of investment property in the Real Estate segment at -€87.8 million (2009: -€194.2 million) and lower write-downs on inventories for project developments in the Development segment at -€45.4 million (2009: -€166.9 million). At €140.8 million (2009: €197.0 million), the decrease in unrealised changes in market value in the Caverns segment from the fair value measurement of caverns under construction has the opposite effect.

2010 earnings before financial result without changes in value and before taxes were €236.3 million (2009: €41.4 million). Before changes in value, the financial result improved to -€215.2 million in 2010 (2009: -€230.7 million), mainly due to the reduction in liabilities.

First increase in net asset value for two years

Due to the positive consolidated net profit in 2010, shareholders' equity increased again for the first time in two years to €7.02 per share (2009: €6.86 per share).

The net asset value including the adjustments for the off-balance sheet part of the 26 remaining fund caverns and the 59 remaining future caverns forms the Group's adjusted net asset value. At €356.3 million, the adjustments were down from the previous year (€389.6 million), mainly because of the expected initial measurement of the additional nine caverns under construction in 2010, whose off-balance portion was included in 2009 value potential.

The adjusted NAV per share (including the future value potential in the cavern business) thus remained virtually stable at €9.85 per share (2009: €9.95 per share).

No dividend payment

The single-entity financial statements of IVG Immobilien AG in line with the German Commercial Code recorded a loss of €81.0 million, which was set off against available retained earnings of €12.0 million. The resulting accumulated loss of €69.0 million was carried forward to new account. There will therefore be no dividend payment for the past financial year 2010.

Focus for 2011: strengthening operating business and restructuring financial liabilities

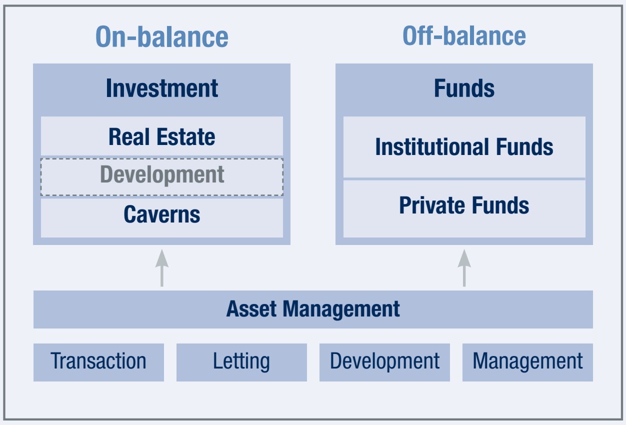
Activities in financial year 2010 focussed on strengthening the operating business under the "Operational Excellence & Efficiency" principle. This primarily included optimising business processes, implementing more efficient planning and management tools, concentrating efforts on THE SQUAIRE major project and working intensively on optimising the financing structure. The fact that the consolidated result is positive again for the first time in two years is the first visible outcome of these efforts. 2011 will depend on resolutely continuing on this path of focussing on strengthening operating business and restructuring financial liabilities. IVG aims to position itself for the recovering real estate markets and to create financial leeway for new products within the refined strategic profile of an investment platform focussed on real estate and infrastructure (caverns).

2 Positioning and Strategy

2.1 Business model

Business model streamlined as part of restructuring

As a result of restructuring, IVG is now considerably leaner, more efficient and more effective. IVG was repositioned especially in terms of strategy and is now positioned on the market as an integrated investment platform. Its investment platform primarily consists of tailored products for the investment needs of institutional and private investors in real estate and real-estate-related investments. The company also selectively buys holdings in its own products as a co-investor via capital partnerships.



Its business model for this has two pillars, Investment and Funds, which rest on the same general foundation: IVG's own asset management in the sense of an integrated value chain. It aims to secure existing income potential in operating business and further reduce cyclical activities entailing a risk.

For IVG, the issue of sustainability – in general and in a specific real estate context – is of great importance to its business model and strategy. In this context, a sustainability strategy is currently being defined for the Group, taking into account the interests of the various sub-divisions of the Group and also of the other stakeholders. This strategy will form a framework for the further development of the platform and the individual products.

The strategic realignment of the business model simplified the corporate structure and placed a clear focus on sustainable core business with stable consistent income. This allows IVG to minimise risks, save costs and significantly increase efficiency.

IVG as an investment platform

As an investment platform, IVG combines expertise in real estate and real estate-related investments (caverns), in direct and indirect investments in vehicles with different structures, in different investors and investor interests and in asset management required for real estate investment. Consistent income from rents and management fees form the basis of its stable core business. The platform also offers expanded access to attractive products for a wide range of investor groups and tenants with sustainable creation, realisation and maintenance of value in the foreground.

The Investment and Funds divisions are connected by the possibility of co-investments in IVG's own new platform products via capital partnerships, creating an unconditional alignment of investment interests between equity providers and financial backers and the unique combination of expertise with a focus on fund structure, fund management and integrated in-house asset management.

IVG as a co-investor

This co-investment model not only gives IVG an active presence on the market with increased access to top acquisition possibilities, but also directly supports one of the main components of successful investing: "alignment of interest" – matching the interests of the principal and agent. IVG is especially focused on reorganising structures and processes in such a way that efficient service structures and therefore cost structures arise for investors and shareholders.

By investing in the products of IVG's investment platform, providers of capital gain access to integrated in-house asset management that is focussed on core expertise in transactions (buying and selling), renting, and development and sustainable management along the real estate value chain. Access to asset management is to be reserved for those investors investing in the platform's products. In addition to asset management for investments in fund management for third parties as well as existing asset management clients, IVG will no longer perform any other "stand alone" asset management for third parties in order to avoid conflicts of interests with the capital providers of the investment platform.

2.2 Focus and goals

Expanding long-term excellence and efficiency

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

Strategic further development takes account of changes in the financial and capital markets. It sets the conditions for direct company business activities from this external environment. The main goals for the Group in 2011 are the further financial restructuring of the Group and strengthening operating business under the principle of "Operational Excellence & Efficiency". In the course of this, the operating results will also improve. Radical structural measures that were taken in this context in 2010 remain very strategically important beyond 2010.

2011 goals to strengthen operating business ("Operational Excellence & Efficiency")

After the restructuring was successfully continued in 2010, management activities in 2011 continue to be focussed on strengthening the company's operating and financial business in the long term.

Our upcoming tasks include in particular:

- Finalisation of the project THE SQUAIRE and increase of the occupancy rate
- Further product innovations in the fund business and expanding the range of investors and products
- Selective use of market opportunities/investment opportunities as a co-investor via the investment platform model
- Additional stabilisation of operating income by means of the realisation of a letting campaign
- Further optimisation of business processes, including advancing the implementation of more efficient analysis, planning and management tools
- Implementing a sustainability strategy for the IVG Group
- Further restructuring of financial liabilities to reduce the loan-to-value ratio
- Further reduction of costs in operating business to increase sustainable cash flow
- Continuing the transparency offensive (including orientation towards the EPRA Best Practice Recommendations)

The segments support these goals as follows:

- **IVG Investment – Real Estate**

A central aim of the IVG Real Estate division is improving operating performance through pro-active tenant management and advancing targeted maintenance and modernisation measures. It also strives to selectively sell off real estate that does not conform to the strategy while paying special attention to the Workout portfolio. This aim in the transaction area goes hand in hand with efforts to focus the portfolio on the Core/Core+ and Value-Add investment profiles with a special focus on Germany.

- **IVG Investment – Development**

In IVG Development, the main goals for 2011 include gradually reducing the product development pipeline, finalising THE SQUAIRE project and increasing the occupancy rate to further reduce risk. Some other aims are to finish the car park for THE SQUAIRE and to realise selective modernisation and refurbishment potential in our own portfolio and the fund portfolio in order to create sustainable value.

- **IVG Investment – Caverns**

In 2011, IVG Caverns will transfer at least six more finished caverns to the cavern fund, thus further solidifying its position as a provider of gas and oil caverns in Germany. In addition to the transfer of the caverns to the cavern fund, IVG also intends to transfer an oil cavern in its own portfolio to a tenant. There are also plans to convert existing contracts under option into definite rental contracts and conclude additional rental contracts for future caverns. The cavern field is also being continually expanded in the coming financial year, while the continuation of the construction and development activities for 26 pre-sold fund caverns and 59 future caverns is in full swing.

- **IVG Funds – Institutional Funds**

The main goal of IVG Institutional Funds is expanding the Assets under Management and broadening the customer base by means of innovative products on the market. The older inventory funds must also be removed from the portfolio and put into new fund products. Launching new funds with new fund concepts that are in high demand, for example speciality funds, with the participation of IVG as a co-investor provides an alignment of interests. Another priority is improving the quality of customer service on the basis of a differentiated list of measures.

- **IVG Funds – Private Funds**

In 2011, IVG Private Funds is striving to improve its market position with private investors by means of improving the sales platform by obtaining new business partners. The product range will be expanded for this, whereby the realisation of the product pipeline with up to three new investment opportunities is planned. Overall, the Private Funds division plans to place more than €200 million in new equity on the market.

Orientation towards 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 has long been assuming social responsibility and supporting 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. It was for this reason that the "Corporate Social Responsibility & Research" central division was formed at the beginning of 2011. It is responsible for creating and implementing a sustainability strategy for the IVG Group and at the same time significantly expanding IVG's independent market research. With this shift towards a long-term focus, the company's responsibility towards society and the environment will be further increased. Back in the spring of 2010, IVG launched the first German green building fund called the "Premium Green Fund" with a fund volume of over €300 million and successfully placed it with institutional investors.

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

Real estate market research provides the basis for sound investment decisions within the entire investment spectrum of the platform. This basis is specific econometric models together with current projections on economic growth and new construction, allowing IVG to produce independent forecasts for the investment platform's relevant property markets. The new "Corporate Social Responsibility & Research" central division will also contribute to this. As another component of IVG's investment platform, this comprehensive and independent research expertise is available only to the investors who invest in platform products.

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, liquidity/cash flow, key balance sheet figures and debt levels.

Target achievement, with an eye on developments in the business environment, is regularly examined in forecast updates and quarterly discussions between the Management Board and managers of the divisions and corporate functions. Management of the divisions was substantially revised, taking into account the changed market situation and the changed regulatory requirements. In light of strong outside influences on the market values of property, management is increasingly made on the basis of cash flow. Management thus 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 short-term and medium-term planning and in reporting to investors and analysts. Other division-specific key performance indicators (KPIs) are determined and the department heads regularly discuss the operating growth of the divisions on the basis of these KPIs with the Management Board. In addition to the analysis of the actual figures, the planned/actual comparison, the planned/planned comparison, and the comparison with developments of relevant competitors are also increasingly important. The ongoing examination and further development of KPIs ensure that changes in outside figures and changes in the divisions' activities are adequately mapped for management purposes in a timely manner. The risk and process management area functions as an independent, advisory and monitoring element in the continuous further development of the control parameters being used.

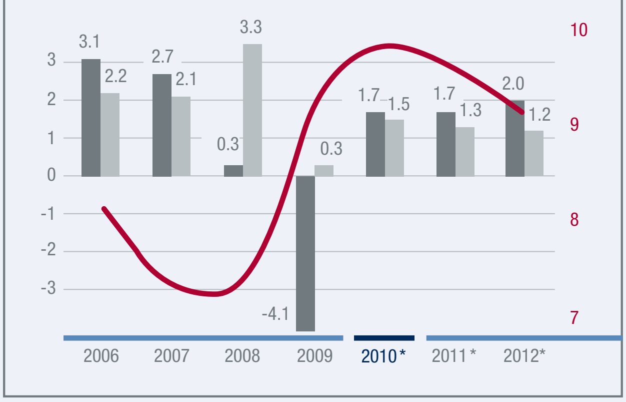
3 Conditions and Business Development

3.1 Economic cycle and the property market

Economic division in Europe

After the heavy recession in the previous year, the EU economy was characterised by a recovery in 2010. The OECD estimates that economic output in the euro zone rose by around 1.7%. For 2011, the OECD is again assuming moderate growth in the countries in the European Monetary Union of 1.7% on average. Due to the sovereign debt crisis, however, there is an economic split in Europe: Germany and Northern Europe are benefiting from their high level of international competitiveness while the consolidation need of public budgets in the Southern European states and in Ireland is squeezing growth prospects.

Economic development in the eurozone in %



Gross domestic product / Consumer prices / Unemployment rate (right scale) / * Forecast

Source: OECD, OECD Economic Outlook No. 88 (November 2010)

The economic recovery has not yet reversed the trend on the pan-European labour market. According to Eurostat, the euro zone unemployment rate grew to roughly 10% by November 2010 (European Union 9.6%) although a stabilisation was recently indicated. A few European countries have already experienced a sharp drop in unemployment, such as Germany, Finland and Sweden.

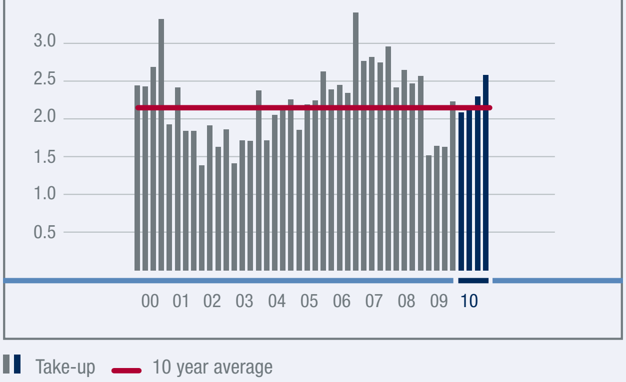
The annual inflation rate in the euro zone according to Eurostat leapt to 2.2% around the end of the year (Germany 1.9%) and was therefore recently above the medium-term goal of the European Central Bank of "below but around 2%". Considering that the main price divers have been raw material costs and energy and food prices, the inflation is mainly imported. The relatively high unemployment rates also cause most analysts to assume a moderate inflation rate in 2011. They expect the

European Central Bank to increase the key interest rate from its current 1.0% in the second half of 2011 at the earliest, even though the ECB was recently alarmed at the high price increase. The yields for fixed-interest 10-year German government bonds increased significantly in the autumn of 2010 to 3.15% at the end of January.

Trend reversal on the rental markets for office space

Due to the economic recovery and the favourable rental price level, rentals in most of the European office markets increased considerably over 2010. Cumulated take-up was 30% higher in twenty monitored European markets than it had been in the recession year 2009 and fluctuated 5% above the long-term average between 2001 and 2010. Over the year as a whole, London, Stockholm and Warsaw performed especially well in the long-term comparison, while rental activities in Amsterdam and in the Spanish markets of Madrid and Barcelona were below average.

Aggregated office space take-up in Europe in sqm million

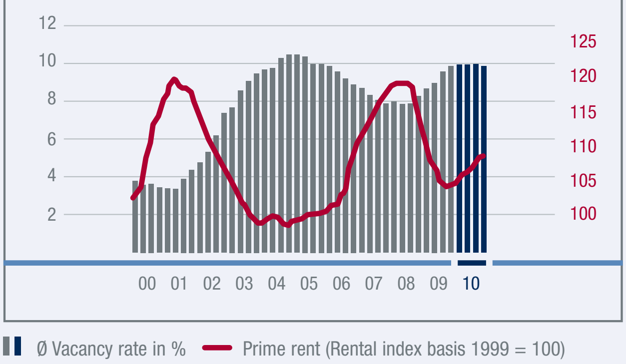


Source: IVG Research based on Cushman & Wakefield data for 20 locations in Europe (January 2011)

Since transactions on the rental markets are based more on office space changing hands and less on the need for additional space, the vacancy rate increased again slightly in the last year from 9.8% to 9.9% in Europe's 20 key office space locations and from 10.0% to 10.3% in Germany's top five real estate strongholds. Central London, Stockholm and Warsaw were the only areas to record a significant reduction in vacancies, while the Spanish markets, Lisbon, Budapest, Hamburg and Prague suffered marked vacancy increases.

Prime rents in various office locations such as London, Stockholm, Berlin and Paris increased again because top-quality modern office space is already in short supply due to the low level of new building activity. They rose by 4.4% on average in the markets observed. Madrid and Barcelona suffered a particularly sharp decline over the year 2010 as a whole.

Rental markets Europe



Source: IVG Research based on Cushman & Wakefield data for 20 locations in Europe (January 2011)

The European rental markets are expected to pick up speed in the current year. For instance, the economic recovery is expected to be reflected gradually on the labour market and thus in an increase in office workers and higher demand for office space. The prospects of a slight decrease in vacant space are therefore good as long as new construction activity remains low. However, given the moderate economic prospects it is doubtful that older portfolio properties will also benefit as well as modern office properties.

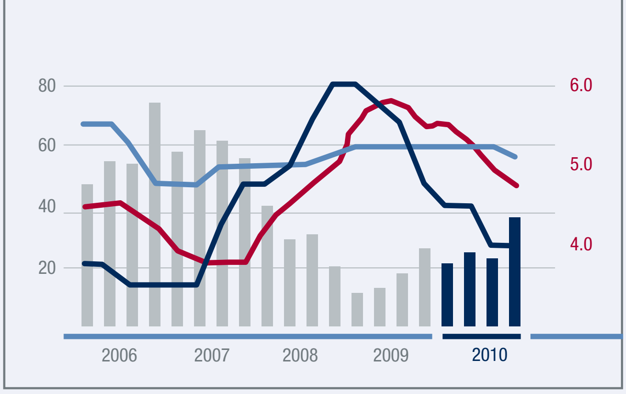
Investment markets pick up speed

Investor interest in European commercial properties increased considerably last year due to the stabilisation on the rental markets, the low yield rate on government bonds in the core countries as well as a certain easing of financing conditions. According to CB Richard Ellis, the transaction volume increased by 44% year-on-year in 2010 to €105 billion (Germany +86% to around €20 billion) because more major transactions were made again and the prices in the prime segment rose again.

Investors are focusing on the core segment so far, meaning the core markets of the UK, France and Germany and, within that, fully-let top quality properties in excellent locations in particular. As the supply in this segment has become noticeably short, the first investors are now starting to carefully move up the risk curve. This is also happening because the initial yields for prime properties were constantly decreasing over the course of 2010 due to the excess demand.

The European investment markets will continue to be characterised over the course of this year by increasing transaction volumes and falling initial yields. The expected increase in the yields for long-term government bonds, however, will probably counteract the compressed yields in the prime segment starting in the second half.

Investment markets Europe in € bn



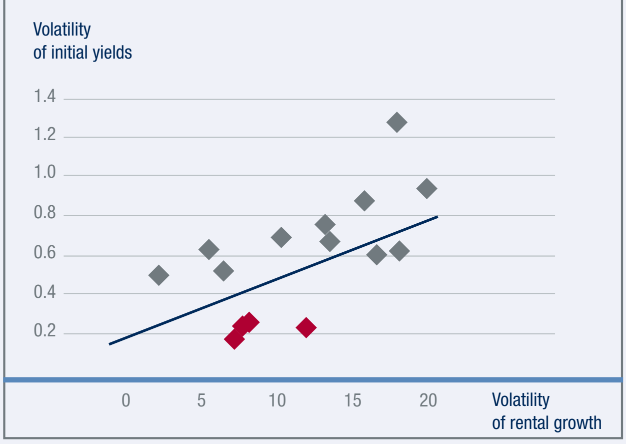
Investment volume
Prime initial yields Frankfurt/Main in %
Prime initial yields Paris in %
Prime initial yields London in %

Source: CB Richard Ellis (Revenues) and Cushman & Wakefield (Prime initial yields) (January 2011)

Good prospects in Germany

The German commercial property market is traditionally popular among German and foreign investors due to it high level of stability and not least of all due to its low volatility in rents and top initial yields compared to other European markets.

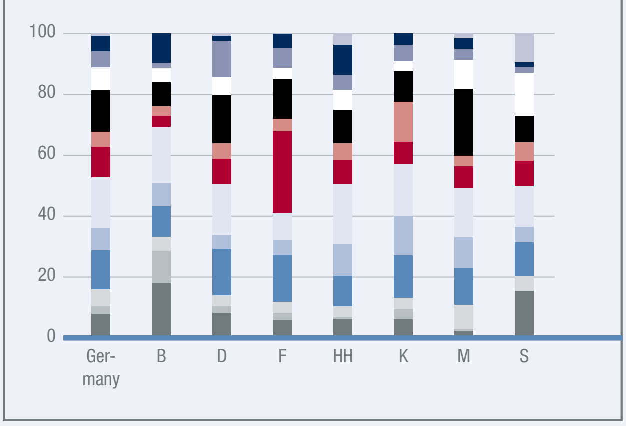
Volatility of prime initial yields and rental growth (1985–2010) in %



Source: IVG Research based on estate agent data for 16 Western European office markets. Volatility measured above the standard deviation German locations shown in red.

One of the reasons for the relatively high stability of office properties' value development in Germany is the decentralised structure of the office market in geographical terms (federalism principle), the enormous significance of long-term conservative German investors with a firm capital base on the investment market, the German real estate financing system, and the highly diversified demand structure on the rental market. Of the seven large German markets, only Frankfurt/Main (financial industry) and Berlin (public administration) have a certain sector specialisation, with the rental activity in the public sector in the case of Berlin even having a stabilising effect on the market development.

Take-up structure in German markets in %



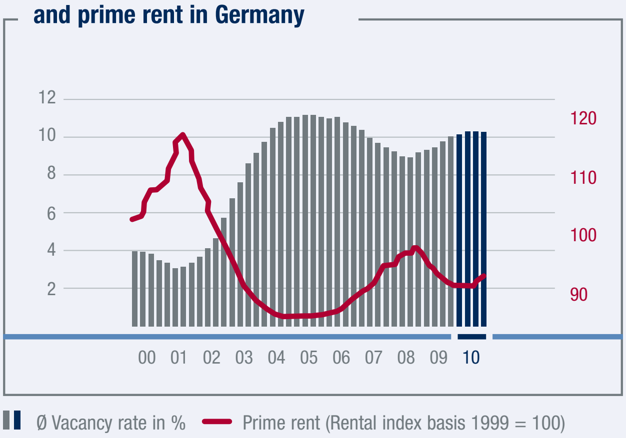
Others
Transport & logistics
Retail
Administration
Industry/building construction
Information & communication
Insurances
Banks
Other services
Media & advertising
Consultancy firms
Health industry
Lobby organisations
Public administration

Source: IVG Research based on data from BNP Paribas RE for 2001 to 2009. Letter stand for number plates.

The current German office market offers potential investors not only stability but also favourable income prospects, at least in certain segments. In INREV's Investment Intentions Survey 2011, investors rated the German office sector the most attractive in terms of performance after German retail properties and French office buildings. Not least of all, the yield prospects are good due to the recent strong economic recovery (growth of 3.6% in 2010 according to the Federal Statistical Office), which triggered an employment increase to the highest levels since the German reunification in 1990.

Since at the same time fewer new office buildings are being completed, the unusually strong economic recovery in the top five German office property locations has not only led to a stabilisation of the vacancy rate at 10.3%, but has been reflected in a shortage of high-quality office properties. Nominal rents for prime office properties therefore increased again back in the fourth quarter of 2010. The prospects of more increases in prime rents in 2011 and 2012 look good: many of the rental agreements signed in the boom periods of 2001 and 2006 expire this year so high take-up is expected. The rental offering of modern high-quality office buildings will also decrease for this reason and because of stagnant new building activity. While top rents increase again, rental development of average quality office space in 2011 will remain negatively impacted by a high base vacancy rate.

Development of vacancy rate and prime rent in Germany



Source: IVG Research based on Cushman & Wakefield data for five German locations (January 2011)

According to estate agent Jones Lang LaSalle, initial yields for prime office properties in the German office strongholds fell by 36 basis points in the last year to an average of 5.07%. This is still, however, in the range of its ten-year average. The upswing on the rental markets suggests another moderate decline in the current year, especially now that there is a high yield difference from fixed-interest long-term German government bonds (3.15% for ten-year bonds at the end of January 2011). The prices of properties in secondary locations and those with development possibilities did not change yet in the previous year. This may result in attractive investment possibilities for potential buyers given the market recovery.

3.2 Key operational figures

Positive result after two years with losses

After the losses in 2008 and 2009, IVG's earnings situation in 2010 recovered from the consequences of the financial crisis. The following are key components of the results:

- Weakening of the negative development of market values of the portfolio properties in the IVG Real Estate segment
- Lower impairment losses on project developments in the IVG Development segment, especially for THE SQUAIRE project
- Positive changes in market value in the IVG Caverns segment from the transfer of nine caverns to fair value recognition
- Relief as a result of the cost reduction program, especially in other operating expenses
- Significant improvement in the financial result

After two years of losses, the income statement reports a consolidated net profit of €23.2 million again for 2010 (previous year: loss of €158.0 million).

Key income statement figures

in € m	2010			2009		
	before changes in value	**Unrealised changes in value**	**Total**	**before changes in value**	**Unraelised changes in value**	**Total**
Revenues	821.8		821.8	838.8		838.8
Changes in market value of investment property	-0.1	53.0	52.9	-64.1	2.8	-61.2
Personnel expenses	-71.0		-71.0	-73.7		-73.7
Expenses from investment property	-68.2		-68.2	-69.7		-69.7
Other operating expenses	-112.5		-112.5	-137.4		-137.4
EBIT	**250.9**	**5.3**	**256.2**	**216.9**	**-152.8**	**64.1**
Financial result	-215.2	-19.9	-235.1	-230.7	-22.7	-253.4
EBT	**35.7**	**-14.6**	**21.1**	**-13.8**	**-175.4**	**-189.3**
Consolidated net profit			**23.2**			**-158.0**
Undiluted earnings per share in €			-0.07			-1.61

Please refer to the notes to the consolidated statements for details (see Section 7 and 11.7).

The main income statement items developed as follows:

Revenues declined by €17.0 million from €838.8 million to €821.8 million. In particular, this item contains net rent from the IVG Real Estate segment as well as income from project sales of the IVG Development segment. In addition, project invoicing took place in the previous year and was reported in the IVG Real Estate segment.

The changes in the market value of investment property were positive again overall in 2010 for the first time in two years, increasing by €114.1 million from -€61.2 million in the previous year to €52.9 million due to unrealised and realised changes in market values.

Unrealised non-cash changes in the market value of investment property changed by a total of €50.2 million from €2.8 million in the previous year to €53.0 million in the reporting period. €106.4 million of this development is from the IVG Real Estate segment (from -€194.2 million to -€87.8 million) and -€56.2 million from the IVG Caverns segment (from €197.0 million and 13 caverns to €140.8 million and nine caverns). In the IVG Caverns segment, the amount of unrealised changes in the market value of investment property is largely due to the number of caverns now recognised at fair value.

The realised changes in market values of investment property improved from -€64.1 million in the previous year to -€0.1 million in the reporting period. In the previous year, this item was dominated by book losses in the IVG Real Estate segment owing to liquidity-driven real estate sales.

Other operating expenses were reduced further by €24.9 million from €137.4 million to €112.5 million with the help of the cost reduction programme.

All in all, EBIT rose by €192.1 million from €64.1 million to €256.2 million. This is mainly due to the improvement of the unrealised changes in value of €158.1 million (from -€152.8 million to €5.3 million), especially due to the positive development of the unrealised changes in market value and the value adjustments for project developments reported in the material expenses. Before unrealised changes in value, EBIT increased by €34.0 million from €216.9 million to €250.9 million, mainly due to the absence of negative realised changes in market value of €64.1 million.

In the reporting year, the financial result improved by €18.3 million from -€253.4 million to -€235.1 million, mainly due to the improvement of the interest result of €10.0 million (from -€207.6 million to -€197.6 million) as well as to the improvement in the other financial result of €12.4 million (from -€24.7 million to -€12.3 million). In the previous year, the other financial result included the non-recurring expenses in connection with the syndicated loan concluded in 2009 and from the discontinuation of the Asia fund in the Private Funds segment. Before unrealised changes in value, the financial result improved by €15.3 million from -€230.7 million to -€215.2 million.

Income taxes amount to €2.1 million (previous year: €31.3 million). The Group tax rate is -10.0% (previous year: 16.5%) since positive effects prevailed, in part in connection with the disposal of a foreign property in the previous year.

Consolidated net loss was positive due to the above-mentioned effects – it improved by €181.2 million from -€158.0 million to €23.2 million.

3.2.1 IVG Investment division

3.2.1.1 IVG Real Estate segment

in € m	**2010**	**2009**	**Change in %**
Total revenues	303.0	632.8	-52.1
thereof net rents	*259.3*	*303.4*	*-14.5*
thereof project sales	*3.0*	*287.5*	*-99.0*
Changes in inventories	-2.9	-276.0	-98.9
Unrealised changes in market value of investment property	-87.8	-194.2	-54.8
Realised changes in market value of investment property	1.0	-63.6	-
Other operating income	9.6	32.0	-70.0
Material expenses	-1.5	-26.1	-94.2
Expenses from investment property	-68.2	-69.9	-2.4
Other operating expenses	-47.8	-66.5	-28.1
Gains/losses from participations accounted for using the equity method	5.6	-10.7	-
EBIT	**110.6**	**-44.0**	**-**
thereof unrealised changes in value	*-86.7*	*-198.1*	*-56.2*
EBIT before changes in value	**197.3**	**154.1**	**+28.1**

In the IVG Real Estate segment, revenues fell by €329.8 million from €632.8 million in the previous year to €303.0 million. The comparative period included the sales proceeds from a property constructed in Milan (€287.5 million). Net rents fell by €44.1 million to €259.3 million, due in particular to the loss of net rents from sold investment property. Disposals to the IVG Protect Fund in the second quarter of 2009, the sale of the Maciachini property (Milan) in the fourth quarter of 2009 and the deconsolidation of EuroSelect 20 The North Gate at the start of 2010 contributed to this in particular. On a like-for-like basis adjusted for lease extensions already concluded, net rents fell by 1.1% in the current year.

Changes in inventories increased by €273.1 million from -€276.0 million to -€2.9 million due to the disposal of a property in Milan contained in last year's amount.

At -€87.8 million, non-cash unrealised changes in market value were significantly less negative than in the previous year (-€194.2 million). The real estate portfolio had a negative change in value of only 2.1% overall in 2010.

The realised changes in market values from sales of investment property improved from -€63.6 million in the previous year to +€1.0 million in 2010. Book losses in 2009 are due to liquidity-driven real estate sales in 2009 of €932.7 million.

Other operating income fell from €32.0 million in the previous year to €9.6 million in the current year. The reason for this change was last year's one-time effects from a promote structure (€5.5 million), an extensive reversal of provisions (€5.0 million) and a purchase price adjustment in connection with a project development (€4.3 million).

Material expenses fell from €26.1 million in the previous year to €1.5 million. The prior year's figure was high due mostly to the Maciachini property in Milan.

Other operating expenses decreased by €18.7 million from €66.5 million in the prior year to €47.8 million. Non-recurring expense items had been incurred in the prior-year period, such as rent guarantees from property disposals and start-up costs for sales projects not implemented.

EBIT improved significantly overall by +€154.6 million from -€44.0 million in the previous year to +€110.6 million in the current year. Even before unrealised changes in value, EBIT recorded an improvement of €43.3 million to €197.3 million, driven in particular by the development of the realised changes in market value.

3.2.1.2 IVG Development segment

in € m	2010	2009	Change in %
Total revenues	408.8	67.8	-
thereof project sales	*388.7*	*49.4*	-
Changes in inventories	172.4	367.3	-53.1
Other operating income	1.2	29.2	-95.9
Material expenses	-561.7	-544.9	+3.1
Other operating expenses	-36.8	-32.0	+14.9
Gains/losses from participations accounted for using the equity method	9.6	-1.9	-
EBIT	**-7.3**	**-125.8**	**-94.2**
thereof unrealised changes in value	*-46.5*	*-150.0*	*-69.0*
EBIT before changes in value	**39.2**	**24.2**	**+62.1**

Projects being wound up are still recognised in the IVG Development segment. In particular, the rise in revenues by €341.0 million from €67.8 million in the comparative period to €408.8 million is due to the settlement of project developments for a total of €388.7 million. Specifically, this relates to the realisation and disposal of a project development in Glasgow in the first quarter of 2010 and five other project developments in Berlin, London, Paris and Warsaw in the second quarter of 2010. Furthermore, three project developments were transferred to the IVG Premium Green Fund: one in Bonn and one in Munich in the second quarter of 2010 and one in Frankfurt/Main in the third quarter of 2010.

Changes in inventory decreased by €194.9 million from €367.3 million in the prior year to €172.4 million. They include investments capitalised in line with construction progress and reported in material expenses as well as outgoing carrying amounts at project invoicing.

Other operating income declined by €28.0 million to €1.2 million. In the prior-year period, this primarily included write-ups on project developments.

Material expenses increased slightly by €16.8 million year-on-year from €544.9 million to €561.7 million. At -€46.5 million, the value adjustments for project developments reported in the material expenses were down by €120.4 million from the previous year (-€166.9 million). Before changes in value, material expenses increased by €137.2 million year-on-year from €378.0 million to €515.2 million, in line with construction activity.

The EBIT of the IVG Development segment therefore improved by a total of €118.5 million from -€125.8 million to -€7.3 million. Before non-cash unrealised changes in value of -€46.5 million from the valuation of the project developments, EBIT amounted to €39.2 million as compared with €24.2 million in the previous year.

3.2.1.3 IVG Caverns segment

in € m	2010	2009	Change in %
Total revenues	45.8	61.4	-25.4
thereof letting fees	*20.9*	*43.1*	*-51.5*
thereof management fees	*13.2*	*11.3*	*+16.7*
thereof other revenues	*6.5*	*5.3*	*+23.0*
Unrealised changes in market value of investment property	140.8	197.0	-28.5
Realised changes in market value of investment property	-1.2	-0.4	-
Other operating income	5.8	5.8	+0.5
Depreciation and amortisation of intangible assets, property, plant and equipment	-7.8	-5.5	+40.6
EBIT	**163.2**	**233.8**	**-30.2**
thereof unrealised changes in value	*138.5*	*195.3*	*-29.1*
EBIT before changes in value	**24.6**	**38.5**	**-36.1**

Revenues in the IVG Caverns segment declined by €25.4 million from €61.4 million in the prior-year period to €45.8 million in 2010, mainly due to the decline of €22.2 million in the leasing income from the IVG Cavern Fund.

Since the beginning of 2009, caverns under construction are recognised at fair value in accordance with IAS 40 (2008), provided their fair value can be reliably determined. In 2010, nine caverns exceeded the 300,000 m³ threshold established for this. In addition, one cavern already recognised at fair value significantly increased in value due to the conclusion of a new rental agreement and a concurrent expansion of the space. Unrealised changes in market value totalled €140.8 million in the reporting period. In contrast to this, 13 caverns exceeded this threshold in 2009. The unrealised changes in market value from this amounted to €197.0 million, €56.2 million more than in the reporting period.

At €5.8 million, other operating income remained at the prior-year level. In the reporting period, this item mainly relates to the sale of an associated company accounted for using the equity method (€1.7 million).

Depreciation and amortisation of intangible assets and property, plant and equipment rose by €2.3 million from €5.5 million to €7.8 million, particularly on account of a precautionary write-down in the second quarter of 2010 on an item of technical equipment that the supplier was unable to deliver to requirements.

EBIT before unrealised changes in value fell by €13.9 million from €38.5 million to €24.6 million. After changes in value, EBIT fell by €70.7 million from €233.8 million to €163.2 million on account of the lower number of caverns that reached the threshold for fair value accounting.

3.2.2 IVG Funds division

3.2.2.1 IVG Institutional Funds segment

in € m	2010	2009	Change in %
Total revenues	58.0	66.4	-12.6
thereof management fees	*55.6*	*59.6*	*-6.7*
thereof transaction fees	*2.2*	*5.2*	*-58.2*
Personnel expenses	-12.9	-11.8	+9.7
Other operating expenses	-28.0	-33.3	-16.0
EBIT	**18.2**	**23.0**	**-20.8**
thereof unrealised changes in value	*0.0*	*0.0*	-
EBIT before changes in value	**18.2**	**23.0**	**-20.8**

Revenues in the IVG Institutional Funds segment fell by €8.4 million from €66.4 million to €58.0 million. This decline is due partly to lower turnover (-€3.0 million), but is essentially due to the consequences of sourcing out property management as at 1 January 2010. The fees for external property management are now invoiced directly to the fund and not to IVG, while income from fund/property management for the fund was reduced by the same extent.

Personnel expenses increased by €1.1 million and contain one-time effects from members of the management leaving the company.

Due to the already mentioned outsourcing of property management, other operating expenses declined by €5.3 million to €28.0 million.

The EBIT of the Institutional Funds segment therefore dropped by a total of €4.8 million from €23.0 million to €18.2 million.

3.2.2.2 IVG Private Funds segment

in € m	2010	2009	Change in %
Total revenues	6.2	14.5	-57.6
thereof structuring fees	*2.4*	*11.1*	*-78.3*
thereof management fees	*3.6*	*3.1*	*+14.5*
Other operating income	6.7	8.3	-18.5
Material expenses	-0.6	-6.3	-90.1
Other operating expenses	-5.2	-11.1	-52.9
EBIT	**2.1**	**1.7**	**+26.7**
thereof unrealised changes in value	*0.0*	*0.0*	-
EBIT before changes in value	**2.1**	**1.7**	**+26.7**

Revenues in the IVG Private Funds segment declined by €8.4 million from €14.5 million to €6.2 million. In addition to the differences in sales volumes of the corresponding fund products, this change is primarily due to the change in the invoicing process. Sales partners now charge brokerage commission directly to the fund, with the result that both gross income and material expenses are lower in the Private Funds segment.

Other operating income chiefly contains the book gain from the successful placement of the EuroSelect 20 North Gate fund, generated primarily by fees charged by IVG Private Funds GmbH to the fund in previous quarters which were eliminated.

Material expenses declined by €5.7 million from €6.3 million to €0.6 million. In the previous year, selling costs for the Euro-Select 17 Amstelveen fund were reported here. In addition, the change in the invoicing process mentioned above also contributed to a decrease in material expenses.

Other operating expenses declined by €5.9 million, from €11.1 million in the prior-year period to €5.2 million in the reporting period, as a result of the lower product pipeline.

At €2.1 million, EBIT of the IVG Private Funds segment remained virtually stable.

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.

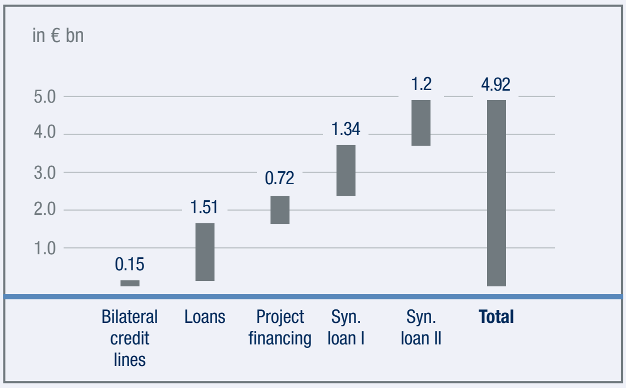
The central treasury forms the basis for cost-efficient fundraising and helps optimise net interest income. In addition to the goal of raising efficiency for the whole Group, comprehensive financial management enables IVG to manage and structure interest rate risks, currency risks and liquidity risks.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

4.2 Capital structure and financing sources

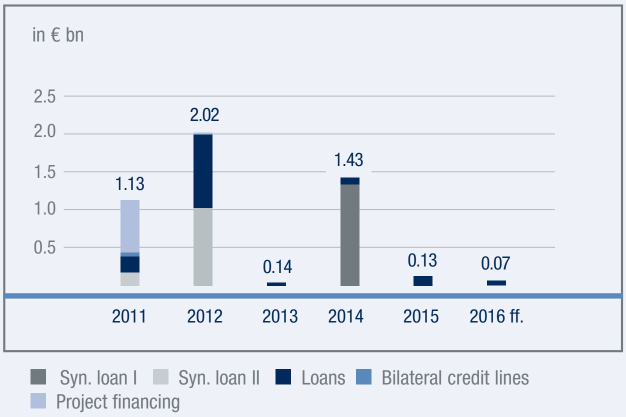
Capital structure

Liabilities to banks and liabilities amounted to a total of €4.92 billion at the end of 2010 after €4.96 billion in the previous year (including the disposal group). The carrying amount of liabilities due to banks under financial liabilities at the end of 2010 amounted to €4.90 billion. Redemptions and paying off bank loans in the amount of €0.51 billion were offset in financial year 2010 by drawdowns and new liabilities of €0.47 billion for implementing investments. Of note here were the borrowings of development credit facilities (€0.29 billion) and new property financing (€0.18 billion) as well as reductions in project sales (€0.23 billion) and repayments of property loans (€0.07 billion), other payments (€0.02 billion), disposals in the context of property sales (€0.07 billion) and repayments for the syndicated loan from 2009 (€0.12 billion).

Liabilities to banks refer to 30 banks of which 15 have a commitment of more than €100 million. The types of credit are as follows:



As of 31 December 2010, liabilities due to banks (excluding the convertible bond and deferrals) had the following maturities:



As of 31 December 2010, liabilities due to banks had the following maturities in relation to the planned measures:

in € m	Total nominal	thereof reduction by project sale	thereof reduction by property sale	thereof reduction by repayment	thereof planned prolongations
2011	1,132	201	1	191	739
2012	2,024	25		205	1,794
2013	140			20	120
2014	1,429			9	1,420
2015 ff.	192		32	9	151
Total	**4,917**	**226**	**33**	**434**	**4,224**

Financing for project development is scheduled to be repaid from the sales proceeds when the relevant projects are completed and sold. The financing is to be extended if any completed projects remain with IVG.

Under the terms of the 2009 syndicated loan ("Syn. Loan II"), instalments of €174 million and €186 million will be due for payment in 2011 and 2012 respectively prior to the final maturity on 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 €74 million) will be repaid by 2021 in the form of annuity and amortising loans.

In addition to the loan for THE SQUAIRE project (€494 million drawdown volume as of 31 December 2010), follow-up financing/extensions for two property loans of €195 million and a bilateral bank line of credit of €50 million are planned for 2011. After THE SQUAIRE project is completed, its financing expiring on 30 September 2011 is expected to be converted into medium-term investment financing.

The upcoming loan extensions with a term until 2012 in the amount of roughly €1.8 billion consist mainly of the core financing for the Allianz portfolio. The negotiations currently underway aim for a permanent regulation of the covenant condition, a significant reduction in the commitment and an extension of the remaining financing until 2015. This includes the core financing and the final amount for the syndicated loan from 2009, for which extension negotiations will also begin in 2011.

After the conclusion of the loan extensions planned for 2011, the average remaining maturity of the bank liabilities would increase from somewhat longer than two years to significantly above three years.

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 extension.

With the exception of €76 million (equivalents in GBP and USD), 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 2010.

Financing sources

As at 31 December 2010, IVG had unutilised credit facilities in the amount of €0.02 billion (2009: €0.44 billion). 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 2010, total liquidity excluding the project-related credit facilities and cash reserves and excluding the CP programme amounted to €0.24 billion:

in € m	31.12.2010
Unused non-project-related credit lines	11
Surplus capacity on current accounts	9
Cash reserves	211
Sight deposits and current securities	2
Derivatives with positive market values	4
Total	**237**

All of the unused non-project-related credit lines relate to the syndicated loan from 2007 that is due in 2014.

The average interest rate of the financial liabilities fell from 4.04% (31 December 2009) to 3.98% (31 December 2010). Increased credit margins and higher EURIBOR/LIBOR interest rates increased interest rates, whilst concluding interest rate swaps made below the interest rate level of expiring interest rate provisions lowered 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 debts and assets) and senior debt arrangements (ratio of unsecured loans to total loans) 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 2010, no breaches were discovered during the course of regular covenant tests. A covenant breach was avoided due to a waiver for a property financing of €950 million (2009: €980 million). Forward-looking statements can be found in Section 6.5.3 "Financial Risks" of the Group management report.

Further details on liabilities to banks, such as term structures, currency splits and type and amount of collateral are included in Section 9.2 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 9.3 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 Recommendations". The summarised version is as follows:

in € m	2010	2009
Cash flow from current activities	158.8	168.2
Cash flow for short-/midterm investments from operational divisions	-182.3	-31.2
Net interest payments	-192.2	-165.8
Net tax payments	-17.6	-21.7
Cash flow from operating activities	**-233.3**	**-50.5**
Cash flow from/for investing activities	**208.8**	**485.8**
Cash flow from financing activities	**24.6**	**-204.4**
Change in cash and cash equivalents	**0.1**	**230.9**
Cash and cash equivalents at closing date	274.9	274.9

Cash flow from operating activities deteriorated year-on-year by €182.8 million from -€50.6 million to -€233.3 million and is still characterised by ongoing investments in project developments. In particular, the project disposals in Germany, London, Poland and France in the year under review had the opposite effect.

Due to period deferment in the payment of deferred interest, net interest payments increased by €26.4 million year-on-year from -€165.8 million to -€192.2 million.

Cash flow from investing activities of €208.8 million primarily reflects the proceeds from the successful placement of IVG EuroSelect 20 TheNorthGate, real estate sales in the UK and the disposal of four caverns to the IVG Cavern fund. These are offset by payments for current investments, especially for caverns under construction.

Cash flow from financing activities increased from -€204.4 million in the previous year to €24.6 million. These are offset by scheduled loan capital repayments for new liabilities pertaining to current project financing.

The interest coverage ratio for the past twelve months was 1.3 as compared with 1.1 in the previous year. This figure was calculated by adjusting consolidated EBIT before changes in value for depreciation and amortisation and comparing it to net interest income.

4.4 Net assets

Asset structure

in € m		31.12.2010	31.12.2009	Change. in %
Total assets		7,292.4	7,393.4	-1.4
Non-current assets		5,697.5	5,705.1	-0.1
Current assets		1,594.9	1,688.3	-5.5
Equity		1,286.1	1,265.1	+1.7
Equity ratio	in %	17.6	17.1	+3.1
Non-current liabilities		4,307.4	4,694.3	-8.2
Current liabilities		1,698.9	1,434.0	+18.5
Financial liabilities		5,288.5	5,254.5	+0.6
Financial liabilities	in %	72.5	71.1	+2.0

As at 31 December 2010, non-current assets stabilised at the prior year's level of €5.7 billion. This was due in particular to positive changes in market values of €53.0 million and investments of €188.0 million, of which €102.4 million is attributable to the IVG Caverns segment alone. In contrast, the sale of real estate (€141.4 million) especially in London and Glasgow, the sale of four caverns (€123.4 million) to the IVG Cavern fund and the conversion from investment property to current assets due to planned sales (net -€12.7 million) had the opposite effect.

Current assets decreased by €0.1 billion as against 31 December 2009 to €1.6 billion due to the successful placement of EuroSelect 20 TheNorthGate. Scheduled investments in current project developments (€506.1 million) less valuation effects (-€45.4 million) were offset by the reduction in the project pipeline due to disposals in Germany, the UK, Poland and France (-€361.1 million).

Total assets decreased slightly by €0.1 billion from €7.4 billion to €7.3 billion.

At €1.3 billion, equity was slightly higher (€21.0 million) than on 31 December 2009. This was due in particular to the consolidated net profit of €23.2 million and positive effects recognised directly in equity (€30.2 million), particularly from hedge accounting. This was countered by the interest on the hybrid bond of -€32.0 million.

The above-mentioned effects increased the equity ratio from 17.1% to 17.6%.

Loans were reduced in the year under review by €0.1 billion from €6.1 billion to €6.0 billion.

The reduction of non-current liabilities (-€0.4 billion) due to scheduled repayment and disposals in connection with property sales, particularly due to the disposal of EuroSelect 20 TheNorthGate (€0.1 billion), were offset by the increase in current liabilities (€0.3 billion) due to the borrowing of project financing.

Reflecting the change in equity, net asset value (NAV) rose from €6.86 per share as at 31 December 2009 to €7.02 per share as of 31 December 2010. Taking into account the future value potential in the cavern business, the adjusted net asset value fell slightly from €9.95 per share to €9.85 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

This report is based on the recommendations of the German Corporate Governance Code and contains information required by the German Commercial Code (HGB) and the International Financial Reporting Standards (IFRS). The remuneration report is part of the Group notes.

5.1.1 Remuneration system for the Management Board

A new remuneration model for the Management Board of the Group was introduced with effect from 1 January 2010 which meets the requirements of the Law on the Appropriateness of Management Board Remuneration (VorstAG) and the recommendations of the German Corporate Governance Code. The model that IVG developed ensures that the performance of IVG's key figures and the individual performance of the Management Board member concerned are taken into account in the incentives. In addition, more incentives for long-term corporate development were set by providing incentives for success that leads to a sustained increase in enterprise value.

The following revisions were made compared to the 2009 model:

- A harmonised and uniform model for remuneration and incentives applies to the Management Board and those who report directly to the Management Board
- The Management Board incentives are equally based on achievement of company results targets and achievement of personal targets
- The incentives are based more on multi-year measurement principles and therefore establish long-term business success
- The different incentive measures are based on performance indicators that are key to the company. For the most part, they are directly derived from medium-term planning.

The new remuneration model provides three contractually established remuneration elements for Management Board members Dr Niesslein and Professor Dr Schäfers: fixed remuneration, variable remuneration with short-term incentives and variable remuneration with long-term incentives.

The **fixed remuneration component** for members of the Management Board is a monthly base salary and other payments that consist primarily of the taxable value of the private use of a company car.

The basic salary for Dr Niesslein is €430,000 per year and for Professor Schäfers it is €350,000.

Variable remuneration with short-term incentive effect (STI) is granted in the form of a bonus. The amount of the bonus is based on the extent to which company-related and personal targets are achieved. For the most part, the targets are derived directly from the medium-term planning agreed by the Management Board and Supervisory Board and established for each Management Board Member at the beginning of the year by IVG's Supervisory Board. Company-related and personal targets are weighted at 50% each.

The degree that all the goals can be achieved varies from 0% to 200%. The Supervisory Board can adjust the degree that goals are achieved by +/- 20 percentage point at its sole discretion. Overall the bonus is limited to twice the contractually established bonus value that corresponds to 100% achievement (bonus cap).

The portion of the bonus pertaining to the achievement of personal goals is paid out in the month of the General Meeting the following year. The portion of the bonus granted for the achievement of company targets is converted into limited share acquisition rights (restricted stock units). 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 of the following year.

After a vesting period of three years, IVG shares are distributed for the share acquisition rights. This means that the members have direct participation in both the positive and negative developments of IVG's shares and therefore their interests are the same as those of the shareholders. 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 and for Professor Dr Schäfers it is €350,000.00.

Variable remuneration with long-term incentives (LTI) is granted in the form of participation in the Performance Cash Plan. The Supervisory Board decides on the participation on an annual basis.

The term of a Performance Cash Plan begins with the month after the General Meeting and ends after four full years. 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: If an established performance target is not achieved (underperformance) the respective multiplier is 0. Starting with the 2010 Performance Plan, the Supervisory Board may correct a multiplier of 0 to a multiplier of between 0 and 1 at its sole discretion. The performance indicators are as follows:

- 1. Performance indicator (shareholder point of view):
  Performance of IVG shares as compared to the FTSE EPRA/NAREIT Developed Europe Index
- 2. Performance indicator (earnings point of view):
  Increase in the FFO I per share as compared to the planned figure
- 3. Performance indicator (assets point of view):
  Increase in the NAV per share as compared to the planned figure

The scaling of the three performance indicators takes place on the basis of current medium-term planning approved by the Supervisory Board.

The scaling of the three performance indicators takes place on the basis of current medium-term planning approved by the Supervisory Board.

A claim to the cash payout from the Performance Cash Plan after the expiration of the fourth year presupposes that the employment agreement with IVG Immobilien AG or a subsidiary has not been terminated.

Dr Niesslein's initial figure is €430,000.00, while Professor Dr Schäfers' is €350,000.00 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.

The employment contract of Dr Reul, who left the Management Board in 2010, was not converted to the new remuneration model. He was therefore remunerated in line with the model in place until the end of 2009 and agreed with him in his contract.

As fixed remuneration components, Dr Reul had a basic salary and a company car in 2010.

As variable remuneration with short-term incentive effect, Dr Reul had a claim to a bonus of 0.35% of consolidated net profit before income taxes and other taxes but not less than €100,000.00 gross.

5.1.2 Management Board remuneration in 2010

In 2010, the members of the Management Board received the following total remuneration (2009 in brackets):

in €		Dr Niesslein	Dr Reul until 21.05.2010	Dr Schäfers	Total
Basic salary	2010 (2009)	430,000,00 (430,000.00)	116,935.48 (300,000.00)	350,000.00 (320,837.00)	896,935.48 (1,050,837.00)
Other payments	2010 (2009)	11,900,00 (11,469.00)	5,280.25 (13,546.56)	7,218.60 (30,128.62)	24,398.85 (55,144.18)
Total fixed remuneration	**2010 (2009)**	**441,900.00 (441,469.00)**	**122,215.73 (313,546.56)**	**357,218.60 (350,965.62)**	**921,334.33 (1,105,981.18)**
Cash bonus (personal targets of the STI)	2010 (2009)	180,000.00 (100,000.00)	52,973.83 (100,000.00)	180,000.00 (150,000.00)	412,973.83 (350,000.00)
Total cash remuneration	**2010 (2009)**	**621,900.00 (541,469.00)**	**175,189.56 (413,546.56)**	**537,218.60 (500,965.62)**	**1,334,308.16 (1,455,981.18)**
Fair value at time of issue of the RSUs granted for company-related targets of the STI	2010 (2009)	209,991.04 (0.00)	(0.00) (0.00)	170,922.94 (0.00)	380,913.98 (0.00)
Fair value at time of issue of the participation in the Performance Cash Plan (LTI)	2010 (2009)	356,255.00 (651,987.00)	0.00 (242,370.00)	289,975.00 (485,825.00)	646,230.00 (1,380,182.00)
Total share-based remuneration	**2010 (2009)**	**566,246.04 (651,987.00)**	**0.00 (242,370.00)**	**460,897.94 (485,825.00)**	**1,027,143.98 (1,380,182.00)**
Total remuneration	**2010 (2009)**	**1,188,146.04 (1,193,456.00)**	**175,189,56 (655,916.56)**	**998,116.54 (986,790.62)**	**2,361,452.1 (2,836,163.18)**

Dr Reul left office on 21 May 2010, while his employment relationship expired on 31 July 2010 in line with his contract at the end of the subscription period. Total payments to Dr Reul until he left office can be seen in the table. In the time between his resignation and the expiry of his employment relationship, Dr Reul received basic remuneration of €58,064.52, other payments of €2,621.91 and a pro-rated bonus of €26,304.25. Commitments and severance payments were not granted in connection with his resignation. Dr Reul's claims to participation commitments from previous Performance Share Plans and the 2009 Performance Cash Plan expire without compensation upon his resignation.

The **STI** share-based remuneration refers to **restricted stock units (RSU)** that are issued for the corporate target related portion of the bonuses for 2010. The final number of RSUs is established using the average share price as of the 2011 General Meeting. The shares for the RSUs are distributed after a three year vesting period. At the date they were granted, Dr Niesslein had 38,530 RSUs and Professor Dr Schäfers had 31,362. As of 31 December 2010, the number of RSUs fell to 6,107 for Dr Niesslein and to 6,107 for Professor Dr Schäfers due to the degree of goal attainment.

The long-term share-based remuneration from the **LTI** pertains to granting participation in the new **Performance Cash Plan 2010**, which is earned over a period of four years.

All 32,000 **performance shares** issued in previous years were allocable to Dr Reul on 1 January 2010. This amount was reduced to zero over the reporting period. The performance shares granted in 2007 expired in 2010, as the agreed targets were not achieved. The performance shares from 2008 also expired due to the expiry of the contract.

The existing and newly issued share-based remuneration components (performance shares, Performance Cash Plan and restricted stock units) resulted in the following expense (-) or income (+) in 2010 (2009): Dr Niesslein -€252,696.09 (-€93,878.34), Dr Reul +€36,343.38 (-€33.214,95) and Professor Dr Schäfers -€173,652.63 (-€69.924,02).

Commitment in the case of premature termination of employment

It is agreed with Dr Niesslein and Professor Dr 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 in terms of the basic monthly salary, bonuses, any other contractually agreed payments and the value of remuneration in kind, minus 25% for a discount and the calculation of other payments. The severance payment shall amount to no more than two times total annual remuneration of the respective Management Board member (severance cap). The main determiner for the calculation of the severance and the severance cap is the total remuneration of the Management Board member for the last full financial year before leaving the Management Board, as it is reported in the remuneration report, taking into consideration the expected total remuneration for the current financial year using 100% target achievement for the calculation of the bonuses, but at the most the target achievement in the last full financial year before resignation from the Management Board.

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 Niesslein and Dr Reul 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 or Dr Reul leaves before his 65th birthday, vested retirement benefits accrued up to that point are payable. In the 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 Professor Dr 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 2010 amount to €261,185.00 (2009: €240,518.00) for Dr Niesslein, €45,249.00 (2009: €58,557.00) for Dr Reul and €33,880.48 (2009: €30,128.62) for Professor Dr Schäfers. As of 31 December 2010, the pension provision for Dr Niesslein amounts to €603,892.00 (2009: €283,954.00).

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 and Dr Reul, 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 and Dr Reul, 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 Professor Dr Schäfers, any claims to benefits for disability 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 2010, 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 €1,606,978.44 (2009: €2,521,418.23). The pension obligations totalled €16,309,519.00 (2009: €14,504,600.00) as of 31 December 2010.

5.1.3 Remuneration of the Supervisory Board

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. On recommendation of the Management Board and the Supervisory Board, the remuneration system was modernised by resolution of the General Meeting on 20 May 2010. The fixed annual remuneration of the Supervisory Board members was supplemented with an attendance fee. The variable remuneration previously based on the consolidated result per share was linked to the development of the company's share price against the "FTSE EPRA/NAREIT Developed Europe Index".

The members receive annual **fixed remuneration** of €20,000.00. The Chairman receives double, the Deputy Chairman one and a half times the fixed remuneration. Members of the Supervisory Board who belong to the Audit Committee receive additional fixed annual remuneration of €4,000.00, while members of the Supervisory Board who belong to another committee (except for the Nomination Committee) receive additional fixed annual remuneration of €2,500.00. The chairman of a Supervisory Board committee receives double the additional fixed remuneration.

In addition, the members of the Supervisory Board receive an **attendance fee** of €1,000.00 per meeting of the Supervisory Board or the Audit Committee.

They also receive **variable remuneration**, the amount of which depends on the development of the company's share price compared with the FTSE EPRA/NAREIT Developed Europe Index during a two-year reference period. The reference period is always two years and ends on 31 December of each year. If the IVG share price performs worse than the EPRA index during the reference period, the Supervisory Board members receive no variable remuneration. If the IVG share price performs better than the EPRA index during the reference period, the Supervisory Board members receive variable remuneration calculated by multiplying the target remuneration of €10,000.00 with a set multiplier that depends on the average annual deviation between the development of the IVG share price and the EPRA index. This multiplier varies between 1 and 2. The Chairman of the Supervisory Board receives double, the Deputy Chairman one and a half times the variable remuneration.

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

The remuneration of the Supervisory Board totalled €387,887.32 in 2010 (2009: €230,000.00). The variable remuneration was recognised as share-based remuneration at fair value at the date it was granted. In 2010, the members of the Supervisory Board received the following total remuneration:

in €	Fixed remuneration *	Fair value at time of issue of the variable remuneration granted in 2010	Total remuneration
Bierbaum (Chairman)	51,000.00	19,536.00	70,536.00
Beelitz (Deputy Chairman)	43,693.15	14,652.00	58,345.15
Dr Gaul	30,346.57	9,768.00	40,114.57
Günther	26,547.95	9,768.00	36,315.95
Herr	21,778.08	8,105.71	29,883.79
Dr John von Freyend	5,698.63	1,243.73	6,942.36
Graf von Krockow	6,575.34	1,435.07	8,010.41
Lutz	30,346.57	9,768.00	40,114.57
Merz	8,630.13	1,674.25	10,304.38
Müller	18,931.51	8,105.71	27,037.22
Neusser-Eckhoff	17,383.56	8,105.71	25,489.27
Schäffauer	8,630.13	1,674.25	10,304.38
Dr Thiemann	16,383.56	8,105.71	24,489.27
Total	**285,945.18**	**101,942.14**	**387,887.32**

* including attendance fees

The variable share-based remuneration of the Supervisory Board is recognised at fair value at the date it was granted in calculating total remuneration. Due to the change in the remuneration system this year, the Supervisory Board was granted variable remuneration for the reference periods 2009/2010 (€45,000.00) and 2010/2011 (€57,000.00).

Since IVG shares outperformed the EPRA index in the 2009/2010 reference period, as of the time it is granted the variable remuneration is expected to be €107,000.00 for this reference period.

As at 31 December 2010, 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 2010 amounted to €126,000,000 and was divided into 126,000,000 bearer shares with no par value.

After almost full utilisation of Authorised Capital II the share capital has been €138,599,999 since 14 February 2011. It is divided into 138,599,999 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

The following direct holdings in the capital of the company that reach or exceed 10% of the voting rights have been made known to the Management Board of IVG Immobilien AG:

In accordance with Section 21 (1) of the German Securities Trading Act (WpHG), Santo Holding AG, Zürich, Switzerland, announced on 28 October 2009 that its portion of the voting rights in IVG Immobilien AG fell below the 15% threshold on 22 October 2009 and on this day amounted to 14.39% of the voting rights (18,133,651 voting rights) of IVG Immobilien AG.

In accordance with Section 21 (1) of the German Securities Trading Act (WpHG), MANN Immobilien-Verwaltung AG, Karlsruhe, Germany, announced on 30 March 2010 that its portion of the voting rights in IVG Immobilien AG exceeded the 3%, 5%, 10%, 15% and 20% threshold on 30 March 2010 and on this day amounted to 20.75% of the voting rights (26,148,557 voting rights) of IVG Immobilien AG.

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.

Statutory regulations and provisions in the Articles of Association governing the appointment and dismissal of members of the Board of Management and changes in the Articles of Association

The appointment and dismissal 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. Under Article 7 (1) of the Articles of Association, the Management Board must consist of at least two members. Under Section 7 (2) of the Articles of Association, the Supervisory Board determines the number of members on the Management Board and may appoint deputy Management Board members.

Amending the Articles of Association of IVG Immobilien AG requires a resolution of the General Meeting (Section 179 AktG). Resolutions of the General Meeting require a simple majority if the law does not prescribe a larger majority. Under Article 179 (2) of the AktG, resolutions of the General Meeting that amend the Articles of Association require a majority of at least three-quarters of the share capital represented at the adoption of the resolution if the Articles of Association do not prescribe a different capital majority – but for an amendment to the company objective only a greater capital majority. Under Article 21 (2) Sentence 3 of the Articles of Association of IVG Immobilien AG, an amendment to the Articles of Association 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

As of 31 December 2010, IVG Immobilien AG was authorised to issue capital up to the amount of €60.6 million.

After the balance sheet date, the Management Board used almost all of the Authorised Capital II with the approval of the Supervisory Board. IVG Immobilien AG now has remaining authorised capital of up to €48 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 million (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 20 May 2010, 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 19 May 2015 in exchange for cash by up to a total of €12.6 million (Authorised Capital II).

With the approval of the Supervisory Board, the Management Board has utilised almost all of Authorised Capital II after the balance sheet date by placing 12,599,999 new bearer shares with no par value with institutional investors as part of an accelerated bookbuilding. The authorisation of 20 May 2010 prescribed the following regulations:

With the approval of the Supervisory Board, the Management Board can exclude shareholders' subscription rights to issue the new shares at an issue price which does not fall significantly below the exchange price of already listed shares of the company of the same class and kind. In this case, the total pro rata amount of the new shares for which the subscription right is excluded must not exceed 10% of the share capital at the time the approval takes effect or – if this amount is less – of the existing capital at the time that the above-mentioned approval is exercised. Determining this 10% limit shall take into account shares which, during the term of this authorisation until the new shares are issued, are sold other than on the stock market or by an offer to all shareholders due to the authorisation to buy own shares pursuant to Section 186 (3) Sentence 4 AktG, and shares which must be issued to service convertible bonds and/or bonds with warrants, provided the bonds are issued during the term of this authorisation with subscription rights disapplied pursuant to Section 186 (3) Sentence 4 AktG on the basis of existing or future authorisations to issue convertible bonds and/or bonds with warrants with subscription rights disapplied. If the Management Board does not use the above-mentioned authorisation to exclude shareholders' subscription rights, the shareholders' subscription rights can be excluded only for fractional amounts with the approval of the Supervisory Board.

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 million (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 three conditional share capital increases.

The share capital was increased conditionally by €8,654,262. This conditional capital serves to fulfil the granting of shares to the bearers of the convertible bonds issued on 29 March 2007 in a total nominal amount of €400 million via a Dutch subsidiary. 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 (Authorisation I). Under this authorisation, bonds and/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 and/or bonds with warrants and, with the approval of the Supervisory Board, allows the company to assume the guarantee for this and to grant the holders of the convertible bonds and/or bonds with warrants conversion rights or option rights for the IVG bearer shares.

The convertible bonds and/or bonds with warrants – which have a maximum term of 20 years – should be offered to shareholders for subscription. However, the Management Board is allowed (with the approval of the Supervisory Board) to exclude the shareholders' subscription rights when issuing convertible bonds and/or bonds with warrants

> if they have been issued for cash and the issue price is not significantly below the bonds' theoretical market value determined according to recognised principles of financial mathematics. In these circumstances the convertible bonds or bonds with warrants rights may be issued only 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. Determining this 10% limit shall take into account shares which, during the term of this authorisation until the convertible bonds and/or bonds with warrants are issued without subscription rights pursuant to Section 186 (3) Sentence 4 AktG (i) are sold as treasury shares pursuant to Section 71 (1) Number 8 Sentence 5 in conjunction with Section 186 (3) Sentence 4 AktG excluding subscription rights or (ii) are 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

> to the extent that 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 authorisation.

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 (or a functionally comparable successor system) 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% of the average (rounded up to a full cent) of the listed prices of the IVG share in the XETRA closing price on the Frankfurt Stock Exchange (or a functionally comparable successor system) on the days on which the subscription rights for the issue were traded, with the exception of the last two trading days.

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

The share capital is also increased conditionally by up to €30 million (Conditional Capital 2010). This conditional capital serves to fulfil the granting of shares to the bearers or creditors of convertible bonds or options which have been issued by the company pursuant to the authorisation by the General Meeting from 20 May 2010 to 19 May 2015 or by a Group company under the company's management and guaranteed by the company. The new shares shall be issued according to the conversion or option price established in the above-mentioned authorisation. The conditional capital increase will be implemented only to the extent that the holders of rights to convertible bonds or of warrants from bonds with warrants make use of these rights and fulfil their option or conversion obligation and the conditional capital is required in accordance with the respective bond or warrant conditions. The new shares are entitled to participate in dividends during the entire financial year in which they were issued. The Management Board is authorised to determine the further details of the conditional capital increase with the approval of the Supervisory Board.

By resolution of the General Meeting dated 20 May 2010, the Management Board was authorised, with the approval of the Supervisory Board, to issue convertible bearer bonds and/or bonds with warrants (referred to in the following as "bonds") on one or more occasions up to 19 May 2015 for a maximum nominal amount of €2,000 million with a limited or unlimited maturity period and to grant the holders of such bonds conversion or exercise rights (also including conversion obligation) in respect of new bearer shares issued by the company with a pro-rated amount of up to €30 million of the share capital, in accordance with the respective bond or warrant conditions (Authorisation II). Bonds are issued in exchange for cash only.

The previously mentioned total nominal amount of Authorisation II of up to €2,000 million shall include bonds with conversion or option rights (also including conversion obligation) that were or will be issued due to the authorisation of the General Meeting on 24 May 2007 ("Authorisation I") in order that bonds may be issued under Authorisation I and II in a total nominal amount not to exceed €2,000 million.

The bonds may be in euro or – provided the equivalent amounts to those stated above in euros are not exceeded – in a foreign legal currency, for example of an OECD country. They may also be issued by a Group company under the management of the company ("Group company"), in which case the Management Board, with the approval of the Supervisory Board, is authorised to assume the guarantee of the bonds for the company and grant the bearers of conversion or option rights (including with conversion obligation) bearer shares of the company.

The bond issues will be divided into partial debentures.

If bonds with warrants are issued, each partial debenture will include one or more warrants that entitle the holder to obtain no-par value bearer shares of the company in line with the option conditions established by the Management Board. The term of the option right cannot exceed the term of the bond with warrant. Furthermore, the conditions may provide for fractional amounts to be combined and/or compensated for in cash.

If convertible bonds are issued, bearers have the right to exchange their partial debentures for no-par-value bearer shares of the company in line with the convertible bond conditions established by the Management Board. The conversion ratio shall result from the division of the nominal amount or the issue amount of a partial debenture that is below the nominal amount by the set conversion price for a no-par-value bearer share of the company. The conversion ratio may be rounded up or down to a whole figure; in addition, a supplementary cash payment may be specified. Furthermore, the conditions may provide for fractional amounts to be combined and/or compensated for in cash.

Sections 9 (1) and 199 AktG remain unaffected.

The convertible bond conditions may also provide for a conversion or option obligation at the end of the term or at an earlier time. The pro-rated amount of the share capital of the company's shares to be issued per partial debenture upon conversion or exercise of the option shall not exceed the nominal amount of the partial debenture. Sections 9 (1) and 199 AktG remain unaffected.

The bond or warrant conditions may grant the company the right to grant the creditors of the bond new shares or treasury shares in whole or in part instead of paying a monetary amount due. In each case, the value of the shares is used that corresponds to 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 rounded to the next whole cent on the last three trading days before the announcement of the conversion or exercise of the option in line with the bond conditions.

In each case, the bond or warrant conditions may also establish that the company's treasury shares can be issued instead of conversion or exercise of the option. It may also be stipulated that those holding or entitled to convertible bonds or options are not issued shares in the company but instead paid the cash equivalent of the shares that would have otherwise been delivered. The equivalent of the shares is used that corresponds to 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 rounded to the next whole cent on the last three trading days before the announcement of the conversion or exercise of the option in line with the bond conditions.

The option or conversion price to be established in each case must be at least 80% of 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 resolution is taken by the Management Board on the issue of the bonds or – if the subscription right is granted – at least 80% of 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 in the period from the beginning of the subscription period to the third day before the announcement of the final conditions in line with Section 186 (2) Sentence 2 AktG (inclusive). Sections 9 (1) and 199 AktG remain unaffected.

If, during the conversion or option period, the company increases its share capital while granting its shareholders subscription rights, or issues other convertible bonds and/or bonds with warrants, or issues or guarantees conversion or option rights and grants the holders of existing conversion or option rights no subscription right for this as they would normally be entitled to as a shareholder after the exercise of their conversion or option right and/or the fulfilment of their conversion or option or conversion obligation, or if the share capital is increased by means of a capital increase from company funds, the bond or warrant conditions shall ensure that the economic value of the existing conversion rights or option rights remain unaffected in that the conversion rights or option rights shall be adjusted to preserve the value of the conversion rights or option rights if the adjustment is not already subject to a mandatory legal regulation. This applies accordingly in the case of a capital reduction or other capital measures, restructuring, control gained by a third party, an extraordinary dividend or other comparable measures that could lead to a dilution of the value of the shares. Sections 9 (1) and 199 AktG remain unaffected.

As a general rule, shareholders have a subscription right, i.e. the convertible bonds or bonds with warrants are generally offered to the company's shareholders to purchase. The bonds may also be obtained by one or more banks who are then obligated to offer them to shareholders to purchase. If bonds are issued by a Group company, the company ensures the corresponding granting of the subscription rights of the company's shareholders.

However, with the approval of the Supervisory Board, the Management Board can exclude the subscription rights of shareholders to the bonds

> if, after due examination, the Management Board reaches the conclusion that the issue price is not significantly below the bonds' theoretical market value determined according to recognised principles of financial mathematics. However, this authorisation to exclude subscription rights applies only to bonds with a conversion right or option right (also including with a conversion or option obligation) for shares that relate to a total pro-rated amount of no more than 10% of the share capital at the time the approval takes effect or – if this amount is less – of the existing capital at the time that the above-mentioned approval is exercised. Determining this 10% limit of the share capital shall take into account shares that (i) are issued pursuant to Section 186 (3) Sentence 4 AktG during the term of this authorisation until the bonds are issued as part of a capital increase with subscription rights disapplied and that (ii) are sold other than on the stock market or by an offer to all shareholders due to the authorisation to buy own shares pursuant to Section 186 (3) Sentence 4 AktG during the term of this authorisation until the bonds are issued and that (iii) are 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 until the bonds are issued,

for fractional amounts resulting from the subscription ratio and

if it is necessary so the holders of previously issued conversion or option rights can be granted a subscription right to the extent that they would normally be entitled to following the exercise of the conversion or option rights or the fulfilment of their conversion obligations as shareholders.

With the approval of the Supervisory Board, the Management Board is authorised to determine the further details of the issue and terms of the bonds, particularly the interest rate, type of interest, issue price, maturity period, denomination, dilution protection provisions, warrant and/or conversion period and the warrant and conversion price or to stipulate these in agreement with the executive bodies of the Group companies issuing the bonds.

By resolution of the General Meeting on 20 May 2010, the Management Board was also authorised until 19 May 2015 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 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 exceed by more than 5% or fall short by more than 10% of the arithmetic mean of the closing prices of company shares of the same class in XETRA trading (or 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 (excluding ancillary purchase costs) 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 the cases stated in this sub-paragraph, 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 (excluding ancillary purchase costs), 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 the cases stated in this sub-paragraph, the shareholders' rights to further offers are excluded.

With the approval of the Supervisory Board, which can be granted in advance as a maximum amount 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. Determining this 10% limit of the share capital shall take into account shares that (i) are issued pursuant to Section 186 (3) Sentence 4 AktG during the term of this authorisation until the treasury shares are issued as part of a capital increase with subscription rights disapplied and that (ii) are 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 until the treasury shares are sold;

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 which relate to an acquisition plan of this kind, including receivables from the company;

3. 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 (i) by a dependent company of IVG Immobilien AG or a company in which it has a majority shareholding, or (ii) 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 and 2, 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 2010, the total number of employees in the IVG Group was 616 (previous year: 654). 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 38 or about 5.81%. Expressed as full-time equivalents, the number of employees was 589.8 (previous year: 621.6). The number of apprentices and trainees was 18 (previous year: 27).

There are different changes with respect to the divisions:

	31.12.2010	31.12.2009	Change
Total	**616**	**654**	**-38**
Investment	12	8	4
Funds	150	158	-8
Development	10	57	-47
Caverns	78	74	4
Asset Management	233	217	16
Corporate functions	133	140	-7

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

	31.12.2010	31.12.2009	Change
Total	**589.8**	**621.8**	**-31.8**
Investment	12.0	8.0	4.0
Funds	144.4	152.5	-8.1
Development	9.5	54.7	-45.2
Caverns	75.0	70.5	4.5
Asset Management	225.7	204.6	21.1
Corporate functions	123.2	131.3	-8.1

The number of employees in the Development division decreased, in particular due to the restructuring of the branch offices resolved in the previous year and the related transfer of employment relationships to IVG Asset Management GmbH, some of which did not take place until 2010. The resulting increase in the number of employees in the Asset Management division was offset by the employee transfers from the Property and Facility Management division to an external service provider.

Incentive system: employee participation scheme

In 2010, 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 2010, we continued on the path towards a structured and strategic personnel development that we started on in 2009. The cornerstone of this is the annual appraisal interview between employees and management that is based on development and potential. In annual rounds of personnel development talks, our employees' potential is compared with the current and future requirements of all departments and specific supporting measures are planned out.

Another cornerstone in ensuring a sustainable personnel and succession planning is the pilot group of our new IVG Talent Management Program that we started in 2010. In addition to the individual training and development measures discussed in the appraisal interviews, we promote top performers and potential candidates in a targeted way in this programme. This programme is oriented towards practical aspects and developing one's own management expertise with a high level of personal responsibility. These interlinked measures last 18 months and focus on on-the-job activities in projects, initiatives for exchanging experiences and creating networks (mentoring, unplanned talks with management) and topic-specific training sessions.

The case-by-case support for career-promoting development measures, especially sector-based courses, continues to play an important part in IVG's systematic personnel development. We launched a new company-wide promotion framework for this in 2010.

6 Risk Management

6.1 Introduction

Market cultivation now takes place in 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 an Asset Management area as a central operating service unit. The high-risk Development segment is being phased out and has been incorporated into the Investment division/Asset Management division. In future, project developments will take place not as trader development, but for the division's own portfolio only (Investor Development).

Opportunities and risks for IVG Immobilien AG and in particular the realisation of the project and property sales planned for 2011 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. Signs of easing on the financial and capital markets and also in national economic leading indicators have increased considerably. However, expectations for future European economic development are still clouded by the discussion on the future development of the European common currency and the resulting requirements that state budgets be consolidated.

As further turbulence on the financial markets cannot be ruled out, recognising risks at an early stage and actively counteracting them is very important at IVG Immobilien. In order to take into account the increased significance of risk management, IVG established a Risk and Process Management corporate function in June 2009. In addition, from the beginning of 2010 the newly-created area assumed the task of coordinating the internal audit outsourced to Wirtschaftsprüfungsgesellschaft BDO AG.

6.2 Structure of risk and opportunity management

Risk reporting has taken place on a quarterly basis since 2009. The divisions report their risks and opportunities to the Management Board through the Risk and Process Management corporate function. Quarterly reporting to Risk and Process Management covers risks and opportunities representing a possible gain or loss of assets or liquidity of more than €1.0 million. These opportunities and 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 and opportunity 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 has carried out an annual risk inventory on the basis of individual risks since 2009. The threshold for this is a possible loss of assets or liquidity of more than €0.5 million.

In addition, the divisions report their respective risks and opportunities to the Management Board in talks that usually take place weekly. The Management Board must be notified immediately of any risks representing a potential economic loss of more than €5 million.

As before, reporting from Corporate Finance on the Group liquidity situation and current refinancing needs in connection 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 was 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 2010 consisted of 13 audits in total. Nine audits were completed in 2010. One ongoing audit will be completed shortly. Three audits were postponed for the time being due to ongoing process overhauls and adjustments. The audit for project and quality management in the corporate functions is continuous.

A special audit was also ordered for risk reasons, but is not yet complete. Risks in the defined risk classes of an economic loss of over €2.5 million were not found in the completed internal audits.

All audit results and the recommendations from them will be subject to a systematic subsequent review by IVG Immobilien AG. The subsequent review of the internal audit results has been the responsibility of the Risk and Process Management corporate function since the summer of 2009. This function assumes the coordination with the relevant divisions to establish a clear action plan, agree on responsibilities and implementation deadlines for the internal audit recommendations as well as monitoring of the implementations that have been made.

The respective divisions also report quarterly to the Management Board on the processing status of the shortcomings discovered during the internal audit.

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. The examination showed that the Management Board has implemented the requirements set forth in Section 91 Paragraph 2 of the German Stock Corporation Act to establish a risk early warning system in a suitable manner and that the risk early warning system is able to detect developments early on which may endanger the existence of the company as a whole.

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 the IVG Group consolidated statements 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 key elements in risk management and monitoring for accounting are the clear assignment of responsibilities and controls for preparing the statements. 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 dual-control principle and the separation of functions are also key monitoring principles in the accounting process. 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.

The Audit Committee of the Supervisory Board is involved in the control system. It monitors the accounting process, the effectiveness of the control system and the financial statements. It is responsible for the preliminary examination of the annual and consolidated financial statements. To accomplish this, it discusses these statements and the management reports with the Management Board and the auditors.

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. In addition, the effectiveness of internal controls in respect of the accounting is also reviewed by the auditors at least once a year mainly as part of the statement preparation process. As part of the audit, the auditors are also required to report to the Audit Committee of Supervisory Board on accounting-related risks or control weaknesses as well as other major weaknesses discovered in the risk management system and internal control system in the course of its audit.

6.4 Overall assessment of risks and opportunities

By making a repayment of around €120 million of the SynLoan II loan from 2009, IVG has continued implementing its resolved debt relief programme as at the end of 2010 as scheduled. The project financing of €500 million for THE SQUAIRE expiring in the fourth quarter of 2010 was also extended until 30 September 2011. The banks' financing behaviour in the real estate area remains averse to risk, continuing to make the necessary financing for the business model difficult to obtain.

As a result, financial planning for the coming years has become extremely cautious. The scheduled reduction of the project pipeline through project sales is taken into consideration in the financial planning just as much as the transfer of already fully-let pre-sold caverns to a special real estate fund launched by IVG and the sale of selected properties. All of these are of fundamental importance to IVG's financial position.

The discussion of individual risks addresses in particular the risk regarding extension of existing property, portfolio and project financing as well as the liquidity risk from the revival of the covenant for a property loan. There are also possible increased costs in Development. Viewed in isolation, the risks above can be controlled accordingly by means of counter measures and preventive measures. Sufficient precautions have been taken against any remaining identifiable risks.

The Group could be threatened as a going concern if the following events happen concurrently: the expected sale of caverns, properties and projects does not occur as planned, the project financing mentioned above is not extended again or is extended to a substantially reduced degree only, and the covenant requirement of the above-mentioned property loan is revived and cannot be offset by pre- or post-financing of existing assets.

In addition to these liquidity risks, IVG faces risks to consolidated net profit, especially in terms of the completion of caverns and real estate projects on schedule, on budget and in line with requirements and possible changes in the asset value of portfolio properties.

6.5 Discussion of individual opportunities and risks

6.5.1 Business and market environment

Rental markets

Rental market risks remain dependent on the macroeconomic environment. High public debt not only in the PIIGS countries but also affecting economic heavyweights such as the US, Japan and the UK, the discussion of the break-up of the European Monetary Union, the overheating of the Chinese economy and the political revolutions in Arabic countries indicate that the global economy is not on a stable growth path despite the economic recovery.

Demand for space is therefore still exposed to a downward trend, while the completion of new space will be very slight this year and next year in almost all of IVG's investment locations. Old portfolio space is in an especially poor competitive position since its efficiency, fittings and fixtures and location no longer fulfil the requirements of those using the space nowadays. This space can remain on the market only at the expense of considerable reconstruction measures and price discounts.

Opportunities may arise if the global or local economy performs better than expected and high-quality, modern space becomes scarce soon due to the low level of new construction. Refurbishments in the form of modernisation or reconstruction can therefore be an attractive investment possibility.

Investment markets

The European commercial real estate investment markets are still facing considerable risks from a financing point of view. In the boom years of 2006/2007, a large portion of real estate was acquired with loans, not least of all in the form of commercial mortgage backed securities. Many of these loans expire in 2011 and the years to follow or are coming up for extension. While fully-let top properties have relatively few problems finding refinancing or interested buyers at the moment, this is not the case with properties with rental problems. It still cannot be ruled out that banks may offer larger volumes of property with financing problems to the market, thereby negatively influencing their price development.

The risk that winding up currently frozen open-ended real estate funds in Germany will have significant negative effects on property prices is moderate considering that the property holdings in the open-ended funds are not too concentrated in individual locations.

Since hardly any loans have been issued for risk-taking opportunistic investments to date, it cannot be ruled out that the recovery process on the European investment markets will be limited to the core segment. However, the changing trend on the rental markets leads to expectations that the upturn on the real estate investment markets will broaden, but older portfolio properties will benefit less from this.

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 lower interest rates and the high volatility on the securities markets put property in an attractive light. However, 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. While another economic collapse cannot be ruled out, the latest price surge, the shaky economic recovery and the enormous debt problems of many European countries make it unlikely that the real interest rates will rise significantly at this time.

6.5.2 Business performance opportunities and risks

IVG INVESTMENT DIVISION

IVG Real Estate segment

Despite the initial recovery effects, the impact of the financial and economic crisis can still be felt. The fact that yields for office property are still high is one example.

The recent yield increase is still 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 2010, unrealised non-cash changes in the market value for the IVG investment portfolio amounted to -€87.8 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 the main risk for the IVG Real Estate segment in 2011, too.

To quantify risks, sensitivity analyses were carried out by an external valuer as at 31 December 2010, 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 rate		Only capitali-sation rate		Discount and capitalisation rate	
Region	Volume	-0.25 %	0.25 %	-0.25 %	0.25 %	-0.25 %	0.25 %
Germany	3,354	62	-61	85	-79	149	-138
Paris	374	7	-7	9	-8	17	-15
Brussels	70	1	-1	1	-1	3	-2
Helsinki	210	4	-3	4	-3	7	-7
Milan	9	0	0	0	0	0	0
Total	**4,016**	**74**	**-72**	**100**	**-92**	**176**	**-162**

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 €72.0 million as against the values at 31 December 2010. If the capitalisation rates also increase by 25 basis points, the value of the IVG portfolio will fall by €162.0 million. In the event of an equivalent decrease in discount rates the value of the portfolio would increase by €74.0 million. If the capitalisation rates also decrease by 25 basis points, the value of the IVG portfolio will rise by €176.0 million.

As at the end of 2010, 40.2% of the total contract rents were attributable to ten tenants: Allianz, Siemens, Thales, SCI Malsesherbes, Verlagsgruppe Milchstraße, Daimler AG, Spiegel Verlag, EPCOS, Bosch and MEDA Pharma. This is a slight year-on-year decrease of 0.8 percentage points mainly due to the sale of the North Gate and Aldgate properties. The top ten tenants are renowned companies, mostly of strong financial standing and primarily from the service and consultancy industries. With the exception of Allianz, no tenant has a portion of more than 3% of the total volume.

Of the current total volume of contract rents in the amount of roughly €257 million p.a., rental contracts of €74 million will expire in 2011/2012 or may be cancelled. €55 million of this €74 million pertains to rental contracts of more than €50,000, of which €17.5 million had already been cancelled by 31 December 2010.

In addition, one of the major tents has a special right of termination allowing the rental relationship to be terminated within 18 months in 2011 or 2012.

The current economic vacancy rate of IVG Immobilien AG is 10%.

IVG is responding to the rental contract expiries, the risk of termination of rental contracts and vacancy rates with a continued 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.

Additional risks for individual properties mostly relate to risks to changes in value for three properties in Hamburg, one in Munich and one in Dusseldorf if impending vacancies cannot be reduced.

Ongoing arbitration regarding a buyer seeking to cancel a sale agreement for a property in Finland also poses a risk. Depending on the outcome of the arbitration, there is a risk that the purchase price will be reduced afterwards by an unknown amount at the expense of IVG or, at worst, that IVG will have to take back the property.

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.

IVG Development segment

Project-specific risks

The IVG Development segment is being phased out and will no longer be operated by IVG as an independent division, but integrated into the IVG Investment division with a focus on intracompany developments.

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.

There are no sales risks currently predicted for the planned sales pipeline in 2011 and 2012.

Despite the stabilisation of the investment markets forecast for 2010 and 2011 and in view of the continued weak development on the rental markets and the uncertainty regarding the further development of the financial crisis, it cannot be ruled out that the underlying assumptions for lettings and sales used as a basis for risk provisions presented here 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.

Risks of project financing

Financing risks may result in the case of two development measures. After THE SQUAIRE project is completed, its financing of €500 million expiring on 30 September 2011 is intended to be converted into investment financing with a medium term. The other development measure is the joint venture, which comes up for renewal in December 2011 (IVG's portion is around €9.0 million).

Risks of cost development

Significant cost increases were recorded in 2010 in Berlin and Frankfurt. Both cases related to major projects, thus further cost increases cannot be ruled out.

The risks are offset by opportunities from possible government investment cost subsidies in Berlin and a possible price reduction for the land for a project development in Frankfurt.

No further project-specific individual risks are known of as at 31 December 2010. The dependency on the development of rental and investment markets will result in opportunities and risks in 2011 which IVG Immobilien AG will respond to through prompt, active opportunity and risk management.

IVG 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 to the respective tenants and the fund by 2014.

Our focus in 2010 and the coming years is 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. For this reason, Internal Audit regularly reviews – most recently in September 2010 – the completion planning of the newly constructed fund caverns in terms of their deadline schedule. Risks representing a potential economic loss were not found.

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. €9.7 million per year is included in planning for maintenance investment and a further €6.8 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.

In parallel to the expansion program to construct new caverns at the Etzel location, criticism from the immediate population and the interested public has increased regarding Etzel as a cavern location. A citizens' initiative against the expansion of Etzel location has formed. In addition to its general objection to the expansion of the Etzel cavern location, the initiative focuses in particular on the risk of depressions in the ground due to the caverns in Etzel.

IVG Caverns GmbH recently commissioned two investigations to closely monitor the depressions at the Etzel cavern site and to attempt to predict the on-site developments up until 2044.

This appraisal limits the depression area to the immediate surroundings of the cavern field. According to the prognosis, the depression area will not expand much further by 2044. The deepest part of the trough – which is located on the IVG premises – is expected to sink to between 1.01 m and 1.47 m by 2044. On the trough's offshoots, scientific calculations estimate the depression near the closest settlement to be only marginal (in the low millimetre range).

The effects of the forecast depressions are generally expected near the surface only and can be managed with technical measures. Immediate action is not necessary.

In terms of early risk recognition, the appraisal will be regularly updated. Supplementary appraisals will assess the existing buildings and structural facilities significantly affected by the ground depressions and assess the effects on areas requiring protection.

A final assessment of the effects and risks of the ground depression is not possible at this time, but IVG is aware of its responsibility and the existing risk of any liability from the construction of the caverns. The type and extent of liability are to be assessed on a case-to-case basis. For this reason, IVG is paying special attention to securing evidence.

In the spirit of increased transparency and clarification, IVG established an extensive information system back in the middle of 2010 and set up an Internet information centre, an infobox on site and a phone number for citizens to ring. Open dialogue and a high level of transparency in handling the ground depression risk issue and regarding the other activities at the Etzel location are the main measures to educate the public and counteract a possible risk to IVG's reputation.

IVG FUNDS DIVISION

IVG Institutional Funds segment

There are risks in the IVG 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) 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. However, the resulting risk of impairment of the goodwill allocated to this segment no longer exists.

There is known risk in the area of customer satisfaction and customer loyalty with regard to institutional investors. 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. In addition, 2010 saw the launch of the IVG Premium Green Fund with four LEED-certified properties, in which IVG also has a participation of approximately 20%. Further innovative fund products with participation by IVG are planned.

Steps will also be taken to improve customer satisfaction in 2011, indicated by the result of a 2009 customer survey and customer satisfaction analysis. There are plans to repeat the customer survey in the near future as well to obtain more information for the strategic further development of this area.

IVG Private Funds segment

Risks in IVG Private Funds are a result of the uncertainty surrounding the expected income from the planned placement of new fund products, possible buy-back obligations of fund units placed in the past, possible negative development of the value of fund units in IVG's own portfolio and changes in the commission expectations of sales partners.

In addition, a negative fund performance and the deprecation of the properties in the funds managed may mean the planned distributions to investors will have to be reduced or eliminated, which can negatively impact their satisfaction and the reputation of IVG as a provider of newly-placed funds.

Placement risk is a significant risk in the IVG Private Funds segment. If equity cannot be placed in full, IVG Private Funds 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 on the property market and in interest rates and currencies can have a negative 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 real estate analyses in order to reduce conceptual risk.

Risks were identified in financial year 2011 in the planned new EuroSelect fund products and private placements. These products face the general risk that they cannot be realised or are realised late and the placement volume is smaller than expected. As a consequence, fee income will be delayed or reduced accordingly.

In addition to the above-mentioned quantifiable risks, the planned spatial integration of the Funds division to a new location poses a risk of personnel changes, whose effect on the operative business processes cannot currently be conclusively assessed. IVG is countering the risk of a possible loss of expertise with early-stage, needs-based and structured HR planning.

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 tenant default risk, see the information on the IVG Investment division, IVG 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 exchange rate management. Derivative financial instruments are used only on the basis of underlying operational transactions. Where there is an accounting mismatch (no balance-sheet natural hedge), hedge accounting relationships are created where possible. The designation of hedge accounting relationships helps avoid increased 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 positions are pounds sterling (GBP), US dollars (USD) and Eastern European currencies.

Investments in pounds sterling (GBP) are hedged with loans in GBP. 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 loans in USD. 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 2010, this amounted to +€5.5 million (2009: +€3.0 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 9.2 and 9.3 of the notes.

Liquidity risks

Group financial planning instruments ensure the early identification of the liquidity situation. With a time horizon of up to three years, these systems show the expected development of liquidity.

The liquidity plan must ensure that the planned financing requirements (investments by the IVG Development and IVG Caverns segments, select planned purchases in the IVG Real Estate segment) and unforeseen liquidity needs are fulfilled. This means providing sufficient free credit lines and cash and adjusting the usual buy and sell plans to the possible liquidity needs far in advance. An overview of available cash at the end of 2010 can be found in the section entitled "Capital structure and financing sources" (4.2).

Liquidity risks arise from loans that are due and intended for extension but perhaps cannot be extended and from delays in the progression of sales activities (for example for project developments). Other basic liquidity risks include obligations to make additional payments for project financing in the IVG Development segment and breached covenants for property loans.

Some property loans with agreed covenants such as a loan to value (LTV) have agreements that provide IVG with a remedy (special repayments or a collateral deposit) within a set time period (20 days for instance) if it exceeds the agreed LTV. Significant changes in the fair value of financed properties can generally lead to agreed LTVs being exceeded. A covenant (LTV) was not complied with for a property financing of €950 million on the basis of the value given in the bank reference. The LTV was suspended until 31 March 2011 through an addendum to the contract. There are current negotiations with the bank aiming to permanently regulate the covenant condition, significantly reduce the investment and extend the remaining financing until 2015. If the negotiations cannot be concluded successfully and the addendum is not extended, the LTV condition shall take effect again as at 1 April 2011. If that case, IVG would have to repay €100 million of the loan early or provide that amount in cash.

IVG does not anticipate any breaches in 2011 in its existing Group financing facilities (syndicated loans and bilateral lines of credit) due to its tailored and detailed covenant regulations. The LTV for its two syndicated loans and two bilateral lines of credit are identical, which would make further negative changes in market value in IVG properties of €0.3 billion manageable.

In 2011, IVG expects liquidity to be solid based on the above conditions and will be able to counter unforeseen risk if it arises thanks to pre- or post-financing of existing assets, for example.

Information on liquidity risks from project financing can be found in Section 6.5.2, IVG Development segment.

Interest rate risks

Interest rate risks arise from interest rate fluctuations caused by the market. They affect the amount of interest expenses in the financial year as well as the market value of concluded derivatives. In addition to the interest rate performance (money market and swap rates), the credit margins IVG must pay are also relevant. The credit margins depend on the market conditions and IVG's creditworthiness. The margins may change in the case of a new loan, extending existing loans or breaching a covenant.

A major part of IVG's bank liabilities is direct or fixed (due to interest rate derivatives) and therefore correlates with the fixed cash flow from rents, meaning that the effects of market interest rate fluctuations can be estimated in the medium term.

IVG hedges against the variable interest rate of its financial liabilities in some cases by using derivative financial instruments, mostly in the form of “payer swaps“ but also in the form of swaptions, caps and collars. To optimise its net interest income – while keeping in mind the implementation of the active buy-and-sell strategy – around 30% of the liabilities assumed have a variable interest rate. This figure is 39% of financial liabilities (2009: 31%) as at the end of the year after taking hedging instruments into account. The increase in the variable interest position is based on the non-extension of the interest rate hedge for the financing of THE SQUAIRE project.

The average interest rate in the IVG Group, consisting of interest rate and credit margins, varied between 3.97% and 4.04% in 2010. In the process, interest savings in the interest rate (expiring swaps that were extended at a better rate, for instance) were offset by interest rate increases due to higher credit margins. In 2011, IVG expects the average interest rate to remain roughly the same.

The interest expenses of the IVG Group should increase by €19 million p.a. in the following year for an average rise in the refinancing rate of one basis point, taking into account the maturities of the fixed-rate positions. The nominal amount subject to interest rate risk can be derived from the maturities of the financial liabilities (credit margin increase risk), the maturities of the fixed-rate exposure (interest rate risk from swap markets) and the amount of remaining variable exposure after fixed-rates (interest rate risk money market) – (see section 9.2 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. 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.

Major legal proceedings for more than €40,000 are monitored and managed by the Legal & Compliance corporate function. Provisions totalling €8.3 million were set aside as at 31 December 2010 due to these legal proceedings. The provisions are allocated among the seven 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%.

An appeal has been filed at the Regional Court in Cologne to contest several resolutions passed at the 2010 General Meeting. The Regional Court in Cologne rejected this claim on 26 November 2010. The claimant has appealed against this dismissal.

In connection with the squeeze-out at IVG Deutschland Immobilien AG, 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 case, 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

IVG owned and owns land that contains remnants of industrial use, especially explosives manufacturing. In conjunction with the local authorities and by using its own resources, IVG has succeeded to date in securing and, where necessary, cleaning up the land and avoiding court orders.

The risk provisions for this clean-up remain unchanged at €7.0 million. The long-standing talks with the Ministry of the Environment of the German state of Lower Saxony aiming at a mutually-agreed long-term method for cleaning up IVG’s contaminated sites (most of which are in this German state) continue in 2011.

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 provisions (€30.2 million) for potential tax risks arising from tax audits, financial litigation and negotiated settlements.

7 Outset 2011 and Outlook

7.1 Significant events after balance sheet date

Successful capital increase of around €87 million

On 11 February 2011, IVG successfully placed around 12.6 million new bearer shares with institutional investors as part of an accelerated book-building. The share capital was thus increased from €126.0 million to about €138.6 million by the partial utilisation of authorised capital with shareholders' subscription rights disapplied. The placement price was €6.90 per share. The company received gross issue proceeds of around €87 million.

Most of these issue proceeds will be used to initiate restructuring measures and for the related extension of the maturity profile of the bank liabilities. The remaining issue proceeds serve as equity financing for the attractive SQUAIRE Parking project. This major project at Frankfurt Airport increases the attractiveness of the location and is intended to further accelerate the letting success of THE SQUAIRE.

Launch of the IVG Paris Fund

IVG Institutional Funds has launched a Paris fund with an investment volume of €250 million and a term of ten years. The first closing took place in early February with four institutional investors. At the same time, the fist property was secured for the fund.

The fund is a specialised real estate fund under German investment law. The fund was launched in a club deal structure and a maximum of six investors may invest a minimum of €15 million each. The fund invests exclusively in office and retail properties in the Paris city centre.

7.2 Forecast

Business environment

Overall economic expectation

Following more large real estate transactions in the last quarter of 2010, there are opportunities for a further recovery of the investment markets in the next two years. For the time being, investors are likely to focus on fully-let properties in the UK, German and French markets. Some investors are already willing to accept greater risks, leading to expectations of a selective yield compression, especially in markets such as Germany, the Netherlands, Italy, Sweden and Finland.

Property markets

After a rise in the take-up of space in 2010, IVG anticipates that the rental market for top properties will recover further. A broad recovery requires strong economic growth. For the time being, demand is expected to continue focussing on space changing hands. Demand for new space is highly dependent on further economic development, which all experts estimate will be very different from country to country.

Probable Group development

In the next two years, IVG plans to continue its sale program in the IVG Real Estate segment with a total volume of about €600 million to secure liquidity and streamline its portfolio. The expected recovery of the investment market and the accompanying increase in fair values has not been included in the results planning for reasons of caution.

In line with the reduction of the project pipeline, efforts are being made to generate sales volume of around €1 billion in the next two years in the IVG Development segment. In this planning, 2011 includes the transfer of the Hackesches Quartier project in Berlin to the Premium Green Fund launched by IVG and 2012 includes the sale of THE SQUAIRE project in Frankfurt.

In the IVG Caverns segment, six caverns are scheduled for completion and sale in 2011 and seven are scheduled for completion and sale in 2012, and will be handed over to the Cavern Fund managed by IVG. In the same time period, a total of 12 caverns are also expected to reach the eligibility limit of 300,000 m³ relevant for IFRS fair value accounting.

In the next two years, the IVG Institutional Funds segment will focus on stabilising Assets under Management and launching new innovative products for institutional investors. At the beginning of 2011, the first closing for the Paris fund (club deal structure, investment volume of around €250 million and term of ten years) took place with four institutional investors.

Planning in the IVG Private Funds segment assumes a sales volume totalling €500 million in equity for 2011 and 2012. Part of the planned fund is to be supplied with properties from IVG's portfolio.

Due to planned sales in the IVG Real Estate and IVG Development segments, a reduction of financial debts and a decreased effect of the financial result on consolidated net profit are expected. In line with the reduction of the project pipeline, expected sales in 2011 in the IVG Development segment will fall to far below the 2010 level, but sales from other segments that are more relevant to IVG will stabilise overall in 2011. Continuing sales in the IVG Real Estate segment are expected to lead to a slight decrease in 2012. Barring any major unplanned valuation effects or cost increases in recent project developments, consolidated net profit for this year and next year should be slightly positive below the 2010 result.

This Management Report includes forward-looking statements and information. Such 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 from these statements. 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, 28 February 2011

Dr Gerhard Niesslein

Professor Dr Wolfgang Schäfers

Consolidated Financial Statements

Consolidated income statement

for the financial year 2010

in € m	Notes	2010 Before changes in value	2010 Unrealised changes in value *	2010 Total	2009 Before changes in value	2009 Unrealised changes in value *	2009 Total
Revenues	7.1	821.8	0.0	821.8	838.8		838.8
Changes in inventories and other own work capitalised	7.2	170.3	0.0	170.3	97.9		97.9
Unrealised changes in market value of investment property	7.3	0.0	53.0	53.0	0.0	2.8	2.8
Realised changes in market value of investment property	7.4	-0.1	0.0	-0.1	-64.1		-64.1
Other operating income	7.5	24.0	1.2	25.2	63.6	16.9	80.5
Material expenses	7.6	-524.7	-45.4	-570.1	-421.5	-166.9	-588.4
Personnel expenses	7.7	-71.0	0.0	-71.0	-73.7		-73.7
Depreciation and amortisation of intangible assets and property, plant and equipment	7.8	-6.6	-3.5	-10.1	-6.2	-5.6	-11.8
Expenses from investment property	7.9	-68.2	0.0	-68.2	-69.7		-69.7
Other operating expenses	7.10	-112.5	0.0	-112.5	-137.4		-137.4
Gains/losses from associated companies accounted for using the equity method	7.11	15.8	0.0	15.8	-12.2		-12.2
Income from equity investments	7.12	1.9	0.0	1.9	1.3		1.3
Earnings before interest and taxes (EBIT)		**250.9**	**5.3**	**256.2**	**216.9**	**-152.8**	**64.1**
Financial income	7.13	18.9	62.7	81.6	25.2	95.9	121.1
Financial expenses	7.13	-234.1	-82.6	-316.7	-255.9	-118.6	-374.5
Financial result		**-215.2**	**-19.9**	**-235.1**	**-230.7**	**-22.7**	**-253.4**
Net profit before income taxes		**35.7**	**-14.6**	**21.1**	**-13.8**	**-175.4**	**-189.3**
Income taxes	7.14			2.1			31.3
Consolidated net profit				**23.2**			**-158.0**
Share attributable to Group shareholders				-8.8			-190.1
Share attributable to hybrid capital providers				32.0			32.0
Share attributable to third parties				0.0			0.1
Undiluted earnings per share in €	7.15			-0.07			-1.61
Diluted earnings per share in €	7.15			0.02			-1.41

* The unrealised changes in value include all valuation effects from IAS 2, IAS 36, IAS 39 and IAS 40 without tax effects.

Consolidated statement of financial position

as of 31 December 2010

Assets in € m	Notes	31.12.2010	31.12.2009
Non-current assets			
Intangible assets	8.1	250.0	250.1
Investment property	8.2	4,760.7	4,767.7
Property, plant and equipment	8.3	128.9	119.2
Financial assets	8.4	153.9	171.4
Investments in participations accounted for using the equity method	8.4	81.9	76.5
Derivative financial instruments	9.3	3.5	0.0
Deferred tax assets	9.4	271.0	281.2
Receivables and other assets	8.5	47.6	39.1
Total non-current assets		**5,697.5**	**5,705.1**
Current assets			
Inventories	8.6	1,065.0	939.6
Receivables and other assets	8.5	177.0	178.4
Income tax receivables	9.4	45.2	49.0
Derivative financial instruments	9.3	0.0	1.4
Securities	8.7	2.0	6.3
Cash and cash equivalents	8.8	274.9	266.9
		1,564.2	**1,441.6**
Non-current assets held for sale	8.9	30.7	246.8
Total current assets		**1,594.9**	**1,688.3**
Total assets		**7,292.4**	**7,393.4**

Equity and liabilities

in € m	Notes	31.12.2010	31.12.2009
Equity			
Subscribed capital	9.1	126.0	126.0
Capital reserve	9.1	622.1	621.6
Treasury shares	9.1	-0.5	-0.5
Other reserves	9.1	-101.3	-133.4
Retained earnings	9.1	238.5	250.1
Equity attributable to Group shareholders	9.1	**884.8**	**863.8**
Hybrid capital	9.1	400.9	400.9
Minority interests	9.1	0.3	0.4
Total equity		**1,286.1**	**1,265.1**
Liabilities			
Non-current liabilities			
Financial liabilities	9.2	4,143.1	4,452.5
Derivative financial instruments	9.3	46.0	101.0
Deferred tax liabilities	9.4	71.5	99.6
Pension provisions	9.5	16.3	12.6
Other provisions	9.6	27.4	24.6
Liabilities	9.7	3.2	4.0
Total non-current liabilities		**4,307.4**	**4,694.3**
Current liabilities			
Financial liabilities	9.2	1,145.4	802.0
Derivative financial instruments	9.3	66.5	24.6
Other provisions	9.6	54.4	71.9
Liabilities	9.7	354.8	370.1
Income tax liabilities	9.4	77.8	80.5
		1,698.9	**1,349.1**
Liabilities associated with non-current assets held for sale	8.9	0.0	84.9
Total current liabilities		**1,698.9**	**1,434.0**
Total equity and liabilies		**7,292.4**	**7,393.4**

Consolidated statement of comprehensive income

for the financial year 2010

in € m	2010	2009
Consolidated net profit	**23.2**	**-158.0**
Market valuation available-for-sale securities		
Changes to other cumulative consolidates net profit recognised as income	4.3	7.7
Realisation/changes to other cumulative consolidated net profit recognised as income	0.0	-1.3
Market valuation of hedging instruments		
Changes to other cumulative consolidates net profit recognised as income	8.8	-22.2
Realisation/changes to other cumulative consolidated net profit recognised as income	23.0	4.3
Adjustment for currency translation of foreign subsidiaries	0.5	6.7
Actuarial earnings and losses from performance-based pension plans and similar obligations	-2.7	-2.5
Deferred taxes on value adjustments set off directly against equity	-3.7	5.2
Income and expenses recognised in equity	**30.2**	**-2.1**
Total comprehensive income	**53.4**	**-160.1**
Share attributable to group shareholders	21.4	-192.2
Share attributable to hybrid capital providers	32.0	32.0
Share attributable to third parties	0.0	0.1

Consolidated statement of cash flows statement

for the financial year 2010

in € m	**31.12.2010**	31.12.2009
Consolidated net profit before interest and taxes (EBIT)	**256.2**	**64.1**
Unrealised changes in market value of investment property	-53.0	-2.8
Realised changes in market value of investment property	0.1	64.1
Depreciation and appreciation of intangible assets and property, plant and equipment	8.9	11.8
Proceeds from disposal of intangible assets and property, plant and equipment	0.0	-1.8
Other non-cash income and expenses	-46.5	20.1
Changes in receivables and inventories of other segments (not including operative segments Development, Real Estate and Private Funds)	41.3	-40.9
Changes in liabilities and provisions	-41.3	46.6
Dividends received	9.3	2.3
Non-distributed earnings of associated companies	-16.2	4.7
Cash flow from current activities	**158.8**	**168.2**
Changes in inventories for developing of real estate in Development, Real Estate and Private funds segments including sale of real estate and project development companies *	-182.3	-31.2
Cash flow from short/mid-term investments in the operating activities	**-182.3**	**-31.2**
Cash flow from operating activities before interest and taxes	**-23.5**	**137.0**
Interest expenses	-205.4	-189.9
Interest income	13.2	24.1
Net tax payment	-17.6	-21.7
Cash flow from operating activities	**-233.3**	**-50.5**
Investment in investment property	-59.7	-38.9
Proceeds from disposal of investment property	267.9	636.0
Investment in investment property/asset under construction	-122.6	-98.7
Investment in intangible assets and property, plant and equipment	-10.9	-21.9
Investments for acquiring consolidated companies (less cash balances)	0.0	-10.1
Proceeds from disposal of consolidated companies (less cash balances)	105.4	0.0
Investments in financial assets and other assets	-31.4	-73.7
Proceeds from disposal of financial assets and other assets	60.1	93.1
Cash flow from investing activities	**208.8**	**485.8**
Dividends paid to providers of hybrid capital	-32.0	-32.0
Proceeds from capital increase	0.0	70.6
Proceeds from bank loans	488.2	385.2
Repayment of bank loans	-367.2	-628.2
Other cash outflows from financing activities	-64.4	0.0
Cash flow from financing activities	**24.6**	**-204.4**
Net change in cash and cash equivalents from operations	0.1	230.9
Cash and cash equivalents as of 01.01.	**274.9**	**44.2**
Changes in cash and cash equivalents due to exchange rate movements	-0.1	-0.2
Cash and cash equivalents as of 31.12.	**274.9**	**274.9**
thereof cash in property disposal group	*0.0*	*8.0*
Cash and cash equivalents reported on the balance sheet	274.9	266.9

Further information on the cash flow statement can be found in Section 11.6.

* Gain on disposal is included in other operating income

Statement of changes in equity

in € m	Subscribed capital	Capital reserve	Treasury shares	Other reserves: Market valuation avail.-for-sale securities	Other reserves: Market valuation hedging instruments	Other reserves: Hedge of net investment
Balance at 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**
Accrual on profit distribution for hybrid capital						
Capital increase	10.0	60.6				
Share-based payment						
Changes to group of consolidated companies/others						
Balance at 31.12.2009/01.01.2010	**126.0**	**621.6**	**-0.5**	**4.8**	**-115.8**	**12.9**
Consolidated net profit						
Earnings recognised directly in equity				3.5	28.1	0.0
Total comprehensive income	**0.0**	**0.0**	**0.0**	**3.5**	**28.1**	**0.0**
Accrual on profit distribution for hybrid capital						
Capital increase						
Share-based payment		0.5				
Changes to group of consolidated companies/others						
Balance at 31.12.2010	**126.0**	**622.1**	**-0.5**	**8.3**	**-87.8**	**12.9**

* Actuarial gains and losses were reclassified to retained earnings in the current financial year

Adjustments for currency translation	Actuarial earnings and losses	Retained earnings	Equity attributable to Group shareholders	Hybrid capital	Minority interests	Total equity
-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
			0.0			0.0
		-1.6	-1.6		-2.7	-4.3
-35.3	**0.0 ***	**250.1**	**863.8**	**400.9**	**0.4**	**1,265.1**
		-8.8	-8.8	32.0	0.0	23.2
0.5	0.0	-1.9	30.2			30.2
0.5	**0.0**	**-10.7**	**21.4**	**32.0**	**0.0**	**53.4**
			0.0	-32.0		-32.0
			0.0			0.0
			0.5			0.5
		-0.9	-0.9		-0.1	-1.0
-34.7	**0.0**	**238.5**	**884.8**	**400.9**	**0.3**	**1,286.1**

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 IVG Real Estate, IVG Development and IVG Caverns segments and in the IVG Funds division in the IVG Institutional Funds and IVG Private Funds segments.

The company is registered in the Commercial Register of the Regional Court in Bonn (HRB 4148). Its registered office is in Bonn, Germany. The address is: IVG Immobilien AG, Zanderstraße 5-7, 53177 Bonn, Germany.

The annual financial statements of IVG Immobilien AG and the consolidated financial statements of IVG Immobilien AG have received an unqualified auditors' opinion from PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Dusseldorf, and will be published in the electronic German Federal Gazette (Bundesanzeiger).

The IVG consolidated financial statements for financial year 2010 were signed off for publication by the Management Board.

2 Basis of preparation

IVG has prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), as applicable in the EU, and the supplementary provisions in accordance with Section 315 a (1) of the Handelsgesetzbuch (HGB – German Commercial Code).

The domestic and foreign company financial statements included in the consolidated financial statements are prepared at the same balance sheet date as the IVG annual financial statements (31 December 2010) and are based on uniform accounting principles.

To improve clarity, various items in the consolidated balance sheet and the consolidated income statement have been combined and are explained in the notes. Assets and liabilities are classified as non-current – with a maturity of more than one year – and current. Pension provisions and deferred taxes are generally shown as non-current.

In the IVG Development segment, the typical operating cycle for inventories often exceeds a one-year period, so that inventories that are expected to remain more than one year are reported as current here also.

The income statement is classified according to the total cost method.

The consolidated financial statements are prepared in Euro. All amounts, including those for the previous year, are shown in millions of euro (€ m) unless stated otherwise.

Slight differences may arise when adding up individual figures in the tables of these consolidated financial statements. This is due to figures being rounded up or down.

The shortages in the credit markets triggered by the financial and banking crisis in 2008 have eased slightly in the year under review, which has continued to make the refinancing required under our business model difficult. In 2010, IVG again succeeded in negotiating new loan commitments. In addition, following the capital increase in autumn 2009 another capital increase was successfully completed in February 2011. The risk regarding extension of existing property, portfolio and project financing as well the liquidity risk from the revival of the covenant for a property loan, were identified as remaining material potential risks. There are also possible increased costs in Development. Viewed in isolation, the risks above can be controlled accordingly by means of counter measures and preventive measures. Sufficient precautions have been taken against any remaining identifiable risks.

The Group could be threatened as a going concern if the following events happen concurrently: the expected sale of caverns, properties and projects does not occur as planned, the project financing mentioned above is not extended again or is extended to a substantially reduced degree only, and the covenant requirement of the above-mentioned property loan is revived and cannot be offset by pre- or post-financing of existing assets.

Due to the measures introduced, going concern is taken for granted and the financial statements have been drawn up on the basis of the going concern assumption.

Changes to accounting principles

The International Accounting Standards Board (IASB) has made various amendments to existing International Financial Reporting Standards (IFRS) and adopted new IFRS, which are applicable since 1 January 2010.

At the same time, the IFRS Interpretations Committee (IFRS IC) has adopted new interpretations (IFRIC) which are applicable since 1 January 2010, unless otherwise stated. The respective transitional provisions have been followed.

The revised IFRS 3 “Business Combinations” contains amended regulations concerning the reporting of business acquisitions. In particular, the regulations governing adoption and reporting of gradual acquisition of shares have been changed and the option has been introduced whereby the shares of non-controlling shareholders may be valued at either fair value or pro rata net assets individually for each transaction. Under these regulations, a decision is made as part of the business combination as to whether goodwill will be reported in full or only for the share held by IVG. The amendments will impact future business combinations.

In the revised version of IAS 27 “Consolidated and Separate Financial Statements”, in particular the reporting of transactions with non-controlling shareholders of a group has been amended. Transactions in which a parent company changes its interest in a subsidiary without losing control over it are to be reported directly in equity as equity transactions in future. New regulations have also been introduced for reporting in the event of loss of a controlling position in a subsidiary. The standard defines how the deconsolidation profit is to be calculated and how the remaining interest in the former subsidiary following a partial sale is to be valued. The amendments will affect the reporting of corresponding business transactions in future.

The following is a listing of the standards and interpretations that are required to be applied for the first time in 2010 and those have been revised that have no material impact on the consolidated financial statements:

Changes to IFRS 1
”First-time Adoption of International Financial Reporting Standards” – New version and additional exemptions for first-time adopters

Change to IFRS 2
“Share-based Payment” – Group cash-settled share-based payment transactions

Improvements to IFRSs 2009
“Improvements to International Financial Reporting Standards” with regard to individual changes to IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38, IAS 39, IFRIC 9 and IFRIC 16

Change to IAS 39
“Financial Instruments: Recognition and Measurement” – Suitable hedged items

IFRIC 12
“Service Concession Arrangements” – Obligations and rights of private concession operators of government infrastructure services

IFRIC 15
”Agreements for the Construction of Real Estate” – Distinction between IAS 11 “Construction Contracts” and IAS 18 “Revenue” and time of revenue recognition from the construction of real estate

IFRIC 16
”Hedges of a Net Investment in a Foreign Operation” – Hedging foreign currency risks

IFRIC 17
”Distributions of Non-cash Assets to Owners” – Reporting at the company distributing the non-cash assets

IFRIC 18
”Transfers of Assets from Customers” – Time of transfer and revenue recognition at the recipient company

In the 2010 financial year, only the changes in the market value of investment property that arose between the end of the last quarter and the time of disposal are reported as realised. In the previous year, all changes in market value since the start of the year are reported as realised for disposed investment property. Prior-year figures were not restated due to immateriality.

Starting from financial year end reporting as of 31 December 2009, there was a change in presentation regarding letting revenues related to a promote structure from other operating income to revenues. Prior-year figures were not restated due to immateriality.

New accounting principles

Standards, amendments and interpretations of existing standards that are not yet applicable or are not applied at an early stage:

As at 28 February 2011, the International Accounting Standards Board (IASB) and the IFRS IC have published the following standards and interpretations which have not yet been adopted by the EU in some cases.

The (IASB) has published the IFRS 9 “Financial Instruments” standard on the categorisation and measurement of financial assets and financial liabilities. The standard establishes regulations on a new and less complex approach to categorisation and measurement of financial assets. An EU endorsement has not yet taken place. IFRS 9 must be applied for the first time starting on 1 January 2013. Voluntary early application is possible once the EU has endorsed the standard. The effects of the first-time adoption of these amendments on IVG’s consolidated financial statements are currently under consideration.

The following standards and interpretations will probably not have a significant effect on IVG's consolidated financial statements:

Changes to IFRS 1
"First-time Adoption of International Financial Reporting Standards" – Limited exemption from comparative IFRS 7 disclosures and regulations on hyperinflation

Changes to IFRS 7
"Financial Instruments: Disclosures" – Additional disclosures for the derecognition of financial assets

Improvements to IFRSs 2010
"Improvements to International Financial Reporting Standards" with regard to individual changes to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 21, IAS 28, IAS 31, IAS 34 and IFRIC 13

Changes to IAS 12
"Income Taxes" – Deferred taxes: recovery of underlying assets

Changes to IAS 24
"Related Party Disclosures" – Change to definitions and simplification of disclosure requirements for government-related entities

Changes to IAS 32
"Financial Instruments: Disclosure and Presentation" – Classification of rights issues

Changes to IFRIC 14
"IAS 19 – The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"

IFRIC 19
"Extinguishing Financial Liabilities with Equity Instruments"

Discretionary decisions

Certain discretionary decisions are made by management with regard to the application of accounting principles. This applies in particular to the following matters:

- It must be determined whether assets available for sale can be sold in their present condition and how likely it is that they will be sold. If that is the case, the assets and any related liabilities must be classified and valued as "assets or liabilities available for sale".
- Properties must be allocated to property, plant and equipment, inventories or investment property.
- In the case of property under construction intended for future use as an investment property, it must be determined when the change from measurement at cost to fair value measurement is to take place.
- Any relationship between a company and a special purpose entity must be examined to see if the special purpose entity is essentially controlled by the company.
- In the case of the disposal of financial assets or the classification of leases, it must be determined whether all opportunities and risks normally associated with ownership of financial assets or leased assets are transferred to other companies.
- In the case of assumption of control of a subsidiary or the acquisition of assets, it must be determined whether these transactions should be classified as a business combination pursuant to IFRS 3 or as acquisition of a group of assets or net assets.

The decisions made by the IVG Group in this regard are described in the explanation of accounting principles in the notes.

Assumptions and estimates

Preparation of the consolidated financial statements in accordance with IFRS requires that certain assumptions and estimates are made which have an effect on valuations of recognised assets, liabilities, income, and expenses as well as disclosure of contingent liabilities. These assumptions and estimates apply (among others) to

- the valuation of investment property. The most important valuation parameters here are expected cash flows, discounting and capitalisation.
- accounting and valuation of provisions. Expected yield of the plan assets and discount factor and other trend factors are important valuation parameters for pension provisions and other liabilities.
- future assumptions about impairment of goodwill with regard to forecasting and discounting future cash flows.
- recognisability of deferred tax assets. These are recognised as soon as recoverability of future tax advantages is probable. The actual tax situation in future financial years and therefore the actual applicability of deferred tax assets can vary from the estimate made at the time the deferred tax assets were capitalised.

Investment property is valued only by external appraisers. If no market values can be derived from the sales of comparable properties, the DCF method is used for measurement, under which future cash flows are discounted at the balance sheet date. These assessments include assumptions about the future. Due to the large number of properties involved and their geographical distribution, uncertainty about individual valuations is subject to a statistical balancing effect.

As of the balance sheet date, IVG continues to assume that future variations in fair value will result mainly from factors beyond IVG's control. This includes mainly discount and capitalisation interest used in valuation. Potential effects of amended assumptions of these two valuation parameters can be seen in the table below. For example, land which is not valued on a cash flow basis is not included in the sensitivity analysis.

Sensitivity analysis of investment property (real estate) [1]

		2010 Capitalisation rate % [2]		
		-0.25	0	0.25
Discount rate [2] in %	-0.25	4,213	4,110	4,016
	0.00	4,136	4,036	3,943
	0.25	4,061	3,963	3,873

		2009 Capitalisation rate in % [2]		
		-0.25	0	0.25
Discount rate [2] in %	-0.25	4,590	4,475	4,370
	0.00	4,505	4,355	4,290
	0.25	4,422	4,313	4,214

Sensitivity analysis of investment property (caverns) [1]

	2010 Discount rate in % [2]		
Fair value of caverns	-0.25	0	0.25
	429	424	420

	2009 Discount rate in % [2]		
Fair value of caverns	-0.25	0	0.25
	286	285	283

1) For financial year 2009 and 2010 including investment property under construction
2) See Section 6.2

The discount factor is one important estimation parameter for pension provisions and other liabilities. The decrease in the discount rate leads to an increase in the cash value of pension commitments and, therefore, to a decrease in equity. An increase (or decrease) of the discount rate by 0.25% would reduce or increase the cash value of the commitments to company pension plans of the IVG Group by €1.5 million (2009: €1.2 million) and €1.5 million (2009: €1.3 million) respectively. The risk premium of senior bonds over risk-free bonds has not changed materially as against the last balance sheet date.

Further information about the assumptions and estimates involved can be seen in the individual notes to the items. All assumptions and estimates are based on current ratios and estimates at the balance sheet date. In estimating future business development, the realistic future economic climate in the industries and regions in which the IVG Group operates at the time of reporting was also taken into account. Although management expects that the assumptions and estimates applied are appropriate, any unforeseeable changes to these assumptions can affect the net assets, financial position and results of operations of the Group.

3 Principles of consolidation

(a) Subsidiaries

Subsidiaries are all companies (including special-purpose entities) whose financial and operational policies are controlled by the Group. The ability to exert control is generally equated with ownership of more than half the voting rights. Potential voting rights that are exercisable or convertible at all times are considered when assessing control.

Subsidiaries are fully consolidated from the time when control is transferred to the parent and deconsolidated when control ceases.

The capital consolidation of acquired subsidiaries is carried out in accordance with the purchase method under IFRS 3 by offsetting the cost of shares against the pro rata revalued equity of the subsidiaries.

This means that the cost of acquiring shares is the fair value of assets given, equity instruments issued and any liabilities incurred or assumed at the time of the transaction. Costs directly attributable to the acquisition are expensed in the period in which they arise. Identifiable assets, liabilities and contingent liabilities acquired in a business combination are measured at fair value at the acquisition date when consolidated for the first time.

Any hidden reserves or losses discovered are adjusted in line with the corresponding assets and liabilities in the subsequent consolidation.

Any excess of the cost of an acquisition of shares over the fair value of the acquired share of net assets is recognised as goodwill. Goodwill is not amortised but is instead subject to impairment testing on an annual basis or whenever there is evidence of a reduction in value. Any negative goodwill is recognised as income after reassessment of the acquired net assets. If a group of non-operational assets is acquired and therefore IFRS 3 does not apply, the total purchase price will be split in accordance with fair value. During deconsolidation, the remaining carrying amount of goodwill is taken into account in calculating the disposal proceeds.

Transactions in which the interest in a subsidiary changes without control over it being lost are to be reported directly in equity as equity transactions.

In the event of loss of a controlling position in a subsidiary, the remaining interest in the former subsidiary is to be measured at fair value.

Intragroup transactions and positions as well as unrealised earnings on intragroup transactions are eliminated. Tax accruals and deferrals are recognised pursuant to IAS 12 for temporary differences arising on consolidation.

Sales of goods and services within the IVG Group are generally made on arms-length terms.

(b) Equity investments accounted for using the equity method
Equity investments accounted for using the equity method include associated companies and joint ventures. In the case of associated companies, IVG exercises a significant influence but not control, while joint ventures are characterised by common control of the partners.

Upon addition, equity investments accounted for using the equity method are recognised at cost including directly attributable ancillary costs, which is divided into the acquired share of the equity in the associated company or joint venture as well as any newly-valued assets, goodwill or liabilities. In the subsequent valuation, the prorated after-tax results, distributed dividends and any changes in equity are added or subtracted from the carrying amount.

The overall carrying amount measured using the equity method is subjected to an impairment test in line with IAS 36 if there is evidence in line with the provisions for financial instruments to suggest that an asset is impaired. If the realisable value falls below the carrying amount of an equity investment accounted for using the equity method, an impairment is charged in the amount of the difference. If the reasons for a previously recognised impairment no longer apply, the write-down is reversed accordingly in income.

Unrealised intragroup profits on transactions between Group companies and associated companies are eliminated to the extent of the Group's interest in the associates.

The following assets, liabilities, revenues and annual results from associated companies are attributable to the Group based on its shareholdings ratio:

in € m	2010	2009
Assets	229.1	246.7
Provisions and liabilities	148.1	176.4
Revenues	78.0	12.3
Net profit for the year	8.9	-5.9

As in the previous year, there were no material unrecognised accumulated losses.

One joint venture was disposed of in fiscal year 2010.

4 Group of consolidated companies

The group of consolidated companies encompasses 265 subsidiaries and 13 associated companies. The associated companies were accounted for using the equity method.

All substantial German and foreign subsidiaries and associated companies controlled directly or indirectly by IVG are included in the consolidated financial statements of IVG.

Shares in subsidiaries or associated companies not considered to be material from the Group's point of view are recognised in line with IAS 39.

	Germany	Other countries	2010	2009
Number of fully consolidated companies	154	111	265	273
Number of investments accounted for using the equity method	7	6	13	13
Total number of companies	**161**	**117**	**278**	**286**

The list of shareholdings is given as an appendix to the notes and includes companies affiliated with consolidated Group companies, companies accounted for using the equity method and certain other equity investments.

Loss of control of subsidiaries

Sales in the year under review related to property companies in Munich and Frankfurt/Main with sales proceeds totalling €63.3 million to the newly established and placed IVG Premium Green Fund, in which IVG holds an associated equity investment as of 31 December 2010. The IVG fund EuroSelect 20 TheNorthGate was placed in full.

in € m	2010
Disposal proceeds for subsidiaries	63.3
Costs and taken obligations relating to disposal	21.0
Net disposal price	42.3
Portion of the price paid in cash or cash equivalents	58.9
Amount of cash or cash equivalents paid	6.8
In the course of disposals of subsidiaries, the Group surrendered the following assets and liabilities:	
- Other non-current assets	36.7
- Inventories	117.9
- Other assets	0.6
- Assets of property disposal group	177.7
- Other receivables	4.2
- Liabilities to banks	71.6
- Other liabilities	84.0
- Deferred tax provisions	0.8
- Liabilities property disposal group	153.2

Business combinations after the balance sheet date

Over the past financial year, IVG did not make any acquisitions that are to be classified as business combinations pursuant to IFRS 3. The business combination described below took place after the balance sheet date but before the financial statements were authorised for issue.

On 20 January 2011, IVG Immobilien AG acquired 100% of the shares in HYPO Real Invest AG, headquartered in Vienna. HYPO Real Invest AG is a management company for real estate investments. The acquisition of HYPO Real Invest AG is strategically important to IVG, as it represents a further step to expand the product platform for IVG's institutional business and allows us to develop our expertise in fund and asset management in the core markets of Central and Eastern Europe. The purchase price was €1.9 million plus ancillary purchase costs of €0.2 million.

At the acquisition date, the fair values of the assumed assets and liabilities amounted to:

Acquisition of HYPO Real Estate Invest AG in € m	
Intangible assets	0.1
Property, plant and equipment	0.2
Deferred tax assets	0.1
Receivable and other assets	0.1
Cash and cash equivalents	1.3
Other provisions	-0.2
Liabilities	-1.0
Acquired net assets	**0.6**
Purchase price	1.9
Goodwill	**1.3**

On the basis of the purchase price allocation there was goodwill of €1.3 million, which reflects the much broader regional coverage of the core markets and the improved expertise in fund and asset management.

5 Currency translation

Foreign currency transactions are translated in the individual financial statements of companies included in the consolidated financial statements using the exchange rate at the date of the transaction. Monetary balance sheet items in foreign currencies are translated using the median exchange rate at balance sheet date and any resulting translation gains and losses are recognised in income.

Foreign subsidiaries are generally treated as independent entities; their financial statements are translated into Euro using the functional currency method. Under this method, equity items are translated using historical exchange rates and assets (including goodwill) and liabilities are translated using the exchange rate at balance sheet date. Any resulting currency translation differences are recognised in equity and reported in other reserves until a subsidiary is deconsolidated. Income and expenses of subsidiaries are translated into Euro using average monthly exchange rates.

The same process is applied to translation of currencies of foreign associated equity investments accounted for using the equity method.

The exchange rates used for translation in the course of consolidation are as follows:

Currency	Country	Exchange rate at 31.12.2010 in €	Exchange rate at 31.12.2009 in €
100 SEK	Sweden	11.1418	9.7476
1 GBP	UK	1.1594	1.1236
1 USD	United States	0.7474	0.6942
100 CZK	Czech Republic	3.9839	3.7770
100 HUF	Hungary	0.3587	0.3692
100 PLN	Poland	25.2500	24.3724

6 Accounting principles

6.1 Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are carried at cost less any accumulated depreciation and amortisation. The cost of acquired assets comprises costs directly attributable to their acquisition. This also includes estimated costs for demolition, reconstruction and restoration of land.

The cost of self-constructed assets includes all costs directly related to the construction process and construction overheads which can be allocated. Capitalised borrowing costs are included in the cost of production.

Grants received for intangible assets and property, plant and equipment are deducted from cost.

Salt and surface rights relating to caverns are not amortised as they have an indefinite useful life. All material depreciable assets are depreciated on a straight-line basis, generally with depreciation periods as follows:

Other buildings (not investment property)	50 years
Plant and machinery	10 - 19 years
Motor vehicles	3 - 6 years
Office equipment	3 - 10 years
Computer software, licences and rights of use	3 - 5 years

The residual values and useful lives are reviewed at each balance sheet date and adjusted as necessary.

Gains and losses arising from disposal of assets, determined as the difference between the income from property disposal and the carrying amount less any directly attributable costs of property disposal, are recognised in income under other operating income or expenses.

Goodwill is any excess of the cost of a business acquisition over the Group's interest in the fair value of the net assets of the company being acquired at the acquisition date and is attributed to intangible assets. Goodwill arising from acquisitions of associated companies is included in the carrying amount of the equity investment in associated companies. Goodwill is carried at cost less any accumulated impairment losses. It is allocated to cash generating units and tested for impairment annually and any time there are reasons for an impairment of value. The determination of gains and losses from company disposals includes the carrying amount of any goodwill attributed to the business which is being sold.

6.2 Investment property

Property is classified as investment property if it is held to generate rental income and/or for capital appreciation. Real estate developed for future use as investment property is reported as investment property. Otherwise, real estate is accounted for in property, plant and equipment. The IVG Group recognises properties that are held as available for sale during normal business operations in line with the regulations of IAS 2. Properties constructed or developed with the intention of selling them are also reported under inventories. The same applies to properties previously held as financial investments where there has been a start to development with a view to sale.

Upon acquisition, investment property is valued at cost including ancillary purchase costs.

In subsequent reporting years, investment property is valued at fair value. Real estate under construction intended for future use as investment property is carried at fair value as soon as this figure can be reliably determined. In the early development phases of investment property under construction, reliable estimates of the fair value are not available, meaning that this investment property under construction is initially carried at amortised cost. Fair value of properties can usually be determined with the acquisition of the construction permit. Due to geological uncertainties, caverns are not measured at fair value unless more than 300,000 m^3 of economically usable hollow space is achieved, which is roughly 50% of the maximum hollow space per cavern.

Borrowing costs (see Section 6.5) are capitalised in the case of investment property under construction as long as valuation is made at amortised cost.

In connection with the first-time application of IAS 40 (Revised 2008) as at 1 January 2009, investment property under construction was reclassified from property, plant and equipment at its remaining carrying amount. The effects of the reclassification and first-time measurement at fair value are included in the notes to the balance sheet (see Section 8.2).

The stated fair values of the investment property are based on valuations performed by reputable neutral appraisers (especially Jones Lang LaSalle GmbH) and calculated in accordance with the international valuation standards (IVS) of the International Valuation Standards Council (IVSC). Specifically, valuation is performed based on net cash inflows discounted to present value using the DCF method or based on market or comparative prices if available. All investment property is valued on the basis of the individual property and reflects the market conditions at the end of each quarter.

Under the DCF method, expected future cash flows from a property are discounted to the valuation date with the particular fair market discount rate for each property. Over a planning period of ten years, the annual surplus (net operating income) is estimated for each property.

It is derived from the addition of anticipated cash inflows and outflows. The cash inflows are normally the net rents and the outflows are the expenses, especially the operating expenses, which the owner has to pay. Net rents are based on a contractual rent increase in line with the expected inflation rate in the ten-year planning phase. Vacancy periods after the contractual lease expires are taken into account for each object if they occur. The discount rate as at 31 December 2010 averaged between 6.91% und 9.61% per country location (2009: between 6.58% and 9.62%). This results in the net present value of the net cash flows for the relevant periods. The residual value for the property being valued is forecast for the end of the ten-year planning period. The stabilised net cash flows of years ten and eleven are capitalised as an annuity using the growth-implied capitalisation rate. The capitalisation interest rate in the financial year averaged between 5.92% and 7.95% per country location (2009: between 6.00% and 7.62%). The residual value is then also discounted to the valuation date using the discount rate. The total of the discounted net cash flows and the discounted residual value minus a local transaction cost discount of a potential buyer represents the fair value of the property being valued.

We also refer you to the information on risks in the real estate sector in Section 6.5 of the Group management report as well as to Section 2, Assumptions and Estimates, of these Notes regarding the sensitivity analyses of the key valuation parameters.

Investment property is no longer recognised once it is sold or let as part of a finance lease. Gains and losses from disposal of investment property are recognised in the year of sale.

6.3 Impairment of assets (impairment test)

Intangible assets which have an indeterminable useful life are not 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 CGUs' other assets will be reduced pro rata by the remaining balance.

If the reasons for impairment cease to apply, impairment is reversed up to the amortised or depreciated carrying amount that would have resulted if no impairment loss had been recognised. Where impairment losses are recognised for goodwill, these are not reversed if the reasons cease to apply in subsequent periods.

6.4 Financial assets and liabilities

Within the IVG Group, arms-length sales and purchases of financial assets are recognised on the trading day. This is the day on which the Group undertakes to buy or sell the asset.

Financial assets are no longer recognised if the contractual rights to cash flows from the asset expire or ownership of the financial asset is transferred. The latter occurs when all opportunities and risks arising in connection with the ownership of the asset are transferred or the authority to control the asset is relinquished.

The following shows the valuation categories and accounting and valuation methods used in the Group. Classification depends on the purpose for which the financial asset was acquired.

(a) Assets valued at fair value through profit and loss

(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 in the amount of the option premium and then valued at fair value.

Valuation is based both on statements from financial institutions (mark to market) and mathematical analysis of the value (option pricing model).

The market value of interest rate swaps and interest rate/currency swaps is determined by discounting the expected future cash flows over the remaining term of the contract on the basis of current interest rate yield curves.

Changes in the fair value of these derivatives are recognised directly in income, unless the derivative financial instruments have a designated and sufficiently effective hedging function in relation to an underlying transaction. In this case, recognition of the changes in fair value depends on the type of hedging relationship.

Cash flow hedges are designated in order to recognise a hedge against a risk that future cash flows from a recognised asset or liability, or a planned transaction that is highly likely to take place, will vary. In this context, unrealised gains and losses from the hedge are initially recognised in equity (other reserves).

They are not transferred to the income statement until the underlying hedged transaction is recognised in income. If planned transactions are hedged and in a later period these transactions are used for a financial asset or a financial liability, all amounts included up to this time in equity are released and recognised in income in the reporting year in which the underlying hedged transaction influenced the result for the period. If the transaction leads to the use of non-financial assets or liabilities, the amounts recognised directly in equity are offset against the initial valuation of the asset or liability.

Net investment hedges are used to hedge foreign currency risks from equity investments with foreign functional currencies and to disclose hedging relationships in the balance sheet. Unrealised gains and losses from hedge transactions are recognised in equity until disposal of the equity investment.

In line with the rules and formal requirements of IAS 39, the requirements for the recognition of hedging transactions are fulfilled by IVG at each balance sheet date. In particular, the hedges must be fully documented, to show both the hedging relationship and the risk management strategy and targets.

Furthermore, the hedging relationship must be sufficient, i.e. the changes in fair value of the hedge transaction must prospectively and retrospectively cover a spread of 80% to 125% of the parallel changes in fair value of the underlying transaction. In line with IAS 39, only the effective part of a hedge relationship is recognised in line with the described rules. The ineffective part of a hedge relationship is directly recognised in the income statement.

When a hedging instrument expires or is disposed of or the hedged item no longer meets the criteria for hedge accounting, the accumulated gains or losses remain in equity and are only recognised in the income statement when the underlying transaction is realised or no longer expected to take place. Any future gains and losses from the hedge are recognised in earnings for the period from the end of the designation on.

(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 receivables, the nominal amount less any accumulated impairment losses is assumed to equal fair value.

Impairment of receivables is partially realised using impairment accounts. The decision as to whether a default risk should be recognised by way of an impairment account or as a direct reduction in the receivable depends on the reliability of the assessment of the risk situation.

Receivables denominated in foreign currencies are translated using the average exchange rate at the balance sheet date. Gains or losses on currency translation are recognised in the financial result.

Cash and cash equivalents includes cash in hand, bank balances and short-term deposits belonging to IVG Immobilien AG and those companies not yet included in the cash clearing system, with a remaining term of less than three months.

(c) Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets designated as available for sale or not classified under any of the other categories mentioned. Initial valuation is made at fair value taking account of transaction costs. Subsequent valuation is made at fair value where this can be reliably determined. Any unrealised gains and losses are recognised in equity (other reserves) after taking deferred taxes into account. Upon disposal, proceeds will be recognised as gains or losses.

At each balance sheet date, financial assets and groups of financial assets are reviewed for any indications of impairment.

For equity instruments classified as available-for-sale financial assets, a material or sustained decline of the fair value to less than cost is seen as an indication of impairment. If indications of impairment exist for available-for-sale assets, the asset is written down to fair value. The cumulative losses previously recognised directly in equity are then recognised in income under depreciation and amortisation. Impairment losses of equity instruments recognised in income are not reversed in income.

6.5 Inventories

Inventories are measured at the lower of cost or net realisable value. Cost is assigned by the weighted average cost formula. The cost of finished goods and work in progress includes costs of product design, materials and supplies, direct labour, other direct costs, and directly allocable overheads.

So long as they can be directly allocated to the purchase, construction or production of a qualifying asset, borrowing costs are capitalised as part of costs in the period in which all major work is completed in order to furbish the asset for its intended use or sale.

At the IVG Group, a period exceeding 12 months was chosen. Otherwise borrowing costs will be expensed. The financing rate underlying the capitalised borrowing costs is 4.0% (2009: 4.2%). The financing rate is an average weighted financing rate, determined by the IVG Group and applied where no directly allocable borrowing was taken up. For property-specific financing, the actual interest expense, less any income derived from intermediate assets, is recognised.

The net realisable value is the estimated selling price less estimated costs to completion and the estimated costs of sale.

6.6 Construction contracts

A construction contract is defined in IAS 11 as a contract specifically negotiated for the construction of an asset.

If the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract income is recognised over the duration of the contract. If it is probable that total contract costs will exceed total contract income, the expected loss is recognised as an expense immediately. The Group uses the percentage of completion method to determine the revenues to be reported in a given financial year. The percentage of completion is the percentage of costs incurred until the balance sheet date compared to the expected total cost of the contract.

If the outcome of a construction contract cannot be measured reliably, contract income is only recognised to the extent that it is probable that incurred contract costs can be recovered.

The Group reports as an asset the gross amount due from customers for construction work - for all contracts in progress for which costs incurred plus reported earnings (or less recognised losses) exceed total progress billings. Progress billings not yet paid are reported under trade receivables.

The Group reports as a liability the gross amount due to customers for contract work - for all contracts in progress for which progress billings exceed costs incurred plus reported earnings (or less recognised losses).

6.7 Non-current assets held for sale

In accordance with IFRS 5, non-current assets to be sold as part of an asset deal are reported separately as available for sale in the consolidated financial statements if the disposal is highly probable within the next twelve months. If the disposals are planned as share deals, the other assets and liabilities to be disposed of are reported separately in the consolidated balance sheet in addition to the non-current assets.

Items available for sale are valued at the lower of their carrying amount and fair value less selling costs at the time of reclassification and at each subsequent balance sheet date. Depreciation and amortisation are no longer recognised from the date of reclassification. In variance to these valuation rules, investment property will continue to be valued in accordance with the relevant regulations of IAS 40 (Revised 2008), due to the option to use fair value for accounting purposes. Gains or losses arising from the valuation of individual non-current assets held for sale or disposal groups are recognised as income from continuing operating activities until they are sold.

6.8 Financial liabilities

Loan liabilities and other liabilities are measured at fair value at first-time recognition, taking account of transaction costs.

Any difference between the amount of a loan (after deduction of transaction costs) and the amount repaid is recognised in the income statement over the contractually agreed loan term using the effective interest method. Valuation in subsequent periods is made at amortised cost.

Pursuant to IAS 32 a company has an equity instrument only if it has no conditional or unconditional contractual obligation to deliver cash or another financial asset.

In effect, IAS 32 determines that the right of shareholders to demand that a company pay out the value of its shareholding at any time means that this should be recognised as a liability, even if the legal form of the shareholder is only a residual interest. Liabilities to limited partnership (KG) minority shareholders should therefore be valued at the fair value of the claim for reimbursement of limited liability capital. Changes are recognised in the financial result as “Revaluation of minority interests in partnerships”.

Liabilities are classified as non-current liabilities if the agreement provides for repayment after twelve months. Liabilities denominated in foreign currencies are translated using the mean exchange rate at the balance sheet date. Gains or losses on currency translation are recognised in the financial result. Derivatives recognised as liabilities are carried at fair (market) value. The fair values of financial liabilities disclosed in the notes are determined by discounting the contractually agreed future cash flows at the market rate of return that the Group would currently obtain for similar financial instruments.

6.9 Income taxes

Deferred tax assets and liabilities are recognised using the balance sheet liability method for temporary differences between the tax base of assets and liabilities and their carrying amounts in the IFRS balance sheet.

Deferred tax assets for temporary differences and for tax loss 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% (2009: 31%).

As well as the uniform corporation tax rate (KSt) and the solidarity surcharge, this also includes an average business tax rate (GewSt). The tax rates for foreign companies vary between 10% and 35% (2009: between 19% and 35%).

Deferred tax liabilities are recognised for temporary differences in connection with equity investments in subsidiaries and associated companies, except to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

Unpaid amounts of current income taxes are recognised as a liability. If the amount already paid for income taxes exceeds the amount due, the difference is recognised as an asset.

6.10 Pension provisions

Pension provisions and similar obligations result from obligations towards employees. Obligations arising from performance plans are valued in accordance with the projected unit credit method. Using this method, forecast future increases in salaries and benefits are taken into consideration in addition to benefits and entitlements known at balance sheet date. The biometric basis is provided by the actuarial tables 2005G by Dr Klaus Heubeck. Actuarial gains and losses from amendments and changes to actuarial assumptions are recognised directly in equity under other reserves in the period in which they arise. The amount of obligations at the end of the year is set off against plan assets at fair value (finance status). Pension provisions are calculated taking into account any resulting asset values and after deduction of past service costs.

6.11 Other provisions

Provisions are liabilities of uncertain timing or amount. Provisions are recognised for decommissioning obligations, the remediation of environmental damage, reconstruction obligations, legal proceedings and other obligations when the Group has a legal or constructive obligation to a third party, and it is probable that settling the obligation will require an outflow of resources embodying economic benefits, and the amount of the obligation can be reliably estimated.

Other provisions are valued in accordance with IAS 37 and IAS 19 by using the best estimate of the amount of the obligation. For individual risks this is the most likely amount. Provisions with a remaining term of more than one year are discounted using an interest rate appropriate in terms of risk and maturity. Provisions for reconstruction obligations are discounted at 4.8% (2009: 5.5%).

Contingent liabilities and contingent assets are possible liabilities or assets resulting from past events, of which the existence is determined by way of the incidence of one or more uncertain future events that do not lie within IVG's control. In addition, this means a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are recognised at fair value if they are acquired during the acquisition of a company.

Contingent assets are not recognised. Where an outflow of economic resources is likely, information about contingent liabilities will be made in the notes to the consolidated financial statements. The same applies to contingent assets, as soon as an economic benefit becomes likely.

6.12 Share-based payment

In accordance with IFRS 2, obligations from share-based remuneration components for managers are calculated by means of financial analysis using an option pricing model.

Share-based remuneration settled with equity is valued at fair value at the grant date. The fair value of the obligation is recognised time rated in income under personnel expenses over the vesting period of the option. Exercisable options which are not tied to market conditions are taken into account in the assumptions about the number of options expected to be exercised.

Obligations from cash-settled plans are recognised as other provisions and revalued at fair value at each balance sheet date. Expenses are also recognised over the vesting period of the option.

6.13 Leases

Leases for which substantially all the risks and rewards incidental to ownership of the leased assets remain with the lessor are classified as operating leases. Payments received or made under an operating lease are recognised in income over the term of the lease. Real estate leasing contracts are operating leases in accordance with this definition. Land for which IVG is granted use under heritable building rights contracts with long terms of up to 100 years is classified as operating leasing at IVG, as the principal opportunities and risks arising from this land are attributed to the party granting the heritable building rights (the lessor) due to its unlimited useful life. Leases which transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee are classified as finance leases.

If assets are leased under a finance lease, the present value of the minimum lease payments is carried as a lease receivable and the lease item is recognised as a disposal. Any difference between the gross receivable and the present value of the receivable is recognised in the financial result over the lease term. Interest income is recognised over the lease term using the annuity method, reflecting a constant annual return.

Book profits which are the difference between the present value of minimum lease payments and the remaining carrying amounts of lease items are recognised in income under other operating profit if the lease agreements concluded are manufacturer or dealer leases.

6.14 Revenue recognition

Rental income

Revenues from letting, renting and property management less any revenue deductions are recognised as soon as the remuneration is contractually agreed or may be reliably determined and it is likely that any related conditions will be met.

Proceeds from disposal of property

Proceeds from sales transactions (such as investment property) are recognised if:

- all significant risks and rewards of ownership have been transferred to the acquirer
- the Group retains neither titles nor effective control over the object
- the amount of income and the costs incurred or to be incurred in respect of the transaction can be measured reliably
- it is sufficiently probable that the economic benefits associated with the transaction will flow to the Group

Proceeds from provision of services

Revenues from the provision of services (fund management, property management fees, commissions and operation of caverns) are recognised in the financial year in which the services are provided.

For services provided in more than one reporting year, revenues are recognised as a ratio of services actually provided to the total amount of services to be provided.

7 Notes to the consolidated income statement

7.1 Revenues

For further information about revenues, see Section 11.7 (Segment reporting).

7.2 Changes in inventories and other own work capitalised

in € m	2010	2009
Increase in inventories of finished goods and work in progress	533.9	397.4
Decrease in inventories of finished goods and work in progress	-369.3	-303.6
Other own work capitalised	5.7	4.1
	170.3	97.9

At €397.3 million, the increases in inventories of finished goods and work in progress result from the scheduled construction progress of the project THE SQUAIRE (2009: €227.1 million).

These are offset by negative changes in inventories due to successful sales of project developments, primarily in Germany (€164.6 million), the UK (€83.5 million), Poland (€82.5 million) and France (€30.5 million).

7.3 Unrealised changes in market value of investment property

in € m	2010	2009
Germany	70.4	65.5
France	-10.7	-18.6
Finland	-6.7	-14.3
UK	-0.8	-7.7
BeNeLux	2.3	-20.5
Other countries	-1.5	-1.6
	53.0	**2.8**

Unrealised changes in market value of €53.0 million (2009: €2.8 million) comprise -€87.8 million (2009: -€194.2 million) from the IVG Real Estate segment and €140.8 million (2009: €197.0 million) from the IVG Caverns segment.

This includes unrealised changes in the market value of investment property under construction in the amount €143.8 million, of which €140.8 million (2009: €174.1 million) relates to caverns under construction and €3.0 million (2009: -€0.5 million) to the IVG Real Estate segment.

Unrealised market value gains of €195.7 million (2009: €214.5 million) are contrasted by market value losses of €142.7 million (2009: €211.7 million).

7.4 Realised changes in market value of investment property

Realised changes shown are changes in market value of investment property disposed of during the period from the end of the last quarter or from a later completion date until the date of disposal.

Realised market value gains from the IVG Real Estate segment of €1.0 million (2009: -€63.6 million) are contrasted by realised losses from the sale of caverns of -€1.1 million (2009: -€0.4 million).

The disposals of €283.9 million (2009: €654.3 million) were offset by proceeds of €288.1 million (2009: €596.1 million). Disposal costs totalling €4.3 million (2009: €5.9 million) were incurred in connection with the transactions.

7.5 Other operating income

in € m	2010	2009
Earnings from disposal of consolidated companies and from participations accounted for using the equity method	9.4	5.8
Income from non execution of a premium option	2.6	0.0
Gains/losses from the realisation of a subsequent purchase price adjustment	1.9	5.5
Other operating income from the retraction of impairments	1.2	16.9
Income from reimbursements received/costs passed on from reconstruction obligations; Tenant improvements	0.5	2.0
Other operating income	9.7	50.3
	25.2	**80.5**

The result from the disposal of consolidated companies and equity investments accounted for using the equity method arises primarily from the result of the successful placement of the EuroSelect 20 TheNorthGate fund, accounting for €7.3 million, and from the disposal of an associated company accounted for using the equity method in the IVG Caverns segment, accounting for €1.7 million.

7.6 Material expenses

in € m	2010	2009
Project development	427.1	333.8
Purchased services	81.4	72.2
Project development (PoC)	12.6	8.1
Raw materials and consumables	3.6	7.3
Impairment losses on inventories	59.4	166.9
Appreciation in value-inventories	-14.0	0.0
	570.1	**588.4**

Project development expenses chiefly consist of purchased construction services, architects' fees and planning costs.

The increase in project development expenses results primarily from the increased project volume in the IVG Development segment and mainly comprises expenses for the projects THE SQUAIRE in Frankfurt/Main of €380.4 million (2009: €209.5 million), Horizon Plaza in Warsaw of €19.8 million (2009: €8.4 million) and for the cavern operating company in Etzel in the amount of €19.1 million (2009: €15.8 million).

As of 31 December 2010, total expenses incurred in connection with construction contracts amounted to €28.8 million (2009: €16.1 million). There are construction contracts with a positive balance vis-à-vis customers in the amount of €21.3 million (2009: positive balance, €14.7 million).

The unrealised changes in value reported under material expenses relate to impairment losses recognised on the net realisable value in the IVG Development segment in the year under review, and are chiefly attributable to the project THE SQUAIRE in Frankfurt/Main in the amount of €38.9 million (2009: €149.4 million) and to the Hackesche Markt project in the amount of €18.9 million (2009: €3.9 million).

Reversals of impairment losses on inventories primarily relate to the IVG Front Office Asniéres SAS, Paris, project in the amount of -€7.2 million and the IVG Development (Euston Road) Limited, London, project in the amount of -€3.4 million. In the previous year, reversals of impairment losses on inventories totalling €9.6 million were reported under other operating income.

7.7 Personnel expenses

in € m	2010	2009
Salaries and wages	56.0	59.6
Social security contribution	14.3	13.7
thereof for pensions	*9.9*	*9.1*
Expenses from performance plans	0.8	0.2
	71.0	**73.7**

The average number of employees in 2010 was 623 plus 59 employees (Management Board, trainees, employees in the passive phase of partial retirement or on parental leave) (hourly-paid employees: 0, salaried employees: 682). In 2009, the average number of employees was 667 plus 62 employees (Management Board, trainees, employees in the passive phase of partial retirement or on parental leave) (hourly-paid employees: 7, salaried employees: 722).

Expenses for pension schemes chiefly comprise expenses for contribution-related schemes, including employer contributions to statutory pension schemes.

7.8 Depreciation and amortisation

in € m	2010	2009
Depreciation and amortisation	6.6	6.2
Impairment losses	3.5	5.6
	10.1	**11.8**

Write-downs mainly relate to impairment losses on technical equipment under construction intended for the construction of caverns.

7.9 Expenses from investment property

in € m	2010	2009
Expenses from leased investment property	61.4	63.0
Expenses from partially vacant investment property	6.8	6.6
	68.2	**69.7**

This item primarily includes maintenance, land tax, operating expenses and taxes and fees which are directly attributable to investment property.

The ratios at the balance sheet date are the decisive factor in differentiating between leased and vacant investment property.

7.10 Other operating expenses

in € m	2010	2009
Auditing, legal and consultancy fees	20.0	28.2
Purchased external services	19.7	18.7
Communications and marketing	10.8	7.2
Data processing	11.4	11.0
Rents/leasing expense	6.1	9.2
Other taxes	5.0	1.2
Levies/fees/banking charges/early redemption penalties/charitable donations	4.2	2.6
Impairment losses on receivables	4.1	4.0
Travel expenses and ancillary personnel costs	4.0	3.8
Rent guarantees and general leases	3.7	13.7
Service/maintenance	3.5	2.8
Office, postal and telephone expenses	1.6	1.8
Insurance premiums	1.4	1.2
Losses from disposal of finance lease	0.0	4.2
Other expenses	17.0	27.7
	112.5	**137.4**

Of the auditing, legal and consultancy fees, €2.5 million (2009: €3.9 million) relate to PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (Germany), of which €2.2 million (2009: €3.1 million) was with respect to fees for auditing financial statements, €0.1 million (2009: €0.2 million) for tax consultation, €0.2 million (2009: €0.3 million) for other certification services and €0.0 million (2009: €0.3 million) for other services.

Purchased services mostly relate to expenses for services in connection with property management.

At €2.5 million, rent guarantees particularly include costs incurred in connection with leasing a project development in Germany which was completed in the year under review and was subsequently transferred to the newly established and placed IVG Premium Green Fund.

Other taxes consist mainly of property acquisition tax for properties not shown as investment property.

Other expenses of €2.1 million refer to subsequent disposal costs from disposals in previous years and unrealised transactions. Expenses for litigation, transport and distribution are also reported here.

7.11 Gains/losses from associated companies accounted for using the equity method

Of the result from equity investments accounted for using the equity method, €9.7 million arises from income (2009: expense of €3.9 million) from the pro rata earnings in the financial year of equity investments accounted for using the equity method, €6.6 million from reversals of write-downs (2009: write-downs of €6.7 million) on shares in associated companies and €0.5 million from expenses from write-downs of receivables (2009: €1.6 million) from associated companies.

7.12 Income from equity investments

in € m	2010	2009
Income from equity investments	2.2	3.7
Impairment of equity investments and shares in affiliates	-0.2	-2.4
	1.9	**1.3**

Income from equity investments mainly contains €1.9 million (2009: €2.9 million) in distributions of the IVG Cavern Fund.

7.13 Financial result

in € m	2010	2009
Foreign currency income	38.8	72.7
Foreign currency expenses	-39.1	-74.5
Foreign currency earnings	**-0.3**	**-1.8**
Interest income	21.0	19.8
Capitalised interest (assets)	6.2	8.3
Interest expense	-224.8	-235.6
Interest earnings	**-197.6**	**-207.6**
Income from hedging transactions	19.7	9.5
Expenses from hedging transactions	-38.3	-22.2
Earnings from hedging transactions	**-18.5**	**-12.7**
Income from valuation of financial assets	4.2	13.8
Expenses from valuation of financial assets	-5.2	-21.9
Income from valuation of financial assets	**-1.1**	**-8.1**
Earnings from subsequent valuation of minority interests in partnerships	**-5.3**	**1.6**
Other financial income	1.1	3.8
Other financial expenses	-13.4	-28.5
Other financial result	**-12.3**	**-24.7**
Financial result	**-235.1**	**-253.4**

Financial expenses (2010: €316.7 million; 2009: €374.5 million) refer to expenses from foreign currencies, interest expense (after deduction of capitalised interest), expenses from hedging transactions, expenses from valuation of financial assets, expenses from subsequent valuation of minority interests in partnerships and other financial expenses.

Financial income (2010: €81.6 million; 2009: €121.1 million) refers to foreign currency income, interest income, income from hedging transactions and income from valuation of financial assets.

Foreign currency income and expenses mainly include currency effects from the foreign currency transactions of IVG Immobilien AG and from the valuation of internal and external loans in Euro to eastern European project companies.

Expenses and income from hedging transactions relate to gains and losses from the market valuation of hedge transactions not included in hedge accounting.

Income from valuation of financial assets relates predominantly to the valuation of a long-term loan to a project partner of IVG Private Funds GmbH. Expenses from the valuation of financial assets relate almost entirely to share certificates in Asian and Italian real estate funds.

Other financial expenses include in particular bank fees and financing costs for structuring and concluding new and extended loans.

7.14 Income taxes

in € m	2010	2009
Current income tax expense	-31.4	-24.3
Income tax expense from other periods	12.2	-0.3
Deferred taxes	21.3	55.9
	2.1	**31.3**

Tax reconciliation

Taxes on Group earnings before tax differ from the theoretical amount which would have resulted from applying the same Group tax rate of 31% (2009: 31%) to the earnings before tax as follows:

in € m	2010	2009
IAS/IFRS earnings before income taxes	**21.1**	**-189.3**
Expected tax expenses/income (Group tax rate)	**-6.5**	**58.7**
Effects of trade taxes	3.6	6.6
Difference in foreign tax rates	5.7	-7.3
Changes in tax rates	-0.2	0.4
Non-deductible expenses	-19.8	-17.9
Tax-free income	3.2	5.5
Deductible notional return on equity in foreign jurisdictions	19.8	22.6
Current non-deductible losses less current non-deductible losses carried forward and temporary differences for which there are no deferred taxes	-15.4	-36.6
Effects from other periods	12.2	0.3
Other	-0.5	-1.0
Effective income taxes (current and deferred taxes)	**2.1**	**31.3**
Group tax rate in %	-10.0	16.5

7.15 Earnings per share

Basic earnings per share

The basic earnings per share is determined by dividing the consolidated net profit from the period due to the shareholders of the parent company by the weighted average number of ordinary shares in circulation during the reporting year.

		2010	2009
Amount of consolidated net profit attributable to Group shareholders	in € m	-8.8	-190.1
Weighted number of shares issued	in millions	126.0	117.7
Basic earnings per share	in €	-0.07	-1.61

Diluted earnings per share

Calculation of the diluted earnings per share is basically consistent with basic earnings per share.

However, the diluted earnings per share is calculated by adjusting the share of the consolidated net income for the period due to the sharehold-ers 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 convert-ible bond issue. The earnings share of Group shareholders is diluted by all financial expenses (after tax) resulting from the convertible bond, interest for the relevant period, and bank fees, as these are discontinued upon conversion of the convertible bonds and have no further influence on the share of the Group shareholders. The weighted average number of ordinary shares in circulation increases by the weighted average number of additional ordinary shares which would have been in circulation if all potential ordinary shares with a dilution effect were converted.

		2010	2009
Amount of consolidated net profit attributable to Group shareholders	in € m	-8.8	-190.1
Interest expense from bond (after taxes)	in € m	11.7	11.2
Amount of consolidated net profit attributable to Group shareholders (diluted)	in € m	2.9	-178.9
Weighted number of shares issued	in m	126.0	117.9
Effect of potential conversion of bond	in m	8.7	8.7
Adjusted weighted number of shares issued	in m	134.7	126.6
Diluted earnings per share	in €	0.02	-1.41

(Diluted) earnings per share determined pursuant to EPRA

Earnings per share determined on the basis of EPRA recommendations are based on earnings derived from the operational main business of the IVG Group. Neither unrealised nor realised changes in market value of investment property are taken into account.

The EPRA earnings per share are determined as follows:

		2010	2009
Amount of consolidated net profit attributable to Group shareholders	in € m	-8.8	-190.1
Unrealised changes in market value of Investment Property	in € m	-53.0	-2.8
Realised changes in market value from the sale of investment property and equity investments *	in € m	-12.2	56.3
Taxes on realised changes in market value from the sale of investment property and equity investments	in € m	0.9	-15.5
Negative goodwill/impairment of goodwill	in € m	0.0	3.9
Changes in fair value of financial instruments	in € m	18.6	7.1
Deferred taxes on above	in € m	28.9	20.1
Minority shares on above	in € m	0.0	0.0
Adjusted amount of consolidated net profit attributable to Group shareholders	in € m	-25.6	-121.0
Weighted number of shares issued	in m	126.0	117.9
EPRA earnings per share	in €	-0.20	-1.03
Effect of potential conversion of bond	in m	8.7	8.7
Adjusted weighted number of shares issued	in m	134.7	126.6
Diluted EPRA earnings per share	in €	-0.10	-0.96

* Also includes the result from the disposal of the equity investments

8 Notes to the consolidated statement of financial position – assets

8.1 Intangible assets

2010 in € m	Concessions, indust. property rights and other rights as well as licenses to such rights	Goodwill	Total
Acquisition costs at 01.01.	**10.4**	**269.0**	**279.4**
Exchange rate differences	-0.1	0.0	-0.1
Additions	0.2	0.0	0.2
Disposals	0.0	0.0	0.0
At 31.12.	**10.6**	**269.0**	**279.6**
Amortisation at 01.01.	**9.5**	**19.8**	**29.3**
Exchange rate differences	0.0	0.0	0.0
Additions	0.2	0.0	0.2
thereof extraordinary	*0.0*	*0.0*	*0.0*
Disposals	0.0	0.0	0.0
At 31.12.	**9.8**	**19.8**	**29.5**
Carrying amount at 31.12.	**0.8**	**249.2**	**250.0**
Carrying amount at 01.01.	**0.9**	**249.2**	**250.1**

2009 in € m	Concessions, indust. property rights and other rights as well as licenses to such rights	Goodwill	Total
Acquisition costs at 01.01.	**10.7**	**265.1**	**275.8**
Exchange rate differences	-0.1	0.0	-0.1
Additions	0.8	3.9	4.7
Disposals	-1.0	0.0	-1.0
At 31.12.	**10.4**	**269.0**	**279.4**
Amortisation at 01.01.	**10.2**	**15.9**	**26.1**
Exchange rate differences	-0.1	0.0	-0.1
Additions	0.4	3.9	4.3
thereof extraordinary	*0.0*	*3.9*	*3.9*
Disposals	-1.0	0.0	-1.0
At 31.12.	**9.5**	**19.8**	**29.3**
Carrying amount at 31.12.	**0.9**	**249.2**	**250.1**
Carrying amount at 01.01.	**0.5**	**249.2**	**249.7**

The reported goodwill is mainly allocated to the cash-generating units (CGUs) IVG Institutional Funds (specialised real estate fund for institutional investors €237.9 million, 2009: €237.9 million) and IVG Private Funds (closed-end property funds for private investors €11.3 million, 2009: €11.3 million).

In the case of the CGU IVG Institutional Funds, the relevant monitoring level for IVG's management is the change in the enterprise value, the major component of which is the total volume of funds under management.

IVG's management's monitoring of the CGU IVG Private Funds is carried out on the basis of profit from operations, for which the main determinant is the performance in raising equity for the closed-end property funds.

The realisable value for the CGUs IVG Institutional Funds and IVG Private Funds is determined by the calculation of their value in use. These calculations are based on medium-term budgets approved by management, which cover a period of three years. To determine the value of the annuity (value component from the end of the detailed planning period), sustainable operating cash flows are extrapolated using a growth rate for the CGU IVG Institutional Funds of 1.0% p.a. (2009: 1.0%). The growth rate reflects the long-term expectations. No growth rate was taken into account for the CGU IVG Private Funds in (2009: 1.0%). The weighted average cost of capital (WACC) for each CGU was calculated in line with the capital asset pricing model (CAPM). The discount rates were set on the basis of market data and amounted to 6.8% (2009: 10.4%) for the CGU IVG Institutional Funds and 9.8% (2009: 15.5%) for the CGU IVG Private Funds before taxes.

As the value in use exceeded the carrying amounts of the CGUs IVG Institutional Funds and IVG Private Funds, there was no need for an impairment as of 31 December 2010. An increase of the discount rate of 0.5% and a reduction of the long-term growth rate of 0.5% from which the IVG Group determines the value in use for both funds' CGUs would not result in an impairment requirement.

8.2 Investment property

in € m	2010			2009		
	IP (at fair value)	IP under constr. (at fair value)	IP under constr. (at cost)	IP (at fair value)	IP under constr. (at fair value)	IP under constr. (at cost)
Carrying amount as of 01.01.	**4,252,6**	**327,5**	**187,6**	**5.172,2**	**0,0**	**0,0**
Exchange rate differences	4.2	0.0	0.0	17.2	0.0	0.0
Change in the group of consolidated companies	0.0	0.0	0.0	-56.8	0.0	0.0
Reclassifications from property, plant and equipment due to the first-time application of IAS 40 (Revised) at the carrying amounts	0.0	0.0	0.0	0	11.1	242.8
Additions	59.7	82.0	46.2	52.9	45.1	53.6
Disposals	-264.8	0.0	0.0	-123.1	0.0	-0.5
Realised changes in market value of investment property	-90.8	143.8	0.0	-179.0	196.5	0.0
Write-down	0.0	0.0	-1.3	0.0	0.0	-1.7
Appreciation	0.0	0.0	1.2	0.0	0.0	0.0
Reclassifications from IP under construction valued at cost to IP under construction valued at fair value	0.0	66.1	-66.1	0.0	106.6	-106.6
Reclassifications from IP under construction to IP	175.6	-175.6	0.0	31.8	-31.8	0.0
Reclassifications to non-current assets held for sale	-30.7	0.0	0.0	-677.8	0.0	0.0
Reclassifications from non-current assets held for sale	43.4	0.0	0.0	9.2	0.0	0.0
Reclassifications from property, plant and equipment and intangible assets	0.0	0.0	0.0	6.0	0.0	0.0
Carrying amount at 31.12.	**4,149.2**	**443.9**	**167.6**	**4.252.6**	**327.5**	**187.6**

Of the additions in the financial year, €128.2 million (2009: €98.7 million) relates to investments in investment property under construction and €19.2 million to the payment of the remaining purchase price for an office property in Munich.

In the financial year, €40.5 million (2009: €20.5 million) was invested in the property portfolio – €35.7 million (2009: €15.0 million) in Germany and €4.8 million (2009: €5.5 million) in the rest of Europe.

Disposals for carrying amounts mainly result from the sale of office and commercial property in London (€86.5 million), Glasgow (€32.6 million), Berlin (€8.3 million) and Neuss (€4.5 million). Four caverns (€123.4 million) were also sold to the IVG Cavern Fund.

The change in the group of consolidated companies in 2009 related to sales of investment property as part of share deals.

Real estate with a total value of €30.7 million (2009: €677.8 million) was reclassified in non-current assets held for sale in the 2010 financial year. As a result of abandoning the intention to sell, real estate with a total value of €43.4 million (2009: €9.2 million) was reclassified from non-current assets held for sale back to investment property (see Section 8.9).

8.3 Property, plant and equipment

2010 in € m	Land and buildings (own use)	Land and buildings – finance leasing	Technical plant and machines	Other plant, office equipment	Advance payments made and construction in progress	Total
Acquisition costs at 01.01.	**30.3**	**0.0**	**64.0**	**18.3**	**31.3**	**143.9**
Exchange rate differences	0.0	0.0	0.0	0.0	0.0	**0.0**
Change in the group of consolidated companies	0.0	0.0	0.0	0.0	0.0	**0.0**
Additions	4.3	1.7	10.2	1.1	2.3	**19.7**
Disposals	-0.5	0.0	-0.4	-1.3	0.0	**-2.2**
Reclassifications to investment property due to the first-time application of IAS 40 (Revised)	0.0	0.0	0.0	0.0	0.0	**0.0**
Reclassifications to investment property	0.0	0.0	0.0	0.0	0.0	**0.0**
Reclassifications to and from inventories	0.0	0.0	0.0	0.0	0.0	**0.0**
Reclassifications	0.6	0.0	9.9	0.0	-10.5	**0.0**
At 31.12.	**34.8**	**1.7**	**83.7**	**18.1**	**23.1**	**161.4**
Amortisation at 01.01.	**5.2**	**0.0**	**8.2**	**11.3**	**0.0**	**24.7**
Additions	0.7	0.1	3.7	2.1	2.2	**8.7**
thereof extraordinary	*0.0*	*0.0*	*0.0*	*0.0*	*2.2*	***2.2***
Disposals	0.0	0.0	0.0	-1.0	0.0	**-1.0**
At 31.12.	**6.0**	**0.1**	**11.9**	**12.4**	**2.2**	**32.5**
Carrying amount at 31.12.	**28.8**	**1.6**	**71.8**	**5.8**	**20.9**	**128.9**
Carrying amount at 01.01.	**25.1**	**0.0**	**55.8**	**7.0**	**31.3**	**119.2**

2009 in € m	**Land and buildings (own use)**	**Land and buildings – finance leasing**	**Technical plant and machines**	**Other plant, office equipment**	**Advance payments made and construction in progress**	**Total**
Acquisition costs at 01.01.	**26.3**	**0.0**	**56.9**	**19.8**	**286.6**	**389.6**
Exchange rate differences	0.0	0.0	0.0	0.1	0.0	**0.1**
Change in the group of consolidated companies	0.8	0.0	0.0	0.0	0.0	**0.8**
Additions	2.1	0.0	1.5	1.2	15.9	**20.7**
Disposals	-0.3	0.0	0.0	-2.8	-3.3	**-6.4**
Reclassifications to investment property due to the first-time application of IAS 40 (Revised)	0.0	0.0	0.0	0.0	-253.9	**-253.9**
Reclassifications to investment property	0.0	0.0	0.0	0.0	-6.0	**-6.0**
Reclassifications to and from inventories	1.5	0.0	0.0	0.0	-2.5	**-1.0**
Reclassifications	-0.1	0.0	5.6	0.0	-5.5	**0.0**
At 31.12.	**30.3**	**0.0**	**64.0**	**18.3**	**31.3**	**143.9**
Amortisation at 01.01.	**4.9**	**0.0**	**4.8**	**11.8**	**0.0**	**21.5**
Additions	0.5	0.0	3.4	1.8	0.0	**5.7**
thereof extraordinary	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	***0.0***
Disposals	-0.2	0.0	0.0	-2.3	0.0	**-2.5**
At 31.12.	**5.2**	**0.0**	**8.2**	**11.3**	**0.0**	**24.7**
Carrying amount at 31.12.	**25.1**	**0.0**	**55.8**	**7.0**	**31.3**	**119.2**
Carrying amount at 01.01.	**21.4**	**0.0**	**52.1**	**8.0**	**286.6**	**368.1**

The additions to property, plant and equipment totalling €19.7 million (2009: €20.7 million) chiefly relate to the expansion and completion of piping systems (€11.8 million), infrastructure measures (€3.5 million) and a logistics centre held under a finance lease (€1.7 million), allocated to the IVG Caverns segment.

Depreciation increased by €3.0 million from €5.7 million to €8.7 million. This includes a write-down on an item of technical equipment in the Caverns segment (€2.2 million) that the supplier was unable to deliver to requirements.

8.4 Financial assets

2010 in € m	Shares in equity investments accounted for using the equity method	Equity investments and shares in affiliates	Shares in other equity investments	Securities
Acquisition costs at 01.01.	**83.2**	**8.7**	**129.1**	**0.0**
Exchange rate differences	0.9	0.0	5.1	**0.0**
Additions	24.2	0.0	7.2	**0.0**
Changes at equity	0.3	0.0	0.0	**0.0**
Disposals	-27.0	-2.1	-11.0	**0.0**
Reclassifications	0.0	0.0	-17.3	**0.0**
At 31.12.	**81.6**	**6.7**	**113.2**	**0.0**
Amortisation at 01.01.	**6.7**	**5.5**	**34.2**	**0.0**
Exchange rate differences	0.0	0.0	1.5	**0.0**
Impairments	0.0	0.2	5.2	**0.0**
Write-up or appreciation	-6.6	-0.1	-2.0	**0.0**
Unrealised gains and losses recognised in other reserves	0.0	0.0	-1.6	**0.0**
Disposals	-0.4	-2.1	-0.1	**0.0**
Reclassifications	0.0	0.0	-15.8	**0.0**
At 31.12.	**-0.4**	**3.6**	**21.3**	**0.0**
Carrying amount at 31.12.	**81.9**	**3.1**	**91.8**	**0.0**
Carrying amount at 01.01.	**76.5**	**3.2**	**94.9**	**0.0**

2010 in € m	Loans to affiliates	Loans to equity investments accounted for using the equity method	Loans to other companies	Other loans	Financial assets
Acquisition costs at 01.01.	**9.4**	**2.0**	**8.8**	**114.4**	**355.6**
Exchange rate differences	0.0	0.0	0.0	0.0	**6.0**
Additions	0.5	0.8	0.0	6.4	**39.1**
Changes at equity	0.0	0.0	0.0	0.0	**0.3**
Disposals	-1.5	-1.9	0.0	-18.1	**-61.4**
Reclassifications	0.0	0.0	0.0	0.0	**-17.3**
At 31.12.	**8.4**	**1.0**	**8.7**	**102.7**	**322.3**
Amortisation at 01.01.	**9.4**	**0.0**	**8.8**	**43.2**	**107.7**
Exchange rate differences	0.0	0.0	0.0	4.3	**5.8**
Impairments	0.0	0.0	0.0	0.1	**5.5**
Write-up or appreciation	0.0	0.0	0.0	-2.5	**-11.2**
Unrealised gains and losses recognised in other reserves	0.0	0.0	0.0	0.0	**-1.6**
Disposals	-1.5	0.0	0.0	0.0	**-4.0**
Reclassifications	0.0	0.0	0.0	0.0	**-15.8**
At 31.12.	**7.9**	**0.0**	**8.8**	**45.2**	**86.4**
Carrying amount at 31.12.	**0.5**	**1.0**	**0.0**	**57.5**	**235.8**
Carrying amount at 01.01.	**0.0**	**2.0**	**0.0**	**71.2**	**247.9**

2009 in € m	**Shares in equity investments accounted for using the equity method**	**Equity investments and shares in affiliates**	**Shares in other equity investments**	**Securities**
Acquisition costs at 01.01.	**37.8**	**30.0**	**166.8**	**34.0**
Exchange rate differences	0.0	0.0	-0.7	**0.0**
Additions	55.3	0.2	14.7	**0.0**
Changes at equity	-7.0	0.0	0.0	**0.0**
Disposals	-2.9	-21.6	-46.4	**-34.0**
Reclassifications	0.0	0.1	-5.3	**0.0**
At 31.12.	**83.2**	**8.7**	**129.1**	**0.0**
Amortisation at 01.01.	**-0.1**	**24.7**	**33.4**	**-3.7**
Exchange rate differences	0.0	0.0	-0.2	**0.0**
Impairments	6.8	2.3	12.2	**0.0**
Write-up or appreciation	0.0	0.0	0.0	**0.0**
Evaluated at fair value through profit and loss	0.0	0.0	0.0	**0.0**
Unrealised gains and losses recognised in other reserves	0.0	0.0	-7.7	**0.0**
Disposals	0.0	-21.6	-1.3	**3.7**
Reclassifications	0.0	0.0	-2.2	**0.0**
At 31.12.	**6.7**	**5.5**	**34.2**	**0.0**
Carrying amount at 31.12.	**76.5**	**3.3**	**94.9**	**0.0**
Carrying amount at 01.01.	**37.9**	**5.4**	**133.5**	**37.7**

2009 in € m	Loans to affiliates	Loans to equity investments accounted for using the equity method	Loans to other companies	Other loans	Financial assets
Acquisition costs at 01.01.	**0.0**	**2.8**	**8.8**	**116.8**	**397.1**
Exchange rate differences	0.0	0.0	0.0	5.9	**5.2**
Additions	9.3	8.7	0.0	6.6	**94.8**
Changes at equity	0.0	0.0	0.0	0.0	**-7.0**
Disposals	0.0	-9.5	0.0	-14.8	**-129.2**
Reclassifications	0.1	0.0	0.0	-0.1	**-5.2**
Stand 31.12.	**9.4**	**2.0**	**8.8**	**114.4**	**355.6**
Amortisation at 01.01.	**0.0**	**0.0**	**8.8**	**50.8**	**113.7**
Exchange rate differences	0.0	0.0	0.0	0.0	**-0.2**
Impairments	9.4	0.0	0.0	5.7	**36.5**
Write-up or appreciation	0.0	0.0	0.0	-13.3	**-13.3**
Unrealised gains and losses recognised in other reserves	0.0	0.0	0.0	0.0	**-7.7**
Disposals	0.0	0.0	0.0	0.0	**-19.1**
Reclassifications	0.0	0.0	0.0	0.0	**-2.1**
At 31.12.	**9.4**	**0.0**	**8.8**	**43.2**	**107.7**
Carrying amount at 31.12.	**0.0**	**2.0**	**0.0**	**71.2**	**247.9**
Carrying amount at 01.01.	**0.0**	**2.8**	**0.0**	**66.1**	**283.4**

The addition to shares in equity investments accounted for using the equity method relate to the first-time consolidation and increases in equity of IVG Premium Green Fund (€14.0 million) and of the joint venture Freya-Pipeline GmbH & Co. KG, which was sold later in the year (addition of €10.1 million and disposal of €19.2 million). Another major disposal of €5.4 million relates to a capital repayment from the IVG Protect Fund. The change accounted for using the equity method includes income of €9.7 million from the pro rata earnings of equity investments accounted for using the equity method less the associated distributed dividends of €9.4 million. The impairment losses recognised in the previous year on the equity investment in the IVG Greater London Fund were reversed after the reasons for them ceased to apply.

In terms of additions, the changes in the shares in other equity investments particularly result from calling in funds for the specialised cavern fund placed by IVG (€2.7 million) and from fund units held by a subsidiary of IVG (€3.5 million). Fund units with an acquisition cost of €20.3 million including impairment losses of €15.8 million were reclassified as non-current assets held for sale and sold in the 2010 financial year (see Section 8.9). Further classifications totalling €3.0 million relate to retained interests of 5.1% each in two project companies that were sold to the IVG Premium Green Fund placed by IVG. The disposals of shares in other equity investments chiefly result from capital repayments of fund units, accounting for €10.8 million. The impairment losses of €4.4 million also relate to these fund units.

The disposals from loans to affiliates relate entirely to the repayment of a loan extended to a fully placed fund in 2009. Due to the repayment at nominal value, the written-down loan results in other financial income of €1.5 million.

The loan to equity investments accounted for using the equity method relates to the IVG Real Estate Investor Fund, which repaid a loan almost in full at €1.9 million in the year under review.

At €5.5 million, the additions to other loans relate to capitalised interest on a loan in British pounds extended to a project partner of IVG Private Funds in 2007.

In valuing this loan, impairments of €2.5 million were reversed. The repayment of a long-term loan to a French project development fund ("FDV II") was reported under disposals at €17.1 million (2009: €13.7 million).

8.5 Receivables and other assets

in € m	2010			2009		
	Total	Non-current	Current	Total	Non-current	Current
Trade receivables	38.6	0.9	37.7	43.7	0.3	43.4
Receivables from associated companies	19.6	0.0	19.6	16.2	0.0	16.2
Receivables from other taxes	24.5	0.0	24.5	23.8	6.7	17.1
Receivables from affiliates	5.7	0.0	5.7	5.8	0.0	5.8
Receivables from other equity investments	54.9	43.3	11.6	39.0	29.6	9.4
Surplus on plan assets (see Section 9.5)	2.8	2.8	0.0	1.5	1.5	0.0
Other assets	63.2	0.1	63.1	61.7	0.2	61.5
Accrued and deferred items	15.3	0.6	14.7	25.8	0.8	25.0
	224.6	**47.6**	**177.0**	**217.5**	**39.1**	**178.4**

The fair value of receivables and other assets approximate the carrying amounts.

Receivables from associated companies mainly refer to the project development companies HIPPON Verwaltungsgesellschaft mbH & Co. Salzufer I und II Vermietungs KG with €4.9 million (2009: €4.8 million), and Frankonia Parkstadt Schwabing GmbH, Nettetal, with €5.5 million (2009: €5.2 million) and the property companies Moosacher Straße mbH & Co. KG with €1.8 million (2009: €1.8 million) and the IVG Premium Green Fund with €2.8 million (2009: €0.0 million). This item also includes receivables from the investment companies Rantasarfvik Oy, Helsinki, with €2.7 million (2009: €2.6 million) and IVG Real Estate Investor Funds s.a.r.l., Luxembourg, with €1.9 million (2009: €1.8 million).

The other tax receivables mostly relate to recoverable value added tax (USt).

Receivables from other equity investments include mainly (€54.1 million; 2009: €38.2 million) from a compensation agreement as part of the sale of cavern assets to the specialised cavern fund launched in 2008. The receivables are due to IVG's lease extensions and new leases for the caverns allocated to fund assets.

Other assets included receivables from construction contracts from third parties of €21.3 million (2009: €14.7 million), receivables from financing from third parties of €1.8 million (2009: €2.8 million), receivables from disposals of assets of €2.6 million (2009: €10.3 million) and other assets of €37.3 million (2009: €33.8 million).

In financial year 2010, accounts receivable were written down by the Group in the amount of €4.1 million (2009: €4.0 million) and are recognised under other expenses.

8.6 Inventories

in € m	2010	2009
Raw materials and consumables	6.6	6.0
Unfinished goods, work in progress	998.6	789.4
Finished goods	55.8	137.8
Payments on account	4.0	6.4
	1,065.0	**939.6**

Of the inventories, €874.3 million (2009: €427.5 million) will probably remain for more than one year.

The increase in work in progress is primarily the result of project progress at THE SQUAIRE GmbH & Co. KG (€397.28 million; 2009: €227.1 million) and other project companies in Germany (€78.4 million; 2009: €98.6 million) and in other countries (€2.0 million; 2009: €80.9 million).

Impairment losses for inventories (see Section 7.6) amounted to €59.4 million (2009: €166.9 million). The decrease in finished goods results particularly from the disposal of inventories due to the sale of project developments in the UK, Germany and Poland. In 2010, borrowing costs of €25.8 million (2009: €38.8 million) were recognised in inventories.

The carrying amount of inventories stated at net realisable value is €963.7 million (2009: €757.5 million).

8.7 Securities and equity investments (current)

Other equity investments include repurchased interests in EuroSelect funds.

The sales in the year under review relate predominantly to partial sales of interests in the EuroSelect 17 Amstelveen fund reported in the previous year.

8.8 Cash and cash equivalents

This item includes primarily bank balances and to an insignificant extent short-term deposits belonging to IVG Immobilien AG, Bonn and those companies not yet included in the cash clearing system. In 2010, the interest rates for cash and cash equivalents ranged from 0.35% to 2.75% (2009: between 0.35% and 3.4%).

8.9 Non-current assets held for sale

in € m	2010	2009
Assets held for sale	**30.7**	**32.9**
Disposal group assets	**0.0**	**213.8**
Investment property	0.0	205.7
Other assets	0.0	0.1
Cash	0.0	8.0
Total	**30.7**	**246.8**
Disposal group liabilities	**0.0**	**84.9**
Bank loans	0.0	79.9
Other liabilities	0.0	3.8
Financial derivates	0.0	1.0
Deferred tax liabilities	0.0	0.3

Four investment properties from the IVG Real Estate segment classified as assets held for sale (total fair value of €19.0 million) and fund units from the IVG Real Estate segment (€5.7 million) were sold as planned in 2010.

In the financial year, fund units were reclassified to non-current assets held for sale that were sold in the financial year. These units are shares from the IVG Real Estate segment (€4.5 million).

Assets held for sale reported in the financial year 2010 refer to investment property from the IVG Real Estate segment, which are to be sold in financial year 2011.

The Brussels office complex “TheNorthGate”, which was reported as a disposal group of the IVG Real Estate segment in the previous year, was placed as planned via a fund construct in 2010.

The real estate portfolio in Nuremberg which was reported as a disposal group of the IVG Real Estate segment in the previous year, and the investment property of the IVG Real Estate segment in Munich and Berlin classified as assets held for sale in the previous year, were reclassified back to investment property due to the intention to sell being abandoned. These reclassifications did not have any impact on earnings.

9 Notes to the consolidated statement of financial position – equity and liabilities

9.1 Equity

Details of the effects of deferred taxes on the individual components of income and expenses directly recognised in equity are shown in the following table:

in € m	2010			2009		
	Before deduction of taxes	Taxes	After deduction of taxes	Before deduction of taxes	Taxes	After deduction of taxes
Market valuation available-for-sale securities	4.3	-0.7	3.5	6.4	-1.1	5.3
Market valuation of hedging instruments	31.8	-3.8	28.1	-17.9	5.8	-12.1
Adjustment for currency translation of foreign subsidiaries	0.5	0.0	0.5	6.7	0.0	6.7
Actuarial earnings and losses from performance-based pension plans and similar obligations	-2.7	0.8	-1.9	-2.5	0.5	-2.0
Income and expenses recognised in equity	**33.9**	**-3.7**	**30.2**	**-7.3**	**5.2**	**-2.1**

As at 31 December 2010, the share capital of IVG Immobilien AG amounted to €126,000,000.00 and was divided into 126,000,000 bearer shares with no par value. After almost complete utilisation of Authorised Capital II after the balance sheet date, the share capital now amounts to €138,599,999.00 since 14 February 2011. It is divided into 138,599,999 bearer shares with no par value.

At the balance sheet date, the authorised capital was as follows:

Authorised Capital I by issuing new registered ordinary shares and/or preference shares with or without voting rights in exchange for cash	€ 24 million in accordance with the resolution of the General Meeting on 14 May 2009
Authorised Capital II by issuing new no-par-value bearer shares with a pro rata share of the share capital of €1 each in exchange for cash	€ 12.6 million in accordance with the resolution of the General Meeting on 20 May 2010
Authorised Capital III by issuing new registered ordinary shares and/or preference shares with or without voting rights for payment in cash or in kind	€ 24 million in accordance with the resolution of the General Meeting on 14 May 2009

The Authorised Capital II was almost entirely utilised after the balance sheet date, with shareholders' subscription rights disapplied, through the placement of 12,599,999 new bearer shares with institutional investors as part of an accelerated book-building process. The placement price was €6.90 per share. The gross proceeds amounted to approximately €87 million, two thirds of which were used for the initiation of restructuring and the associated extension of the maturity profile of the company's liabilities to banks. The other third was used to finance SQUAIRE Parking project. The capital increase was entered in the Commercial Register on 14 February 2011.

There were also three contingent capital increases as of the balance sheet date:

The share capital was increased contingently by €8.7million. This contingent capital serves to grant shares to the holders of the convertible bonds issued by a Dutch subsidiary for a total amount of €400 million. The contingent capital increase will be implemented only to the extent called up by the holders of the rights to convertible bonds or of warrants from bonds with warrants.

The convertible bonds issued on 29 March 2007 have a term of ten years. They can be called in early by the holders for the first time with effect from 29 March 2014.

The share capital is also contingently raised by €22.0 million (Contingent Capital 2007). This contingent capital serves to fulfil the granting of shares to the bearers or creditors of convertible bonds or options which have been issued pursuant to the authorisation by the General Meeting of 24 May 2007.

The share capital is also contingently raised by €30.0 million (Contingent Capital 2010). This contingent capital serves to fulfil the granting of shares to the bearers or creditors of convertible bonds or options which have been issued pursuant to the authorisation by the company's General Meeting of 20 May 2010.

IVG Immobilien AG once again issued no IVG shares to employees in 2010 as part of an employee savings scheme.

60 shares from the IVG value programme were taken back from departing employees, representing a value of €1,067.40.

IVG held 32,230 treasury shares as at 31 December 2010 (2009: 32,170). This corresponds to 0.0256% of IVG's share capital, i.e. €32,230.00.

The other reserves comprise cumulative translation differences, changes in the fair value of financial instruments in the category "held for sale", derivatives designated to a specific hedge relationship, and any related deferred taxes.

Retained earnings contain the undistributed net earnings of companies included in the consolidated financial statements and actuarial profits from pensions obligations recognised in equity and any related deferred taxes.

At the General Meeting on 20 May 2010, it was decided not to distribute any dividends to the shareholders for the 2009 financial year (2009: no dividends for the 2008 financial year).

9.2 Financial liabilities

in € m	2010			2009		
	Total	**Non-current**	**Current**	Total	Non-current	Current
Convertible bond	324.6	324.6	0.0	314.6	314.6	0.0
Bank loans	4,903.3	3,781.0	1,122.2	4,837.6	4,055.2	782.4
Finance leases	1.6	1.5	0.1	0.0	0.0	0.0
Financing liabilities to affiliates	4.2	0.0	4.2	4.1	0.0	4.1
Financing liabilities to associated companies	1.6	0.0	1.6	1.7	0.0	1.7
Liabilities to equity investments	0.7	0.0	0.7	7.3	0.0	7.3
Minority interests in partnerships	36.0	36.0	0.0	82.7	82.7	0.0
Other financial liabilities	16.5	0.0	16.5	6.4	0.0	6.4
Total	**5,288.5**	**4,143.1**	**1,145.4**	**5,254.4**	**4,452.5**	**802.0**

The nominal values of floating and fixed-interest rate bank loans are denominated in the following currencies (equivalents in Euro):

in € m	**2010**	**2009**
Euro	4,840.5	4,710.0
Pounds Sterling	37.3	127.6
US Dollars	38.9	0.0
	4,916.7	**4,837.6**

The decrease in loans denominated in pounds sterling (GBP) is due to repayment from sales proceeds of properties from London. The increase in loans in US dollars is a result of the partial reorganisation of hedging from EUR loans and currency swaps to natural hedging (loan financing in the investment currency).

The maturities of the floating and fixed-interest rate bank loans (including liabilities to banks from the disposal group, netting positions and accrued items) are as follows:

in € m	2010		2009	
	Fixed-interest liabilities	Weighted interest rate in %	Fixed-interest liabilities	Weighted interest rate in %
Up to 1 year	3.9	4.88	3.7	4.86
1 to 2 years	3.1	5.12	3.9	4.88
2 to 3 years	23.4	5.67	3.1	5.12
3 to 4 years	22.8	5.84	23.4	5.67
4 to 5 years	28.7	4.27	22.8	5.84
Over 5 years	4.8	4.85	33.6	4.35
Total	**86.7**	**5.15**	**90.5**	**5.14**

in € m	2010		2009	
	Variable-interest liabilities	Weighted margin in %	Variable-interest liabilities	Weighted margin in %
Up to 1 year	1,127.6	2.32	807.3	1.58
1 to 2 years	2,021.0	1.90	486.6	2.37
2 to 3 years	116.7	0.84	1,939.3	1.67
3 to 4 years	1,406.3	0.73	102.5	0.62
4 to 5 years	115.6	1.52	1,532.5	0.73
Over 5 years	42.8	1.85	0.0	0.00
Total	**4,830.0**	**1.63**	**4,868.2**	**1.41**

The average interest rate for all liabilities to banks and convertible bond amounts to 3.98% (2009: approximately 4.04%). Fixed interest loans are subject to an average interest rate of approximately 5.15% (2009: approximately 5.14%). Floating interest rate liabilities are subject to regular rate adjustments. The adjustments are mainly based on 1, 3, 6 or 12-month EURIBOR/LIBOR plus an average margin of 1.63% (2009: 1.41%).

Depending on term, interest rates in the euro zone were between 0.22% and 3.70% (2009: between 0.26% and 4.06%), those in the pound sterling zone were between 0.57% and 3.95% (2009: between 0.51% and 4.37%) and those in the US dollar zone were between 0.25% and 4.09% (2009: between 0.17% and 4.53%).

A part of the variable loans is backed by interest rate swaps. The nominal volumes of those interest rate swaps are as follows (annual averages):

in € m	2010		2009
Year	Nominal	Year	Nominal
2011	2,604.5	2010	2,960.0
2012	2,138.9	2011	2,346.0
2013	754.3	2012	1,865.0
2014	537.4	2013	268.0
2015	342.6	2014	176.0
2016 ff.	28.1	2015 ff.	86.0

Bank loans are in part secured by charges on property:

in € m	2010	2009
Financial liabilities secured by charges on property	3,044.5	2,850.3
thereof on investment property	*2,345.6*	*2,192.3*

Fixed-term deposits with a carrying amount of €20.0 million (2009: €20.0 million) are also pledged as security for financial liabilities. As in the previous year, no items of property, plant and equipment are pledged.

9.3 Derivative financial instruments

The following derivative financial instruments were held at the balance sheet date:

in € m	2010		2009	
	Nominal volume	**Market value**	Nominal volume	Market value
Assets				
Currency hedges	0.0	0.0	118.8	1.4
Interest rate hedges	477.5	3.5	0.0	0.0
Total	**477.5**	**3.5**	**118.8**	**1.4**
Liabilities				
Currency hedges	0.0	0.0	13.7	-0.3
Interest rate hedges	2,590.7	-107.1	3,239.8	-121.3
Total	**2,590.7**	**-107.1**	**3,253.5**	**-121.6**

The nominal value of all derivative financial instruments was €3,068.2 million (2009: €3,372.3 million). The total as at 31 December 2009 includes an interest rate swap from the property disposal group with a nominal value of €103.5 million and a market value of -€1.0 million. This does not include the writer put option as part of the "IVG Protect fund" (market value -€5.0 million as at 31 December 2009 and -€5.5 million as at 31 December 2010).

The decrease in hedging contracts results from the sale of real estate in the UK and from the change in hedging by way of currency swaps to natural hedging (loan financing in investment currency). The decrease in interest rate hedges is mainly a result of the expiration of interest rate swaps for financing the project THE SQUAIRE.

The opposed changes in the value of hedged items are not taken into account when determining the market values of derivative financial instruments. These therefore do not represent the combined amount that IVG would receive for hedges and hedged items on immediate direct sale under current market conditions.

The carrying amounts of the derivatives approximate to market value. Before derivative contracts are concluded, IVG runs a credit check on the business partner. As at 31 December 2010, all derivative contracts are with banks with good credit rating or banks that have accepted state emergency packages.

As at 31 December 2010, negative market values before deduction of deferred taxes of -€85.1 million (2009: -€116.9 million) are deferred in equity. It consists of positive market values of €12.9 million (2009: €12.9 million) from net investment hedges and positive market values of €3.5 million (2009: €0.0 million) from cash flow hedges and negative market values of -€101.5 million (2009: -€129.8 million) from cash flow hedges.

The following effects resulted after the deduction of deferred taxes in the financial year 2010: A sum of +€31.8 million (2009: -€17.9 million) was recognised in equity which results from changes in market value of the cash flow hedges of +€8.8 million (2009: -€22.2 million) and from the release of the cumulated amount of prematurely released cash flow hedges of €23.0 million (2009: €4.3 million).

Ineffectiveness of cash flow hedge relationships led to a negative contribution to earnings of -€1.2 million in 2010 (2009: -€5.2 million).

In 2010 the hedge accounting relationship was ended for interest rate swaps with a nominal value of €1,338.5 million (2009: €315.0 million). At the time of release, the swaps had a negative market value of -€70.7 million (2009: -€10.5 million).

The market value of swaps that are classified as net investment hedges, amounted to €0.0 million (2009: €0.0 million), the market value of derivatives allocated to a cash flow hedge relationship was -€25.5 million (2009: -€104.0 million).The market value of derivatives not included in hedge accounting amounted to -€78.1 million (2009: -€22.6 million).

The secured cash flows from the cash flow hedges occur as a consequence of interest payments. In future periods the following interest payments will be recognised in income in the following nominal volumes (annual averages):

in € m	2010		2009
Year	Nominal	Year	Nominal
2011	1,345.0	2010	2,416.0
2012	1,028.5	2011	2,267.0
2013	731.8	2012	1,329.0
2014	516.9	2013	245.0
2015	338.4	2014	156.0
2016 ff.	4.0	2015 ff.	82.0

As at 31 December 2010 and 31 December 2009, there were no derivatives in net investment hedge relationships.

9.4 Income taxes

Deferred tax assets and liabilities are netted at individual company level and within fiscal units when the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority.

Deferred tax assets and liabilities changed as follows over the financial year:

in € m	2010		2009	
	Assets	Liabilities	Assets	Liabilities
Investment property	103.8	94.6	178.5	130.2
Receivables (particularly leasing)	0.4	20.8	0.9	5.8
Tax free provisions (including Section 6b of the German Income Tax Act (EStG))	0.0	9.8	0.0	32.8
Liabilities and provisions	49.8	37.0	29.8	15.0
Inventories	54.4	4.6	50.9	0.7
Financial assets and securities	8.7	7.1	2.1	10.0
Other temporary differences	4.1	12.4	5.9	2.8
Tax loss carryforwards	164.5	0.0	110.8	0.0
	385.7	**186.2**	**378.9**	**197.3**
Netting of deferred tax assets and liabilities	**-114.7**	**-114.7**	**-97.7**	**-97.7**
Recognition in finacial statements	**271.0**	**71.5**	**281.2**	**99.6**
thereof current	*100.8*	*4.8*	*61.7*	*2.8*
thereof non-current	*170.2*	*66.7*	*219.5*	*96.8*

As at the 2010 balance sheet date, €9.4 million (2009: €13.1 million) of deferred tax assets and liabilities for hedge relationships and financial instruments in the category "held for sale" and for actuarial earnings and losses were recognised directly in equity.

On tax loss carryforwards of €802.2 million (2009: €746.2 million) and temporary differences of €404.9 million (2009: €267.3 million) no deferred tax assets were recognised, as it is assumed that these will not be able to be used in the future.

Maturity of unrecognised tax loss carryforwards:

in € m	2010	2009
Up to 1 year	2.1	0.1
1 to 5 years	0.9	2.6
Over 5 years	799.2	743.5
	802.2	**746.2**

Deferred tax liabilities resulting from temporary differences arising in connection with equity investments in subsidiaries of €6.3 million (2009: €6.2 million) are not recognised, as the Group can control the time when the temporary differences will be reversed and as it is likely that the temporary differences will not be reversed in the foreseeable future.

The receivables and liabilities from income taxes recognised in the balance sheet are split between the following term structures:

Current income tax receivables of €45.2 million (2009: €49.0 million) refer mainly to tax reimbursement claims from chargeable taxes, prepaid taxes and chargeable taxes from the Maltese company of €15.0 million. These reimbursement claims are offset against liabilities of €15.8 million.

Current income tax liabilities of €77.8 million (2009: €80.5 million) include, in addition to the above-mentioned liabilities, income taxes for the tax group of €11.7 million and income taxes for a Belgian company of €15.4 million

9.5 Pension provisions

IVG maintains both defined benefit and defined contribution plans for its employees. These plans include provisions for retirement, disability and surviving dependents of employees.

The IVG Group uses statistical and actuarial calculations from actuaries in order to take account of anticipated future developments regarding expenses and obligations under defined benefit plans. These calculations are based on assumptions about discount rates, expected income from plan assets and future changes to wages and salaries.

Actuarial assumptions

The actuarial calculations of retirement benefit obligations and pension expenses are based on the following assumptions:

in %	2010	2009
Discount rate:	**5.00**	**5.50**
Expected return from:		
Plan assets CTA	1.00	1.00
Pledged reinsurance policies	4.50	4.50
Salary trend:		
Management Board and senior management	2.00	2.00
Employees	2.00	2.00
Pension trend:		
Special obligations	2.00	2.00
Pensions scheme	1.00	1.00
Employee turnover:		
Management Board and senior management	0.89	3.50
Pensions scheme	3.46	4.13
Basis of calculation:	Actuarial tables 2005G	Actuarial tables 2005G

Reconciliation of benefit obligations to provisions

The position of financing that results from the difference between the cash value of defined benefit obligations and the current value of plan assets is reconciled as follows to the pension reserve in the balance sheet:

in € m	2010	2009
Total funded benefit obligations at 31.12.	37.8	35.2
Total unfunded benefit obligations at 31.12.	4.1	0.8
Total benefit obligations at 31.12.	**41.9**	**36.0**
Less fair value of plan assets	-28.4	-24.8
Asset surplus recognised as assets	2.8	1.5
Provision at 31.12.	**16.3**	**12.6**

Fund financed pension obligations are shown at a surplus of €2.8 million (2009: €1.5 million) and are stated under other assets (see Section 8.5).

Changes in total benefit obligations

The changes in cash value of defined benefit obligations are as follows:

in € m	2010	2009
Benefit obligations at 01.01.	**36.0**	**30.8**
Service cost	1.5	1.4
Actuarial (gains) losses	2.7	2.7
Unrealised past service cost	1.9	1.0
Transfers of employees	-0.2	0.0
Interest expense	1.9	1.8
Pension payments	-1.9	-1.7
Benefit obligations at 31.12.	**41.9**	**36.0**

Changes in plan assets

The development of the fair value of plan assets in this financial year was as follows:

in € m	2010	2009
Fair value of plan assets at 01.01.	**24.8**	**22.6**
Expected income from plan assets	0.2	0.6
Losses (earnings) from actual income from plan assets	0.1	0.3
Actual employer contributions	3.4	1.4
Actual contributions of legally independent insurance provider	-0.1	-0.1
Fair value of plan assets at 31.12.	**28.4**	**24.8**

Actual income from plan assets amounted to €0.3 million (2009: €0.9 million).

Plan assets comprise property (€6.4 million, 2009: €6.2 million), term deposits (€20.5 million, 2009: €17.1 million) and reinsurance policies (€1.5 million, 2009: €1.5 million). Plan assets do not include properties used by the Group or treasury instruments.

Determination of expected income from the plan assets normally follows the plan policies with respect to composition of asset classes and is calculated on the basis of publicly available market studies, forecasts and experience for each asset group.

In the financial year 2011, the Group anticipates IVG pension payments to employees in the amount of €1.8 million and employer contributions to plan assets of €0.0 million.

Pension expenses

The expenses recognised in the income statement consist of the following items:

in € m	2010	2009
Service cost	1.5	1.4
Interest expense	1.9	1.8
Expected income from plan assets	-0.2	-0.6
Past service cost	1.9	1.0
Pension expenses	**5.1**	**3.6**

The expected income from plan assets and interest expenses is recorded in personnel expenses.

Expenses from fixed contribution plans amounted to €4.8 million (2009: €5.5 million) and are recognised in personnel expenses as pension expenses. This also includes employer contributions to statutory pension schemes.

Multi-year overview of pension obligations

The following table shows the change in cash value of all defined benefit obligations, the fair value of plan assets, the position of financing and adjustments for defined benefit obligations and for plan assets based on past experience:

in € m	2010	2009	2008	2007	2006
Cash value of defined benefit obligations	41.9	36.0	30.8	30.5	33.0
Present value of plan assets	28.4	24.8	22.6	22.0	21.8
Surplus/deficit (-)	13.5	11.2	8.2	8.5	11.2
Adjustment to liabilities based on past experience	-0.1	0.2	0.1	4.0	-1.6
Adjustment to assets based on past experience	0.1	0.3	0.0	-0.4	0.2

The new actuarial losses in this year of €2.6 million (2009: €2.5 million) were recorded directly in equity under other reserves. Cumulative actuarial losses at the balance sheet date were €5.1 million (2009: €2.5 million).

9.6 Other provisions

The following changes were made to other provisions:

in € m	Opening balance	Net of provisions for early retirement with active value	Additions	Reversal	Accrued yield	Used	Closing balance	Non-current	Current
Obligations from plant closure	5.0	**0.0**	0.3	0.0	3.4	0.0	**8.7**	8.7	0.0
Imminent losses from pending transactions	7.3	**0.0**	5.4	3.2	0.0	4.0	**5.5**	0.0	5.5
Other personnel provisions	24.6	**0.0**	16.4	4.4	0.0	14.2	**22.4**	6.0	16.4
Provisions for early retirement	4.2	**2.5 ***	0.8	0.3	0.0	0.3	**1.9**	0.5	1.4
Provisions for performance plans	0.2	**0.0**	0.5	0.1	0.0	0.0	**0.6**	0.0	0.6
Provisions for environmental risks	6.9	**0.0**	0.3	0.1	0.0	0.1	**7.0**	0.0	7.0
Provisions for rent guarantees	13.4	**0.0**	3.0	0.2	0.0	5.2	**11.0**	0.0	11.0
Other provisions	34.9	**0.0**	4.2	9.3	0.0	5.1	**24.7**	12.2	12.5
	96.5	**2.5**	**31.0**	**17.6**	**3.4**	**28.9**	**81.8**	**27.4**	**54.4**

* The provisions for early retirement were net of with the corresponding active value

Provisions for obligations from plant closure refer solely to the long-term letting of gas and oil caverns.

Loss provisions from pending transactions mainly relate to unit repurchase obligations concerning the actio (plus real estate investment fund of €2.2 million (2009: €2.7 million).

In particular, other personnel provisions contain €9.0 million (2009: €10.5 million) from the wage tax obligation to VBL. The interest payment obligation due to VBL was reclassified to other liabilities. This also includes bonus payments, severance payments and special remuneration.

The early retirement obligations are measured at actuarial net present value – weighted by the probability that those employees who have not yet signed early retirement agreements will do so – and arrears for wages and salaries are measured at nominal value. See Sections 11.10 to 11.12 with regard to provisions for stock options.

The environmental risks provision relates almost entirely to risks from legacy munitions sites.

The Group makes provisions for rent guarantees given as part of sales agreements if the probability of claims is higher than 50%. In no case did rent guarantees lead to the Group remaining exposed to the main risks and rewards of the assets sold.

Other provisions mainly comprise other tax risks of €12.2 million (2009: €14.8 million) and a reconstruction obligation of €4.6 million (2009: €5.0 million).

Probable cash outflows from provisions are €54.4 million (2009: €71.9 million) within one year, €18.5 million (2009: €19.4 million) within 1-5 years and €8.9 million (2009: €5.2 million) after 5 years.

9.7 Liabilities

in € m	2010			2009		
	Total	**Non-current**	**Current**	**Total**	**Non-current**	**Current**
Accounts payable	35.9	0.0	35.9	69.7	0.0	69.7
thereof to affiliates	*0.1*	*0.0*	*0.1*	*0.0*	*0.0*	*0.0*
Payments received for orders	3.6	0.0	3.6	6.7	0.0	6.7
Liabilities from other taxes	28.2	0.0	28.2	9.8	0.0	9.8
Liabilities from accrued interest	34.7	0.0	34.7	44.5	0.0	44.5
Liabilities from outstanding invoices	84.2	0.0	84.2	87.0	0.3	86.7
Other liabilities	163.9	2.4	161.5	143.3	3.7	139.6
thereof for social security	*58.3*	*0.0*	*58.3*	*54.3*	*0.0*	*54.3*
Deferrals	7.5	0.8	6.7	13.1	0.0	13.1
Total	**358.0**	**3.2**	**354.8**	**374.1**	**4.0**	**370.1**

The carrying amounts presented approximate fair value.

The year-on-year decrease in trade payables results primarily from completion costs for various properties in 2009 which were sold in the 2010 financial year.

Liabilities from other taxes mainly consist of value added tax liabilities.

The increase in other liabilities by €20.6 million as against the previous year is chiefly due to a higher volume of construction costs.

Other liabilities include in particular liabilities for social security in the amount of €58.3 million (2009: €54.3 million), which relate entirely to the obligation to VBL. The increase is mainly due to a reclassification of interest due to VBL from other provisions.

Other liabilities also include liabilities from rent deposit of €6.1 million (2009: €6.8 million), liabilities to employees from outstanding holidays of €2.2 million (2009: €2.4 million) as well as other liabilities of €97.3 million (2009: €79.8 million).

10 Leasing

The Group is not subject to any relevant restrictions on financing, dividends or other leasing agreements as a result of its financing and operating leases, whether as lessor or lessee.

10.1 Operating leases

10.1.1 IVG as lessor

The IVG Group is lessor in a number of operating lease agreements for investment property, from which it derives the majority of its revenues and income. Furthermore, various rental agreements exist for other properties.

With regard to operating leases, investment property with a carrying amount of €4,196.0 million (2009: €4,243.7 million) was leased.

Also, rents were achieved from properties with a carrying amount of €30.7 million (2009: €231.9 million) which were recognised under non-current assets held for sale.

IVG will receive the following minimum lease payments from existing operating leases with third parties:

in € m	2010	2009
Up to 1 year	252.0	258.9
1 to 5 years	751.9	751.6
Over 5 years	499.1	673.7
	1,503.0	**1,684.2**

The significant changes in minimum lease payments from 2009 to 2010 are due to the investment property and project developments sold in the financial year and the related leases.

The minimum lease payments represent expected net rents up to the end of the rent agreement or up to the earliest date at which the lessee (tenant) can cancel the agreement without regard to whether a cancellation or the waiver of a renewal option is actually expected.

10.1.2 IVG as lessee

Total expenses for operating leasing for IVG as lessee amounted to €6.1 million (2009: €9.2 million). As in the previous year, no contingent rent payments were made. The operating leases were primarily for properties let in various locations. The individual rent agreements are of minor significance for the financial position and financial performance of the Group. As in the previous year, income from sublets is negligible.

The following minimum lease payments are due in upcoming periods:

in € m	2010	2009
Up to 1 year	1.8	2.0
1 to 5 years	2.3	4.4
Over 5 years	0.0	0.0
	4.1	**6.4**

10.2 Finance leases

In the year under review, IVG concluded an agreement on the construction of a logistics centre which is classified as a finance lease (IVG as lessee). The agreement has a term of 10 years, or 15 years if the option is exercised.

The obligations from the finance lease fall due as follows:

in € m	2010			2009		
	Minimum lease payments	**Dis-count**	**Present values**	**Minimum lease payments**	**Dis-count**	**Present values**
Up to 1 year	0.2	0.1	0.1	0.0	0.0	0.0
1 to 5 years	0.8	0.2	0.6	0.0	0.0	0.0
Over 5 years	1.0	0.1	0.9	0.0	0.0	0.0
	2.0	**0.4**	**1.6**	**0.0**	**0.0**	**0.0**

The fair value of the liabilities from the finance lease is €1.6 million.

This figure was calculated on the basis of the current interest rate yield curves as at the balance sheet date.

11 Other notes

11.1 Financial risk management

11.1.1 Management of financial risk

The IVG Group is exposed to various financial risks in the course of its business: currency risk, credit risk, liquidity risk and interest rate risk. The overall risk management of the Group is focussed on the unpredictability of developments on financial markets with the objective of minimising the potentially negative impact on the financial position of the Group. To hedge itself against specific risks, the Group systematically uses derivative finance instruments.

The Management Board and Supervisory Board are informed regularly about the financial risk factors faced by the Group. Compliance with guidelines is monitored by the internal audit department.

The financial risk factors in the IVG Group are explained in the following. More supplementary information on this can be found in Section 6.5.3 of the Group management report.

(a) Currency risk
The Group operates on an international basis. As a result, it is exposed to currency risk as a result of changes in the exchange rates of various foreign currencies, primarily the British pound, the US dollar, the Polish zloty and the Hungarian forint.

Changes in exchange rates of IVG's financial instruments of derivatives and foreign currency positions not designated in hedge accounting can have an effect on the financial result, and changes in value of derivatives in hedge accounting can affect provisions for hedges in equity and the fair value of these derivatives.

If the Euro had been 10% stronger (or weaker) against other currencies as at 31 December 2010 or 31 December 2009, the financial result would have been +€4.5 million (-€5.5 million) higher (lower) (2009: -€6.2 million/+€6.9 million), of which €0.0 million (€0.0 million) would be from derivatives (2009: €+12.0 million/-€14.5 million). The effect on provision for hedges in equity would be €0.0 million (€0.0 million) as at 31 December 2010 and €0.0 million (€0.0 million) as at 31 December 2009.

(b) Credit risk
There is no material credit risk within the Group. Derivative financial instrument contracts and financial transactions are only closed with financial institutions with high credit ratings or banks that have accepted state emergency packages, keeping counterparty default risk to a minimum. As a rule the Group has no netting agreements with its transaction partners, so the fair values of the financial assets are their maximum credit risk. IVG is subject to a default risk from its operational business. This risk is minimised by a good tenant mix and the creditworthiness of tenants. Accounts receivable are monitored decentrally during normal operations. Default risks are covered by individual provisions. The maximum theoretical default risk is shown in the carrying amount of financial assets presented in the balance sheet. There are further risks for loans, which are continually monitored by IVG.

(c) Liquidity risk
Group financial planning instruments ensure the early identification of the complex liquidity situation resulting from the implementation of the Group strategy and the Group planning process. In addition to financial planning with a time horizon of several years, the Group also has a rolling monthly liquidity plan for a planning period over twelve months. The 12-month liquidity overview is updated in a timely manner using actual data. The entire group of consolidated companies is mapped in the planning systems.

Prudent liquidity management includes a sufficient reserve of cash and cash equivalents (31 December 2010: €274.9 million, 31 December 2009: €260.2 million).

As at 31 December 2010, the IVG Group also had unused credit commitments of €0.02 billion (2009: €0.44 billion). There is also €0.40 billion (2009: €0.40 billion) of available financing in the commercial paper programme. The Belgian commercial paper programme was terminated in 2009.

The leeway in the commercial paper programme is effectively blocked due to the fact that the commercial paper market is no longer functioning for non-rated companies. Due to the dynamism of the business environment in which the Group operates, the objective of IVG Immobilien AG is to provide the appropriate financing flexibility.

(d) Interest rate risk
Interest rate risks result from market fluctuations in interest rates and changes in margins when taking out new loans or extending existing loans. They affect the amount of future interest expenses in the IVG Group. They also affect the market value of financial instruments.

Changes in interest rates of IVG financial instruments of derivatives and foreign currency positions not designated in hedge accounting can have an effect on the financial result, and changes in value of derivatives in hedge accounting can affect provisions for hedges in equity and the fair value of these derivatives.

If market interest rates had been 0.25% higher (or lower) as at 31 December 2010, the financial result would have been +€0.7 million (-€0.8 million) higher (lower) (2009: -€1.6 million/+€1.6 million) of which +€5.9 million (-€6.0 million) would be from derivatives (2009: +€2.5 million/-€2.5 million).

The effect on provisions for hedges in equity would be +€8.5 million (-€8.6 million) as at 31 December 2010 and +€14.6 million (-€14.7 million) as at 31 December 2009.

11.1.2 Additional notes on financial instruments

Financial instruments can be classified as original or derivative financial instruments. Original financial instruments on the assets side include other financial investments, receivables, short-term securities and cash and cash equivalents. Financial assets available for sale are shown at fair value, provided it can be reliably determined. Other financial assets are shown at amortised cost. On the liabilities side, original financial instruments include liabilities valued at amortised cost. The inventory of original financial instruments is shown on the balance sheet and the amount of the financial assets is equivalent to the maximum default risk.

Where default risks are identifiable for financial assets, these risks are recognised as impairment losses. Fair values are determined in accordance with recognised valuation methods. For valuation of derivatives, see Section 6.4.

For impairment losses on financial assets, see Section 8.4.

Impairment losses on receivables and other assets are as follows:

in € m	2010	2009
At 01.01.	**16.6**	**18.8**
Additions	4.1	4.0
Reversal	-3.3	-2.7
Used	-0.8	-3.5
At 31.12.	**16.6**	**16.6**

As at the balance sheet date, there were overdue receivables and other assets which had not been subjected to impairment loss of:

Receivables and other assets which had not been subjected to impairment loss

in € m	Carrying amount at 31.12.2010	Not overdue	Overdue			
			Up to 90 days	91 to 180 days	181 to 364 days	Over one year
Loans	58.9	19.6	0.0	0.0	0.0	1.5
Receivables and other assets	182.0	162.5	6.9	0.6	0.5	0.4
	241.0	**182.1**	**6.9**	**0.6**	**0.5**	**1.9**

Receivables and other assets which had not been subjected to impairment loss

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	0.0	0.0	0.0	0.0
Receivables and other assets	166.4	156.2	4.4	0.4	1.4	1.1
	239.6	206.1	4.4	0.4	1.4	1.1

Financial instruments were recognised in the income statement with the following net profit (pursuant to IFRS 7):

in € m	2010	2009
Financial assets and liabilities recognised in the income statement at fair value	-46.1	-17.4
thereof: initially recognised as such	*0.0*	*-0.4*
thereof: held for trading purposes	*-18.7*	*-17.0*
Non-current financial assets held for sale	-3.1	-13.2
Loans and receivables	31.0	-43.2
Liabilities held at (amortised) cost	-202.8	-191.1

Net profit includes interest, dividends, impairment losses, reversals and earnings from the valuation of financial instruments at fair value, as well as currency effects.

The financial assets and liabilities can be classified in valuation categories and fair value levels with the following carrying amounts and fair values:

in € m	Valuation category according to IAS 39	Fair value level accor-ding to IFRS 7	Carrying amount at 31.12. 2010	Amortised acquisi-tion cost	Acquisi-tion cost	Fair value recog-nised directly in equity	Fair value recognis-ed as income	Not within application area of IFRS 7	Fair value at 31.12. 2010
Financial assets									
Shares	AfS	VL 3	95.0			95.0			95.0
Loans	LaR	n. a.	58.9	58.9					58.9
Securities									
Securities and equity investments (current)	AfS	n. a. VL 3	2.0		0.6	1.4			2.0
Derivative financial instruments									
Derivatives in hedge accounting	n.a.	VL 2	3.5			3.5			3.5
Derivatives in non-hedge accounting	FAHfT	VL 2	0.0				0.0		0.0
Receivables and other assets									
Trade receivables	LaR	n. a.	38.6	38.6					38.6
Receivables from production orders	LaR	n. a.	21.3	21.3					21.3
Receivables from associated companies	LaR	n. a.	19.6	19.6					19.6
Receivables from affiliates	LaR	n. a.	5.7	5.7					5.7
Receivables from other equity investments	LaR	n. a.	54.9	54.9					54.9
Receivables from other taxes	n.a.	n. a.	24.5					24.5	24.5
Surplus on plan assets	n.a.	n. a.	2.8					2.8	2.8
Other assets	LaR	n. a.	41.8	41.8					41.8
Accrued items	n.a.	n. a.	15.3					15.3	15.3
Cash and cash equivalents	LaR	n. a.	274.9	274.9					274.9
In the item Non-current held for sale									
Shares	AfS	VL 3	0.0			0.0			0.0
Cash and cash equivalents	LaR	n. a.	0.0	0.0					0.0
Financial liabilities									
Convertible bond	FLAC	n. a.	324.6	324.6					296.5
Bank loans	FLAC	n. a.	4.903.3	4.903.3					4.830.3
Liabilities to affiliates	FLAC	n. a.	4.3	4.3					4.3
Minority interests in partnerships	FLAC	n. a.	47.1	47.1					47.1
Other financial liabilities (including CP programme)	FLAC	n. a.	9.3	9.3					9.3
Derivative financial instruments									
Derivatives in hedge accounting	n.a.	VL 2	30.7			30.7			30.7
Derivatives in non-hedge accounting	FLHfT	VL 2 VL 3	81.9				76.4 5.5		81.9
Liabilities									
Accounts payable	FLAC	n. a.	35.8	35.8					35.8
Payments received for orders	n.a.	n. a.	3.6	3.6					3.6
Liabilities from other taxes	n.a.	n. a.	28.2					28.2	28.2
Liabilities from accrued interest	FLAC	n. a.	34.7	34.7					34.7
Liabilities from outstanding invoices	FLAC	n. a.	84.2	84.2					84.2
Other liabilities	FLAC	n. a.	163.8	163.8					163.8
Deferrals	n.a.	n. a.	7.5					7.5	7.5
In the item Liabilities in connection with non-current financial instruments held for sale									
Bank loans	FLAC	n. a.	0.0	0.0					0.0
Other liabilities	FLAC FLHfT	n. a. VL 2	0.0	0.0		0.0	0.0		0.0

Legend:

AfS	Available for Sale	FAHfT	Financial Assets Held for Trading
afvtpl	at fair value through profit or loss	FLAC	Financial Liabilities At Cost
LaR	Loans and Receivables	VL 1-3	Valuation Level 1-3

The following graphic shows the development of level 3 financial instruments recognised at fair value:

in € m	Available-for-sale financial assets			Financial liabilities held for trading
	Shares (financial assets)	Shares (non-current assets held for sale)	Securities and equity investments (current)	Derivatives in non-hedge accounting
At 1 January 2010	**98.2**	**4.0**	**5.3**	**5.0**
Total gains/losses	-0.3			-0.5
thereof recognised in income	*-4.5*			*-0.5*
thereof recognised in equity	*4.2*			
Purchases/increase in equity	2.8		0.3	
Disposals/decrease in equity	-8.7	-4.0	-4.2	
Reclassifications	3.0			
At 31.12.2010	**95.0**	**0.0**	**1.4**	**5.5**

The changes through profit or loss of the financial assets available for sale are reported in the income and expenses from the valuation of financial assets.

in € m	Valuation category according to IAS 39	Fair value level according to IFRS 7	Carrying amount at 31.12. 2009	Amortised acquisi-tion cost	Acquisi-tion cost	Fair value recog-nised directly in equity	Fair value recog-nised as income	Not within application area of IFRS 7	Fair value at 31.12. 2009
Financial assets									
Shares	AfS	VL3	98.2			98.2			98.2
Loans	LaR	n. a.	73.2	73.2					73.2
Securities									
Securities and equity investments (current)	AfS	n. a. VL3	6.3		1.1	5.3			6.3
Derivative financial instruments									
Derivatives in hedge accounting	n. a.	VL 2	0.0			0.0			0.0
Derivatives in non-hedge accounting	FAHfT	VL 2	1.4				1.4		1.4
Receivables and other assets									
Trade receivables	LaR	n. a.	43.7	43.7					43.7
Receivables from production orders	LaR	n. a.	14.7	14.7					14.7
Receivables from associated companies	LaR	n. a.	16.2	16.2					16.2
Receivables from affiliates	LaR	n. a.	5.8	5.8					5.8
Receivables from other equity investments	LaR	n. a.	39.0	39.0					39.0
Receivables from other taxes	n. a.	n. a.	23.8					23.8	23.8
Surplus on plan assets	n. a.	n. a.	1.5					1.5	1.5
Other assets	LaR	n. a.	47.0	47.0					47.0
Accrued items	n. a.	n. a.	25.8					25.8	25.8
Cash and cash equivalents	LaR	n. a.	266.9	266.9					266.9
In the item Non-current held for sale									
Shares	AfS	VL 3	4.0			4.0			4.0
Cash and cash equivalents	LaR	n. a.	8.0	8.0					8.0
Financial liabilities									
Convertible bond	FLAC	n. a.	314.6	314.6					263.8
Bank loans	FLAC	n. a.	4.837.6	4.837.6					4.740.9
Liabilities to affiliates	FLAC	n. a.	4.1	4.1					4.1
Minority interests in partnerships	FLAC	n. a.	82.7	82.7					82.7
Other financial liabilities (including CP programme)	FLAC	n. a.	15.5	15.5					15.5
Derivative financial instruments									
Derivatives in hedge accounting	n. a.	VL 2	103.4			103.4			103.4
Derivatives in non-hedge accounting	FLHfT	VL 2 VL 3	22.2				17.2 5.0		22.2
Liabilities									
Accounts payable	FLAC	n. a.	69.7	69.7					69.7
Payments received for orders	n. a.	n. a.	6.7	6.7					6.7
Liabilities from other taxes	n. a.	n. a.	9.8					9.8	9.8
Liabilities from accrued interest	FLAC	n. a.	44.5	44.5					44.5
Liabilities from outstanding invoices	FLAC	n. a.	87.0	87.0					87.0
Other liabilities	FLAC	n. a.	143.3	143.3					143.3
Deferrals	n. a.	n. a.	13.1					13.1	13.1
In the item Liabilities in connection with non-current financial instruments held for sale									
Bank loans	FLAC	n. a.	79.9	79.9					80.1
Other liabilities	FLAC FLHfT	n. a. VL 2	5.0	4.0		0.4	0.6		5.0

Legend:
AfS Available for Sale
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 1-3 Valuation Level 1-3

The fair value for financial instruments is determined on the basis of the following three-level valuation hierarchy:

1. Valuation level (VL 1):
   Measured according to a stock market price or market price on an active market.

2. Valuation level (VL 2):
   Measured according to a stock market price or market price for similar assets and liabilities or according to measurement methods for which the key inputs are based on observable market data.

3. Valuation level (VL 3):
   Measured according to measurement methods for which the inputs are not based on observable market data.

The above table of financial assets and liabilities show the three valuation levels in a separate column.

The table below shows the total of contractually agreed undiscounted interest payments and capital repayments from non-derivative financial liabilities, liabilities from property disposal groups, liabilities and net interest payments for derivative financial instruments:

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		Other financial liabilities, liabilities and minority interests in partnerships	
	31.12.2010	31.12.2009	**31.12.2010**	31.12.2009	**31.12.2010**	31.12.2009	**31.12.2010**	31.12.2009
Up to 1 year	-1,234.1	-905.7	-15.3	-15.3	-62.4	-81.5	-255.2	-260.9
1 to 2 years	-2,091.5	-567.4	-14.3	-15.3	-45.4	-69.2	-2.4	0.0
2 to 3 years	-143.5	-2,003.1	-34.0	-14.3	-5.2	-41.6	0.0	0.0
3 to 4 years	-1,426.0	-127.3	-432.3	-34.0	0.5	-7.9	0.0	-46.7
4 to 5 years	-117.6	-1,550.4	-29.2	-432.3	2.4	-4.6	0.0	0.0
Over 5 years	-43.6	0.0	-5.9	-34.8	0.1	-0.3	-37.5	-82.7

Where the repayment date is to be determined by the other party, the liability is recognised on the basis of the earliest date in the time frame at which the IVG Group can be requested to make payments. Financial liabilities which the IVG Group can be required to pay upon demand, are allocated to the earliest time frame.

Floating-rate interest payments from liabilities were determined on the basis of the last fixed interest rate prior to 31 December 2010 or 31 December 2009. Foreign currency holdings were converted at the exchange rate at the balance sheet date. Changes in cash flows can result in particular from changes in interest rate levels, currency exchange rates, early repayment, prolongation of liabilities and future new contracts, leasing and derivatives.

For some property financing with agreed covenants, such as loan to value (LTV – ratio between net liabilities and fair value of financed property), where the agreed LTV is exceeded, some credit agreements allow IVG to make an extraordinary repayment or provision of additional guarantees within a fixed period in order to repair the level of loan to value. Significant changes in the fair value of financed properties can generally lead to agreed LTVs being exceeded.

A covenant (LTV) was not complied with for a property financing of €950 million on the basis of the value given in the bank reference. The LTV was suspended until 31 March 2011 through an addendum to the contract. There are current negotiations with the bank aiming to permanently regulate the covenant condition, significantly reduce the investment and extend the remaining financing until 2015. If the negotiations cannot be concluded successfully and the addendum is not extended, the LTV condition shall take effect again as at 1 April 2011. If that case, IVG would have to repay €100 million of the loan early or provide that amount in cash.

11.2 Guarantees and contingent liabilities

in € m	2010	2009
Financial guarantees	64.8	120.6
thereof bank guarantees	*45.7*	*56.3*
Contractual guarantees	14.8	15.7
Other contingent liabilities	24.5	53.3
	104.1	**189.6**

The financial guarantees are guarantees to third parties in favour of parties not related to the Group and Group companies not included in the consolidated financial statements. The bank guarantees are guarantees given by banks to third parties to cover payment, performance and warranty obligations of Group companies.

Contractual guarantee obligations include only letters of comfort of €14.8 million (2009: €15.7 million) issued to third parties. Adequate provisions have been recognised for rent guarantees given on property disposals.

Letters of comfort issued to third parties in respect of consolidated subsidiaries are only included to the extent that they give rise to separate obligations from the point of view of the Group as a whole.

Other contingent liabilities primarily relate to a legal dispute in connection with exercising an option to retransfer ownership of a property of €22.9 million and to legal disputes regarding fee payments of €1.6 million.

Concerning the acquisition of the Allianz portfolio in 2007, there is a risk that if IVG does not list a REIT on the stock exchange by 2012, it will have to pay an exit tax amounting to an estimated €16.7 million to Allianz. IVG expects the UCITS IV regulation to enter into force by July 2011.

No provisions were recognised in connection with the above-mentioned ongoing or pending litigation, provided that in our opinion and the opinion of our legal advisors the probability of an outflow of resources is less than 50%. We consider that for all other risks the probability of an outflow of resources is less than 10%.

Significant outflows of resources from contingent liabilities impacting income are unlikely. There were no guarantees for bills of exchange or cheques.

11.3 Capital management

The main aim of capital management at the IVG Group is to ensure that the ability to meet liabilities and financial security continue to be upheld in the future.

Financial security is mainly evaluated using the equity ratio. The main elements of this ratio are the total assets of the consolidated financial statements and the equity and liabilities shown in the consolidated balance sheet, including the hybrid loan classified as equity and minority interests in incorporated companies, which also represents capital as defined in IAS 1 in the IVG Group. The equity ratio is an important key figure for investors, analysts, banks and rating agencies.

Management of the capital structure at IVG is carried out by adjustment of dividends, reduction of corporate capital or issuance of new capital, and the issuance of financial instruments which qualify as equity under IFRS. Our goal is to have a capital structure which is in line with business risks.

IVG is subject to the minimum capital requirements for public corporations. Compliance with these requirements is monitored on an ongoing basis. IVG complied with all requirements in 2009 as well as 2010.

in € m	2010	2009	Change in %
Equity	1,286.1	1,265.1	1.7
Total assets	7,292.4	7,393.4	-1.4
Equity ratio in % according to carrying amounts	17.6	17.1	3.1

The equity ratio has increased, due in particular to the significant positive year-on-year development of the consolidated net profit and the sales of investment property and project developments in the year under review.

11.4 Other financial obligations

Financial obligations totalling €135.8 million (2009: €450.8 million) exist under contracts already awarded for commenced or planned investment projects and under contractual agreements with tenants and other parties.

Of this amount, €71.6 million (2009: €28.3 million) is attributable to purchases, construction and maintenance investments in investment property. There are also liabilities from project developments of €40.5 million (2009: €358.7 million) as well as a liability regarding obtaining certificates for a fund of €23.7 million (2009: €63.8 million). The decrease in liabilities from project developments is chiefly due to the higher degree of completion of the project THE SQUAIRE.

For future obligations from lease agreements, we refer to the separate notes on finance and operating leases in Section 10.

11.5 Contingent assets

There were no material contingent assets at the balance sheet date.

11.6 Consolidated cash flow statement

The cash flow statement shows how the Group's cash position has changed due to inflows and outflows of cash and cash equivalents (see Section 8.8) over the course of the financial year. In accordance with IAS 7 (Cash flow Statement), cash flows are classified into cash flows from operating activities and from investing and financing activities.

The cash and cash equivalents reported in the cash flow statement include all cash and cash equivalents, consisting of cash in hand and bank balances. Cash and cash equivalents of €64.3 million (2009: €14.0 million) relate to projects or only have limited availability to IVG due to contractual agreements.

Cash flows from investing and financing activities are determined directly from receipts and payments. In contrast, cash flows from operating activities are determined based on the consolidated net profit before taxes and interest (EBIT) using the indirect method. Under this indirect method, changes in balance sheet items relating to operating activities are adjusted for the effects of changes in the group of consolidated companies and changes in value caused by currency exchange rates.

As a result, the changes in balance sheet items reported in the cash flow statement cannot be reconciled with the corresponding figures in the published consolidated balance sheet.

11.7 Segment reporting

In accordance with IFRS 8 "Segment Reporting", segment reporting is performed using the management approach based on the segment result (EBIT).

Segment reporting reflects the structure of internal reporting to the chief operating decision-maker, IVG's Management Board, and takes place on the basis of IVG's operating divisions.

On the basis of the current business model, there was a classification into the IVG Investment and IVG Funds divisions, the operating segments of which are described below:

IVG Investment division

(1) The **IVG Real Estate** segment is focused on optimising the value of the office properties in IVG's portfolio on the basis of an active portfolio management strategy. In doing so, the segment concentrates on specific real estate potentials and the risk-return situation as well as the cycles of the German and European markets. The investment focus is on the top German office property markets and selected European cities.

(2) The focus of the **IVG Development** segment is the development of office property projects in selected European cities and growth regions. IVG has introduced a clear focus on its future core business with a simplification of its corporate structure. In line with this, development business on IVG's own account is being systematically rolled back.

(3) The core business of the **IVG Caverns** segment is the construction, operation and leasing of caverns for oil and gas storage. Cavern lessees are companies of strong financial standing from the energy industry and public oil storage organisations. In operations, the division will concentrate on expanding the cavern field in Etzel near Wilhelmshaven and letting further caverns. The cavern field will be expanded from 41 caverns at present to at least 130 caverns by 2022.

IVG Funds division

(4) The **IVG Institutional Funds** segment enjoys a top position as a provider and manager of specialised real estate funds with the largest share of managed and administered volume for institutional investors in Germany.

(5) With the EuroSelect funds, the **IVG Private Funds** segment offers private investors in the closed-end property funds market investment opportunities in attractive European properties and portfolios.

In addition, the IVG corporate functions are reported in segment reporting. They contain the central service units and Group functions of IVG. The main item included here is the central service unit of the Group, IVG Asset Management, which is responsible for the professional management of IVG's portfolio and fund properties and the buying and selling of individual properties and real estate portfolios.

IVG Asset Management and the other corporate functions are monitored by the chief operating decision-maker. Due to their size, they do not constitute reportable operating segments but are reported on together as the IVG corporate functions due to the similarity in their activity as internal service providers and their economic similarity.

Segment results

2010	Investment								
in € m	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	300.3		303.3	408.8		408.8	45.8		45.8
Internal revenues	2.7		2.7	0.0		0.0	0.0		0.0
Total revenues	**303.0**	**0.0**	**303.0**	**408.8**	**0.0**	**408.8**	**45.8**	**0.0**	**45.8**
Net rents from Investment Property	255.6		255.6	0.0		0.0	0.0		0.0
Other net rents	3.7		3.7	9.2		9.2	0.0		0.0
Income from service charges	37.6		37.6	1.9		1.9	0.0		0.0
Income from project disposals	3.0		3.0	388.7		388.7	5.2		5.2
Income from construction contracts	0.0		0.0	6.6		6.6	0.0		0.0
Income from transactions, concepts and sales	0.0		0.0	2.2		2.2	20.9		20.9
Income from fund and property management	0.6		0.6	0.0		0.0	13.2		13.2
Other revenues	2.5		2.5	0.2		0.2	6.5		6.5
Changes in inventories and other own work capitalised	-2.9		-2.9	172.4		172.4	0.9		0.9
Unrealised changes in market value of investment property	0.0	-87.8	-87.8	0.0		0.0	0.0	140.8	140.8
Realised changes in market value of investment property	1.0		1.0	0.0		0.0	-1.2		-1.2
Other operating income	9.6		9.6	1.2		1.2	4.6	1.2	5.8
Material expenses	-2.6	1.1	-1.5	-515.2	-46.5	-561.7	-8.3		-8.3
Personnel expenses	-1.9		-1.9	-0.8		-0.8	-7.0		-7.0
Depreciation and amortisation of intangible assets and property, plant and equipment	-0.4		-0.4	-0.1		-0.1	-4.3	-3.5	-7.8
Expenses from investment property	-68.2		-68.2	0.0		0.0	0.0		0.0
Other operating expenses	-47.8		-47.8	-36.8		-36.8	-6.4		-6.4
Gains/loss from associated companies accounted for using the equity method	5.6		5.5	9.6		9.6	0.3		0.3
Income from equity investments	2.0		2.0	0.0		0.0	0.0		0.0
Segment result (EBIT)	**197.3**	**-86.7**	**110.6**	**39.2**	**-46.5**	**-7.3**	**24.6**	**138.5**	**163.2**
Financial result									
Net profit before tax									
Income taxes									
Consolidated net profit									
Segment assets			**4,475.8**			**1,076.1**			**771.3**
thereof Investments in associated companies accounted for using the equity method			*61.4*			*6.6*			*0.0*
Investments			88.4			21.0			131.1

Funds												
Institutional Funds			Private Funds				Consolidation			Group		
Before changes in value	Unrealised changes in value	Total	Before changes in value	Unrealised changes in value	Total	IVG Corporate Functions	Before changes in value	Unrealised changes in value	Total	Before changes in value	Unrealised changes in value	Total
50.2		50.2	6.1		6.1	10.7	0.0		0.0	821.8	0.0	821.8
7.8		7.8	0.1		0.1	31.5	-42.1		-42.1	0.0	0.0	0.0
58.0	**0.0**	**58.0**	**6.2**	**0.0**	**6.2**	**42.2**	**-42.1**	**0.0**	**-42.1**	**821.8**	**0.0**	**821.8**
0.0		0.0	0.0		0.0	0.0	-1.4		-1.4	254.2	0.0	254.2
0.0		0.0	0.0		0.0	0.4	-1.3		-1.3	12.0	0.0	12.0
0.0		0.0	0.0		0.0	0.2	-0.2		-0.2	39.4	0.0	39.4
0.0		0.0	0.0		0.0	0.0	0.0		0.0	396.9	0.0	396.9
0.0		0.0	0.0		0.0	0.0	0.0		0.0	6.6	0.0	6.6
2.2		2.2	2.4		2.4	0.0	0.1		0.1	27.8	0.0	27.8
55.6		55.6	3.6		3.6	11.0	-9.0		-9.0	75.0	0.0	75.0
0.2		0.2	0.2		0.2	30.1	-29.8		-29.8	9.9	0.0	9.9
0.0		0.0	0.0		0.0	0.0	0.0		0.0	170.3	0.0	170.3
0.0		0.0	0.0		0.0	0.0	0.0		0.0	0.0	53.0	53.0
0.0		0.0	0.0		0.0	0.0	0.0		0.0	-0.1	0.0	-0.1
1.2		1.2	6.7		6.7	18.3	-17.6		-17.6	24.0	1.2	25.2
-0.2		-0.2	-0.6		-0.6	-7.9	10.0		10.0	-524.7	-45.4	-570.1
-12.9		-12.9	-5.0		-5.0	-43.4	0.0		0.0	-71.0	0.0	-71.0
-0.2		-0.2	-0.1		-0.1	-1.6	0.0		0.0	-6.6	-3.5	-10.1
0.0		0.0	0.0		0.0	-0.1	0.2		0.2	-68.2	0.0	-68.2
-28.0		-28.0	-5.2		-5.2	-37.7	49.4		49.4	-112.5	0.0	-112.5
0.3		0.3	0.0		0.0	0.0	0.0		0.0	15.8	0.0	15.8
0.0		0.0	0.2		0.2	-0.3	0.0		0.0	1.9	0.0	1.9
18.2	**0.0**	**18.2**	**2.1**	**0.0**	**2.1**	**-30.6**	**0.0**	**0.0**	**0.0**	**250.9**	**5.3**	**256.2**
										-215.2	-19.9	-235.1
										35.7	**-14.6**	**21.1**
												2.1
												23.2
		260.5			**11.9**	**422.6**			**-0.1**			**7,018.0**
		14.0			*0.0*	*0.0*			*0.0*			*81.9*
		0.0			0.0	7.8			0.0			248.4

2009 in € m	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 Funktions	Before changes in value	Unrealised changes in value	Total	Before changes in value	Unrealised changes in value	Total
59.4		59.4	14.3		14.3	8.5	0.0		0.0	838.8	0.0	838.8
7.0		7.0	0.3		0.3	37.8	-50.4		-50.4	0.0	0.0	0.0
66.4	**0.0**	**66.4**	**14.5**	**0.0**	**14.5**	**46.2**	**-50.4**	**0.0**	**-50.4**	**838.8**	**0.0**	**838.8**
0.0		0.0	0.0		0.0	0.1	-0.9		-0.9	289.7	0.0	289.7
0.0		0.0	0.0		0.0	0.5	-2.0		-2.0	20.6	0.0	20.6
0.0		0.0	0.0		0.0	0.2	-0.3		-0.3	40.2	0.0	40.2
0.0		0.0	0.0		0.0	0.0	-2.5		-2.5	336.1	0.0	336.1
0.0		0.0	0.0		0.0	0.0	0.0		0.0	6.6	0.0	6.6
5.2		5.2	11.1		11.1	1.3	-1.5		-1.5	59.2	0.0	59.2
59.6		59.6	3.1		3.1	15.0	-13.4		-13.4	76.0	0.0	76.0
1.6		1.6	0.3		0.3	29.1	-29.8		-29.8	10.4	0.0	10.4
0.0		0.0	0.0		0.0	0.0	0.0		0.0	97.9	0.0	97.9
0.0		0.0	0.0		0.0	0.0	0.0		0.0	0.0	2.8	2.8
0.0		0.0	0.0		0.0	0.0	0.4		0.4	-64.1	0.0	-64.1
1.8		1.8	8.3		8.3	21.6	-18.1		-18.1	63.6	16.9	80.5
0.0		0.0	-6.3		-6.3	-6.7	8.8		8.8	-421.5	-166.9	-588.4
-11.8		-11.8	-5.0		-5.0	-42.5	0.0		0.0	-73.7	0.0	-73.7
-0.3		-0.3	-0.1		-0.1	-1.0	0.0		0.0	-6.2	-5.6	-11.8
0.0		0.0	0.0		0.0	-0.1	0.3		0.3	-69.7	0.0	-69.7
-33.3		-33.3	-11.1		-11.1	-41.4	58.3		58.3	-137.4	0.0	-137.4
0.0		0.0	0.9		0.9	0.0	0.0		0.0	-12.2	0.0	-12.2
0.2		0.2	0.4		0.4	0.0	0.0		0.0	1.3	0.0	1.3
23.0	**0.0**	**23.0**	**1.7**	**0.0**	**1.7**	**-23.9**	**-0.7**	**0.0**	**-0.7**	**216.9**	**-152.8**	**64.1**
										-230.7	-22.7	-253.4
										-13.8	**-175.4**	**-189.3**
												31.3
												-158.0
		263.1			**95.3**	**479.4**			**0.0**			**7,110.8**
		13.3			*17.1*	*0.0*			*0.0*			*76.5*
		13.4			12.9	17.2			0.0			268.6

Key segment figures

The amounts reported in segment reporting are based on the same accounting principles that were used to prepare the consolidated financial statements.

The key segment performance indicator for IVG's chief operating decisionmaker is the segment result (EBIT). The reconciliation of the segment result to consolidated net profit before taxes is provided as part of segment reporting.

Segment assets are reconciled with Group assets as follows:

in € m	31.12.2010	31.12.2009
Segment assets	**7,018.0**	**7,110.8**
Other Group assets		
Deferred tax assets	271.0	281.2
Derivative financial instruments	3.5	1.4
Group assets	**7,292.4**	**7,393.4**

Inter-segment revenues show the amount of revenues between the segments. Transactions between segments are made on an arms-length basis.

Geographical segments

2010 in € m	Germany	UK	France	BeNeLux	Finland	Poland	Other countries	Group
External revenues	522.1	94.3	68.5	6.1	21.6	103.7	5.7	**821.8**
Segment result (EBIT)	182.9	29.5	-10.1	-37.7	3.4	16.6	71.6	**256.2**
Segment assets at carrying amounts	5,967.2	15.3	504.2	134.6	223.1	26.7	146.9	**7,018.0**
Investments	241.0	1.1	2.0	2.5	0.3	0.0	1.5	**248.4**

2009 in € m	Germany	UK	France	BeNeLux	Finland	Polen	Other countries	Group
External revenues	411.1	7.5	33.7	23.9	21.4	7.0	334.2	**838.8**
Segment result (EBIT)	78.5	1.4	15.1	-35.2	-4.1	-3.1	11.6	**64.1**
Segment assets at carrying amounts	5,550.5	211.7	532.0	298.4	251.1	100.9	166.2	**7,110.8**
Investments	198.7	32.4	0.3	0.1	5.6	0.0	7.3	**244.3**

The geographical segments are based on the location of the individual properties.

The €86.8 million rise in external revenues in England from €7.5 million to €94.3 million chiefly results from sales of project developments in London. The €196.4 million decrease in segment assets from €211.7 million to €15.3 million is mainly attributable to sales of project developments and investment property in London.

The €96.7 million increase in external revenues in Poland from €7.0 million to €103.7 million and the €74.2 million decrease in segment assets from €100.9 million to €26.7 million result primarily from the sale of a project development in Warsaw.

11.8 Events after the balance sheet date

Successful capital increase of approximately €87 million

On 11 February 2011, IVG successfully placed around 12.6 million new bearer shares with institutional investors as part of an accelerated book-building process. The share capital was thus increased from €126.0 million to approximately €138.6 million with partial utilisation of the authorised capital and with shareholders' subscription rights disapplied. The placement price was €6.90 per share, meaning that gross proceeds totalling around €87 million flowed to the company.

The majority of the proceeds will be used to initiate restructuring measures and for the associated prolongation of the debt maturity profile of liabilities due to banks. The remaining proceeds will be used for equity financing of the attractive project SQUAIRE parking. This major project at Frankfurt Airport enhances the appeal of the location and is intended to accelerate success in letting the project THE SQUAIRE.

Launch of an IVG Paris fund

IVG Institutional Funds has launched a Paris fund with an investment volume of €250 million and a term of ten years. The first closing took place in early February with four institutional investors. At the same time, the first property was secured for the fund.

The fund is a specialised real estate fund under German investment law. A maximum of six investors can participate with a minimum amount of €15 million each in the fund, which is being launched in a club deal structure. The fund invests only in office and retail properties in the centre of Paris.

11.9 Related party transactions

Related individuals are the Supervisory Board, Management Board and managerial staff and their close relatives. In addition to the consolidated subsidiaries, related companies include companies of the MANN Group, Karlsruhe, and the associated companies and unconsolidated subsidiaries of IVG.

Companies of the bank Sal. Oppenheim, Cologne, were also included in related companies until the first quarter of 2010. MANN Immobilien-Verwaltung AG in Karlsruhe became the new major shareholder of IVG Immobilien AG. This company notified us on 16 March 2010 that it had acquired 18.4% of shares in IVG Immobilien AG from Solidas 3 S.A., the former shareholder of Sal. Oppenheim.

There were no transactions with close relatives of members of the Supervisory Board or Management Board.

One manager has had significant influence on acb GmbH, Wiesbaden since the end of 2009. This company has entered into agreements pertaining to accounting services with IVG Institutional Funds GmbH, for which a total of €0.5 million was invoiced in 2010 (2009: €0.5 million).

Otherwise there were no material business dealings with managerial staff or their close relatives.

The main features of the remuneration system for the Management Board and Supervisory Board as well as detailed and individual information on the remuneration are given in the remuneration report (see Section 5.1 of the Group management report).

The total remuneration of the Management Board, the Supervisory Board and managerial staff (collectively members of management in key positions) was €21.0 million in the past financial year (2009: €21.5 million). Of this amount, €2.3 million (2009: €2.1 million) related to service cost for pensions. In financial year 2010, the management in key positions also received short-term remuneration components of €5.2 million (2009: €5.9 million) and share-based remuneration components (performance shares, performance cash plan and restricted stock units) of €0.4 million (2009: €0.2 million). Payments of €0.2 million (2009: €2.3 million) were made for the termination of employment.

Information on the members of the Management Board and the Supervisory Board is listed in accordance with Section 285 Number 10 of the Handelsgesetzbuch (HGB – German Commercial Code) in the Annual Report.

All business dealings with associated companies and unconsolidated subsidiaries (participation in global cash management, general contractor agreements, etc.) were conducted at arms length. In addition to the transactions described under financial assets and under gains/losses from participations accounted for using the equity method, the following significant transactions were entered into with associated companies:

in € m	2010	2009
Sale of land, buildings and other assets		
Amount of transaction	85.5	280.3
Unpaid amount at year end	2.8	0.0
Service delivered		
Amount of transaction	0.2	0.9
Unpaid amount at year end	0.2	0.0
Other receivables from associated companies		
Amount of transaction	-11.8	0.9
Unpaid amount at year end	28.2	39.9
Liabilities to associated companies		
Amount of transaction	0.8	9.8
Unpaid amount at year end	10.6	10.0
Pledged securities including financial guarantees		
Amount of transaction	0.0	0.0
Unpaid amount at year end	17.0	17.0

€0.4 million (2009: €1.6 million) in receivables from companies accounted for using the equity method were written down, bringing the corresponding impairment losses as at 31 December 2010 to €8.2 million (2009: €7.8 million).

IVG companies received €1.9 million (2009: €3.3 million) worth of services in financial year 2010 from companies in the Sal. Oppenheim Group. These were contractual commissions for the arrangement of IVG property funds (2009: €1.3 million), while in 2009 there were also in particular consulting services in the amount of €1.5 million regarding future financial and corporate development.

In the previous year, the IVG Group had receivables from bank balances from companies of Sal. Oppenheim amounting to €0.6 million and liabilities of €1.0 million. No transactions were entered into with companies of MANN Immobilien-Verwaltung AG. There are no business relations with the MANN Group.

11.10 Remuneration of the Management Board and Supervisory Board

The total remuneration of the Management Board in the past financial year amounted to €2.4 million (2009: €3.4 million). The fair value of the share-based payment in the form of participation in the 2010 Performance Cash Plan and the RSUs granted for the portion of the bonuses relating to achievement of the company targets amounted to €1.0 million at the grant date. On the basis of the ratios at the grant date, the members of the Management Board received 69,892 RSUs.

Total payments to former Management Board members and their surviving dependants amounted to €1.6 million (2009: €2.5 million). The corresponding pension obligations totalled €16.3 million as at 31 December 2010 (2009: €14.5 million).

The total remuneration of the Supervisory Board totalled €0.4 million (2009: €0.2 million). The share-based payment granted in the financial year was included at the fair value at the grant date of €0.1 (2009: €0.0 million) million.

11.11 2005 to 2008 Performance Share Plans

IVG has granted long-term incentives to the Management Board and selected managers since 1999. Since 2005 these incentives are arranged in the form of performance share plans.

The plans were open to all members of the Management Board of IVG Immobilien AG, the managing directors of the subsidiaries and other managers.

Overview

The beneficiaries received a commitment for a specific number of performance shares. Performance shares are virtual shares used as the basis for calculating the monetary amount to be paid to the beneficiaries under certain conditions after the performance period is over. Performance share do not carry voting or dividend rights.

The number of performance shares which are converted and paid out in a cash amount at the end of the performance period depends on two performance factors:

1. An absolute increase in the price of the IVG share,
2. The average earnings per share, i.e. the diluted earnings per share (diluted EPS).

Performance targets 1 and 2 for calculating the number of performance shares to be paid out after the end of the performance period are determined independently from each other and each given a weighting of 50%.

The final number [1]of performance shares is multiplied by the average share price of the IVG share on the 30 trading days before and 30 trading days after the General Meeting of IVG Immobilien AG in the year in which the performance period ends. Any increase of the final value against the start value in excess of 100% is not taken into account.

Should the final value of the IVG share have decreased by more than 30% against the start value, there is no payment of performance shares, irrespective of the diluted EPS performance factor.

The length of the performance period used for measuring the performance targets is three years. The performance period starts on the grant date and ends after the thirtieth trading day of the Frankfurt Stock Exchange after the General Meeting of IVG Immobilien AG in the third year. The right to obtain a certain monetary amount arises at the end of the performance period provided that the employment agreement with IVG or a subsidiary has not been terminated, among other conditions.

Basis data

The basis data for the performance share plans and for the valuation model parameters as at 31 December 2010 can be seen in the following overview.

A Monte Carlo simulation was used to determine option value:

	2008 PSP	2007 PSP	2006 PSP
Issue date	30.06.2008	30.06.2007	30.06.2006
Duration	3 years	3 years	3 years
Remaining duration	0,5 years	expired	expired
Basic share price (Ø 60 days) in €	15.68	31.55	23.66
Participants in year of issue	53	45	43
Number of shares issued (thereof Management Board)	157,250 *52,000*	165,850 *76,000*	156,785 *67,327*
Value at 31.12.2010 in €	0.000	0.000	0.000
At 31.12.2010 [1]	112,000	0	0
Share price of IVG AG at 30.12.2010 in €	6.45		

[1] Changes as against issued shares caused by employees leaving employment

The following changes occurred since the issue of the 2007 and 2008 performance share plans:

	2008 Plan	2007 Plan	2006 Plan
At 01.01.2009	**157,250**	**155,750**	**138,243**
Issued 2009	0	0	0
Exercised 2009	0	0	0
Expired 2009	26,250	18,500	138,243
At 31.12.2009	**131,000**	**137,250**	**0**
Issued 2010	0	0	0
Exercised 2010	0	0	0
Expired 2010	19,000	137,250	0
At 31.12.2010	**112,000**	**0**	**0**

11.12 2009 Performance Cash Plan

Since 2009, IVG has granted participation in a Performance Cash Plan as a long-term incentive which is intended to encourage the achievement of performance indicators that are key to the company on the basis of challenging comparison parameters. The Supervisory Board of IVG decides each year whether and in what form a Performance Cash Plan will be issued.

The plan is open to members of the Management Board and managers of IVG who report directly to the Management Board, with whom participation in the Performance Cash Plan is contractually agreed in their service or employment contract. In addition, the Management Board of IVG may approve the participation of individual employees or managers for one or more years independent of a contractual obligation.

The term of the plan begins with the month after the General Meeting and ends in each case after four full years, i.e. the term of the 2009 Performance Cash Plan runs from 1 June 2009 to 31 May 2013.

At the start, the participants receive a commitment in the amount of a specified initial figure. This initial figure is multiplied by the performance multiplier shown in the following, resulting in the payoff amount after the expiration of the performance period of four years.

The performance multiplier varies between 0 and a maximum of 2 and is calculated based on the development of three equally weighted performance indicators:

1. Performance indicator (shareholder point of view):
   Performance of IVG shares against the FTSE EPRA/NAREIT Developed Europe Index

2. Performance indicator (earnings point of view):
   Increase in the FFO I per share compared with the planned figure

3. Performance indicator (assets point of view):
   Increase in the adjusted NAV per share compared with the planned figure

The scaling of the three performance indicators takes place on the basis of current three-year medium-term planning approved by the Supervisory Board.

A claim to the cash payout from the Performance Cash Plan after the expiration of the fourth year presupposes that the employment agreement with IVG Immobilien AG or a subsidiary has not been terminated.

Basis data

The basis data for the 2009 Performance Cash Plan are shown in the following overview:

		2009 PCP
Issue date		01.06.2009
Duration		4 years
Remaining duration		29 month
Participants in year of issue		3
Participants at 31.12.2010		50
Initial values at 31.12.2009	**in €**	**1,580,000**
Issued 2010	in €	2,271,168
Expired 2010	in €	405,000
Value at 31.12.2010 of additional value	**in €**	**3,446,168**
Value at 31.12.2010 per €100 initial value	in €	21.35
Value at 31.12.2010 per €100 of additional value	in €	98.27

The values as at 31 December 2010 were reviewed externally on the basis of a Monte Carlo simulation.

At its first meeting in 2011, the Supervisory Board resolved to pay out the 2010 Performance Cash Plan 2010. Accordingly, this was not included in the balance sheet in the 2010 financial year.

11.13 Restricted stock units

Since 2010, IVG Immobilien AG has granted the Management Board and those managers reporting directly to the Management Board a new type of bonus as a variable remuneration component with a short-term incentive effect, in addition to their basic salary. The amount of the bonus is based on the extent to which company results targets and personal targets are achieved, with each of these weighted at 50%. The level of target achievement can vary between 0% and 200% for each target. The company results targets are mostly derived directly from the medium-term planning agreed between the Management Board and the Supervisory Board. The targets and the scaling are agreed in writing between the company and the employee at the beginning of the financial year.

The number of restricted stock units is calculated by dividing the pro rata bonus by the average IVG share price for the 30 trading days before and after the General Meeting in the following year. The RSUs are allocated on the first trading day after the expiry of the above-mentioned period of 30 trading days after the General Meeting (“allocation date”).

The number of restricted stock units is calculated by dividing the pro rata bonus by the average IVG share price for the 30 trading days before and after the General Meeting in the following year. The RSUs are allocated on the first trading day after the expiry of the above-mentioned period of 30 trading days after the General Meeting (“allocation date”).

After a vesting period of three years from the allocation date, real IVG shares are allocated for each RSU. If IVG does not hold any IVG shares at the conversion date or cannot dispose of them freely, the employee’s claim is to be settled with a cash payment. In this case, the amount of the payment is based on the number of convertible RSUs multiplied by the closing price of the IVG shares in Xetra trading at the conversion date.

The regulations with regard to the amount of convertible RSUs are also linked with a so-called loyalty factor. If the employee leaves the IVG Group before the conversion date, conversion of the RSUs and crediting of the IVG shares after the end of the vesting period takes place only on a pro rata basis. If the employee leaves the Group during the first year after the allocation date of the RSUs, then 50% of the IVG shares are credited; if the employee leaves during the second year, 70% are credited; and if the employee leaves during the third year, 90% are credited.

Based on the expectations on the grant date regarding the development of the company targets, and factoring in the estimated target achievement, the vesting level and a fluctuation rate, IVG expects a bonus amount of €0.5 million as at 31 December 2010, which will then be used for the conversion into 132,851 RSUs. No claims to bonuses expired during the financial year, for instance due to entitled employees leaving the company.

In 2010, share-based payment (performance share plans, performance cash plan and restricted stock units) resulted in expense of €0.8 million (2009: €0.2 million) and income of €0.0 million (2009: €0.0 million).

€0.5 million of the expense related to bonus claims to be converted into RSUs (equity-settled) and €0.3 million related to the Performance Cash Plan (cash-settled). For the latter, there was a provision of €0.6 million as at 31 December 2010 (31 December 2009: €0.2 million).

12 Declaration on the German Corporate Governance Code pursuant to Section 161 AktG

On 16 November 2010, the Management Board and the Supervisory Board of IVG Immobilien AG jointly issued a new Declaration of Compliance with respect to the recommendations of the German Corporate Governance Code as published on 26 May 2010 pursuant to Section 161 of the German Stock Corporation Act (AktG). The Declaration is permanently available to shareholders in both form and content on the company's website (http://www.ivg.de/de/1204221.asp).

Statement by the Management Board

The Management Board of IVG Immobilien AG is responsible for preparing the consolidated financial statements and the Group management report as well as all other information included in the Annual Report, and ensuring that it is complete and correct.

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the EU and the supplementary provisions of Section 315a(1) of the German Commercial Code (HGB).

The Group management report includes an analysis of the financial position and financial performance of the Group and other disclosures required under Section 315 of the HGB.

An effective internal management and control system ensures that the data used to prepare the consolidated financial statements and internal reporting is complete and correct. This includes Group-wide financial reporting guidelines, a risk management system as required by the Gesetz zur Kontrolle und Transparenz im Unternehmensbereich (German Control and Transparency Act – KonTraG), an integrated approach to financial controlling as part of value-driven management, plus audits by the internal audit department. The Management Board is thus able to identify material risks at an early stage and to take timely action as needed.

The Statement pursuant to Section 37y(1) of the 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 Group management report is in accordance with the consolidated financial statements and presents an accurate view of the Group's position and of the opportunities and risks for its future development.”

Bonn, 28 February 2011

Dr Gerhard Niesslein

Professor Dr Wolfgang Schäfers

Auditors’ Report

“We have audited the consolidated financial statements prepared by the IVG Immobilien AG, Bonn, comprising the income statement, statement of comprehensive income, the statement of financial position, cash flow statement, statement of changes in equity and the notes to the consolidated financial statements, together with the group management report for the business year from 1 January to 31 December 2010. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB (“Handelsgesetzbuch”: German Commercial Code) are the responsibility of the parent Company‘s Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company’s Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group‘s position and suitably presents the opportunities and risks of future development.

We are required to advise that the continued existence of the Group as a going concern is threatened by risks that are outlined in Section 6.4 of the group management report. The section details the need for extending a project loan, the permanent regulation of a covenant and the implementation of property and cavern disposals.”

Dusseldorf, February 28, 2011

PricewaterhouseCoopers Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Peter Albrecht	Uwe Schwalm
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Additional Informationen

Property Overview

	Year of construction	Investment profile	IVG share 2010 in %	Type of ownership 2010	Type of use	Lettable space excl. parking in '000 sqm	Rented space excl. parking in '000 sqm	Occupancy rate by area excl. parking in %
Berlin								
Berlin, Stromstr. 1-7/ Alt Moabit 90 a-d „Focus Teleport“	1988	Core/Core+	100	Freehold	Office	27.7	25.5	91.8
Berlin, Leibnizstr. 49, 53, „Leibniz-Kolonnaden“	1999	Core/Core+	100	Freehold	Office	14.0	12.5	88.7
Berlin, Stralauer Allee 1, „Spreespeicher-Kühlhaus“	1928	Core/Core+	100	Leasehold	Office	17.6	17.6	100.0
Berlin, Stralauer Allee 2, „Spreespeicher-Getreidespeicher“	1913	Core/Core+	100	Leasehold	Office	18.5	17.5	94.7
Berlin, Taubenstraße 44, 45	1999	Core/Core+	100	Freehold	Office	4.4	4.4	100.0
Berlin, Bundesallee 204-206	1972	Core/Core+	96	Freehold	Office	12.7	12.7	100.0
Berlin, Rankestr. 17/Schaperstr. 12 + 13	1958	Core/Core+	100	Freehold	Office	4.9	4.5	91.3
Berlin, Tempelhofer Weg 64	1997	Core/Core+	100	Freehold	Office	5.9	5.6	94.4
Core/Core+						**105.8**	**100.2**	**94.7**
Berlin, Am Borsigturm 44-46, 52-54, „Technologiezentrum“	1998	Value-Add	100	Freehold	Office	9.1	5.9	65.1
Berlin, Am Borsigturm 13-17, 19, 27-33, „Büropark“	2000	Value-Add	100	Freehold	Office	14.3	10.5	73.2
Berlin, Kurfürstendamm 178-179/Xantener Str. 14 „Bayer-Haus“	1953	Value-Add	100	Freehold	Office	10.7	8.9	82.5
Berlin, Tempelhofer Weg 62	1997	Value-Add	100	Freehold	Office	8.0	4.4	54.4
Value-Add						**42.1**	**29.6**	**70.3**
Core/Core+ & Value Add						**148.0**	**129.8**	**87.7**
Workout (income producing)						**94.5**	**72.4**	**76.6**
Workout (non income producing)						**0.0**	**0.0**	**-/-**
Total income/non income producing						**94.5**	**72.4**	**76.6**
Total Berlin						**242.5**	**202.2**	**83.4**
Brussels								
Brussels, Diegem Bessenveldstraat 9	1999	Core/Core+	100	Freehold	Office	13.7	13.7	100.0
Luxembourg, Rue Thomas Edison 2	1993	Core/Core+	100	Freehold	Office	5.8	5.8	99.1
Brussels, Chaussée de la Hulpe 154	1975	Core/Core+	100	Freehold	Office	4.6	4.6	100.0
Brussels, WTC (17th Floor), Bd du Roi Albert 28-30	1970	Core/Core+	100	Leasehold	Office	1.1	0.0	0.0
Verviers, Rue du Collège 35-39	1973	Core/Core+	100	Leasehold	Retail	0.6	0.6	100.0
Total: Core/Core+						**25.8**	**24.7**	**95.5**

Parking lots Indoor	Parking lots Outdoor	Expected rent in '000 €	Contracted rent in '000 €	Contracted rent t-12 in '000 €	Actual rent (net rent) in '000 €	Economic vacancy in %	WAULT in years	Like-for-like rents in %	Fair value of property t-12 in '000 €	Fair value of property actual in '000 €	NRI in %	NOI in %
0	67	3,717	3,566	3,488	3,474	4.1	4.1	2.2	49,400	49,620	7.0	7.0
147	148	2,410	2,155	2,163	1,962	10.6	2.4	-0.4	40,340	41,180	4.1	4.0
100	0	2,224	2,224	2,523	2,224	0.0	9.0	-11.8	35,870	36,140	3.9	2.3
59	0	2,125	2,008	2,111	2,008	5.5	2.3	-4.9	31,027	32,860	6.7	6.6
32	0	590	590	717	590	0.0	0.6	-17.8	12,380	12,480	5.8	5.8
291	20	1,159	1,159	1,159	5	0.0	1.0	0.0	11,250	10,980	7.1	7.1
1	40	706	663	688	661	6.1	3.2	-3.7	10,200	10,250	6.0	6.0
130	2	593	582	615	582	2.0	3.5	-5.5	8,450	8,480	5.7	5.7
760	**277**	**13,524**	**12,946**	**13,463**	**11,505**	**4.3**	**3.8**	**-3.8**	**198,917**	**201,990**	**5.6**	**5.3**
107	30	823	548	540	560	33.4	1.4	1.5	31,890	12,180	5.0	4.9
12	142	1,438	1,092	1,101	1,080	24.0	1.6	-0.8	-/-	20,150	7.6	7.5
58	94	1,756	1,496	1,440	1,496	14.9	2.9	3.8	27,430	30,120	4.6	4.6
148	2	827	496	623	496	40.0	1.1	-20.3	10,680	10,300	4.1	4.0
325	**268**	**4,845**	**3,632**	**3,704**	**3,631**	**25.0**	**1.9**	**-1.9**	**70,000**	**72,750**	**5.4**	**5.4**
1,085	**545**	**18,370**	**16,578**	**17,167**	**15,136**	**9.8**	**3.3**	**-3.4**	**268,917**	**274,740**	**5.6**	**5.3**
93	**66**	**5,949**	**4,492**	**4,407**	**4,492**	**24.5**	**2.1**	**1.9**	**66,650**	**66,120**	**6.2**	**6.2**
0	**0**	**0**	**0**	**0**	**0**	**-/-**	**0.0**	**-/-**	**7,310**	**7,847**	**-/-**	**-/-**
93	**66**	**5,949**	**4,492**	**4,407**	**4,492**	**24.5**	**2.1**	**1.9**	**73,960**	**73,967**	**5.1**	**5.1**
1,178	**611**	**24,318**	**21,070**	**21,574**	**19,628**	**13.4**	**3.0**	**-2.3**	**342,877**	**348,707**	**5.5**	**5.3**
266	64	2,802	2,802	2,536	2,802	0.0	2.0	10.5	27,739	26,195	9.7	9.7
173	78	1,665	1,597	1,496	1,597	4.1	1.6	6.7	20,036	20,585	7.7	7.7
72	0	584	584	657	0	0.0	1.8	-11.1	6,776	6,707	4.1	4.1
8	0	142	8	191	8	94.7	1.0	-96.0	975	976	-/-	-/-
0	0	58	58	60	58	0.0	2.1	-2.8	390	390	14.9	14.9
519	**142**	**5,250**	**5,048**	**4,939**	**4,464**	**3.9**	**1.8**	**2.2**	**55,916**	**54,854**	**7.9**	**7.9**

	Year of const-ruction	Invest-ment profile	IVG share 2010 in %	Type of owner-ship 2010	Type of use	Lettable space excl. parking in '000 sqm	Rented space excl. parking in '000 sqm	Occupancy rate by area excl. parking in %
Core/Core+ & Value-Add						**25.8**	**24.7**	**95.5**
Workout (income producing)						**18.4**	**4.5**	**24.4**
Workout (non income producing)						**0.0**	**0.0**	**-/-**
Income/non income producing						**18.4**	**4.5**	**24.4**
Total Brussels						**44.2**	**29.2**	**65.9**
Budapest								
Workout (non income producing)						**1.3**	**1.3**	**100.0**
Income/non income producing						**1.3**	**1.3**	**100.0**
Total Budapest						**1.3**	**1.3**	**100.0**
Dusseldorf								
Dusseldorf, Willstätterstraße 11-15	1986	Core/Core+	100	Freehold	Office	24.0	21.3	88.6
Dusseldorf, Eduard-Schulte-Str. 1	1994	Core/Core+	100	Freehold	Office	8.3	8.3	100.0
Ratingen, Zapp-Platz 1/Alter Kirchweg/Robert-Zapp-Str. 5	1972	Core/Core+	100	Freehold	Office	26.1	26.1	100.0
Bonn, Zanderstr. 7	2003	Core/Core+	6	Freehold	Office	4.2	4.2	100.0
Bonn, Zanderstr. 5	1960	Core/Core+	6	Freehold	Office	5.1	5.1	100.0
Dortmund, Stockholmer Allee 32	2001	Core/Core+	100	Freehold	Office	6.7	6.5	97.7
Cologne, Neue Weyerstraße 6	1992	Core/Core+	100	Freehold	Office	4.3	4.2	98.8
Ratingen, D2 Park 5	1996	Core/Core+	100	Freehold	Office	5.6	5.6	100.0
Schleiden, Monschauer Str. 5-9/Am Markt 29-31/ Poensgenstr.19	1930	Core/Core+	100	Freehold	Office	6.7	6.7	100.0
Bonn, Zeppelinstr. 10-16	1962	Core/Core+	100	Freehold	Living	1.9	1.6	85.2
Core/Core+						**92.7**	**89.5**	**96.5**
Dusseldorf, Franz-Rennefeld-Weg 2-6, „ABC“	2003	Value-Add	100	Freehold	Office	12.9	8.8	68.4
Neuss, Jagenbergstr./Bonner Str., Gebäude 2	1990	Value-Add	100	Freehold	Logistics	39.8	35.9	90.2
Dusseldorf, Hans-Böckler-Str. 33	1985	Value-Add	100	Freehold	Office	10.0	6.6	66.0
Dusseldorf, Kanzlerstraße 8	1993	Value-Add	100	Freehold	Office	9.0	6.4	70.6
Dusseldorf, Immermannstr. 59/Karlstr. 76	1961	Value-Add	100	Freehold	Office	6.6	4.9	74.7
Cologne, Kölner Straße 263	1994	Value-Add	100	Freehold	Office	3.9	2.2	56.3
Langenfeld, Winkelsweg 177-179	1968	Value-Add	100	Freehold	Retail	22.5	19.0	84.5
Dortmund, Westfalendamm 67	1974	Value-Add	100	Freehold	Office	3.5	3.1	89.4
Dusseldorf, Am Wehrhahn 28 + 30	1958	Value-Add	100	Freehold	Office	2.5	1.9	75.1
Dusseldorf, Friedrich-Ebert-Straße 55	1972	Value-Add	100	Freehold	Office	2.5	2.2	90.3
Dortmund, Martin-Schmeisser-Weg 18, 22	1991	Value-Add	100	Freehold	Office	3.4	1.9	56.7
Erkrath, Max-Planck-Straße 15/Lohbruchweg	1985	Value-Add	100	Freehold	Office	3.5	2.3	65.9
Dortmund, Otto-Hahn-Str. 27	1992	Value-Add	100	Freehold	Office	1.4	1.3	89.8
Duisburg, Lehmstr. 1-3	1979	Value-Add	100	Freehold	Logistics	5.1	5.0	97.0
Value-Add						**126.8**	**101.7**	**80.2**
Core/Core+ & Value-Add						**219.5**	**191.2**	**87.1**

Parking lots Indoor	Parking lots Outdoor	Expected rent in '000 €	Contracted rent in '000 €	Contracted rent t-12 in '000 €	Actual rent (net rent) in '000 €	Economic vacancy in %	WAULT in years	Like-for-like rents in %	Fair value of property t-12 in '000 €	Fair value of property actual in '000 €	NRI in %	NOI in %
519	**142**	**5,250**	**5,048**	**4,939**	**4,464**	**3.9**	**1.8**	**2.2**	**55,916**	**54,854**	**7.9**	**7.9**
327	**25**	**2,027**	**423**	**577**	**407**	**79.1**	**1.1**	**-26.7**	**18,720**	**15,073**	**-/-**	**-/-**
0	**0**	**0**	**0**	**0**	**0**	**-/-**	**0.0**	**-100.0**	**34,758**	**35,358**	**-/-**	**-/-**
327	**25**	**2,027**	**423**	**577**	**407**	**79.1**	**1.1**	**-26.7**	**53,478**	**50,431**	**-/-**	**-/-**
846	**167**	**7,277**	**5,471**	**5,516**	**4,871**	**24.8**	**1.6**	**-0.8**	**109,394**	**105,285**	**2.5**	**2.3**
0	**0**	**191**	**191**	**196**	**191**	**0.0**	**1.0**	**-2.4**	**-/-**	**4,231**	**2.1**	**2.1**
0	**0**	**191**	**191**	**196**	**191**	**0.0**	**1.0**	**-2.4**	**-/-**	**4,231**	**2.1**	**2.1**
0	**0**	**191**	**191**	**196**	**191**	**0.0**	**1.0**	**-2.4**	**-/-**	**4,231**	**2.1**	**2.1**
602	0	2,536	2,233	2,286	1,980	12.0	4.6	-2.4	33,540	32,540	5.5	5.5
149	0	1,163	1,163	1,155	1,163	0.0	9.0	0.7	20,580	18,650	6.4	6.4
83	97	1,576	1,576	1,570	1,576	0.0	4.5	0.4	16,600	16,460	8.7	8.7
106	0	888	888	888	888	0.0	10.0	0.0	13,380	12,470	6.1	6.1
0	3	877	877	877	877	0.0	10.0	0.0	13,220	12,320	6.1	6.1
0	116	837	804	786	804	3.9	3.0	2.3	10,900	10,670	7.2	7.2
56	0	705	698	696	698	1.0	2.6	0.3	9,310	9,170	6.7	6.6
71	33	819	819	819	819	0.0	8.0	0.0	7,940	8,140	5.1	5.1
0	95	498	498	480	498	0.0	8.3	3.8	5,450	5,550	7.0	7.0
0	0	121	104	104	104	14.2	1.0	0.0	1,510	1,510	7.2	7.2
1,067	**344**	**10,020**	**9,660**	**9,660**	**9,407**	**3.6**	**6.2**	**0.0**	**132,430**	**127,480**	**6.4**	**6.4**
150	82	2,177	1,557	1,523	1,389	28.5	1.9	2.2	32,920	31,480	3.9	3.9
0	662	3,113	2,690	2,561	2,669	13.6	45.5	5.0	32,130	30,260	5.8	5.8
77	72	1,655	1,218	1,212	1,218	26.4	4.2	0.5	24,540	23,500	4.1	4.1
164	23	1,133	867	583	656	23.5	3.9	48.7	13,790	14,780	5.0	5.0
20	19	967	766	748	707	20.8	2.7	2.4	13,400	13,730	3.6	3.6
46	27	540	337	307	337	37.6	2.2	9.7	6,360	5,770	4.5	4.5
0	209	663	546	548	546	17.7	0.3	-0.3	5,720	5,790	8.1	8.1
13	33	450	412	409	412	8.5	3.8	0.7	5,320	5,320	7.1	7.1
0	0	377	303	287	251	19.5	1.6	5.7	5,300	5,230	3.4	3.4
30	0	329	280	344	264	14.9	1.9	-18.7	5,290	4,560	4.8	4.8
95	0	372	224	224	224	39.7	1.8	0.0	5,000	5,160	3.6	3.6
39	25	283	223	220	223	21.3	1.4	1.5	2,770	2,840	7.0	7.0
28	0	148	142	143	87	4.3	3.0	-0.8	2,300	2,140	4.0	4.0
0	60	204	192	163	79	5.9	6.3	17.5	2,000	2,000	3.9	2.6
662	**1,212**	**12,410**	**9,756**	**9,272**	**9,060**	**21.4**	**13.5**	**5.2**	**156,840**	**152,560**	**4.8**	**4.7**
1,729	**1,556**	**22,430**	**19,416**	**18,932**	**18,467**	**13.4**	**10.2**	**2.6**	**289,270**	**280,040**	**5.5**	**5.5**

	Year of const-ruction	Invest-ment profile	IVG share 2010 in %	Type of owner-ship 2010	Type of use	Lettable space excl. parking in '000 sqm	Rented space excl. parking in '000 sqm	Occupancy rate by area excl. parking in %
Workout (income producing)						**18.8**	**10.4**	**55.2**
Workout (non income producing)						**0.0**	**0.0**	**-/-**
Income/non income producing						**18.8**	**10.4**	**55.2**
Total Dusseldorf						**238.4**	**201.6**	**84.6**
Frankfurt/Main								
Frankfurt/Main, Theodor-Stern-Kai 1	2002	Core/Core+	100	Freehold	Office	65.5	56.5	86.2
Stuttgart, Buschlestr. 1/Reinsburgstr. 26-34/Silberburgstr.	1900	Core/Core+	100	Freehold	Office	89.1	84.2	94.5
Stuttgart, Uhlandstr. 2	1982	Core/Core+	100	Freehold	Office	51.7	51.3	99.4
Stuttgart, Plieninger Str. 140	1982	Core/Core+	100	Freehold	Office	20.9	20.9	100.0
Bad Homburg, Benzstr. 1	2005	Core/Core+	100	Freehold	Office	14.5	14.5	100.0
Frankfurt/Main, Cargo City Süd, Logistik Center, Geb. 543	1998	Core/Core+	100	Leasehold	Logistics	11.7	11.7	100.0
Frankfurt/Main, Lahnstraße 34 - 40	1991	Core/Core+	100	Freehold	Office	6.8	6.8	100.0
Core/Core+						**260.1**	**245.8**	**94.5**
Frankfurt/Main, Emil-von-Behring-Str. 8-14	1996	Value-Add	100	Freehold	Office	33.3	18.3	55.0
Mannheim, Janderstr./Schildkrötstr., „High-Tech-Park I"	1994	Value-Add	100	Freehold	Office	12.6	10.4	82.1
Frankfurt/Main, Colmarer Str. 5 + 11, „C³-ComConCenter"	2003	Value-Add	94	Freehold	Office	16.2	9.1	56.3
Mannheim, Gottlieb-Daimler-Str. 6-10	1973	Value-Add	100	Freehold	Office	16.2	5.5	34.0
Mannheim, Janderstr. 2, 3, 4, 5, 6, „High-Tech-Park II"	2002	Value-Add	100	Freehold	Office	7.8	6.4	81.7
Ludwigsburg, Monreposstr. 49	1994	Value-Add	100	Freehold	Office	5.4	4.8	89.6
Value-Add						**91.6**	**54.6**	**59.6**
Core/Core+ & Value-Add						**351.6**	**300.4**	**85.4**
Workout (income producing)						**23.4**	**17.8**	**75.9**
Workout (non income producing)						**0.0**	**0.0**	**-/-**
Income/non income producing						**23.4**	**17.8**	**75.9**
Total Frankfurt/Main						**375.1**	**318.2**	**84.8**
Hamburg								
Hamburg, Großer Burstah 3/Trostbrücke 2	1966	Core/Core+	100	Freehold	Office	30.2	29.8	98.8
Hamburg, Suhrenkamp 71-77, „Penta Hof"	1999	Core/Core+	100	Freehold	Office	24.8	24.8	100.0
Hamburg, Mittelweg 176-177	1994	Core/Core+	100	Leasehold	Office	14.0	14.0	100.0
Hamburg, Baumwall 5-7, „Überseehaus"	1982	Core/Core+	100	Freehold	Office	11.1	8.9	80.5
Hamburg, Christoph-Probst-Weg 26-31, „Quartier am Zeughaus"	1930	Core/Core+	100	Freehold	Office	15.4	13.8	89.5
Hamburg, Heidenkampsweg 99, 101, „City-Tor Hamburg"	1988	Core/Core+	100	Freehold	Office	18.6	16.5	88.8
Hamburg, Christoph-Probst-Weg 1-2, Quartier am Zeughaus 2.BA	2000	Core/Core+	100	Freehold	Office	13.8	13.7	99.4
Hamburg, Sonninstr. 24-28, „Sonnin-Hof"	1915	Core/Core+	100	Freehold	Office	20.9	17.0	81.4
Hamburg, Christoph-Probst-Weg 3-4, Quartier am Zeughaus 1.BA	2005	Core/Core+	100	Freehold	Office	13.6	13.0	95.8

Parking lots Indoor	Parking lots Outdoor	Expected rent in '000 €	Contracted rent in '000 €	Contracted rent t-12 in '000 €	Actual rent (net rent) in '000 €	Economic vacancy in %	WAULT in years	Like-for-like rents in %	Fair value of property t-12 in '000 €	Fair value of property actual in '000 €	NRI in %	NOI in %
294	49	2,019	1,097	998	1,078	45.7	1.7	9.9	21,640	21,020	2.4	2.4
0	111	23	23	2,531	23	0.0	0.2	-99.1	42,530	34,630	-/-	-/-
294	160	2,042	1,120	3,530	1,100	45.1	1.7	-68.3	64,170	55,650	0.3	0.3
2,023	1,716	24,472	20,536	22,462	19,567	16.1	9.5	-8.6	353,440	335,690	4.7	4.6
1,011	0	14,683	12,558	11,921	11,993	14.5	7.8	5.3	246,400	236,950	8.1	8.6
592	4	12,304	11,719	11,050	11,313	4.8	9.1	6.1	194,190	193,640	5.8	5.8
569	0	8,136	8,120	8,132	8,120	0.2	9.2	-0.2	131,420	127,750	11.9	11.9
0	746	3,783	3,783	3,783	3,820	0.0	3.9	0.0	53,590	52,450	7.2	7.2
84	153	2,981	2,981	2,953	2,981	0.0	3.9	0.9	39,170	39,050	8.2	8.2
0	0	1,449	1,449	1,449	1,488	0.0	18.8	0.0	16,500	17,310	4.8	4.8
113	17	751	751	751	751	0.0	3.7	0.0	12,660	12,610	5.7	5.7
2,369	920	44,087	41,361	40,040	40,465	6.2	8.1	3.3	693,930	679,760	8.0	8.1
551	16	4,925	2,947	2,510	2,869	40.2	2.0	17.4	65,620	60,010	5.0	2.7
140	93	1,495	1,213	1,376	1,213	18.9	2.5	-11.8	21,980	21,320	3.2	3.2
161	0	2,059	1,149	1,303	1,137	44.2	2.2	-11.8	19,950	18,950	3.3	3.2
275	156	1,012	822	804	822	18.8	0.9	2.2	19,650	19,360	0.5	0.5
91	70	1,075	864	827	852	19.6	2.9	4.5	13,520	13,290	4.1	4.1
86	9	480	438	426	438	8.7	1.3	2.8	5,320	5,130	9.0	9.0
1,304	344	11,047	7,434	7,246	7,331	32.7	2.1	2.6	146,040	138,060	3.9	2.9
3,673	1,264	55,134	48,794	47,285	47,796	11.5	6.9	3.2	839,970	817,820	7.3	7.3
333	82	2,738	2,137	1,916	2,086	21.9	0.7	11.6	33,470	47,380	5.4	5.4
0	0	0	0	0	0	-/-	0.0	-/-	240	240	-/-	-/-
333	82	2,738	2,137	1,916	2,086	21.9	0.7	11.6	33,710	47,620	5.3	5.3
4,006	1,346	57,872	50,932	49,201	49,882	12.0	6.6	3.5	873,680	865,440	7.2	7.2
198	0	5,463	5,463	5,469	5,463	0.0	9.9	-0.1	102,930	85,440	10.3	10.3
347	113	3,056	3,056	3,197	3,056	0.0	3.7	-4.4	43,910	44,400	4.3	4.3
220	0	3,462	3,462	3,462	3,462	0.0	1.0	0.0	42,500	41,400	6.9	6.9
78	48	2,286	1,897	2,129	1,710	17.0	2.3	-10.9	41,580	41,450	3.9	3.9
243	31	2,427	2,308	2,363	1,602	4.9	3.5	-2.3	38,490	46,330	3.6	3.6
153	78	2,715	2,474	2,557	2,474	8.9	2.4	-3.3	36,740	37,103	5.5	5.5
208	24	2,142	2,113	2,069	2,113	1.3	3.2	2.1	36,020	36,650	5.4	5.4
0	188	2,911	2,524	2,820	2,524	13.3	1.9	-10.5	35,040	34,870	6.9	6.9
241	33	2,122	2,003	1,945	2,003	5.6	1.6	3.0	34,420	34,590	5.7	5.7

	Year of construction	Investment profile	IVG share 2010 in %	Type of ownership 2010	Type of use	Lettable space excl. parking in '000 sqm	Rented space excl. parking in '000 sqm	Occupancy rate by area excl. parking in %
Hamburg, Willy-Brandt-Str. 23	1967	Core/Core+	100	Freehold	Office	10.5	10.5	100.0
Hamburg, Van-der-Smissen-Str. 1-2a, „Kreuzfahrtcenter"	1992	Core/Core+	100	Leasehold	Office	7.8	6.2	80.1
Hamburg, Brandstwiete 19, „Spiegelhaus"	1969	Core/Core+	100	Freehold	Office	8.9	8.9	100.0
Hamburg, Essener Bogen 1 u. 1a, Hermes II	2010	Core/Core+	100	Freehold	Office	10.5	9.8	93.9
Hamburg, Blohmstr. 10-14, „Channel 9,10,11"	2006	Core/Core+	100	Freehold	Office	10.6	10.6	100.0
Hamburg, Karnapp 25, „Channeltower"	2002	Core/Core+	100	Freehold	Office	9.2	8.1	87.9
Hamburg, Altonaer Poststraße 9-13b, „Postamt"	1892	Core/Core+	100	Freehold	Office	8.8	8.6	98.4
Hamburg, Essener Bogen 6 a-d, (Gewerbepark Mitte)	2007	Core/Core+	100	Freehold	Office	5.4	4.6	85.6
Hamburg, Harburger Schloßstr. 18, „Channel 1"	1998	Core/Core+	100	Freehold	Office	3.7	3.7	100.0
Hamburg, Harburger Schloßstr. 24, „Channel 2"	1999	Core/Core+	100	Freehold	Office	3.7	3.2	87.7
Hamburg, Harburger Schloßstr. 22a, „Palmspeicher"	1995	Core/Core+	100	Freehold	Office	5.1	4.6	91.0
Hamburg, Harburger Schloßstr. 26, „Channel 3"	1999	Core/Core+	100	Freehold	Office	3.6	1.4	38.3
Hamburg, Harburger Schloßstr. 28, „Channel 4"	1999	Core/Core+	100	Freehold	Office	3.5	3.5	100.0
Oststeinbek, Willinghusener Weg 5 a-e	1990	Core/Core+	100	Freehold	Office	7.0	7.0	100.0
Hamburg, Harburger Schloßstr. 30, „Channel 8"	2000	Core/Core+	100	Freehold	Office	2.6	2.5	96.1
Flensburg, Friesische Str. 1-9/Rote Str. 2	1984	Core/Core+	100	Freehold	Office	3.3	3.2	96.1
Hannover, Freundallee 11	1987	Core/Core+	100	Freehold	Office	3.3	3.3	100.0
Hamburg, Ludwig-Erhard-Str. 37	1992	Core/Core+	100	Freehold	Office	1.7	1.5	87.6
Core/Core+						**271.4**	**252.8**	**93.2**
Hamburg, Schellerdamm 22-28, „Channel 5-7"	1997	Value-Add	100	Freehold	Office	16.1	5.7	35.7
Kiel, Walkerdamm 1/Hopfenstr. 71	1990	Value-Add	100	Freehold	Office	5.0	3.6	71.6
Hamburg, Heidenkampsweg 44-46	1984	Value-Add	100	Freehold	Office	4.4	3.7	83.4
Bad Schwartau, Markttwiete 8-10	1986	Value-Add	100	Freehold	Retail	2.9	2.3	78.1
Hamburg, Lademannbogen 12, 12a	1978	Value-Add	100	Freehold	Office	4.1	2.3	55.3
Flensburg, Schleswiger Str. 103 (Lager)	1916	Value-Add	100	Freehold	Logistics	11.3	11.3	100.0
Value-Add						**43.9**	**28.9**	**65.8**
Core/Core+ & Value-Add						**315.3**	**281.7**	**89.3**
Workout (income producing)						**71.9**	**67.7**	**94.2**
Workout (non income producing)						**1.5**	**1.2**	**80.4**
Income/non income producing						**73.4**	**68.9**	**93.9**
Total Hamburg						**388.7**	**350.7**	**90.2**

Parking lots Indoor	Parking lots Outdoor	Expected rent in '000 €	Contracted rent in '000 €	Contracted rent t-12 in '000 €	Actual rent (net rent) in '000 €	Economic vacancy in %	WAULT in years	Like-for-like rents in %	Fair value of property t-12 in '000 €	Fair value of property actual in '000 €	NRI in %	NOI in %
62	49	1,818	1,818	1,818	1,818	0.0	0.8	0.0	29,820	26,350	6.2	6.2
102	20	1,813	1,461	1,698	1,461	19.4	2.0	-13.9	29,770	29,240	3.7	3.7
81	19	1,569	1,569	1,569	1,569	0.0	0.8	0.0	25,220	22,270	6.4	6.4
358	2	1,769	1,681	1,610	1,681	99.1	9.0	4.4	1,440	23,970	4.8	4.8
169	0	1,550	1,524	1,618	1,466	1.7	1.4	-5.8	22,910	23,960	6.0	5.5
103	107	1,478	1,320	1,453	1,177	10.7	1.6	-9.2	20,790	20,570	4.7	4.7
0	55	828	820	819	778	1.0	2.6	0.1	11,040	11,160	7.1	5.9
0	165	685	575	666	575	16.0	5.4	-13.6	7,980	8,140	5.6	5.6
43	72	527	522	523	522	1.0	1.0	-0.3	7,210	7,310	7.1	7.1
69	96	573	466	489	138	18.7	3.3	-4.6	6,970	7,400	2.3	1.1
0	100	621	562	541	381	9.5	4.1	3.9	6,780	7,530	7.0	7.0
86	90	587	239	522	239	59.3	1.2	-54.3	6,580	6,140	3.5	3.5
41	28	543	531	398	531	2.1	1.7	33.6	6,550	6,730	7.9	7.9
0	60	466	464	463	464	0.4	1.4	0.2	5,420	5,230	9.0	9.0
2	13	370	355	372	355	4.1	1.7	-4.7	4,960	4,980	8.6	8.6
32	0	364	351	355	351	3.4	1.7	-1.0	4,750	4,660	6.3	6.3
0	69	322	322	322	322	0.0	1.0	0.0	4,170	4,180	7.3	7.3
14	0	250	220	220	220	11.8	2.4	0.3	3,310	3,320	1.4	1.4
2,850	**1,460**	**42,717**	**40,099**	**41,466**	**38,456**	**6.1**	**3.4**	**-3.3**	**617,300**	**625,373**	**6.0**	**6.0**
1	87	1,650	616	658	616	62.7	1.1	-6.4	21,620	20,670	0.6	0.6
74	15	675	500	350	500	26.0	3.3	42.8	7,130	6,720	7.6	7.5
27	32	509	427	410	427	16.1	1.4	4.2	6,350	5,790	5.6	5.6
26	2	537	471	460	471	12.2	1.6	2.5	6,180	5,800	8.5	8.5
45	10	341	152	152	152	55.3	1.0	0.0	4,210	4,150	2.0	2.0
0	0	209	209	209	209	0.0	3.4	0.0	1,700	1,770	8.5	8.5
173	**146**	**3,922**	**2,375**	**2,239**	**2,375**	**39.4**	**1.7**	**6.1**	**47,190**	**44,900**	**3.8**	**3.8**
3,023	**1,606**	**46,638**	**42,475**	**43,705**	**40,831**	**8.9**	**3.3**	**-2.8**	**664,490**	**670,273**	**5.9**	**5.8**
0	**20**	**2,558**	**2,426**	**2,505**	**2,419**	**5.2**	**1.1**	**-3.2**	**30,870**	**30,480**	**7.4**	**7.0**
25	**16**	**133**	**123**	**122**	**123**	**7.9**	**1.0**	**0.4**	**13,660**	**15,489**	**-/-**	**-/-**
25	**36**	**2,691**	**2,549**	**2,627**	**2,542**	**5.3**	**1.1**	**-3.0**	**44,530**	**45,969**	**4.8**	**4.5**
3,048	**1,642**	**49,330**	**45,023**	**46,333**	**43,373**	**8.7**	**3.2**	**-2.8**	**709,020**	**716,243**	**5.8**	**5.7**

	Year of const-ruction	Invest-ment profile	IVG share 2010 in %	Type of owner-ship 2010	Type of use	Lettable space excl. parking in '000 sqm	Rented space excl. parking in '000 sqm	Occupancy rate by area excl. parking in %
Helsinki								
Helsinki, Vallilan Toimisto	1930	Core/Core+	100	Freehold	Office	13.9	13.9	100.0
Helsinki,Vilhonkatu 5	1992	Core/Core+	100	Leasehold	Retail	6.5	5.9	91.1
Vantaa, Plaza Forte, Äyritie	2002	Core/Core+	100	Freehold	Office	5.6	4.0	70.4
Vantaa, Pakkalan Kartanonkoski 3	1992	Core/Core+	100	Leasehold	Office	7.8	7.4	94.7
Helsinki, Radiokatu 20	1985	Core/Core+	100	Leasehold	Office	11.9	10.3	86.6
Helsinki,Sörnäisten Rantatie 25	1961	Core/Core+	100	Freehold	Office	8.3	7.1	85.4
Espoo,Niittymäenpolku	1991	Core/Core+	100	Freehold	Office	5.4	5.1	93.3
Vantaa, Pakkalan Kartanonkoski 12	2001	Core/Core+	100	Leasehold	Office	3.4	3.4	99.7
Espoo, Scifin Alfa	1991	Core/Core+	100	Freehold	Office	5.5	4.3	79.1
Espoo, Kilon Timantti	1991	Core/Core+	100	Freehold	Office	4.6	3.4	73.5
Helsinki, Vanha Talvitie 11	1919	Core/Core+	100	Leasehold	Office	6.7	6.2	93.2
Helsinki, Latokartanontie 7	1987	Core/Core+	100	Leasehold	Office	3.6	3.5	99.8
Helsinki, Ykkösseppä	1989	Core/Core+	100	Leasehold	Other	4.7	4.1	87.7
Helsinki, Niittylänpolku 16	1988	Core/Core+	100	Freehold	Office	3.8	1.8	47.0
Helsinki, Kornetintie 6	1966	Core/Core+	100	Leasehold	Office	3.3	3.3	100.0
Core/Core+						**94.9**	**83.7**	**88.2**
Espoo, Tapiontuuli, Itätuulenttie 1	1977	Value-Add	100	Freehold	Office	6.9	4.7	68.0
Helsinki, Kumpulantie	1952	Value-Add	100	Freehold	Office	10.9	9.3	85.7
Espoo, Sinimäentie 10 Kiineistö	1989	Value-Add	100	Freehold	Office	10.2	7.0	68.4
Helsinki, Pasilanraitio 5	1984	Value-Add	100	Leasehold	Office	6.0	5.0	83.3
Espoo, Kilon Helmi	1991	Value-Add	100	Freehold	Office	4.6	2.7	59.4
Helsinki, Satomalmi	1989	Value-Add	100	Freehold	Office	3.4	2.4	70.1
Kokkola, Pitkänsillankatu 1-3	1887	Value-Add	100	Freehold	Office	6.7	5.5	81.0
Helsinki, Kiiskinkatu 5 Kiinteistö	1991	Value-Add	100	Leasehold	Office	4.2	3.4	80.6
Kuopio, Kuopion Satama 4	1940	Value-Add	100	Freehold	Office	5.9	5.1	86.4
Helsinki, Kirkonkyläntie 3	1949	Value-Add	100	Freehold	Office	1.4	1.2	89.9
Helsinki, Kamppi Parkki	-/-	Value-Add	100	Freehold	Other	0.0	0.0	-/-
Value-Add						**60.1**	**46.2**	**76.9**
Core/Core+ & Value-Add						**155.0**	**129.9**	**83.8**
Workout (income producing)						**14.1**	**9.3**	**66.1**
Workout (non income producing)						**0.6**	**0.0**	**0.0**
Income/non income producing						**14.7**	**9.3**	**63.4**
Total Helsinki						**169.7**	**139.2**	**82.0**

Parking lots Indoor	Parking lots Outdoor	Expected rent in '000 €	Contracted rent in '000 €	Contracted rent t-12 in '000 €	Actual rent (net rent) in '000 €	Economic vacancy in %	WAULT in years	Like-for-like rents in %	Fair value of property t-12 in '000 €	Fair value of property actual in '000 €	NRI in %	NOI in %
100	0	2,278	2,278	2,168	2,278	0.0	9.2	5.0	25,534	25,792	5.5	5.5
51	0	1,408	1,312	1,282	1,312	6.9	1.1	2.3	17,058	16,754	6.0	4.0
154	45	1,421	971	1,295	971	31.7	0.8	-25.0	16,630	13,680	5.0	5.0
13	230	1,365	1,278	1,280	1,278	6.4	0.8	-0.1	12,926	12,090	8.2	8.1
63	55	1,573	1,522	1,592	1,522	3.3	0.8	-4.4	12,276	12,160	9.1	8.4
60	44	1,230	1,208	508	1,208	1.8	7.4	137.5	11,972	13,134	7.1	7.1
46	111	906	901	901	901	0.5	0.3	0.0	7,278	7,144	7.7	7.7
0	27	725	719	708	719	0.9	0.9	1.5	6,642	6,145	8.8	8.8
0	0	657	613	669	613	6.8	1.1	-8.4	6,420	5,428	8.4	8.3
1	93	528	479	461	479	9.3	1.1	4.0	5,214	4,800	8.5	6.8
0	37	735	687	669	687	6.5	0.3	2.7	5,066	4,553	9.5	9.0
4	32	574	573	532	573	0.3	0.9	7.6	3,699	3,639	11.0	10.6
11	32	467	420	459	420	10.1	0.5	-8.6	3,378	3,312	8.9	8.9
26	13	303	187	332	187	38.3	1.6	-43.6	2,515	2,229	1.6	-/-
11	30	349	342	330	342	1.8	0.5	3.6	2,424	2,441	6.5	5.2
540	**749**	**14,520**	**13,488**	**13,186**	**13,488**	**7.1**	**2.7**	**2.3**	**139,031**	**133,300**	**7.1**	**6.6**
28	110	1,227	834	581	834	32.0	3.4	43.5	13,238	12,909	8.6	8.6
44	0	1,488	1,100	822	1,100	26.1	1.8	33.7	12,888	15,177	5.2	4.7
8	281	1,280	863	996	863	32.6	0.7	-13.4	10,942	10,542	6.8	5.6
28	34	1,041	843	1,085	843	19.0	1.2	-22.3	9,791	8,736	5.4	5.2
0	80	686	460	476	460	32.9	0.6	-3.3	4,725	4,235	7.5	7.4
31	27	494	339	302	339	31.5	0.8	12.2	3,699	3,287	6.1	0.9
0	43	579	508	499	508	12.3	1.3	1.8	2,969	2,972	11.2	11.1
44	13	510	414	416	414	18.9	0.5	-0.6	2,852	2,765	5.6	4.1
0	26	455	387	313	387	14.9	0.5	23.5	2,012	2,132	11.2	11.2
13	2	227	208	199	208	8.3	0.3	4.6	1,434	1,464	9.7	9.3
37	0	78	78	78	78	0.0	3.0	0.0	1,279	1,125	6.1	6.1
233	**616**	**8,065**	**6,033**	**5,767**	**6,033**	**25.2**	**1.4**	**4.6**	**65,828**	**65,344**	**6.9**	**6.3**
773	**1,365**	**22,586**	**19,521**	**18,954**	**19,521**	**13.6**	**2.2**	**3.0**	**204,859**	**198,644**	**7.0**	**6.5**
22	**127**	**1,580**	**1,029**	**917**	**1,029**	**34.9**	**1.2**	**12.2**	**11,422**	**10,599**	**5.8**	**4.5**
0	**0**	**0**	**0**	**37**	**0**	**-/-**	**0.0**	**-100.0**	**3,486**	**3,142**	**-/-**	**-/-**
22	**0**	**1,580**	**1,029**	**955**	**1,029**	**34.9**	**1.2**	**7.8**	**14,907**	**13,742**	**4.4**	**3.3**
795	**1,365**	**24,166**	**20,550**	**19,908**	**20,550**	**15.0**	**2.2**	**3.2**	**219,767**	**212,385**	**6.8**	**6.3**

	Year of const-ruction	Invest-ment profile	IVG share 2010 in %	Type of owner-ship 2010	Type of use	Lettable space excl. parking in '000 sqm	Rented space excl. parking in '000 sqm	Occupancy rate by area excl. parking in %
Liebenau								
Workout (non income producing)						**24.6**	**24.6**	**100.0**
Income/non income producing						**24.6**	**24.6**	**100.0**
Total Liebenau						**24.6**	**24.6**	**100.0**
London								
Workout (non income producing)						**0.0**	**0.0**	**-/-**
Income/non income producing						**0.0**	**0.0**	**-/-**
Total London						**0.0**	**0.0**	**-/-**
Madrid								
Workout (income producing)						**0.0**	**0.0**	**-/-**
Income/non income producing						**0.0**	**0.0**	**-/-**
Total Madrid						**0.0**	**0.0**	**-/-**
Milan								
Milan, Via Dione Cassio 13/Via Clemente Prudenzio 14, 16	1980	Value-Add	99	Freehold	Office	8.3	5.1	62.1
Value-Add						8.3	5.1	62.1
Core/Core+ & Value-Add						**8.3**	**5.1**	**62.1**
Total Milan						**8.3**	**5.1**	**62.1**
Munich								
Unterföhring, Dieselstr. 6	2004	Core/Core+	100	Freehold	Office	65.5	65.5	100.0
Munich, Fritz-Schäffer-Str. 9	1981	Core/Core+	95	Freehold	Office	71.6	71.6	100.0
Munich, Rosenheimer Str. 145, 145a-i/Anzinger Str. 1-17	1939	Core/Core+	100	Freehold	Office	90.8	85.1	93.8
Unterföhring, Dieselstr. 4/Gutenbergstr. 8	1992	Core/Core+	100	Freehold	Office	65.4	65.4	100.0
Munich, St.-Martin-Str. 76	1993	Core/Core+	100	Freehold	Office	57.4	57.4	100.0
Grasbrunn, Werner-von-Siemens-Ring 1-5, 6-10	2001	Core/Core+	100	Freehold	Office	34.4	34.2	99.6
Munich, Garmischer Str. 2-12/Ridlerstr. 51	1985	Core/Core+	100	Freehold	Office	22.9	20.8	91.0
Munich, Arnulfstr. 25-27, „Pontis Haus“	1992	Core/Core+	100	Freehold	Office	13.7	11.2	82.1
Munich, Heinrich-Kley-Str. 6, „Fashion Mall Bronce“	2007	Core/Core+	100	Freehold	Office	5.7	5.4	96.2
Nuremberg, Nordostpark 89-93, Gebäude 127	2002	Core/Core+	100	Freehold	Office	9.1	8.7	95.5
Nuremberg, Nordostpark 12-14, Geb. 118	1999	Core/Core+	6	Freehold	Office	8.5	8.4	98.9
Munich, Sendlinger-Tor-Platz 5/Thalkircher Str. 2	1981	Core/Core+	100	Leasehold	Office	4.5	4.5	100.0
Nuremberg, Nordostpark 3-5, Gebäude 129	2007	Core/Core+	100	Freehold	Office	5.8	5.7	98.0
Nuremberg, Nordostpark 7-9	2008	Core/Core+	100	Freehold	Office	5.6	5.4	97.1
Regensburg, Frankenstr. 9	2003	Core/Core+	100	Freehold	Office	3.6	3.6	100.0
Nuremberg, Nordostpark 16, Gebäude 120	1999	Core/Core+	100	Freehold	Office	4.5	3.9	84.9
Unterschleißheim, Einsteinstr. 2	1989	Core/Core+	100	Freehold	Office	2.8	2.8	100.0
Germering, Frieden-/ Kreuzlinger-/ Geier-/ Lerchenstr./	1939	Core/Core+	100	wirtsch. Freehold	Living	1.4	1.4	100.0

Parking lots Indoor	Parking lots Outdoor	Expected rent in '000 €	Contracted rent in '000 €	Contracted rent t-12 in '000 €	Actual rent (net rent) in '000 €	Economic vacancy in %	WAULT in years	Like-for-like rents in %	Fair value of property t-12 in '000 €	Fair value of property actual in '000 €	NRI in %	NOI in %
0	**0**	**518**	**518**	**896**	**518**	**0.0**	**3.3**	**-42.2**	**22,220**	**21,989**	**3.5**	**3.5**
0	**0**	**518**	**518**	**896**	**518**	**0.0**	**3.3**	**-42.2**	**22,220**	**21,989**	**3.5**	**3.5**
0	**0**	**518**	**518**	**896**	**518**	**0.0**	**3.3**	**-42.2**	**22,220**	**21,989**	**3.5**	**3.5**
0	**0**	**0**	**0**	**0**	**0**	**-/-**	**0.0**	**-/-**	**-/-**	**11,289**	**0.0**	0.0
0	**0**	**0**	**0**	**0**	**0**	**-/-**	**0.0**	**-/-**	**-/-**	**11,289**	**0.0**	0.0
0	**0**	**0**	**0**	**0**	**0**	**-/-**	**0.0**	**-/-**	**-/-**	**11,289**	**0.0**	**0.0**
4	**0**	**4**	**4**	**4**	**4**	**0.0**	**1.0**	**0.0**	**127**	112	2.3	2.3
4	**0**	**4**	**4**	**4**	**4**	**0.0**	**1.0**	**0.0**	**127**	112	2.3	2.3
4	**0**	**4**	**4**	**4**	**4**	**0.0**	**1.0**	**0.0**	**127**	**112**	**2.3**	**2.3**
0	55	831	490	543	446	41.1	1.5	-9.9	10,140	8,780	3.0	3.0
0	**55**	**831**	**490**	**543**	**446**	**41.1**	**1.5**	**-9.9**	**10,140**	**8,780**	**3.0**	**3.0**
0	**55**	**831**	**490**	**543**	**446**	**41.1**	**1.5**	**-9.9**	**10,140**	**8,780**	**3.0**	**3.0**
0	**55**	**831**	**490**	**543**	**446**	**41.1**	**1.5**	**-9.9**	**10,140**	**8,780**	**3.0**	**3.0**
926	0	11,195	11,195	11,195	11,195	0.0	14.0	0.0	210,000	211,040	4.3	4.3
672	0	10,270	10,270	10,270	10,270	0.0	10.0	0.0	166,880	170,010	4.3	4.3
0	197	9,270	8,647	8,925	8,651	6.7	1.8	-3.1	124,020	126,210	5.1	5.1
166	0	7,026	7,026	7,026	7,026	0.0	14.0	0.0	117,900	117,850	5.0	5.0
1,259	28	6,831	6,831	6,831	6,831	0.0	6.2	0.0	109,220	109,390	6.7	6.7
561	77	4,598	4,564	4,564	2,184	0.7	5.2	0.0	64,440	65,840	5.5	5.5
342	14	3,227	2,957	3,051	2,957	8.4	5.8	-3.1	47,370	46,580	4.4	4.4
156	0	2,452	2,115	2,295	2,115	13.7	2.5	-7.8	37,970	37,740	3.8	3.7
87	16	1,073	988	1,028	988	7.9	3.2	-3.9	17,260	17,430	5.0	5.0
143	49	1,196	1,146	1,186	1,146	4.2	1.9	-3.4	16,730	17,253	7.0	7.0
0	0	990	981	997	981	0.9	2.8	-1.5	12,830	12,960	4.3	4.3
5	0	1,034	1,034	1,024	1,034	0.0	3.0	0.9	10,950	11,480	5.7	5.7
0	7	798	798	794	798	0.0	2.0	0.5	10,600	10,460	8.2	8.2
0	5	807	807	782	807	0.0	5.1	3.2	9,550	10,670	10.3	10.3
47	24	386	385	362	385	0.2	5.2	6.3	5,420	5,450	7.5	7.5
0	18	487	410	336	412	15.9	1.0	21.7	5,220	4,977	8.6	8.6
36	0	444	444	444	478	0.0	2.1	0.0	4,850	4,180	6.8	6.8
0	0	87	87	87	87	0.0	1.0	0.0	4,280	4,500	1.2	1.2

	Year of const-ruction	Invest-ment profile	IVG share 2010 in %	Type of owner-ship 2010	Type of use	Lettable space excl. parking in '000 sqm	Rented space excl. parking in '000 sqm	Occupancy rate by area excl. parking in %
Nuremberg, Nordostpark 26, Gebäude 119 - Parkhaus	1993	Core/Core+	100	Freehold	Other	0.0	0.0	-/-
Nuremberg, Nordostpark 24, Gebäude 112	1985	Core/Core+	100	Freehold	Office	0.5	0.5	100.0
Nuremberg, Nordostpark 87, Gebäude 125 - Kindertagesstätte	2001	Core/Core+	100	Freehold	Other	1.0	1.0	100.0
Munich, Karl-Weinmair-Str. 9-11, „Fashion Mall Titan"	2008	Core/Core+	100	Freehold	Office	9.9	9.8	99.9
Munich, Rosenheimer Str. 145, „Medienbrücke"	2010	Core/Core+	100	Freehold	Office	5.0	4.0	79.4
Munich, Arabellapark 26/28	1975	Core/Core+	100	Freehold	Office	2.1	2.1	100.0
Core/Core+						**491.7**	**478.7**	**97.4**
Munich, Landsberger Str. 155, „Artemis"	2000	Value-Add	100	Freehold	Office	20.8	12.1	58.2
Munich, Implerstr. 7-9/Kapellenweg 4-6	1973	Value-Add	100	Freehold	Office	14.0	11.2	80.2
Munich, Leopoldstr. 236-238, „Pallas-Haus"	1990	Value-Add	100	Freehold	Office	10.3	4.6	44.7
Nuremberg, Nordostpark 62, 64, 66, 72	1962	Value-Add	100	Freehold	Other	10.6	6.6	62.6
Value-Add						**55.7**	**34.6**	**62.1**
Core/Core+ & Value-Add						**547.3**	**513.2**	**93.8**
Workout (income producing)						**17.2**	**10.7**	**62.3**
Workout (non income producing)						**20.5**	**16.6**	**80.9**
Income/non income producing						**37.7**	**27.3**	**72.4**
Total Munich						**585.0**	**540.5**	**92.4**
Paris								
Paris 7, Place Vendôme	1800	Core/Core+	100	Freehold	Office	11.7	11.2	95.8
Véliziy Villacoublay, 18, Rue Grange Dame Rose „Thalès"	1992	Core/Core+	100	Freehold	Office	32.7	32.7	100.0
Nanterre, 186, avenue Frédéric et Irène Joliot-Curie	2002	Core/Core+	100	Freehold	Office	14.6	14.6	100.0
Courbevoie,117-121, avenue de l`Arche/47/49, rue des Fauvelles	2003	Core/Core+	100	Freehold	Office	11.0	11.0	100.0
Core/Core+						**70.0**	**69.5**	**99.3**
Core/Core+ & Value-Add						**70.0**	**69.5**	**99.3**
Total Paris						**70.0**	**69.5**	**99.3**
Warsaw								
Workout (non income producing)						**0.0**	**0.0**	**-/-**
Income/non income producing						**0.0**	**0.0**	**-/-**
Total Warsaw						**0.0**	**0.0**	**-/-**
Total						**2.147.8**	**1.882.1**	**87.6**

Parking lots Indoor	Parking lots Outdoor	Expected rent in '000 €	Contracted rent in '000 €	Contracted rent t-12 in '000 €	Actual rent (net rent) in '000 €	Economic vacancy in %	WAULT in years	Like-for-like rents in %	Fair value of property t-12 in '000 €	Fair value of property actual in '000 €	NRI in %	NOI in %
406	0	204	172	198	172	15.5	1.0	-12.7	2,140	2,160	6.8	6.8
0	8	46	46	46	46	0.0	1.0	1.9	350	350	9.0	9.0
0	0	17	17	17	18	0.0	20.8	0.0	210	258	28.1	28.1
256	0	2,000	1,877	1,849	1,877	6.2	2.8	1.5	-/-	33,310	5.6	5.6
0	92	858	858	858	858	0.0	9.8	0.0	-/-	29,400	-/-	-/-
0	11	264	264	264	264	0.0	4.7	0.0	-/-	5,210	5.0	5.1
5,062	**546**	**65,560**	**63,917**	**64,427**	**61,579**	**2.5**	**7.7**	**-0.8**	**978,190**	**1,054,709**	**4.9**	**4.9**
281	0	3,205	1,885	2,787	1,851	41.2	2.8	-32.4	46,600	44,130	0.8	0.8
92	18	2,341	2,042	1,693	1,972	12.8	2.1	20.6	27,470	28,080	5.9	7.2
138	12	1,622	766	1,125	766	52.8	1.4	-31.9	26,100	25,370	2.5	2.5
0	49	220	210	296	210	4.3	4.8	-29.0	1,960	2,440	11.1	11.1
511	**79**	**7,387**	**4,904**	**5,902**	**4,799**	**33.6**	**2.4**	**-16.9**	**102,130**	**100,020**	**2.9**	**3.3**
5,573	**625**	**72,947**	**68,821**	**70,329**	**66,378**	**5.7**	**7.1**	**-2.1**	**1,080,320**	**1,154,729**	**4.7**	**4.8**
9	**189**	**1,607**	**1,263**	**1,482**	**1,263**	**21.5**	**1.8**	**-14.8**	**34,900**	**34,406**	**8.9**	**8.9**
1,399	**1,266**	**1,514**	**976**	**1,059**	**991**	**35.5**	**2.6**	**-7.8**	**72,946**	**68,890**	**-/-**	**-/-**
1,408	**1,455**	**3,121**	**2,239**	**2,541**	**2,253**	**28.3**	**2.2**	**-11.9**	**107,846**	**103,296**	**1.9**	**1.9**
6,981	**2,080**	**76,068**	**71,060**	**72,869**	**68,631**	**6.6**	**6.9**	**-2.5**	**1,188,166**	**1,258,025**	**4.5**	**4.5**
0	0	8,314	8,183	6,973	8,183	1.6	3.5	17.3	168,037	172,087	3.8	3.8
1,151	35	6,638	6,638	6,578	6,638	0.0	5.9	0.9	92,078	88,015	7.6	7.6
231	0	4,859	4,859	5,156	4,859	0.0	5.0	-5.8	86,074	80,636	4.4	4.4
180	0	2,428	2,428	2,500	2,428	0.0	2.0	-2.9	36,413	33,123	7.1	7.1
1,562	**35**	**22,238**	**22,107**	**21,207**	**22,107**	**0.6**	**4.4**	**4.2**	**382,602**	**373,862**	**5.1**	**5.1**
1,562	**35**	**22,238**	**22,107**	**21,207**	**22,107**	**0.6**	**4.4**	**4.2**	**382,602**	**373,862**	**5.1**	**5.1**
1,562	**35**	**22,238**	**22,107**	**21,207**	**22,107**	**0.6**	**4.4**	**4.2**	**382,602**	**373,862**	**5.1**	**5.1**
0	**0**	**0**	**0**	**0**	**0**	**-/-**	**0.0**	**-/-**	**-/-**	**4,444**	**-/-**	**-/-**
0	**0**	**0**	**0**	**0**	**0**	**-/-**	**0.0**	**-/-**	**-/-**	**4,444**	**-/-**	**-/-**
0	**0**	**0**	**0**	**0**	**0**	**-/-**	**0.0**	**-/-**	**-/-**	**4,444**	**-/-**	**-/-**
20,443	**9,017**	**287,286**	**257,951**	**260,708**	**249,769**	**10.2**	**5.4**	**-1.1**	**4,211,434**	**4,266,482**	**5.4**	**5.4**

EPRA Key Figures

Portfolio data

Investment Property - Rental data

Branch	Lettable space excl. parking in ’000 sqm	Gross rental income in € ’000	Net rental income in € ’000	Contracted rent at reporting date * in €/month	Estimated rental value in €/month	EPRA vacancy rate in %
Berlin	243	20,788	17,442	1,813,322	1,779,322	15.2
Dusseldorf	238	20,241	16,694	1,614,972	1,858,530	17.6
Frankfurt/Main	375	49,883	44,438	4,269,081	4,344,786	13.3
Hamburg	389	40,650	37,383	3,280,968	3,162,084	11.3
Liebenau	25	939	670	90,290	0	-/-
Munich	585	69,517	60,794	5,871,248	5,925,440	7.0
Total Germany	**1,854**	**202,018**	**177,420**	**16,939,881**	**17,070,163**	**11.4**
Brussels	44	4,628	2,951	383,146	524,383	28.7
Budapest	1	93	88	7,751	0	-/-
Helsinki	170	20,677	14,098	1,759,425	2,008,420	15.0
London	0	0	0	0	0	-/-
Madrid	0	4	3	298	320	0.0
Milan	8	455	275	38,030	72,327	39.4
Paris	70	21,200	20,846	1,644,975	2,113,618	0.5
Warsaw	0	3	-5	252	0	-/-
Total International	**293**	**47,061**	**38,255**	**3,833,877**	**4,719,068**	**10.4**
Total Europe	**2,148**	**249,078**	**215,675**	**20,773,758**	**21,789,231**	**11.2**

* Excl. rent-free periods

Investment Property – Valuation data

Branch	Property values: Fair value 2009 in € '000	Property values: Fair value 2010 in € '000	Yields EPRA NIY in %
Berlin	342,877	348,707	5.5
Dusseldorf	353,440	335,690	4.7
Frankfurt/Main	873,680	865,440	7.2
Hamburg	709,020	716,243	5.5
Liebenau	22,220	21,989	3.5
Munich	1,188,166	1,258,025	4.5
Total Germany	**3,489,403**	**3,546,093**	**5.5**
Brussels	109,394	105,285	2.5
Budapest	0	4,231	2.1
Helsinki	219,767	212,385	6.8
London	0	11,289	0.0
Madrid	127	112	2.3
Milan	10,140	8,780	3.0
Paris	382,602	373,862	5.1
Warsaw	0	4,444	-
Total International	**722,031**	**720,388**	**5.1**
Total Europe	**4,211,434**	**4,266,482**	**5.4**

Investment Property – Lease data

Branch	Lease expiry average income weighted: till break option in years	Lease expiry average income weighted: till end of contract in years
Berlin	3.0	7.5
Dusseldorf	9.5	13.0
Frankfurt/Main	6.6	16.4
Hamburg	3.2	9.7
Liebenau	3.3	3.3
Munich	6.9	14.5
Total Germany	**5.9**	**13.0**
Brussels	3.0	7.5
Budapest	9.5	13.0
Helsinki	6.6	16.4
London	3.2	9.7
Madrid	3.3	3.3
Milan	6.9	14.5
Paris	5.9	13.0
Warsaw	0.0	0.0
Total International	**3.0**	**3.8**
Total Europe	**5.4**	**11.3**

NAV calculation

in € m	2010		2009	
Equity before minority interests		884.8		863.8
Derivative financial instruments: assets	0.0		1.4	
Derivative financial instruments: liabilities	112.5	112.5	125.6	124.2
Deferred tax assets	271.0		281.2	
Deferred tax liabilities	71.5	-199.5	99.6	-181.6
Diluted EPRA NAV		**797.9**		**806.4**
Number of shares (million)		126.0		126.0
Diluted EPRA NAV per share in €		**6.33**		**6.40**
Derivative financial instruments: assets	0.0		-1.4	
Derivative financial instruments: liabilities	-112.5	-112.5	-125.6	-124.2
Financial liabilities	5,288.5		5,339.4	
Fair value financial liabilities	5,187.4	101.1	5,191.9	147.5
Net deferred taxes	199.5		181.6	
Adjustment at fair value	0.0	199.5	0.0	181.6
Diluted EPRA NNNAV		**985.9**		**1,011.3**
Number of shares (million)		126.0		126.0
Diluted EPRA NNNAV per share in €		**7.82**		**8.03**

Project Data

	Project/Object	Address	IVG share in %	Degree of realisation in %	Lettable space * in sqm
DE-Paris	Front Office, Asnières	38, Quai Aulagnier, 92600 Asnières-sur-Seine	100	85	23,474
DE-Paris	Suresnes Ph. II - FDV II	Rue Gambetta, Rue Carnot and Rue de Verdun, 92150 Suresnes	21	67	38,744
DE-Berlin	Hackesches Quartier	An der Spandauer Brücke, 10178 Berlin	100	83	31,249
DE-Hamburg	Rödingsmarkt 20	Rödingsmarkt 20, 20459 Hamburg	100	74	3,898
DE-Munich	Squareparc 2. BA	Lyonel-Feininger-Straße, 80807 Munich	33	84	11,143
DE-Munich	Olympia Office Tower (Knorr Bremse)	Moosacher Straße 82, 80809 Munich	50	21	40,596
DE-SQR	SQUAIRE Parking	Frankfurt/Main	100	21	-
DE-SQR	THE SQUAIRE	Frankfurt/Main	98	91	143,155
DE-Budapest	StefániaPark	Stefánia út 101-103., 1143 Budapest	100	83	5,353
DE-Budapest	Infopark E	Neumann János u. 1./E, Budapest	100	83	17,143
DE-Warsaw	Drukarnia (Galeria Astoria)	ul. Jagiellońska 1, 85-067 Bydgoszcz	100	87	10,614
				83	**325,369**

* Above ground and under ground

Classification	Transfer year	Occupancy rate in %	Type of use	Status	Office in sqm	Retail in sqm	Logistics in sqm	Other in sqm
Short-term	2012	25	Office	Marketing	22,396			1,078
Equity investment	2011	0	Office	Under construction	38,744			
Short-term	2011	87	Office, Retail	Under construction	25,230	3,922	1,306	791
Short-term	2011	0	Office	Under construction	3,412	486		
Equity investment	2012	67	Office	Marketing	10,874		269	
Equity investment	2016	0	Office	Planing	38,346		1,250	1,000
Short-term	2011	31	Office	Under construction	-	-	-	-
Short-term	2012	60	Office, Retail	Under construction	94,695	6,045	4,355	38,060
Short-term	2012	87	Office	Marketing	4,774	227	352	
Short-term	2012	70	Office	Marketing	16,155		803	185
Short-term	2012	83	Retail	Marketing		10,614		
		53			**254,626**	**21,294**	**8,335**	**41,114**

Consolidated Subsidiaries and Equity Investments

at 31.12.2010 (part of the notes to the consolidated financial statements)

	Group share %	Country	Equity € '000	Net profit for the year € '000	
I. Affiliated, consolidated companies [1]					
actio(plus KG K.u.K. Grundverwaltungs GmbH & Co., Berlin	50.64	Germany	17,347	1,027	[2]
Aranäs International NV, Amsterdam	100.00	Netherlands	0	272	
Asticus AB, Gothenborg	100.00	Sweden	123,341	-1,148	
Asticus Belgium II SNC, Brussels	100.00	Belgium	528,785	20,851	
Asticus Belgium SNC, Brussels	100.00	Belgium	462,410	29	
Asticus Europe GIE, Brussels	100.00	Belgium	0	0	
Asticus International AB, Stockholm	100.00	Sweden	74,860	10,237	
Batipromo S.A., Brussels	100.00	Belgium	170,928	-43,287	
Beaulieu SPV SA, Brussels	100.00	Belgium	-1,776	-35	
Bessenveld SA, Brussels	100.00	Belgium	736	-115	
Bolet SA, Brussels	100.00	Belgium	-4,235	-2,257	
Bonne Odeur SA, Brussels	100.00	Belgium	-232	-554	
BOTAGRUND Verwaltungs- GmbH, Bonn	100.00	Germany	635	-2	[4]
Brooksave Ltd., London	100.00	UK	3,182	0	
BURG Grundstücksverwaltung GmbH & Co. Ristamos KG, Berlin	96.31	Germany	-2,306	694	[2]
Cie Foncière Vendôme, Paris	100.00	France	114,964	1,861	
Demot SPV SA, Brussels	100.00	Belgium	-250	-18	
Edison SA, Luxembourg	100.00	Luxembourg	-1,892	0	
FvH Grundstücksverwaltungs-GmbH & Co. Hardenbergstraße 26 - KG, Berlin	98.38	Germany	1,381	42	[2]
GELFOND Verwaltungsgesellschaft mbH & Co. Frankfurt - Niederrad Besitz KG, Munich	94.00	Germany	-31,006	1,699	[2]
Gertrud SA, Brussels	100.00	Belgium	117,405	-53	
Groenhoek SA, Brussels	100.00	Belgium	-779	-493	
Grundbesitz Investitionsgesellschaft Leibniz-Kolonnaden mbH & Co. KG, Berlin	100.00	Germany	4,419	835	[2]
Helsingin Latokartanontie 7 Koy, Helsinki	100.00	Finland	2,918	-292	
Helsingin Radiokatu Koy, Helsinki	100.00	Finland	8,335	-880	
Immobilière Groenveld SA, Brussels	100.00	Belgium	12,691	267	
Infopark E Kft, Budapest	100.00	Hungary	3,350	-69	
Infopark Fejlesztesi RT, Budapest	100.00	Hungary	8,979	739	
Investitionsgesellschaft Hackescher Markt mbH & Co. KG, Berlin	100.00	Germany	-24,362	-20,261	[2]

	Group share %	Country	Equity € '000	Net profit for the year € '000	
IVG 55 Moorgate GmbH, Berlin	100.00	Germany	12,682	-2,778	4)
IVG Asset Management GmbH, Bonn	100.00	Germany	-13,042	-6,889	4)
IVG Asticus (Aldgate) Ltd., London	100.00	UK	283	-7	
IVG Asticus (Caxton Hall) Ltd., London	100.00	UK	15,729	991	
IVG Asticus (Lombard) Ltd., London	100.00	UK	14,008	-1,044	
IVG Austria GmbH	100.00	Austria	120	-128	
IVG Balanced Portfolio Italy GmbH & Co. KG, Bonn	100.00	Germany	-8,818	-1,728	2)
IVG Boétie SAS, Paris	100.00	France	-564	2,050	
IVG Brussels SNC, Brussels	100.00	Belgium	2,267	25,652	
IVG Businesspark Media Works Munich I GmbH & Co. KG, Bonn	100.00	Germany	4,804	-161	2)
IVG Businesspark Media Works Munich II GmbH & Co. KG, Bonn	100.00	Germany	11,479	-648	2)
IVG Businesspark Micropolis Ost Verwaltungs GmbH & Co. KG, Bonn	100.00	Germany	68	-2	2)
IVG Businesspark vor München II GmbH & Co. KG, Bonn	100.00	Germany	12,760	-450	2)
IVG Businesspark vor München V GmbH & Co. KG, Bonn	100.00	Germany	9,877	-260	2)
IVG Caverns GmbH, Bonn	100.00	Germany	1,636,601	124,069	4)
IVG Clearing GmbH, Bonn	100.00	Germany	358,907	39,944	4)
IVG Curtis Plaza II Sp. z o.o., Warsaw	100.00	Poland	4,326	15,487	
IVG Deutschland Immobilien GmbH, Bonn	100.00	Germany	95,764	-7,345	
IVG Development (UK) Ltd., London	100.00	UK	70,301	-7,162	
IVG Development Berlin Objekt Schönefeld I GmbH, Berlin	100.00	Germany	3,127	2,582	
IVG Development Dusseldorf Objekt Fichtenhain GmbH, Dusseldorf	100.00	Germany	23	-4	
IVG Development France SARL, Paris	100.00	France	-35	-23	
IVG Development Frankfurt Objekt Savignystraße GmbH, Frankfurt/Main	100.00	Germany	879	53	
IVG Development GmbH, Bonn	100.00	Germany	7,469	-9,075	4)
IVG Development München Objekt Arabellapark GmbH, Munich	100.00	Germany	81	-47	
IVG Development Obozowa Sp. z o.o., Warsaw	100.00	Poland	-861	-37	
IVG Developments (Broadway) Ltd., London	100.00	UK	21,480	491	
IVG Developments (Euston) Limited, London	100.00	UK	70	1,977	
IVG Developments (London & UK) Limited, London	100.00	UK	57,525	-14	
IVG Developments (Melton St) Limited, London	100.00	UK	80	747	
IVG Developpement SAS, Paris	100.00	France	2,151	-525	
IVG European Properties AB, Gothenborg	100.00	Sweden	102,084	7,059	
IVG European Real Estate SA, Brussels	100.00	Belgium	140,931	-1,317	
IVG EuroSelect Achtzehn GmbH & Co. KG	0.02	Germany	101	1,270	2) 3)
IVG EuroSelect Crystal Dèfense SCI, Paris	100.00	France	30,833	-2,477	
IVG EuroSelect Fonds IV GmbH & Co. KG, Berlin	100.00	Germany	-20,602	4,333	2)
IVG Fauvelles SAS, Paris	100.00	France	15,664	-1,214	
IVG Finance B.V., Amsterdam	100.00	Netherlands	1,785	-36	
IVG Finance Ltd, Malta	100.00	Malta	633,117	65,759	
IVG Finsbury GmbH, Berlin	100.00	Germany	17,024	-4,722	4)
IVG France S.A.S. Paris	100.00	France	1,622	90	

	Group share %	Country	Equity € '000	Net profit for the year € '000	
IVG Front Office Asniéres SAS, Paris	100.00	France	20,149	-760	
IVG Fund Management GmbH, Bonn	100.00	Germany	365	37	
IVG Galilee Velizy, Paris	100.00	France	29,779	-387	
IVG Gewerbeimmobilien 1 GmbH, Bonn	100.00	Germany	627	52	4)
IVG Gewerbeimmobilien 2 GmbH, Bonn	100.00	Germany	769	104	4)
IVG Gewerbeimmobilien 3 GmbH, Bonn	100.00	Germany	3,628	968	4)
IVG Glasgow Limited Partnership, London	100.00	UK	354	-402	
IVG Holding Ltd, Malta	100.00	Malta	626,944	24,602	
IVG Holland V GmbH, Bonn	100.00	Germany	176	13	
IVG Hungary Kft., Budapest	100.00	Hungary	2,403	82	
IVG Immobilien GmbH & Co. Berlin VIII - Objekt Neue Spreespeicher Cuvryhof - KG, Bonn	100.00	Germany	-2,643	-106	2)
IVG Immobilien GmbH & Co. Bonn I - Obj Zanderstraße - KG, Berlin	5.98	Germany	14,199	1,325	2) 3)
IVG Immobilien GmbH & Co. Bonn II - Objekt Bad Godesberg - KG, Bonn	100.00	Germany	1,619	74	2)
IVG Immobilien GmbH & Co. Bonn XI - Objekt Frankfurt Flughafen - KG, Bonn	100.00	Germany	12,341	1,719	2)
IVG Immobilien GmbH & Co. Liebenau V - Objekt Bremen-Blumenthal - KG, Bonn	100.00	Germany	-3	-3	2)
IVG Immobilienentwicklungsgesellschaft mbH & Co. - Objekt Hamburg Glinde - KG, Hamburg	100.00	Germany	1,519	-4	2)
IVG Immobilienentwicklungsgesellschaft mbH & Co. - Objekt Hamburg Glockengießerwall 19 - KG, Hamburg	100.00	Germany	-507	-1	2)
IVG Immobilien-Management GmbH & Co. Berlin I - Objekt Focus Teleport - KG, Bonn	100.00	Germany	-9,764	1,617	2)
IVG Immobilien-Management GmbH & Co. Berlin II - Objekt Tempelhofer Weg 62 - KG, Bonn	100.00	Germany	-2,100	-612	2)
IVG Immobilien-Management GmbH & Co. Berlin III - Objekt Tempelhofer Weg 64 - KG, Bonn	100.00	Germany	-1,621	146	2)
IVG Immobilien-Management GmbH & Co. Berlin IV - Objekt Am Borsigturm - KG, Bonn	100.00	Germany	-8,159	666	2)
IVG Immobilien-Management GmbH & Co. Bonn I - Objekt Dusseldorf Airport Business Center - KG, Bonn	100.00	Germany	-10,804	-2,181	2)
IVG Immobilien-Management GmbH & Co. Bonn II - Objekt Dusseldorf, Kanzlerstraße 8 - KG, Bonn	100.00	Germany	-8,741	-234	2)
IVG Immobilien-Management GmbH & Co. Bonn III - Objekt Dusseldorf, Kanzlerstraße 8a - KG, Bonn	100.00	Germany	-4,507	-391	2)
IVG Immobilien-Management GmbH & Co. Bonn IV - Objekt Dusseldorf, Am Wehrhahn - KG, Bonn	100.00	Germany	-1,156	-76	2)
IVG Immobilien-Management GmbH & Co. Bonn V - Objekt Dusseldorf, Friedrich-Ebert-Straße - KG, Bonn	100.00	Germany	-1,287	-678	2)
IVG Immobilien-Management GmbH & Co. Bonn VI - Objekt Dusseldorf, Immermannstraße/Karlstraße - KG, Bonn	100.00	Germany	-1,190	480	2)
IVG Immobilien-Management GmbH & Co. Frankfurt I - Objekt Lahnstraße- KG, Bonn	100.00	Germany	-4,725	-186	2)
IVG Immobilien-Management GmbH & Co. Frankfurt II - Objekt Heddernheim- KG, Bonn	100.00	Germany	-39,708	-6,962	2)
IVG Immobilien-Management GmbH & Co. Frankfurt III - Objekt Neu-Isenburg - KG, Bonn	100.00	Germany	-2,208	469	2)
IVG Immobilien-Management GmbH & Co. Frankfurt IV - Objekt Mannheim, Schildkrötstraße - KG, Bonn	100.00	Germany	-3,585	-749	2)
IVG Immobilien-Management GmbH & Co. Frankfurt V - Objekt Mannheim, High-Tech-Park II - KG, Bonn	100.00	Germany	-2,523	-186	2)
IVG Immobilien-Management GmbH & Co. Hamburg II - Objekt Heidenkampsweg 44/46 - KG, Bonn	100.00	Germany	-2,966	-485	2)
IVG Immobilien-Management GmbH & Co. Hamburg III - Objekt Altonaer Poststrasse - KG, Bonn	100.00	Germany	-3,076	414	2)
IVG Immobilien-Management GmbH & Co. Hamburg IV - Objekt Rödingsmarkt - KG, Bonn	100.00	Germany	1,509	1,954	2)

	Group share %	Country	Equity € '000	Net profit for the year € '000	
IVG Immobilien-Management GmbH & Co. Hamburg IX - Objekt Spiegelinsel - KG, Bonn	100.00	Germany	-9,122	-5,834	2)
IVG Immobilien-Management GmbH & Co. Hamburg V - Objekt Ludwig-Erhard-Strasse - KG, Bonn	100.00	Germany	-1,535	45	2)
IVG Immobilien-Management GmbH & Co. Hamburg VI - Objekt Van-der-Smissen-Straße-KG, Bonn	100.00	Germany	-6,213	413	2)
IVG Immobilien-Management GmbH & Co. Hamburg VIII - Objekt Mittelweg - KG, Bonn	100.00	Germany	-16,931	140	2)
IVG Immobilien-Management GmbH & Co. Hamburg X - Objekt Channel 9-11 - KG, Bonn	100.00	Germany	277	1,479	2)
IVG Immobilien-Management GmbH & Co. München I - Objekt Sendlinger-Tor-Platz - KG, Bonn	100.00	Germany	-7,210	649	2)
IVG Immobilien-Management GmbH & Co. München II - Objekt Fritz-Schäffer-Straße - KG, Bonn	94.90	Germany	192,060	11,104	2)
IVG Immobilien-Management GmbH & Co.Berlin V - Objekt Kurfürstendamm Bayerhaus - KG, Bonn	100.00	Germany	-823	3,086	2)
IVG Immobilien-Management GmbH & Co.Bonn IX - Objekt Krefeld, Ostwall - KG, Bonn	100.00	Germany	-1,686	-232	2)
IVG Immobilien-Management GmbH & Co. Bonn VII - Objekt Dusseldorf, Willstätterstraße - KG, Bonn	100.00	Germany	69	-1,087	2)
IVG Immobilien-Management GmbH & Co. Bonn VIII - Objekt Köln, Neue Weyerstraße - KG, Bonn	100.00	Germany	-108	166	2)
IVG Immobilien-Management GmbH & Co. Bonn X - Objekt Dusseldorf, Eduard-Schulte-Straße - KG, Bonn	100.00	Germany	318	-1,756	2)
IVG Immobilien-Management GmbH & Co. Hamburg I - Objekt Baumwall KG, Bonn	100.00	Germany	-5,223	-193	2)
IVG Immobilien-Management GmbH, Bonn	100.00	Germany	-116	46	
IVG Immobilien-Management Holding AG, Bonn	100.00	Germany	-288,990	-53,557	
IVG Immobilienverwaltung Bonn GmbH & Co. - Objekt Langen - KG, Bonn	100.00	Germany	298	131	2)
IVG Immobilière SAS, Paris	100.00	France	160,861	-34,810	
IVG Institutional Funds GmbH, Wiesbaden	94.00	Germany	22,513	2,121	4)
IVG Institutional Management GmbH, Bonn	100.00	Germany	5,402	25	
IVG Investment GmbH & Co. Hamburg XIV - Objekt Essener Bogen - KG, Bonn	100.00	Germany	-1,437	-1,434	2)
IVG Investment GmbH, Bonn	100.00	Germany	154,031	812	4)
IVG Investments (UK) Limited, London	100.00	UK	13,559	-967	
IVG Investments Ltd, Malta	100.00	Malta	1,001,692	38,890	
IVG Italia S.r.l., Milan	100.00	Italy	2,194	-44,288	
IVG Italy s.r.l.; Milan	100.00	Italy	342	141	
IVG Kavernen Informationszentrum Etzel GmbH & Co. KG, Friedeburg	100.00	Germany	35	-65	2)
IVG Kavernenbetriebsführungsgesellschaft mbH, Friedeburg	100.00	Germany	132	-138	4)
IVG Logistics Holding S.A., Luxembourg	100.00	Luxembourg	1,998	1,132	
IVG Luxembourg S.à.r.l.	100.00	Luxembourg	126	-18	
IVG Malta Ltd, Malta	100.00	Malta	1,011,454	142,956	
IVG Management GmbH & Co. - Officeportfolio I - KG, Bonn	100.00	Germany	-7,083	-231	2)
IVG Management GmbH & Co. - Officeportfolio II - KG, Bonn	100.00	Germany	-4,550	174	2)
IVG Management GmbH & Co. - Officeportfolio III - KG, Bonn	100.00	Germany	9,096	1,379	2)
IVG Management GmbH & Co. - Officeportfolio IV - KG, Bonn	100.00	Germany	-24,686	-2,358	2)
IVG Management GmbH & Co. Berlin XI - Objekt Gravensteinstraße - KG, Bonn	100.00	Germany	965	9	2)
IVG Management GmbH & Co. Berlin XIV - Objekt Taubenstraße - KG, Bonn	100.00	Germany	1,472	352	2)
IVG Management GmbH & Co. Berlin XV - Objekt Köbisdreieck - KG, Bonn	100.00	Germany	66,285	374	2)
IVG Management GmbH & Co. Bonn III - Objekt Neuss - KG, Bonn	100.00	Germany	21,321	-255	2)

	Group share %	Country	Equity € '000	Net profit for the year € '000	
IVG Management GmbH & Co. Bonn XV Objekt - Zanderstr.1 und 3 - KG, Bonn	100.00	Germany	337	-27	2)
IVG Management GmbH & Co. Bonn XVI Objekt Dusseldorf Redlichstrasse KG, Bonn	100.00	Germany	-10,788	961	2)
IVG Management GmbH & Co. Hamburg VII - Objekt Spaldingstraße - KG, Bonn	100.00	Germany	3,531	-307	2)
IVG Management GmbH & Co. Hamburg X - Objekt Heidenkampsweg - KG, Bonn	100.00	Germany	3,861	1,393	2)
IVG Management GmbH & Co. Hamburg XI - Objekt Christoph-Probst-Weg . KG, Bonn	100.00	Germany	3,245	4,769	2)
IVG Management GmbH & Co. Hamburg XII Objekte Channel Karnapp/Schellerdamm KG, Bonn	100.00	Germany	-10,926	-1,927	2)
IVG Management GmbH & Co. Hamburg XIII Objekte Channel Harburger Schloßstraße KG, Bonn	100.00	Germany	-5,809	188	2)
IVG Management GmbH & Co. Liebenau IX - Objekt Clausthal - KG, Bonn	100.00	Germany	-2,801	-104	2)
IVG Management GmbH & Co. Liebenau VIII - Objekt Bomlitz - KG, Bonn	100.00	Germany	1,196	-166	2)
IVG Management GmbH & Co. Liebenau X - Objekt Hessisch-Lichtenau - KG, Bonn	100.00	Germany	37	4	2)
IVG Management GmbH & Co. Liebenau XI - Objekt Lippoldsberg - KG, Bonn	100.00	Germany	1,355	236	2)
IVG Management GmbH & Co. Liebenau XII - Objekt Fienerode - KG, Bonn	100.00	Germany	1,648	11	2)
IVG Management GmbH & Co. München XIII - Objekt Leopoldstraße 157 - KG, Bonn	100.00	Germany	-675	-15	2)
IVG Management GmbH & Co. München XVII - Objekt Heinrich Kley Straße - KG, Bonn	100.00	Germany	4,556	3,816	2)
IVG Management GmbH & Co. München XVIII - Objekt Landsberger Straße - KG, Bonn	100.00	Germany	-8,406	-2,800	2)
IVG Management GmbH & Co. München XX - Objekt Nymphenburger Straße - KG, Bonn	100.00	Germany	-9,705	1,688	2)
IVG Management GmbH & Co. München XXI - Objekt St. Martin Straße - KG, Bonn	100.00	Germany	-462	5,287	2)
IVG Management GmbH & Co. Nordbahnhof Berlin KG, Bonn	80.00	Germany	2,415	598	2)
IVG Management GmbH & Co. München XIX - Objekt Schwabing Leopoldstraße 236 - 238 - KG, Bonn	100.00	Germany	-4,285	-439	2)
IVG Media Works Munich Vermietungsgesellschaft mbH, Bonn	100.00	Germany	-476	1,088	4)
IVG Netherlands BV	100.00	Netherlands	1,682	-248	
IVG Nordostpark I GmbH & Co. KG, Bonn	100.00	Germany	315	98	2)
IVG Nordostpark II GmbH & Co. KG, Bonn	100.00	Germany	13,392	1,287	2)
IVG Nordostpark III GmbH & Co. KG, Bonn	100.00	Germany	1,000	1,244	2)
IVG Nordostpark IV GmbH & Co. KG, Bonn	100.00	Germany	1,053	417	2)
IVG Nordostpark V GmbH & Co. KG, Berlin	5.98	Germany	12,108	925	2) 3)
IVG Nordostpark VI GmbH & Co. KG, Bonn	100.00	Germany	6,277	313	2)
IVG Nordostpark VIII GmbH & Co. KG, Bonn	100.00	Germany	5,639	-848	2)
IVG Pablo Nerruda SAS, Paris	100.00	France	-125	-1,430	
IVG Pegarino GmbH & Co. Bonn I - Objekt Dusseldorf Erkrath - KG, Bonn	100.00	Germany	-914	119	2)
IVG Pegarino GmbH & Co. Bonn II Dortmund, Otto-Hahn-Straße - KG, Bonn	100.00	Germany	31	-178	2)
IVG Pegarino GmbH & Co. Bonn III - Objekt Dortmund, Mart.-Schmeisser-Weg - KG, Bonn	100.00	Germany	-358	-53	2)
IVG Pegarino GmbH & Co. Bonn IV - Objekt Porz - KG, Bonn	100.00	Germany	-2,734	-548	2)
IVG Pegarino GmbH & Co. Frankfurt I - Objekt Bad Homburg - KG, Bonn	100.00	Germany	-1,403	-127	2)
IVG Pegarino GmbH & Co. Frankfurt II - Objekt Neu-Isenburg, Dornhofstraße - KG, Bonn	100.00	Germany	-1,488	-276	2)
IVG Pegarino GmbH & Co. Frankfurt IV - Objekt Bad Homburg, Im Atzelnest 5 - KG, Bonn	100.00	Germany	-1,609	-422	2)
IVG Pegarino GmbH & Co. Frankfurt V - Objekt Dreireich-Sprendlingen - KG, Bonn	100.00	Germany	-112	-32	2)
IVG Pegarino GmbH & Co. Hamburg - Objekt Hannover, Freundallee - KG, Bonn	100.00	Germany	-789	124	2)
IVG Pegarino Holding GmbH & Co. KG, Bonn	100.00	Germany	-4,486	560	2)
IVG Poland Sp. z o.o.,Warsaw	100.00	Poland	-45	141	

	Group share %	Country	Equity € '000	Net profit for the year € '000	
IVG Polar Oy, Helsinki	100.00	Finland	391,600	21,144	
IVG Private Funds Beteiligungs- und Verwaltungsgesellschaft mbH, Berlin	100.00	Germany	801	97	
IVG Private Funds GmbH, Bonn	100.00	Germany	-1,179	-5,318	4)
IVG Private Funds Management GmbH, Berlin	100.00	Germany	1,302	2,260	
IVG Real Estate Belgium SA, Brussels	100.00	Belgium	10,734	-16,242	
IVG Regium Park Krefeld GmbH, Bonn	100.00	Germany	2,142	-267	
IVG Service GmbH & Co. Berlin - Objekt Großziethen - KG, Bonn	100.00	Germany	5,503	2,105	2)
IVG Service GmbH & Co. Berlin - Objekt Potsdam - KG, Bonn	100.00	Germany	3,385	108	2)
IVG Service GmbH & Co. Berlin - Objekt Teltow - KG, Bonn	100.00	Germany	4,544	378	2)
IVG Società di Gestione del Risparmio S.p.A., Milan	100.00	Italy	1,146	-463	
IVG Spree-Speicher GmbH & Co. KG , Bonn	100.00	Germany	11,872	1,051	2)
IVG Sweden AB, Stockholm	100.00	Sweden	500	459	
IVG SQUAIRE Parking GmbH & Co. KG, Frankfurt/Main	100.00	Germany	213	113	2)
IVG UK Ltd., London	100.00	UK	4,660	774	
IVG-Immobilien-GmbH & Co. Berlin II - Objekt Streitstraße - KG, Bonn	100.00	Germany	-823	1,105	2)
IVG-Immobilien-GmbH & Co. Berlin V - Objekt Freiheit - KG, Bonn	100.00	Germany	5,756	596	2)
IVG-Immobilien-GmbH & Co. Bonn IV - Objekt Dusseldorf, Hohenzollernwerk - KG, Bonn	100.00	Germany	544	494	2)
IVG-Immobilien-GmbH & Co. Bonn V - Objekt Homburg/Saar - KG, Bonn	100.00	Germany	60	232	2)
IVG-Immobilien-GmbH & Co. Hamburg III - Objekt Hannover - KG, Bonn	100.00	Germany	3,901	887	2)
IVG-Immobilien-GmbH & Co. Kassel IX - Objekt Waldau - KG, Bonn	100.00	Germany	2,021	53	2)
IVG-Immobilien-GmbH & Co. Liebenau II - Objekt Dörverden - KG, Bonn	100.00	Germany	-4,021	294	2)
IVG-Immobilien-GmbH & Co. Liebenau III - Objekt Liebenau - KG, Bonn	100.00	Germany	9,160	480	2)
IVG-Immobilien-GmbH & Co. Liebenau IV - Objekt Dragahn - KG, Bonn	100.00	Germany	2,145	201	2)
IVG-Immobilien-GmbH & Co. München II - Objekt Unterpfaffenhofen - KG, Bonn	100.00	Germany	4,179	256	2)
IVG-Immobilien-GmbH & Co. München III - Objekt Ottobrunn - KG, Bonn	100.00	Germany	11,645	611	2)
Johs. Uckermann GmbH & Co. Grundstücksentwicklung KG, Bonn	92.50	Germany	1,395	-21	2)
Kiiskinkatu 5 Koy, Helsinki	100.00	Finland	2,198	-337	
Kilometri Koy, Espoo	100.00	Finland	16	-10	
Kilon Helmi Koy, Espoo	100.00	Finland	3,818	-667	
Kilon Timantti Koy, Espoo	100.00	Finland	4,229	-607	
Kirkonkyläntie 3 Koy, Helsinki	100.00	Finland	-277	-55	
Kornetintie 6 Koy, Helsinki	100.00	Finland	-390	-202	
Kribus Kft, Budapest	100.00	Hungary	4,275	60	
Kumpulantie 3 Koy, Helsinki	100.00	Finland	12,903	1,736	
Kuopion Satama 4 Koy, Kuopio	100.00	Finland	1,552	-72	
Kutomotie 6 Koy, Helsinki	100.00	Finland	2,301	-416	
Madou Plaza SA, Brussels	100.00	Belgium	368,706	-3,334	
Malmin Kauppatie 8 Koy, Helsinki	100.00	Finland	3,109	-643	
Molenveld SA, Brussels	100.00	Belgium	493	-93	
Niittylänpolku 16 Koy, Helsinki	100.00	Finland	2,138	-377	
Niittymäenpolku 9 Koy, Espoo	100.00	Finland	5,586	-602	

	Group share %	Country	Equity € '000	Net profit for the year € '000	
OPUS 2 investment Sp. z o.o., Warsaw	100.00	Poland	-10,592	201	
Opus 2 S.à r.l. ,Luxemburg	100.00	Luxembourg	-93	-31	
Pakkalan Kartannnkoski 3 Koy, Vantaa	100.00	Finland	16,243	-1,280	
Pakkalan Kartanonkoski 12 Koy (Leija), Vantaa	100.00	Finland	234	-728	
Pasilanraitio 5 Koy, Helsinki	100.00	Finland	8,590	-1,140	
Pfäffikon Beteiligungs- und Verwaltungs GmbH, Bonn	100.00	Germany	88	0	4)
Pitkänsillankatu 1-3 Koy, Kokkola	100.00	Finland	-14	-305	
Plaza Forte Koy, Vantaa	100.00	Finland	12,453	-3,362	
Praten SA, Brussels	100.00	Belgium	117,241	367	
Property Management Gesellschaft mbH, Wiesbaden	94.00	Germany	160	9	
Property Security Belgium SA, Brussels	100.00	Belgium	31,080	686	
REM Gesellschaft für Stadtbildpflege und Denkmalschutz mbH, Berlin	100.00	Germany	-973	-11	
Satomalmi Koy, Helsinki	100.00	Finland	3,249	-408	
Scifin Alfa Koy, Espoo	100.00	Finland	3,200	-1,239	
Sinimäentie 10 Koy, Espoo	100.00	Finland	504	-405	
Sörnäisten Rantatie 25 Koy, Helsinki	100.00	Finland	6,401	757	
Spoor SA, Brussels	100.00	Belgium	8,523	-474	
Stefánia Park Kft., Budapest	100.00	Hungary	-955	-239	
Stodiek Beteiligungs I Sarl, Luxembourg	100.00	Luxembourg	8,036	-1,938	
Stodiek Beteiligungs II Sarl, Luxembourg	100.00	Luxembourg	8,315	1,936	
Stodiek ESPANA SA, Madrid	100.00	Spain	10,901	114	
Stodiek Immobiliare S.r.l., Milan	100.00	Italy	782	-5	
Stodiek Immobilien- und Verwaltungsgesellschaft mbH, Bonn	100.00	Germany	34	2	
Stodiek Inmobiliaria SA, Madrid	100.00	Spain	409	-1,580	
Stodiek Italia S.r.l., Milan	100.00	Italy	2,212	-965	
Stodiek Wohnpark Kaarst GmbH & Co. KG, Bonn	100.00	Germany	380	-109	2)
Suomen Osakaskiinteistöt Oy, Helsinki	100.00	Finland	-365	-375	
Svanen SA, Brussels	100.00	Belgium	-15,046	151	
Tapiontuuli Koy, Espoo	100.00	Finland	1,519	-560	
Tardis Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Munich	0.034	Germany	-26	5,515	2) 3)
TERCON Immobilien Projektentwicklungsgesellschaft mbH, Bonn	100.00	Germany	-4,578	-1,739	
THE SQUAIRE GmbH & Co. KG, Frankfurt/Main	66.66	Germany	-261,308	-53,013	2)
SQUAIRE Parking BetriebsGmbH, Frankfurt/Main	100.00	Germany	269	14	4)
Thomas SA, Luxembourg	100.00	Luxembourg	3,140	-260	
Valen SA, Brussels	100.00	Belgium	3,726	-1,914	
Vallilan Toimisto, Oy, Helsinki	100.00	Finland	17,175	-815	

	Group share %	Country	Equity € '000	Net profit for the year € '000	
Vanha Talvitie 11 Koy, Helsinki	100.00	Finland	119	-930	
Varla SA, Brussels	100.00	Belgium	991	9	
Vilhonkatu 5 Koy, Helsinki	100.00	Finland	3,008	-496	
XXTRA Liegenschaften GmbH & Co. KG, Nuremberg	100.00	Germany	-244	34	2)
Ykkösseppän Koy, Helsinki	100.00	Finland	2,635	-224	
II. Associated companies – accounted for using the equity method 1)					
FDV II Venture SA, Luxembourg	21.17	Luxembourg	84,320	44,723	
FDV Venture SA, Luxembourg	24.22	Luxembourg	3,940	1,210	
Frankonia Eurobau Parkstadt Schwabing GmbH, Nettetal	33.33	Germany	-1,290	-280	
Greater London Trust, Jersey	50.00	UK	18,030	280	
HIPPON Verwaltungsgesellschaft mbH & Co. Salzufer I Vermietungs KG, Berlin	50.00	Germany	280	-70	
HIPPON Verwaltungsgesellschaft mbH & Co. Salzufer II Vermietungs KG, Berlin	50.00	Germany	-18,550	-710	
IVG Italy Office Fund GmbH & Co.KG., Bonn	38.67	Germany	13,280	-3,020	
IVG Protect Fund	20.00	Germany	139,440	8,350	
Objektgesellschaft Moosacher Straße mbH & o. KG, Munich	50.00	Germany	4,218	-160	
IVG Premium Green Fund	16.64	Germany	86,160	3,015	
Rantasarfvik Oy, Helsinki	50.00	Finland	0	0	
Real Estate Capital Partners, N.Y.	25.00	United States of Amerika	32,050	1,140	
Real Estate Investor Fund s.a.r.l., Luxembourg	50.00	Luxembourg	14,400	3,520	

Note: Excerpt from the list of shares in consolidated subsidiaries, which is part of the additional information of the consolidated statements of IVG Immobilien AG, and which is published in the Electronic Federal Gazette (elektron. Bundesanzeiger)
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 at 31.12.2010

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 Management Board
E.ON Ruhrgas AG

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

Rolf Eckrodt
Former Chairman of the Supervisory Board
Tognum AG

Wolfgang Egger
Chairman of the Board
Patrizia Immobilien AG

Dr Alexander Erdland
Chairman of the Board
Wüstenrot & Württembergische AG

Dr Michael Fuchs
Member of the German Federal Parliament
Deutscher Bundestag

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

Dr Rudolf Hanisch
Former Member 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 Member of the Management Board
Helaba Landesbank Hessen-Thüringen

Klaus Joachim Krauth
CFO
ATHOS Service GmbH

Dr Stephan Leithner
Managing Director
Co-Head of Investment Banking Coverage and Advisory
Deutsche Bank AG

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

Adriaan A. Mast, M.Sc. FRICS
Managing Director
Owner MACRE B.V.

Dr Dirk Matthey
Former CFO IVG Immobilien AG

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

Dr Klaus Rauscher
Former Chairman of the Management Board
Vattenfall Europe AG

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

Dirk van den Broeck
Executive Director
Petercam S.A.

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

Bernhard Visker
Member of the Management Board
HSH Nordbank AG

Dr Ludolf-Georg von Wartenberg
Former CEO and member of the chair of the Federation of German Industry (BDI)

Dr Henning Voscherau
Notary and Mayor rtd.
Notariat am Alstertor

Claus Wisser
Chairman of the Supervisory Board
WISAG

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.

Commercial Mortgage-Backed Securities (CMBS) Bonds, whose cash flows are backed by interest- and redemption payments of mortgages commonly on commercial real estate.

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.

CSR/Corporate Social Responsibility Sum of all measures to seize social, ecological, and economic responsibility of a company.

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) 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. 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) 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. 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) 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 space 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 (TCI) 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	2006	2007	2008	2009	2010
Revenue	446.2	532.4	608.6	838.8	821.8
EBIT	222.9	475.6	-98.6	64.1	256.2
Consolidated net profit	115.1	301.0	-451.7	-158.0	23.2
Total assets	5,053.7	8,241.0	7,875.5	7,393.4	7,292.4
Equity (carrying amounts)	1,603.6	2,117.1	1,390.9	1,265.1	1,286.1
Equity ratio at carrying amounts in %	31.7	25.0 [1]	17.7	17.1	17.6
Basic earnings per share in €	0.89	2.34	-4.18	-1.61	-0.07
Dividend per share in €	0.50	0.70	0.00	0.00	0.00
Employees [2]	**767**	**637**	**672**	**654**	**654**

[1] 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

24.03.2011	Press conference/Analysts' conference/Publication of financial statements for financial year 2010
13.05.2011	Publication of interim report 1st quarter 2011
18.05.2011	General Meeting for financial year 2010
12.08.2011	Publication of interim report 2nd quarter 2011
11.11.2011	Publication of interim report 3rd quarter 2011
15.05.2012	General Meeting for financial year 2011

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/more 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.

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