Passion for Real Assets

Annual Report 2012

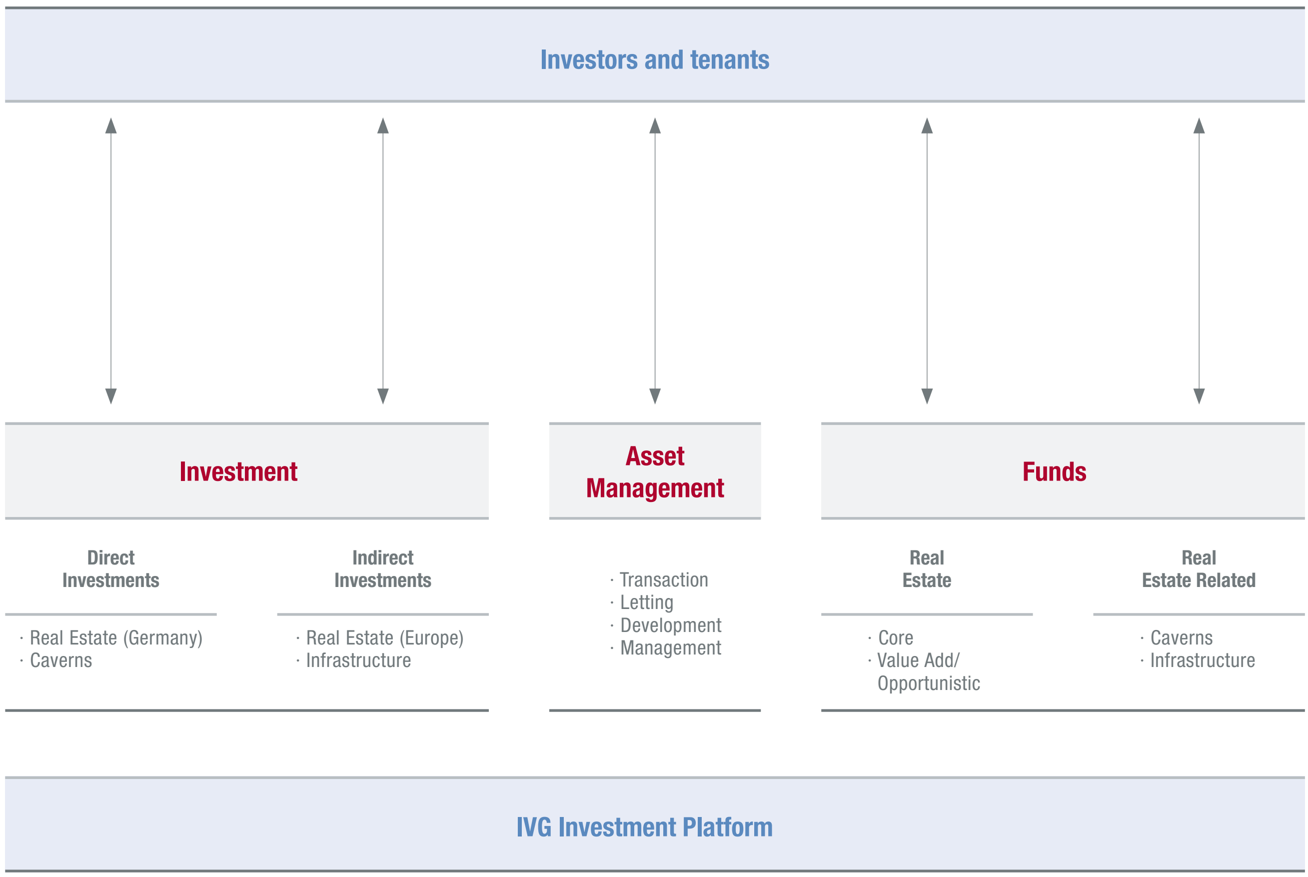
IVG

Passion for Real Assets

The IVG business model

IVG Immobilien AG is one of Europe‘s leading asset and investment managers

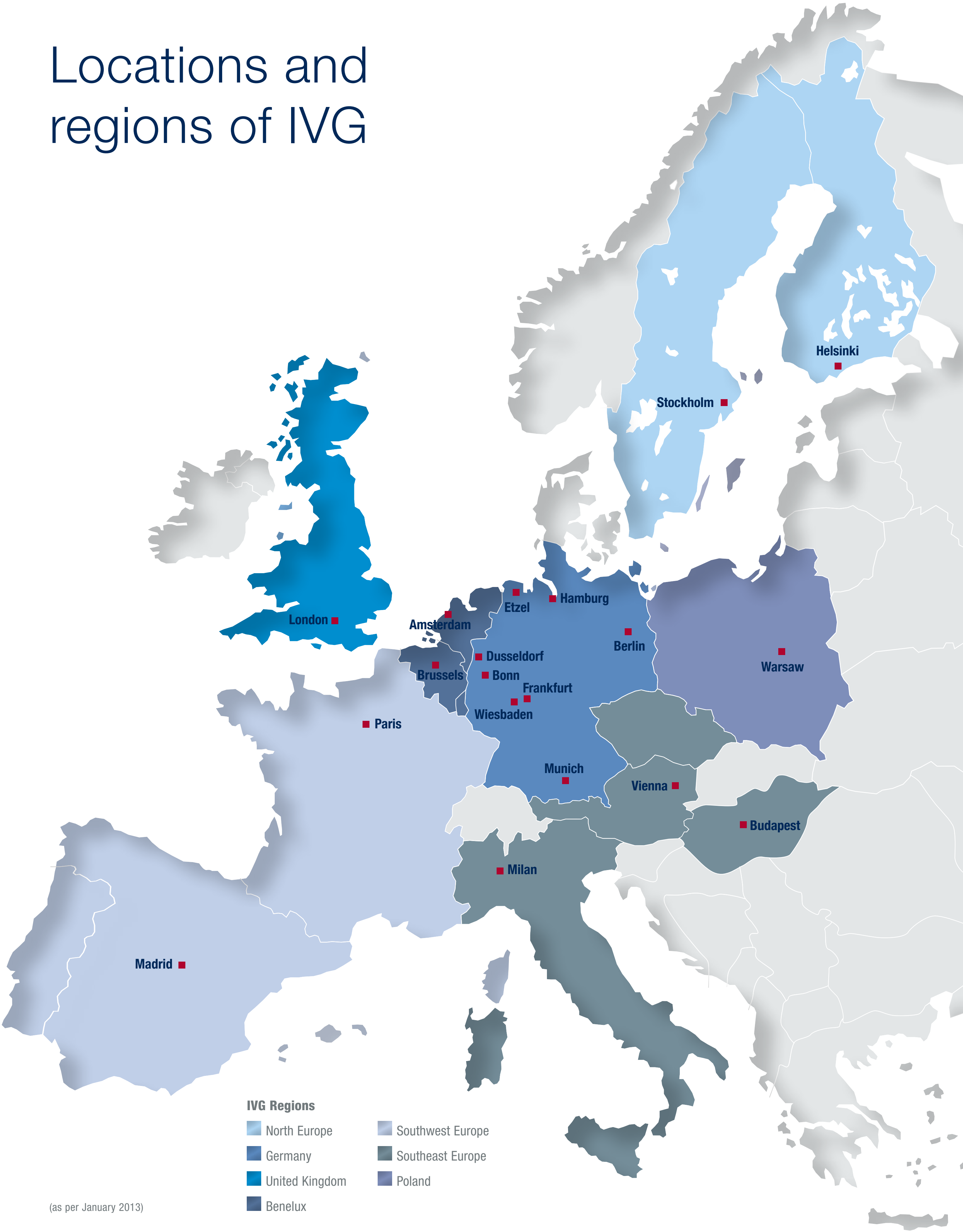
Our business model is geared towards generating sustainable income while maintaining a balanced risk profile. We are positioning ourselves as an investment platform for real estate and infrastructure (caverns) with an integrated value chain.



Our business is founded on two pillars – Investment and Funds – and supported operationally by our internationally positioned Asset Management unit.

- IVG Investment: Investments in real estate and caverns with equity – direct investments in Germany and indirect investments in real estate and infrastructure projects throughout Europe
- IVG Funds: Structuring, distribution and management of investment products for institutional and private investors with a focus on core real estate throughout Europe and on infrastructure (e.g. caverns)
- IVG Asset Management: Management of properties held by IVG in its own portfolio and in funds, as well as the purchase and sale of properties throughout Europe focusing on value increase

Locations and regions of IVG



(as per January 2013)

Passion for Real Assets

Group key figures 2012 (in € m)

	2012	2011	Change in %
Key operational figures			
Revenues	437.5	517.6	-15.5
thereof net rents	*230.5*	*247.1*	*-6.7*
thereof fees for fund and property management, development and sales	*88.7*	*91.5*	*-3.0*
thereof from project sales	*35.8*	*119.9*	*-70.2*
EBIT	144.7	43.3	-
EBT	-86.9	-217.6	-60.1
Consolidated net profit	-98.7	-126.0	-21.6
thereof unrealised changes in value	*51.3*	*-116.6*	-
Funds from Operations I (FFO I)	20.6	14.9	38.3
Funds from Operations II (FFO II)	-51.0	-62.2	-17.9
Key balance sheet figures			
Total assets	6,130.8	6,904.2	-11.2
Equity (carrying amounts)	1,275.6	1,386.3	-8.0
Equity ratio at carrying amounts in %	20.8	20.1	3.6
Net asset value (NAV)	878.4	985.3	-10.8
NAV adjustment (future value potential cavern business and consideration of accrued hybrid coupon payments)	279.7	325.3	-14.0
NAV adj. (incl. future value potential cavern business and consideration of accrued hybrid coupon payments)	1,158.1	1,310.6	-11.6
Equity ratio at NAV adj. in %	19.3	19.2	0.3
EPRA NAV	669.7	781.7	-14.3
EPRA NNNAV	966.9	1,131.4	-14.5
Key figures per share in €			
Number of shares at reporting date	207.9	207.9	-
Average number of shares	207.9	142.1	46.3
NAV[1)]	4.23	4.74	-10.8
NAV adj.[1)]	5.57	6.30	-11.6
EPRA NAV[1)]	3.22	3.76	-14.3
EPRA NNNAV[1)]	4.65	5.44	-14.5
FFO I[2)]	0.10	0.10	-5.4
FFO II[2)]	-0.25	-0.44	-43.9
Earnings (EPS), undiluted[2)]	-0.44	-1.11	-60.4
EPRA (EPS), undiluted[2)]	-0.52	-0.99	-47.5
Diluted earnings[2)]	-0.44	-1.11	-60.4
Dividend per share	0.00	0.00	-
Segments			
IVG Real Estate: Fair value	3.193	3.776	-15.4
IVG Development: Invested capital (IVG share)	1.651	1.534	7.6
IVG Caverns: Value of caverns under development	1.078	1.143	-5.7
IVG Funds: Assets under Management	15.217	15.054	1.1
Employees at end of year (FTE)	551	586	-6.0

1) On the basis of the number of shares at reference date (31.12. 2012: 207.9 m shares/31.12.2011: 207.9 m shares)
2) On the basis of the average number of shares (31.12.2012: 207.9 m shares/31.12.2011: 142.1 m shares)

For IVG, 2012 was a year in which many milestones were passed successfully on its restructuring path. Extraordinary non-cash expenses prevented the Group from achieving its guidance for an almost break-even result. This was a setback not only for our shareholders but also for us in the realignment of the Group. However, with a positive operational start into 2013, we feel vindicated in our persistent development of the business model, and with our "Passion for Real Assets" **we will continue to do everything to overcome the challenges ahead and to make IVG profitable in the long term for our investors again.**

IVG

We are an international, integrated investment platform specialising in real estate and infrastructure that provides its customers with tailor-made solutions on the basis of an integrated value chain. With approximately 550 employees (FTE) at 19 locations in major German and European cities, we manage assets totalling €21.1 billion.

- **€ 1.1 billion**
  invested capital in caverns
  (Investment: Caverns)

- **€3.2 billion**
  real estate in IVG's own portfolio
  (Investment: Real Estate)

- **€ 1.4 billion**
  purchase and sales volume in IVG's own portfolio and the fund portfolio

- **600,000 sqm**
  leasing performance in 2012 for IVG-owned and fund properties

- **€ 3.4 billion**
  fund volume with private investors
  (Funds: Private Funds)

- **€ 11.8 billion**
  fund volume with institutional investors
  (Funds: Institutional Funds)

- **€ 1.7 billion**
  invested capital in development projects
  (Investment: Development)

- **45** specialised funds and mandates for institutional investors

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- **THE SQUAIRE** wins several awards (including LEED Gold certification)
- **Own car park** for THE SQUAIRE opened

The “city under one roof” concept is working perfectly: The NEW WORK CITY in THE SQUAIRE is pulsing with life.

03

- IVG establishes **green leases** in Germany – testing phase successfully completed
- IVG certified as a **“Top employer” 2012** by CRF Institute for extraordinary employee benefits

04

- IVG **reduces debt** by another **€200 million**
- Stock exchange listing of IVG Immobilien Management **REIT-AG**

- IVG hands over office space in THE SQUAIRE to Deutsche Lufthansa AG – third anchor tenant moves in with 1,100 employees; occupancy rate **rises to** around **85 %**
- IVG publishes **second sustainability report**

- Successful **first closing for IVG Garbe Logistic Fund**
- **IVG Warsaw Fund** successfully placed
- IVG wins **EPRA Gold/ Bronze Award** for its annual report and sustainability report

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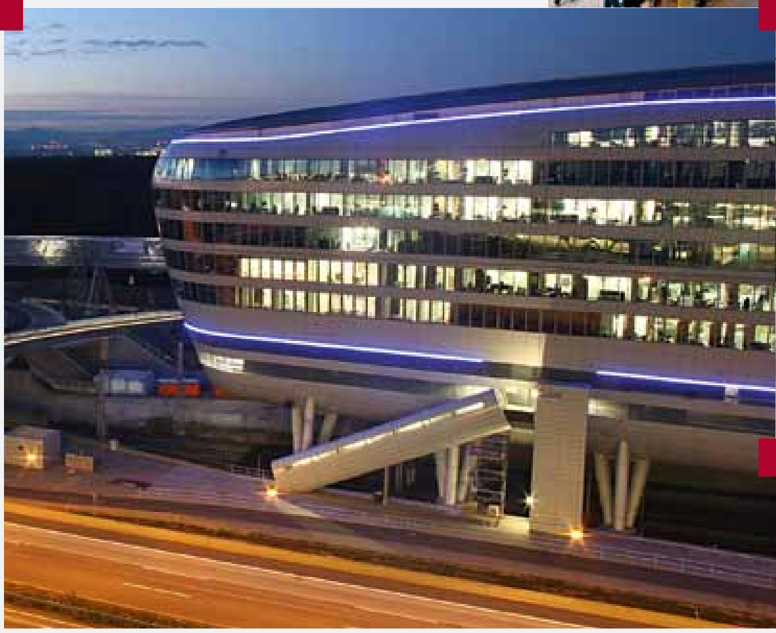
- IVG and **Beni Stabili Gestioni** establish joint venture

- IVG **reduces debt** by €320 million through scheduled partial repayment of "CORE" financing



THE SQUAIRE at Frankfurt Airport shows how the working world in Europe will look like in the future: with a high quality of life, a diverse range of opportunities for communication, and optimum transport connections. The “NEW WORK CITY” comes to life.

"We would like to thank our shareholders, investors and capital providers for the trust they placed in us again in 2012."

Shareholders

Christian Kühni
Chief Operating Officer (COO)

Professor Dr Wolfgang Schäfers
Chief Executive Officer (CEO)

Dr Hans Volkert Volckens
Chief Financial Officer (CFO)

Foreword by the Management Board

Dear Shareholders,
Ladies and Gentlemen,

In an environment dominated by the ongoing sovereign debt and euro crisis, 2012 was a "year on standby" for the economy as a whole and the real estate industry. The adoption of the expanded euro bailout fund ESM was an important milestone on the path towards strengthening the European financial markets. However, the decisive phase in establishing a concerted, reliable fiscal policy for the Community still lies ahead. Overall, the real estate markets reacted in 2012 – as is always the case in crisis situations – by taking refuge in high-quality real assets, i.e. with a run on the core market segment.

Stable transaction volume on the real estate investment market

In spite of the general economic uncertainties, the real estate investment market proved robust in 2012. As in the previous year, the European transaction volume amounted to approximately € 120 billion. Initial yields for office properties in top locations averaged 5.4 % again in Europe. The largest German real estate markets displayed a slightly positive trend with initial yields falling further from 4.95 % to 4.76 %. In 2012, IVG carried out purchases and sales totalling € 1.4 billion on its own account and for third parties. The purchases included properties on Bockenheimer Landstraße in Frankfurt/Main and Cannon Street in London, as well as Mlodziejowski Palace in Warsaw. Among the sales were Spiegel Island in Hamburg, the Infopark E building in Budapest and Jaeger House on Regent Street in London.

Real estate rental market tracks sideways

The real estate rental markets remained largely stable in 2012. Over the course of the year, prime rents at least maintained their levels on average in the European office markets examined. The German key markets performed considerably better, with prime rents growing by 2.4 %. IVG concluded new leases or prolonged existing ones for a total of 600,000 sqm on its own account and for third parties. The main regional focuses for leasing were Hamburg, Dusseldorf and Amsterdam. As at the end of 2012, the average vacancy rates for office properties in Europe and in the five German key markets were 9.3 % and 8.9 % respectively. The average vacancy rate in IVG's own portfolio was 12.4 %.

IVG well on track operationally

In 2012 we continued to energetically pursue our action plan, with which we aim to establish a reliable and sustainable foundation for IVG. For instance, we continued to bring life to the business model of the investment platform with various successful transactions. In the institutional segment, specialised funds were launched in the form of the IVG Garbe Logistic Fund and the IVG Warsaw Fund. With the IVG EuroSelect 21 Munich which invests in two Allianz properties we placed one of the largest funds for private investors in recent years. Additionally, we realised two club deals in Munich and Frankfurt. In the summer of 2012, we opened up another, particularly internationally recognised access to the real estate market for the IVG investment platform with the listed company IVG Immobilien Management REIT-AG. Towards the end of 2012, we also established a joint venture with Italy's largest real estate company Beni Stabili Gestioni for targeting real estate investment capital of Italian institutional investors. Increased tapping of international investment capital is a core element of our business model.

In THE SQUAIRE at Frankfurt Airport we welcomed the third major anchor tenant, Deutsche Lufthansa AG, in May 2012. For the property itself, we were awarded the "LEED Gold" sustainability certificate and the Mipim Award 2013 in the "Best Office & Business Development" category. THE SQUAIRE is now a fixed and widely recognised part of the Frankfurt Airport City. This has been demonstrated not least by the positive development of the two Hilton hotels and the wide variety of well-attended events in the atrium. The associated car park THE SQUAIRE Parking has now completed its first year in operation with increasing utilisation and has been certified with "LEED Gold".

In 2012, our cavern facility in Etzel exceeded a storage level of 10 million cubic metres of oil stored on a long-term basis. This makes IVG one of the largest crude oil storage providers in Europe. The crude oil serves primarily as a national emergency supply for European public oil storaged organisations. With regard to gas storage, we handed over another seven caverns to the lessees as scheduled. Caverns business represents our basis of experience and expertise for initiating and developing further projects in the field of energy infrastructure. We see real estate and infrastructure as an ideal combination of asset classes based on their shared nature such as longevity, their risk profile and cash flow stability.

One key project for the real estate fund sector is the implementation of the European Alternative Investment Fund Managers (AIFM) Directive in German law by mid-2013. We already began internal preparations for this at an early stage in 2012 and will complete these in good time. The current wave of regulations will consolidate the market. Established providers of real estate investments – such as IVG – will emerge from this consolidation stronger.

We continued to press ahead with reducing the Group's debt. In addition to the scheduled repayments, extraordinary repayments totalling € 520 million were made. This reduces interest expenses, improves our key financial figures and sends an important signal to the capital market. We will continue to focus a great deal of attention on further debt reduction and targeted structuring of liabilities – particularly in the context of an increasingly fast-changing banking environment. This is not least due to the changed requirements from the Basel III banking regulations.

"We continued to press ahead with reducing the Group's debt. In addition to the scheduled repayments, extraordinary repayments totalling € 520 million were made. This reduces interest expenses, improves our key financial figures and sends an important signal to the capital market."

Share price performance unsatisfactory

The performance of IVG shares was generally dominated by a sideways trend in 2012, with the share price changing only slightly by -6.7 % over the financial year. In our view, and in relation to the positive development of the benchmark indices in 2012, this is not satisfactory. We consider the main reasons for this to be IVG's level of debt, which is falling but is still high in comparison to the real estate equity sector, and residual risks from project developments and financing initiatd in the period from 2006 to 2008. These issues deterred investors from investing more in IVG shares in 2012 – also due to increased risk aversion.

Extraordinary non-cash expenses impact consolidated net loss in fourth quarter of 2012

At -€ 98.7 million, the consolidated net loss in 2012 had improved as against the previous year (-€ 126.0 million) but still represented a significant loss. We were unable to achieve our target of an almost break-even result for the Group in the 2012 financial year due to extraordinary non-cash expenses. These extraordinary expenses were again related to project developments and financing initiated in the period from 2006 to 2008. Due to recent developments, we decided to address the resulting risks in relation to certain project developments, the convertible bond and deferred taxes in the fourth quarter of 2012 in order to allow a clean start into the financial year 2013 in this respect. Despite the extraordinary expenses, earnings before taxes improved considerably from -€ 217.6 million in 2011 to -€ 86.9 million. Excluding these one-off effects the result is within the previously announced guidance.

In view of the market development, losses of € 16.3 million were recognised on property sales (investment property) over the course of 2012; unrealised negative changes in market value amounted to € 54.2 million. These were offset by unrealised positive changes in market value totalling € 118.6 million in the Caverns segment. The FFO I key figure which illustrates the company's recurring operating cash flow increased by € 5.7 million year-on-year, from € 14.9 million to € 20.6 million. FFO II which measures the company's entire operating cash flow including development and trading activities remained negative in 2012, but improved by € 11.1 million from -€ 62.2 million to -€ 51.0 million.

“With a streamlined IVG branch network, we cover the relevant markets for our business policy approach as an investment platform and continue to manage our property portfolio with our own local specialists.”

The separate financial statements of IVG Immobilien AG in accordance with the German Commercial Code (HGB) reported a loss of € 207.8 million. There will therefore be no dividend payment for the past financial year 2012. In addition, the payments for the IVG hybrid bond will be deferred, as it was in the 2011 financial year.

Net asset value on the balance sheet declined by 51 cents per share due to the net loss for the year. Including future cavern potential and deferred interest on the hybrid bond, adjusted NAV declined by 73 cents per share year-on-year.

Adjustment of personnel and branch structure

In 2012, we also took the occasion to review the personnel structure and adapt it to the new business model. As a result, a gradual reduction of a total of around 120 jobs in Germany and abroad was resolved for the period from 2012 to 2014. Owing to non-recurring expenses from severance payments and the extension of the time frame, personnel expenses and the number of employees will not decrease significantly until the current year and the following years. Optimisation of personnel and structural expenses will also be continued in the current financial year.

IVG’s branch network was also adapted to the new positioning. Starting in 2013, our properties in Germany will be managed by the three new regional divisions: North (branches in Hamburg and Berlin), Central (branches in Frankfurt/Main and Dusseldorf) and South (branch in Munich). The rest of Europe is similarly structured into the new regional divisions of the UK, Poland, Benelux (Brussels, Amsterdam and Luxembourg), North Europe (Sweden and Finland), Southwest Europe (France, Spain and Portugal) and Southeast Europe (Austria, Hungary, Czech Republic and Italy). We thus have a streamlined hierarchical structure covering the relevant markets for our business policy approach as an investment platform. This ensures that the property portfolio is managed locally by internal specialists which remains an important quality feature and unique selling point for IVG.

Operational implementation of sustainability begins

In recent years, sustainable business has grown from a secondary economic condition into an independent and required corporate goal in the real estate sector. IVG is among the pioneers in the sector in this regard and has already begun intensively implementing this goal operationally. For instance, 50 IVG properties in Germany were changed over to green electricity in 2012, reducing CO_2 emissions by around 3,000 tons per year. In 2012, IVG introduced “green leases”, leases under which ecological standards are explicitly complied with in co-operation with the lessees. Further information on this topic is provided in IVG’s third sustainability report, to be published this spring. The IVG Sustainability Report 2012 received the Bronze award from the European industry association EPRA (European Public Real Estate Association). We are confident that persistently pursuing our sustainability strategy will secure the future prospects and competitiveness of our property portfolio – and therefore of the entire Group – in the long term.

We would like to thank our shareholders, investors and capital providers for the trust they placed in us again in 2012. Our thanks also go to our tenants and other business partners for their reliability in business relations. And last but not least, we would like to thank our employees who are making a valuable and indispensable contribution on our path towards a successful repositioning on the market.

Bonn, March 2013
The Management Board

Professor Dr Wolfgang Schäfers

Christian Kühni

Dr Hans Volkert Volckens

Report of the Supervisory Board

Dear shareholders,
Ladies and Gentlemen,

The year under review remained subject to a difficult environment on the real estate and credit markets and the company again faced many different challenges. In spite of these general conditions, the operating targets set for 2012 were largely achieved, allowing the realignment of the company to be advanced further.

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 and presentations.

As Chairman of the Supervisory Board, I – like my predecessors – was in constant close contact with the Management Board in the period under review in order to inform myself about current business transactions and to discuss issues relating to the company's strategy, planning, business development, risk position, risk management and compliance 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 focus of discussion

Eight Supervisory Board meetings were held in the 2012 financial year. No member of our Supervisory Board attended less than half of the Supervisory Board meetings.

At the meetings, 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 and results of operations and the development of employee numbers. Market and share price performance, key Group projects and the ongoing strategic development of IVG's business model as an investment platform for real estate and infrastructure were discussed. We paid particular atten-

Members of the Supervisory Board

Stefan Jütte (Chaiman of the Supervisory Board)

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

David C. Günther

Wolfgang Herr

Klaus-Joachim W. Krauth

Klaus R. Müller

Thomas Neußer-Eckhoff

Susanne Schoch

Dr Bernd Thiemann

tion to the internal restructuring and growth programme "Phoenix", the listing of IVG Immobilien Management REIT-AG and the extensive measures to reduce and restructure the Group's debt. In this context, we discussed the suspension of interest payments on the IVG hybrid bond in depth. We shared the opinion of the Management Board that payments should be suspended in the year under review in order to bring about equal treatment of the different equity providers and an improvement in the capital structure. We passed resolutions in connection with personnel changes in the Supervisory Board and the committees. Among other matters, these also related to the election of Mr Beelitz as temporary Chairman of the Supervisory Board, after the election of the previous Chairman of the Supervisory Board, Mr Bierbaum, to the Supervisory Board by the Annual General Meeting of 20 May 2010 had been declared null and void in a court ruling. In the Supervisory Board meeting following the Annual General Meeting of 15 May 2012, the Supervisory Board elected me as its Chairman and Mr Beelitz as Deputy Chairman. Other resolutions in the year under review related to the appointment, dismissal and extension of contracts of managing directors for Group companies and the approval for granting powers of attorney for IVG Immobilien AG. Specific funds and investment products, as well as markets and growth potential, were also discussed. When the meetings were preceded by a committee meeting, the chairman of the committee in question reported on its key content.

In addition to these and other general and company-wide issues, our discussions and resolutions also focused on the following projects:

Investment

In the IVG Investment division, we approved a total of five property sales in Berlin, Dusseldorf, Hamburg, in Budapest and Courbevoie (Paris region) in the year under review. The Management Board kept us informed about the current status of all sales on an ongoing basis. We also approved the listing of IVG Immobilien Management REIT-AG, as we considered the introduction of an internationally recognised vehicle and the associated expansion of the product range to be an important instrument for the realignment of the company.

The Management Board regularly informed us in detail about current projects of the remaining development pipeline. As in the previous years, current developments, including in particular the expansion and letting progress, cost and risk management of the major property THE SQUAIRE at Frankfurt Airport, were discussed in each ordinary meeting.

We were kept informed about the progress in expanding the cavern field in Etzel (Northern Germany) and about important developments in the operation of the cavern site. As the sale of completed caverns, particularly to the IVG Cavern Fund launched in 2008, is a matter of high importance for reducing the company's debt, we discussed developments in this area regularly.

Funds

In the IVG Funds division, we monitored and advised the Management Board in developing new investment ideas and with the evaluation of properties for both private and institutional investors. The progress in placing the IVG EuroSelect 21 Munich for private investors, and major purchases of properties in Munich and Frankfurt/Main for institutional investors by specialised funds managed by IVG Institutional Funds, were discussed in detail. The Management Board regularly reported to the Supervisory Board on the development of all funds in the portfolio. We also discussed issues relating to the regulatory environment, particularly the effects of the implementation of the AIFM Directive on the organisation and the future business model.

Amendments to the Articles of Association

In the year under review, the Annual General Meeting on 15 May 2012 resolved an amendment of Article 2(1) of the Articles of Association (purpose of the company). The Annual General Meeting also resolved matters including the revocation of Authorised Capital II and the creation of new Authorised Capital 2012 with the option to disapply subscription rights, and a corresponding revocation and revision of Article 3(2). In addition, resolutions were adopted on the authorisation to issue convertible bonds and/or bonds with warrants with the option to disapply subscription rights (2012 authorisation), the creation of new Contingent Capital 2012, the revocation of the authorisation to issue convertible bonds and/or bonds with warrants of the Annual General Meetings in 2007 and 2010, the revocation of Contingent Capital 2007 and 2010, and corresponding amendments to Article 3(4) and Article 3(5) of the Articles of Association.

The Supervisory Board discussed these proposals to the Annual General Meeting at its meeting on 22 March 2012.

Planning

At the meeting on 25 January 2012, we discussed medium-term planning including the disposals and investments for the years 2012 to 2015 in detail and approved the comprehensive investment and financial planning of the Management Board for 2012. In the context of planning, the Supervisory Board also intensively discussed the development of the share price and, with the Management Board, measures to contribute to cost optimisation and growth enhancement and thereby to stabilising and increasing the share price in the medium term.

At the meeting on 14 December 2012, we thoroughly discussed the results of the medium-term planning for the years 2013 to 2015 and approved the Management Board's investment and financial planning for 2013.

Committees

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 chairmen of the committees regularly reported in the plenary session.

The **Audit Committee** deals in particular with monitoring the accounting process, the effectiveness of the internal control system, risk management, the internal independence of the auditors and the additional services performed by the auditors. In the 2012 financial year, there were four meetings of the Audit Committee, each held before the publication of the quarterly financial statements to discuss the quarterly results in detail with the Management Board. The results of the review of the condensed financial statements and the interim management report as at 30 June 2012 were also intensively discussed 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 2012. In the 2012 financial year also, the auditor, the Compliance Officers, risk management and the internal audit department all provided detailed reports on their work to the Audit Committee.

Throughout the entire reporting year, the committee was made up of Mr Frank F. Beelitz (Chairman with the exception of the period of his temporary position as Chairman of the Supervisory Board), Mr Wolfgang Herr (Deputy Chairman/Chairman in the period when Mr Frank F. Beelitz was Chairman of the Supervisory Board) and Mr Rudolf Lutz. The Chairman of the Audit Committee is a financial expert within the meaning of sections 100(5), 107(4) AktG and item 5.3.2 of the German Corporate Governance Code.

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 8 May 2012, the committee was made up of Mr Detlef Bierbaum (Chairman), Mr Klaus R. Müller (Deputy Chairman) and Mr David C. Günther. Following the Annual General Meeting on 15 May 2012, Stefan Jütte was elected to the committee and took over the position of Chairman. There were two meetings of the Personnel Committee in the 2012 financial year, both of which were conference calls.

The **Nomination Committee,** which proposes suitable candidates to the Supervisory Board for its proposals to the Annual General Meeting for upcoming elections, met once in 2012. At this meeting, the committee resolved to propose Mr Stefan Jütte to the Supervisory Board as a candidate for the position of Mr Detlef Bierbaum’s successor and also as a candidate for Chairman of the Supervisory Board. It also resolved to include the proposed resolution to elect him to the Supervisory Board in the agenda for the Annual General Meeting. This recommendation was then followed.

In the 2012 financial year, the Nomination Committee initially consisted of Mr Detlef Bierbaum, Mr Frank F. Beelitz and Mr Klaus R. Müller. Following his election to the Supervisory Board, Mr Stefan Jütte then replaced Mr Detlef Bierbaum on the committee.

Annual and consolidated financial statements

PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Dusseldorf, was appointed as the auditor of the annual and the consolidated financial statements 2012 by resolution of the 2012 Annual General Meeting.

The subject of the audits was the annual financial statements as at 31 December 2012 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). 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 8 March and 19 March 2013.

For the accounts meeting held on 20 March 2013 and the preceding Audit Committee meeting held on 18 March 2013, all members were provided in a timely manner 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 18 March 2013 and the meeting of the full Supervisory Board on 20 March 2013. 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 accounts meeting held on 18 March 2013 and reported on the testings and its results to the full Supervisory Board. The Audit Committee recommended to the Supervisory Board to approve the 2012 annual financial statements of IVG Immobilien AG and the IVG consolidated financial statements and also to approve the 2012 management report of IVG Immobilien AG and the IVG Group management report. At the Supervisory Board meeting held on 20 March 2013, the Chairman of the Audit Committee explained the Audit Committee‘s recommendations.

“We would like to thank the Management Board, the division managers and managing directors, all the employees and the employee representatives for their great dedication and work in the reporting year.”

Taking note and account of the Audit Committee report and the auditor‘s reports, the Supervisory Board reviewed and approved the annual 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 auditors. 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 20 March 2013, we approved the annual financial statements and the consolidated financial statements on the recommendation of the Audit Committee. The annual financial statements were therefore adopted in line with section 172 AktG.

Corporate Governance

The Management Board and Supervisory Board operate in the knowledge that good corporate governance is important for the company‘s long-term success. In accordance with item 3.10 of the German Corporate Governance Code, the Management Board and Supervisory Board report on corporate governance and the principles of corporate management at IVG in the corporate governance report for 2012, which can be found together with the statement on corporate management on page 22ff of this annual report.

No conflicts of interest as defined in item 5.5.3 of the German Corporate Governance Codex arose during the period under review. In contrast to the previous year, there were no potential conflicts of interest for the Supervisory Board member Dr Bernd Thiemann, who is also a member of the supervisory board of a company that is part of a banking syndicate financing the project development THE SQUAIRE. In addition, no conflicts of interest arose with regard to Mr Stefan Jütte, who was Chairman of the Board of Management of Postbank AG until 30 June 2012, a bank with financing relationships within the IVG Group.

In the financial year 2012, the Supervisory Board again resolved to examine its own work in an efficiency review. This analysed the type and extent of information, procedures, co-operation within the Supervisory Board and with the Management Board and the work of the committees. The responses from Supervisory Board members to the individual issues did not indicate any substantial need for changes to be made.

On 18 September 2012, the Management Board and Supervisory Board issued an updated declaration of compliance with the German Corporate Governance Code pursuant to section 161 AktG. Since 15 June 2012 (the date of the publication of the current Code in the electronic German Federal Gazette), IVG Immobilien AG had fully complied with all recommendations of the German Corporate Governance Code in the version issued on 15 May 2012. Since submitting its last declaration of compliance on 18 November 2011, IVG Immobilien AG has complied with all recommendations of the Code in the version issued on 26 May 2010. IVG Immobilien AG thereby demonstrated its commitment to exemplary corporate governance and control. The declaration is published on page 22 of the Annual Report and can also be viewed on the company‘s website.

Personnel issues in the Supervisory Board and the Management Board

There were no changes in the Management Board of IVG Immobilien AG in the year under review. Following my election to the Supervisory Board by the Annual General Meeting on 15 May 2012, the Supervisory Board elected me as its Chairman. The employee representative Mr Rudolf Lutz left the company and the Supervisory Board as at 31 December 2012 for age reasons. Mrs Susanne Schoch, an employee of IVG Institutional Funds GmbH, was appointed by court order as his successor on the Supervisory Board as at 1 January 2013.

We would like to thank the Management Board, the division managers and managing directors, all the employees and the employee representatives for their great dedication and work in the reporting year.

Bonn, 20 March 2013
For the Supervisory Board

Stefan Jütte, Chairman

Group Executive Committee

The central task of the Group Executive Committee introduced in 2011 is optimising the strategic and operational integration within the Group. The Group Executive Committee comprises the three members of the Group's Managing Board and the Chairmen of the three subsidiaries IVG Investment GmbH, IVG Funds GmbH and IVG Asset Management GmbH. The Committee meets at regular intervals.

Professor Dr Wolfgang Schäfers
Chief Executive Officer (CEO)

Christian Kühni
Chief Operating Officer (COO)

Dr Hans Volkert Volckens
Chief Financial Officer (CFO)

Guido Piñol
Head of Investment division

Bernhard Berg
Head of Funds division

Peter Forster
Head of Asset Management division

Supervisory Board and Management Board

As at 31 December 2012

Supervisory Board

Stefan Jütte (66)

Member and Chairman of the Supervisory Board (from 15 May 2012)
Bonn
Nationality: German
End of current appointment: 2017 Annual General Meeting
Committee activities:
Chairman of the Personnel Committee (from 15 May 2012)
Member of the Nomination Committee (from 15 May 2012)
Membership of statutory supervisory boards:

- HSH Nordbank AG (from 3 December 2012)
- PB Firmenkunden AG (Chairman, until 30 June 2012)
- Postbank Filialvertrieb AG (Chairman, until 30 June 2012)

Similar positions:

- PB (USA) Holdings, Inc., Wilmington (Delaware, USA) (Chairman of the Board of Directors, until 30 June 2012)
- PB Capital Corp., Wilmington (Delaware, USA) (Chairman of the Board of Directors, until 30 June 2012)

Profession: Chairman of the IVG Immobilien AG Supervisory Board
Relevant career stages:

2000 - 2012	Member of the Board of Management/ Chairman of the Board of Management, Postbank AG
1994 - 2000	Member of the Management Board/ Chairman of the Management Board, DSL Bank AG
1990 - 1994	Member of the Management Board, Stadtsparkasse Münster

Relationships with major shareholders: -/-
IVG securities held as at 31 December 2012: -/-

Detlef Bierbaum (70)

Member and Chairman of the Supervisory Board (until 8 May 2012)
Cologne
Nationality: German
End of current appointment/leaving date:
8 May 2012
Committee activities:
Chairman of the Personnel Committee (until 8 May 2012)
Member of the Nomination Committee (until 8 May 2012)
Membership of statutory supervisory boards:

- Deutsche Bank (Austria) AG
- General Reinsurance AG (GenRe)
- IVG Institutional Funds GmbH[1] (Chairman until 9 May 2012, Deputy Chairman from 10 May 2012)
- LVM Landwirtschaftlicher Versicherungsverein Münster a.G.
- LVM Lebensversicherungs-AG
- Monega Kapitalanlagegesellschaft mbH
- Oppenheim Kapitalanlagegesellschaft mbH

Similar positions:

- Dundee REIT International, Toronto
- Integrated Asset Management plc, London
- Oppenheim Asset Management Services S.à.r.l., Luxembourg
- Tertia Handelsbeteiligungsgesellschaft mbH
- The Central European and Russia Fund, Inc., New York
- The European Equity Fund, Inc., New York

Profession: Consultant
Relevant career stages:

1991 - 30 April 2008	Personally liable partner, Sal. Oppenheim jr. & Cie. KGaA
1982 - 1991	Member of the Management Board, Nordstern Versicherungs AG
1974 - 1982	Managing Director, ADIG Investment GmbH

Relationships with major shareholders: -/-
IVG securities held as at 31 December 2012:
240,000 shares, convertible bonds (nominal amount of € 3 million)

Frank F. Beelitz (68)

Deputy Chairman of the Supervisory Board
(until 8 May 2012, from 15 May 2012)
Chairman of the Supervisory Board (9 May 2012-15 May 2012)
Bad Homburg
Nationality: German
End of current appointment: 2013 Annual General Meeting
Committee activities:
Chairman of the Audit Committee (until 8 May 2012, from 15 May 2012)
Member of the Audit Committee (9 May 2012-15 May 2012)
Member of the Nomination Committee
Membership of statutory supervisory boards: -/-
Similar positions: -/-
Profession: Investment banker/Managing Partner, Beelitz & Cie.
Relevant career stages:

1993 - 2000	Member of the Management Board, Lehman Brothers Bankhaus AG
1985 - 1993	Member of the Management Board, Salomon Brothers Bankhaus AG Managing Director, Salomon Brothers Inc.
1980 - 1985	Managing Director, Warburg Paribas Becker Inc.

Relationships with major shareholders: -/-
IVG securities held as at 31 December 2012:
22,500 shares, convertible bonds (nominal amount of € 200,000)

Wolfgang Herr (57)

Member of the Supervisory Board
Baden-Baden
Nationality: German
End of current appointment: 2015 Annual General Meeting
Committee activities:
Deputy Chairman of the Audit Committee
(until 8 May 2012, from 15 May 2012)
Chairman of the Audit Committee (9 May 2012-15 May 2012)
Membership of statutory supervisory boards:
- POLIS Immobilien AG2[2]

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

2001 - 2007	Managing Director, Mann Group
1991 - 2001	Authorised financial representative (Finanzprokurist), Mann Group
1985 - 1991	Consultant for accounting, Mann Group

Relationships with major shareholders:
Managing Director of Mann Unternehmensbeteiligungen GmbH (formerly Doris Verwaltungsgesellschaft mbH; wholly-owned subsidiary of Mann Immobilien-Verwaltung AG)
Member of the Management Board of Mann Immobilien-Verwaltung AG
IVG securities held as at 31 December 2012: -/-

David C. Günther (44)

Member of the Supervisory Board
Grünwald
Nationality: German
End of current appointment: 2015 Annual General Meeting
Committee activities: Member of the Personnel Committee
Membership of statutory supervisory boards: -/-
Similar positions: -/-
Profession: Lawyer/employee, IVG Asset Management GmbH
Relevant career stages:

1997 - 1998	Employee, KG Allgemeine Leasing GmbH & Co. KG

Relationships with major shareholders: -/-
IVG securities held as at 31 December 2012: 380 shares

1) IVG Group company
2) Mann Group company

Klaus-Joachim W. Krauth (51)

Member of the Supervisory Board
Pöcking
Nationality: German
End of current appointment: 2015 Annual General Meeting
Committee activities: -/-
Membership of statutory supervisory boards:
- Hobnox AG (Chairman)
- InterComponentWare AG (ICW AG)
- Südwestbank AG

Similar positions:
- TwinLux SICAV, Luxembourg (Chairman of the Management Board)
- GemeluLux SICAV, Luxembourg

Profession: Chief Financial Officer, Santo Holding (Deutschland) GmbH
Relevant career stages:

2003 - 2005	Management Board member for Finance, Hexal AG
2001 - 2003	Management Board member for Finance, TeraGate AG
1999 - 2001	Vice President and Chief Financial Officer, Giesecke & Devrient America, Inc.

Relationships with major shareholders:
Position as CFO at a subsidiary of the shareholder Santo Holding AG
IVG securities held as at 31 December 2012: -/-

Rudolf Lutz (59)

Member of the Supervisory Board (until 31 December 2012)
Bonn
Nationality: German
End of current appointment/leaving date:
31 December 2012
Committee activities: Member of the Audit Committee (until 31 December 2012)
Membership of statutory supervisory boards: -/-
Similar positions: -/-
Profession: Employee, IVG Immobilien AG
Relevant career stages: -/-
Relationships with major shareholders: -/-
IVG securities held as at 31 December 2012: 345 shares

Klaus R. Müller

Member of the Supervisory Board
Germersheim
End of current appointment: 2015 Annual General Meeting
Committee activities:
Deputy Chairman of the Personnel Committee
Member of the Nomination Committee
Membership of statutory supervisory boards:
- POLIS Immobilien AG[3]

Similar positions: -/-
Profession: Lawyer/legal adviser of Mann Immobilien-Verwaltung AG
Relationships with major shareholders:
Managing Director of Mann Unternehmensbeteiligungen GmbH (formerly Doris Verwaltungsgesellschaft mbH; wholly-owned subsidiary of Mann Immobilien-Verwaltung AG)

Thomas Neußer-Eckhoff (52)

Member of the Supervisory Board
Ladenburg
Nationality: German
End of current appointment: 2015 Annual General Meeting
Committee activities: -/-
Membership of statutory supervisory boards: -/-
Similar positions: -/-
Profession: Dipl.-Ing. (FH) architect, IVG Asset Management GmbH
Relevant career stages:

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 at 31 December 2012: 1,115 shares

Susanne Schoch (45)

Member of the Supervisory Board (from 1 January 2013)
Wiesbaden
Nationality: German
End of current appointment: 2015 Annual General Meeting
Committee activities: -/-
Membership of statutory supervisory boards: -/-
Similar positions: -/-
Profession: Employee, IVG Institutional Funds GmbH
Relevant career stages: -/-
Relationships with major shareholders: -/-
IVG securities held as at 1 January 2013: 145 shares

Dr Bernd Thiemann (69)

Member of the Supervisory Board
(until 8 May 2012, from 15 May 2012)
Deputy Chairman of the Supervisory Board
(9 May 2012-15 May 2012)
Kronberg
Nationality: German
End of current appointment: 2015 Annual General Meeting
Committee activities: -/-
Membership of statutory supervisory boards:

- Deutsche EuroShop AG
- Deutsche Pfandbriefbank AG (Chairman)
- EQC AG (until 31 August 2012)
- Hannover Direkt Versicherung AG (from 4 July 2012)
- Hypo Real Estate Holding AG (Chairman)
- M.M. Warburg & CO KGaA
- Wave Management AG

Similar positions:

- VHV Vereinigte Hannoversche Versicherung a.G.
- Würth Finance International B.V., Amsterdam
- Würth Group

Profession: Management consultant
Relevant career stages:

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 at 31 December 2012: -/-

Management Board

Professor Dr Wolfgang Schäfers (47)

CEO
Bad Abbach
Nationality: German
End of current appointment: 31 December 2014
Membership of statutory supervisory boards:

- IVG Immobilien Management REIT-AG (formerly IVG Immobilien-Management Holding AG)[4] (Chairman)
- IVG Institutional Funds GmbH4) (Deputy Chairman until 9 May 2012, Chairman from 10 May 2012)

Similar positions: -/-
IVG securities held as at 31 December 2012: 20,000 shares

Christian Kühni (57)

Member of the Management Board and COO
Wiesbaden
Nationality: Swiss and Canadian
End of current appointment: 30 September 2014
Membership of statutory supervisory boards:

- IVG Institutional Funds GmbH[4]

Similar positions:

- Peach Property Group AG, Zurich (until 11 May 2012)

IVG securities held as at 31 December 2012: 10,000 shares

Dr Hans Volkert Volckens (42)

Member of the Management Board and CFO
Straßlach
Nationality: German
End of current appointment: 30 September 2014
Membership of statutory supervisory boards:

- IVG Immobilien Management REIT-AG (formerly IVG Immobilien-Management Holding AG)[4] (from 6 July 2012)

Similar positions: -/-
IVG securities held as at 31 December 2012: 17,500 shares

3) Mann Group company
4) IVG Group companies

Corporate Governance

Corporate governance declaration in accordance with section 289a HGB and corporate governance report

Responsible corporate governance and control geared towards sustainably creating value are the essential core tasks of the Management Board and the Supervisory Board.

> Corporate governance declaration

The corporate governance declaration includes the declaration of compliance pursuant to section 161 AktG, features relevant information on corporate governance practices applied which go beyond the legal requirements, and a description of the Management and the Supervisory Boards' working method as well as the composition and working methods of existing committees.

Unqualified declaration of compliance in accordance with section 161 AktG

We have complied and continue to comply with all recommendations of the German Corporate Governance Code. On 18 September 2012, the Management Board and the 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 15 May 2012. Since submitting its last declaration of compliance on 18 November 2011, IVG Immobilien AG has complied with all recommendations of the Code in the version issued on 26 May 2010. Since 15 June 2012 (the date of the publication of the current Code in the electronic German Federal Gazette), IVG Immobilien AG has complied with all recommendations of the Code in the version issued on 15 May 2012."

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 governance practices

Our fundamental values of legal compliance, fairness, transparency, confidentiality, professionalism and avoiding conflicts of interest determine the management of the company and are also 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, as a founding member of the Corporate Governance Initiative of the German real estate industry (ICG) we also comply with the sector-specific requirements of the ICG which are available on its website at http://www.immo-initiative.de/spezifische-kodices/.

Corporate sustainability

IVG pursues a sustainable and transparent value creation approach in its economic activities. In addition to the ecological and social management standards of the company itself, the associated measures also focus on supporting external organisations via the IVG Foundation. In the past financial year, too, IVG published an extensive sustainability report providing information on the scope and relevant parties for IVG's corporate responsibility. Further information on corporate sustainability 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. IVG's compliance system has been 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 continuous further development of 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. One important component of the compliance system is implementing the applicable regulations through communication. The employees in Germany and abroad are therefore familiarised with the compliance organisation by means of regular classroom training sessions. They then deepen the knowledge they have acquired using an additional e-learning tool specially developed for IVG's compliance organisation. The active participation and strong interest in both classroom training sessions and e-learning have shown that the issue of compliance is also considered by the employees to be very important.

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.

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 and the Compliance & Risk Committee 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 governance 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.

"In addition to the recommendations of the German Corporate Governance Code, as a founding member of the Corporate Governance Initiative of the German real estate industry (ICG) we also comply with the sector-specific requirements of the ICG."

Working methods of the Management Board and the 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. Trustful co-operation between the boards forms the basis for the company's success.

Management Board

The Management Board, which currently consists of three members, conducts business in the interests of the company with the aim of sustainably creating value.

The members of the Management Board each have their own areas of responsibility in line with the allocation of duties. However, major transactions and matters of a fundamental nature or of major strategic or financial significance are always discussed by the entire Management Board. 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 discussions of the Group Executive Committee introduced in the 2011 financial year are particularly important in this context. The Group Executive Committee consists of the members of the Management Board and the division managers and contributes to optimising strategic and operational integration within the IVG Group. The division managers continue to 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 of 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 an appropriate number of independent members who in particular do not have any personal or business relationship to the company, its executive bodies, a controlling shareholder or a company associated with a controlling shareholder that could give rise to a material and not merely temporary conflict of interests.

The Supervisory Board has its own working methods monitored at regular intervals in efficiency reviews. As a preparation of and additionally to 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 working methods 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 2012 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 three 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, and compliance. 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 Annual General Meeting for the election of Supervisory Board members by shareholders. The Nomination Committee consists of three members, all of whom are shareholder representatives.

> Corporate Governance Report

The corporate governance report, which is published together with the corporate governance declaration in accordance with item 3.10 of the German Corporate Governance Code, includes additional information on corporate governance at IVG.

Goals of the Supervisory Board regarding its composition

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. The Supervisory Board also aims to ensure 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 Annual General Meeting by 2015. When proposing candidates to the Annual General Meeting, only candidates under the age of 70 are put forward. There are never more than two former members of Management Board on the Supervisory Board. Supervisory Board members must not hold an executive body position or perform consulting duties for key competitors of the company. When proposing candidates to the Annual General Meeting, the Supervisory Board takes care to ensure that there are at least two independent members in total on the Supervisory Board who can be elected by the shareholders. Supervisory Board members are considered not to be independent particularly if they have a personal or business relationship to the company, its executive bodies, a controlling shareholder or a company associated with a controlling shareholder that could give rise to a material and not merely temporary conflict of interests. 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 has incorporated all of these goals as a binding part of its Rules and Regulations and continues to comply with them. In the nomination of Mr Jütte for election to the Supervisory Board by the Annual General Meeting on 15 May 2012, the goals for the Board's composition were taken into account.

"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 Annual General Meeting by 2015."

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 publicly available financial calendar on our website which announces fixed dates well in advance. All important information can be viewed in German and in English.

Annual General Meeting

At the Annual General Meeting, the shareholders exercise their co-determination and control rights. Shareholders who do not attend the Annual 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 Annual 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 incorrectness of the declaration on the German Corporate Governance Code issued by the Supervisory Board and the Management Board.

* The 2012 annual report, which also includes the Group management report, is also available on the IVG Immobilien AG website (www.ivg.de).

Investor Relations

Capital market development and shareholder structure

Prevailing volatile capital market environment in 2012

The previously robust German economy was no longer able to remain unaffected by the still increasingly difficult international environment over the course of the year – in which Europe in particular played a significant role. Economic growth therefore slowed in Germany, too, in the final months of 2012. However, the European stock indices developed positively over the course of the year, despite fears of recession, and in some cases even reached their highest levels for several years as of the end of the year. The FTSE EPRA/NAREIT Developed Europe Index (EPRA Index) that is relevant to the real estate market was up 23.2 %. In Germany, the DAX rose by 29.0 % and the S-DAX by 18.8 %.

Sideways trend in IVG share price

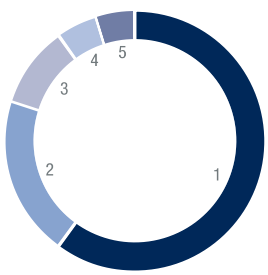
The performance of IVG's share price also was not satisfactory in 2012. Over the year as a whole, IVG's share price fell by 6.7 % and closed at € 1.96 on 31 December 2012 (31 December 2011: € 2.10). We consider the main reasons for this to be IVG's level of debt, which is falling but is still high in comparison to the real estate equity sector, and residual risks from project developments and financing in the period from 2006 to 2008. These issues deterred investors from investing more in IVG shares in 2012 – also due to increased risk aversion. In continuing our debt reduction programme and handling all residual risks, we are working towards further stabilising the company and regaining investors' trust.

IVG shares reached their annual high of € 2.62 on 28 March 2012. As at 31 December 2012, IVG's market capitalisation was € 408 million. The average number of IVG share trades per trading day during the 2012 financial year was around 1.23 million.

Shareholder structure unchanged

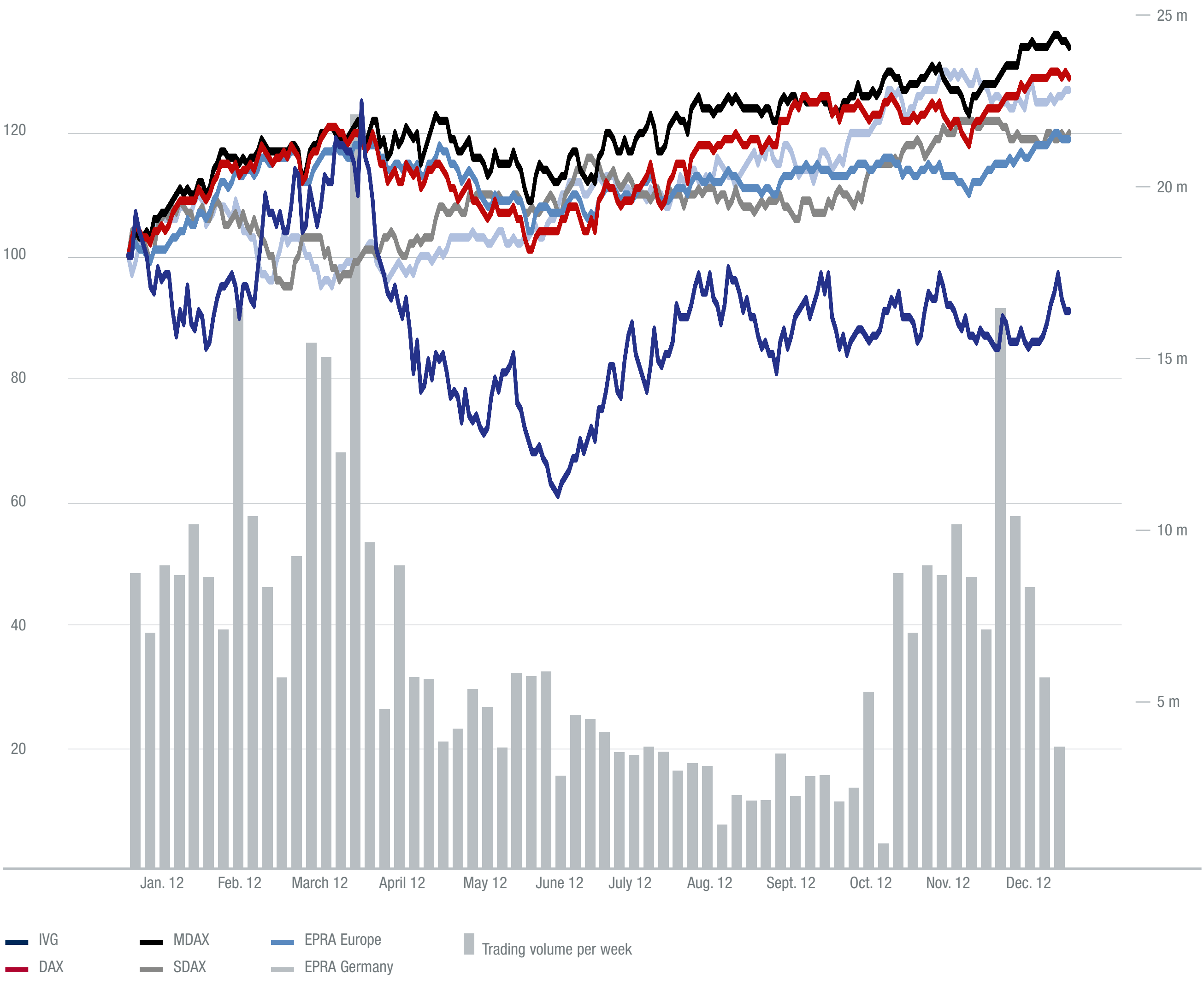
The shares of voting rights of the major shareholders remained unchanged as against the previous year. The share held by Mann Unternehmensbeteiligungen GmbH (formerly Doris Verwaltungsgesellschaft mbH, a wholly-owned subsidiary of Mann Immobilien-Verwaltung AG), amounts to 20.00 %, while Santo Holding AG holds 10.00 %. The other major shareholders include, as previously, Goldsmith Capital Partners with 4.94 % and Universal-Investment GmbH with 4.64 %. Our current shareholder structure can also be viewed on our website under Investor Relations.

Shareholder structure (in %)



1 – 60.42 Free Float
2 – 20.00 Mann Unternehmensbeteiligungen GmbH
3 – 10.00 Santo Holding AG
4 – 4.94 Goldsmith Capital Partners
5 – 4.64 Universal-Investment GmbH

IVG Index comparison (indexed: 1 January 2012)



Focuses of investor relations work in 2012

Our Investor Relations department took part in 15 conferences and roadshows in 2012, allowing us to reach a total of around 250 investors in one-on-one or group discussions. In the first half of the year, the discussions were largely dominated by topics such as the 2011 annual financial statements, further consolidation of the company and the deferral of payments on the hybrid bond as announced in April 2012. In the second half of the year, the focus of the discussions then shifted to the successful debt reduction totalling approximately € 520 million for special redemption payments, the arrival of Deutsche Lufthansa AG as the third anchor tenant in THE SQUAIRE at Frankfurt Airport, and the stock exchange listing of IVG Immobilien Management REIT-AG. In addition to the roadshows and conferences, our department also accompanied a series of property tours in 2012, where institutional investors gained an overview of IVG's property portfolio.

At the Annual General Meeting of IVG Immobilien AG, private investors in particular were provided with detailed information about IVG's current situation. The Investor Relations department also regularly informed prospective investors about the current business and market development of the company by means of personal discussions, e-mails and IR releases.

Analyst ratings from 17 institutions

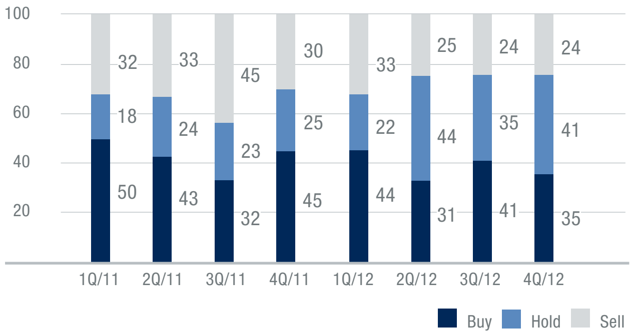
Equity analysts from 17 institutions are currently actively covering IVG Immobilien AG. The target prices range from € 1.45 to € 4.50. Of the analysts who issued analyses last year, six give the IVG share a "buy" rating, seven give it a "hold" rating and four give it a "sell" rating (as of 31 December 2012).

Stock exchange listing of IVG Immobilien Management REIT-AG

Since 24 July 2012, IVG Immobilien Management REIT-AG has been a registered real estate investment trust (REIT) under the German REIT Act. Following the stock exchange listing, various IVG Group companies hold a total of 75 % of the shares in IVG REIT, which was already registered as a "pre-REIT" in August 2007.

IVG REIT can be considered a further element within the IVG Group that combines the Group's integrated platform strategy with the focus of business activities in line with the REIT criteria. IVG REIT will remain fully consolidated in the long term. The listing therefore does not have any effect on the Group's balance sheet or income statement and, as such, is currently to be seen as a technical listing. On the basis of the chosen financing structure, its earnings are largely attributable to the IVG Group. The NAV and FFO of IVG Immobilien AG also remain unaffected by the stock exchange listing at present. Obtaining REIT status entails economic benefits for IVG and its shareholders, as the pre-REIT status would have expired if the listing had not taken place.

Analyst recommendations (in %)



Share data

WKN/ISIN	620570/DE0006205701
Code	IVG
Stock exchange	Frankfurt, Dusseldorf, Stuttgart, Munich, Berlin, Hamburg, Hanover, XETRA
Marktet segment	Regulated market/Prime Standard
Index membership (selection)	SDAX, FTSE EPRA/NAREIT Developed Europe, FTSE EPRA/NAREIT Germany, MSCI Europe, MSCI Germany, GPR Indices
Designated sponsors	Commerzbank AG Lang & Schwarz Broker GmbH
Market capitalisation (31.12.2012)	€ 408 m
Free float market capitalisation (70.00 %) (31.12.2012)*	€ 285 m
Number of shares (31.12.2012)	208 m shares
Share price (XETRA closing price 31.12.2012)	€ 1.96
First listed	01.10.1986
Last capital increase	2011

* Free-Float-Definition Deutsche Börse

Share data (in EUR)

	2012	2011	Change in %
Closing share price at end of year	1.96	2.10	-6.6
Highest share price during year	2.62	7.71	-66.0
Lowest share price during year	1.27	2.03	-37.4
Average daily turnover (in '000)	1,233.85	784.45	57.3
Earnings per share	-0.44	-1.11	-60.0
Earnings per share EPRA	-0.52	-0.99	-47.5
Dividend per share	0.00	0.00	-
NAV adj. per share	5.57	6.30	-11.6

EPRA Best Practice Recommendations as a framework for corporate transparency

Implementation of the EPRA Best Practice Recommendations as a guideline

In preparing this annual report, great importance was again attached to extensive implementation of the EPRA Best Practice Recommendations (as at January 2013) with the aim of further increasing the transparency of reporting in the interests of the capital market and improving comparability with other European real estate companies. These recommendations represent a recognised transparency standard for listed real estate companies that has been issued since 2001 by the European Public Real Estate Association (EPRA), the most important association of the European real estate capital markets, and provides specific recommendations on calculating and reporting key figures and information specific to real estate.

Deviation from individual recommendations in justified cases

For accounting reasons, it was not possible to implement the EPRA recommendations in the 2012 annual report in some areas. This pertains mainly 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 by us 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). The aim is to obtain a suitable 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.

Details on the FFO calculation

The FFO is not calculated according to generally recognised accounting principles, especially IFRS. However, there is no uniform standard 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 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 present the earnings power of its divisions. It is the fundamental basis 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 business model. FFO I summarises the company's recurring operating cash flow. It does not take into account non-recurring, onetime income such as development and sales activities. With the advancing reduction of the project development pipeline, FFO I is becoming more and more relevant. FFO II measures the company's entire operating cash flow including development and trading activities.

“You ask, we answer”

From the daily work of the IR department

In the course of last year, the IR department again answered diverse questions from IVG shareholders and interested parties. We are taking the opportunity presented by this annual report to pick up on a few of the frequently asked questions.

What is the difference between the four net asset value (NAV) figures you publish?

Real estate companies publish their NAV to present their economic equity. This comprises the market values of Group assets less debt. In addition, we use the “adjusted NAV” to present potential and risks that are not currently recognised on the balance sheet. This figure is currently increased by the value potential of the cavern segment and decreased by the deferred payments on the hybrid bond.

In addition, there are European Public Real Estate Association (EPRA) recommendations to limit the NAV to assets and liabilities held by the company in the long term and to publish this as the EPRA NAV key figure. EPRA gives companies the option to report another key figure: the EPRA NNNAV. This includes all asset and liability items in the calculation at their market values. To avoid misunderstandings, it should be noted that the EPRA NNNAV cannot be compared with the adjusted NAV we publish.

“Neither assets nor liabilities are recognised directly for the funds and fund properties that IVG manages for third parties.”

Why is the difference between IVG’s share price and its NAV currently greater than for any other listed real estate company in Germany?

Here we must differentiate between stock corporations that invest in residential real estate and those that hold commercial real estate. As a result of the continued market boom, portfolio managers of residential real estate are currently being traded at comparatively low discounts or even premiums to the NAV. It therefore does not make sense to compare these to real estate companies like us that primarily invest in office properties.

There are two main reasons for our significant discount from the NAV. Firstly, although IVG’s level of debt is falling, it is still high in comparison to the real estate equity sector. We will be able to reduce it to a typical market level only over the coming years. The second reason relates to the remaining challenges for the company in monetising THE SQUAIRE, addressing the possible put option by investors in the IVG convertible bond in March 2014 and the extension of a majority of the credit facilities in 2014. Only when these issues are no longer classified as a risk can we assume that the revised business model is reflected entirely positively in the capital market valuation.

Why is IVG valued at just € 408 million on the stock market, when the properties are worth € 21 billion and its liabilities amount to around € 5 billion?

In contrast to our competitors, we manage both our own properties with a value of € 5.9 billion and also properties for third parties with a value of approximately € 15.2 billion. We receive fund and asset management fees for managing these properties and in particular we are paid a transaction fee when they are purchased. However, the economic and legal risk is borne by the owners of the properties, i.e. the shareholders of the funds, and not only by IVG. Neither assets nor liabilities are recognised directly for these properties, which is why our reported assets under management of € 21.1 billion do not reflect the value of our company. The company’s stock market value is therefore calculated based on the assets on the asset side of the balance sheet, less the liabilities on the equity and liabilities side. The resulting equity has to be compared to the current market value of the company.

Why is it that no profits are reported in the income statement when caverns are sold? What is the valuation mechanism for caverns?

The sale of caverns to the IVG Cavern Fund is profitable for us. However, it must be noted here that we perform valuations in accordance with IAS 40 (fair value) for the cavern business. The caverns therefore undergo a gradual increase in value in line with construction progress up to their fixed purchase price. In concrete terms, this means that the caverns are recognised at cost until they have reached a minimum volume of approximately 300,000 cbm in the construction process. Once this threshold is exceeded, we can assume with reasonable certainty that the target figure will be reached once the cavern is completed. From this point on, the cavern is therefore valued at fair value and this effect the so-called “fair value step-up”. This is a change in valuation, specifically meaning that the value of the caverns is no longer calculated solely on the basis of previous cost. Rather, the contractually agreed selling price of the cavern to the IVG Cavern Fund, less the construction costs still to be incurred, discounted to the valuation date and minus the construction costs incurred to date is used to determine the “fair value step-up”. In other words, this corresponds to the difference between the previous carrying amount and the discounted net present value. The effect is shown in the income statement under the item “Unrealised changes in market value of investment property”. As such, the cavern has already moved significantly closer to the purchase price before its completion and sale. The write-up towards the selling price continues up to the time of sale, meaning that by the time the cavern is sold the sales price is already almost fully recognised.

What is the difference between the IVG convertible bond and the IVG hybrid bond?

With our two bonds, we currently have a total nominal volume of approximately €800 million placed on the bond market. The IVG convertible bond has a fixed term, including a right to extraordinary termination in March 2014 for the investors as a special feature. In contrast to conventional corporate bonds, the convertible bond grants the bearers an option. As an alternative to repaying the nominal amount, bondholders may demand conversion into shares. In addition to the secure fixed interest payments, investors also have the opportunity of an additional return if the share price at the conversion date is higher than the fixed conversion price. In accordance with IAS, the convertible bond is allocated to the liabilities and classified as “senior” in comparison to equity.

In contrast, the IVG hybrid bond is allocated to equity and classified as “junior” in line with international accounting standards. It has no maturity and is therefore also referred to as a “perpetual”. Interest payments are generally dependent on the payment of dividends and can therefore be suspended or, as in the case of the IVG hybrid bond, deferred. The interest rate is usually higher than that on convertible bonds and conventional corporate bonds. After a specified number of years, the issuer has the right to buy back the bond at its nominal amount plus payment of accrued interest. Owing to their high nominal volumes, both convertible and hybrid bonds are primarily suited to institutional investors. Interested parties can obtain the corresponding documents from our Investor Relations department on request.

“With our two bonds, we currently have a total nominal volume of approximately €800 million placed on the bond market. Interested parties can obtain the corresponding documents from our Investor Relations department on request.”

How can we invest in the REIT?

With the stock exchange listing of IVG Immobilien Management REIT-AG in 2012, we took another step towards restructuring our balance sheet and our real estate portfolio. As IVG Immobilien AG, we currently hold 75 % of the REIT share capital, thus meeting the minimum legal liquidity requirements for a stock exchange listing of a real estate investment trust. The remaining 25 % of the shares placed on the market are held by investors known to us in the form of registered shares with restricted transferability with the aim of a long-term commitment. Therefore, there is currently only a theoretical possibility of participating in the REIT. However, we aim to open the REIT for non-institutional investors in the future. There is currently no detailed timetable for this.

The "Hackesches Quartier" is the perfect location for businesses in the centre of Berlin. The historical Mitte district is now shaped by state-of-the-art architecture split over two buildings between the Hackescher Markt and the Spree. Thanks to its unique location directly next to the S-Bahn station, the Hackesches Quartier is also of interest to many retailers. You can't get more Mitte than that.

“The future success of our business model is based on the performance and innovation of our team.”

People and Performance 2012

Interview with the Management Board

"Despite setbacks, we have strengthened our business model further"

Answers from Professor Dr Wolfgang Schäfers,
Dr Hans Volkert Volckens and Christian Kühni

Professor Dr Wolfgang Schäfers
Chief Executive Officer (CEO)

Dr Hans Volkert Volckens
Chief Financial Officer (CFO)

Christian Kühni
Chief Operating Officer (COO)

IVG was not able to achieve its guidance of an almost break-even result for the year in 2012. On the contrary, there was still a high double-digit loss. How did this come about?

Dr Schäfers: The deeply disappointing result for us and our shareholders for the 2012 financial year is attributable to extraordinary non-cash expenses. The consolidated net loss was adversely affected on a one-off basis by project developments and financings initiated in the period from 2006 to 2008. Due to recent developments we decided to realise existing risks arising from the convertible bond – due to the put option to which investors are entitled in March 2014 – and from certain project developments and deferred taxes in the fourth quarter of 2012 in order to allow a clean start into the 2013 financial year in this respect.

However, based on the earnings before taxes of -€ 86.9 million in 2012, there was a significant reduction in the losses – in spite of the above-mentioned extraordinary factors – as against the previous year's level of -€ 217.6 million. This supports our chosen path of ongoing risk reduction. Not including these extraordinary expenses, it would even have been possible to generate an almost break-even result for the Group in 2012 in line with our guidance, by means of the path we have taken and the successful restructuring.

Last year, IVG formulated goals for its recovery. Which of these have you already achieved – despite the disappointing result for the year – and which are still on the current agenda?

Kühni: In particular, we have successfully completed the placement of IVG EuroSelect 21 Munich and the transfer of another seven caverns to the IVG Cavern Fund on schedule. These two measures led directly to a reduction in debt totalling around € 520 million. In addition, we increased the occupancy rate in THE SQUAIRE from 82 % to 85 %. Although this is below our 90 % target, we are optimistic that we will achieve a rate above 90 % in the current year. In the institutional funds business, we successfully structured and placed two specialised funds, as announced – namely the IVG Garbe Logistic Fund and the IVG Warsaw Fund. At the beginning of the current financial year, we then acquired the "Prime-Portfolio", consisting of three office and retail properties in Frankfurt/Main and Berlin, in a club deal structure and added it to a Luxembourg fund. IVG has taken on fund and asset management and is participating as a co-investor in line with our strategy. This transaction demonstrates once again that institutional investors value the IVG platform.

"In particular, we have successfully completed the placement of IVG EuroSelect 21 Munich and the transfer of another seven caverns to the IVG Cavern Fund on schedule. These two measures led directly to a reduction in debt totalling around €520 million. In addition, we increased the occupancy rate in THE SQUAIRE from 82 % to 85 %."

Milestones that go beyond 2012, such as further reduction of non-strategic assets in the existing portfolio and risk reduction by means of selling the remaining development projects, have been initiated in line with planning.

To lower your structural costs, in spring 2012 you launched the "Phoenix" project. Can you briefly describe the focuses of the project and its current status?

Dr Volckens: The "Phoenix" project comprises two focuses: restructuring and growth. With regard to restructuring, we systematically examined operating expenses and staff costs in light of the changes in our business activities. As a result, IVG's workforce will have decreased by around 20 % by 2014. In addition, there will be further savings in operating expenses, for instance as a result of optimised IT systems. In total, production costs are therefore expected to decline by approximately € 25 million on a long-term basis.

"However, to become profitable again we cannot just save – we must also grow. The "Phoenix" project is intended to assist with this balancing act and help improve structures so that our "production" methods become more cost-effective."

However, to become profitable again we cannot just save – we must also grow. The "Phoenix" project is intended to assist with this balancing act and help improve structures so that our "production" methods become more cost-effective. The measures taken so far are already showing initial success and IVG has stabilised further.

Is the chosen path of establishing an integrated investment platform for real estate and infrastructure still highly strategically important to you?

Dr Schäfers: We will definitely continue to follow the path of developing an integrated investment platform. We improved structures, systems and processes for this purpose in 2012, too. The good co-operation between the IVG Funds and IVG Asset Management divisions is now seen by institutional investors as a quality feature of IVG. And the placement of the two specialised funds IVG Warsaw Fund and IVG Garbe Logistic Fund in 2012, together with the "Prime-Portfolio" transaction at the beginning of the current financial year, demonstrates the effectiveness of the concept. In addition, joint ventures such as the one with Beni Stabili Gestioni in Italy support our strategy of extending access to international capital. The integrated investment and asset management platform is characterised by the collaboration of highly specialised employees in teams, the exchange of expertise and contacts, and the development of innovative products and solutions for German and international customers. These are the qualities that will characterise the IVG of the future and make it internationally competitive.

"We decided to incorporate the REIT investment vehicle in our integrated investment and asset management platform strategy, with the aim of possibly expanding this further at a later stage."

In July 2012, you had the long-planned IVG REIT listed on the stock exchange. What motivated you to take this step and what do you expect to gain from it?

Kühni: The REIT is an indirect real estate investment that was already prepared at IVG in 2006/2007. Due to the considerable turbulence that IVG has experienced since 2008, this approach was put on ice. The timing of the stock exchange listing is due to the fact that the pre-REIT status would have expired in 2012. We therefore decided to incorporate the REIT investment vehicle in our integrated investment and asset management platform strategy, with the aim of possibly expanding this further at a later stage. IVG REIT will initially remain fully consolidated; hence, it can be seen as a technical listing only. In principle, however, we are convinced of REITs as an investment vehicle for Germany, if the regulatory and tax conditions develop further as necessary. Therefore, depending on the development of the stock market environment for real estate equity, we definitely also see potential for IVG REIT to create its own growth story.

How has IVG adjusted to and prepared for the AIFM Directive and its implementation in Germany?

Dr Volckens: We have monitored the present version of the AIFM Directive and its current implementation in Germany through the German Investment Code (Kapitalanlagegesetzbuch, KAGB) intensively at many levels from the outset. Firstly, we held direct discussions with political leaders and participated in the work of industry associations to work towards ensuring that the initial errors in national implementation, such as the originally planned scrapping of open-ended specialised real estate funds, were corrected. Secondly, in 2012 we already began preparing the IVG Group in detail for the regulatory changes to be introduced in summer 2013. Our platforms for open-ended specialised real estate funds, closed-end funds and Luxembourg funds were adjusted in good time to make them "AIFMD-compliant". If the Directive is adopted in its present form, our broad, integrated investment platform puts us in an excellent position to generate regulatory synergies, make greater use of existing expertise and thereby gain a competitive advantage. However, a final statement on the issue can only be made after the final implementation of the legislative initiative. Under the AIFMD and the KAGB, IVG will continue to provide its entire product range for indirect real estate investment and to offer investors "tailored" fund products. The current wave of regulations will consolidate the market. Established providers of real estate investments – such as IVG – will emerge from this consolidation stronger.

You describe your IVG Caverns division as an important element in the ongoing restructuring process and the subsequent growth process. What will be the significance of this asset for IVG in the future? What influences can be expected from politics in connection with the turnaround in energy policy?

Dr Schäfers: Thanks to the IVG Cavern Fund placed in 2008 and the sales proceeds resulting from the transfer of completed caverns to the fund, this division has made a substantial contribution to reducing financial liabilities in recent years. In 2012 alone, we repaid liabilities of approximately € 200 million through cavern sales, and another € 300 million is expected to be repaid in 2013 and 2014. In addition to these positive effects, the expansion of the IVG cavern field in Etzel is also progressing according to plan.

"Our goal is and remains to return to profitability. If we sustainably achieve this goal, the capital market will reward this accordingly."

We have a mixed view of the current discussion concerning the turnaround in energy policy. The influence on utilities is generally negative at present, as it intensifies the general mood of uncertainty. In the ongoing discussions with our lessees, we have observed a wait-and-see attitude: they are cautious about signing long-term storage contracts. Our current focus is therefore on conducting discussions with lessees at an early stage and working together to seek solutions for future co-operation. We are confident that we will gradually also be able to pre-let those caverns that are not yet leased and constructed. In the medium to long term, the storage of methane gas and hydrogen in particular – which can be obtained from power-to-gas technology – is expected to create new potential for us.

— What is your view of the restrictions on lending by banks? For example, does Basel III have a significant impact on your goals of reducing debt and extending loans?

Dr Volckens: We are observing major upheaval in the banking environment in general. Due to regulatory requirements, some banks are now aiming to reduce the volume of their risk-weighted assets – which also include real estate loans. However, in light of the successful extensions and debt repayments in recent months, discussions with our commercial banks are continuing to progress constructively. Through our punctual repayment of loans, including a number of high-volume loans, in the past, we have proven that we keep to the agreements. Of course, the financing environment is still challenging and will demand a lot from us in the months and years to come.

— What is your outlook for IVG Immobilien AG for the 2013 financial year and how do you expect the share price to develop?

Dr Schäfers: The challenge for the management over the current and the following financial year will be to extend outstanding loans, for example for the project THE SQUAIRE in December 2013 and the syndicated loans in the third quarter of 2014. In addition, the put option for the convertible bond will most likely be exercised by the investors in March 2014. For this purpose, we are currently still planning to monetise the project THE SQUAIRE, primarily through its placement in a closed-end fund.

Due to the consolidated net loss, which was of course disappointing for the investors again, the share price development is difficult to predict. The renewed negative impact on the company from pre-existing problems from the period between 2006 and 2008 is not conducive to investor confidence and of course it also calls into question the future performance of the IVG share. At this point, I would therefore like to emphasise again that, on the basis of current developments, we deliberately addressed risks from pre-existing problems in relation to certain project developments, the convertible bond and deferred taxes in the fourth quarter of 2012 to allow us to start the 2013 financial year on an amended basis. Our goal is and remains to return to profitability. If we sustainably achieve this goal, the capital market will reward this accordingly.

IVG Investment by example of THE SQUAIRE

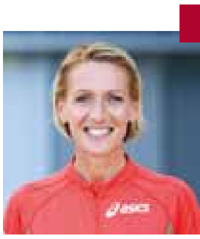
A landmark project that sets new standards with its functionality

THE SQUAIRE embodies the ideal fusion of the worlds of life and work in the 21st century. Thereby, it sets architectural and logistical standards. The NEW WORK CITY use concept has people at its heart and in its functionality covers all areas of life – from work and basic services to leisure and cultural life.

■ **Max and Lena**
have fun in the THE SQUAIRE day care centre while mum does her job three floors above.

■ **Best connections:** an hour from London, Paris, Milan or Madrid to the heart of Europe. THE SQUAIRE's logistical connections have no equal.

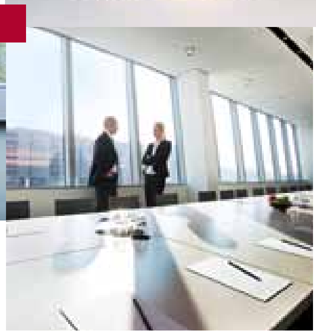
■ **Combine family and career:** the "SQUAIRE-SHIP for Kids" day care centre offers workers the ideal opportunity to have their young children cared for in close proximity to their workplace.



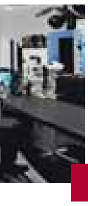
Claudia Dreher
welcomes sport enthusiasts to THE SQUAIRE

■ **Start the day with sport:** Dynavia offers holistic sport instruction from Claudia Dreher, one of Germany's best female marathon runners, and her team.

■ **A different kind of showroom:** four atriums and spaces ranging between 800 sqm and around 2,500 sqm offer unusual opportunities for stagings of all kinds.



■ **New working world at the pulse of mobility:** at plug & work, companies and travellers can make use of office and conference space as well as office services flexibly and according to their needs.



■ **If your hairstyle just won't stay in place:** the full programme for men and women 365 day a year at kpOchs.

■ **Provisions nearly around the clock:** with opening times from 5 a.m. to 1 a.m., REWE and others provide much more than the bare necessities.

■ **At home on the road:** the Hilton hotels offer travellers from all over the world a place to relax.

■ **Katie Melua** live in THE SQUAIRE, December 2011.

■ **Experience culture – whether concerts or exhibitions – from your office:** Katie Melua or Justin Bieber – they all like to drop in for a serenade.

■ **Health on site:** statistically, the most important doctor is the one in direct proximity. If necessary, a dentist visit is no problem at all.

■ **The right port of call for every taste:** whether traditional cuisine from Germany, Italy or Asia, even sophisticated gourmets get their money's worth here.

IVG Investment by example of Caverns

Using strategically advantageous locations, securing energy reserves, creating storage potential

IVG operates the cavern storage site in Etzel, North Germany, for more than 40 years. After the acquisition in 2005, IVG developed, in co-operation with its tenants, the location into a pioneering energy infrastructure project. The construction of a cavern takes up to four years. By 2012, €800 million had been invested in the site by IVG. The commitment is paying off – not least because of the long period of usage, the high flexibility of use and low operating costs.

Supply security in a changing energy market

Today, IVG is the only independent provider of underground storage capacities for oil and gas. IVG caverns are leased to oil storage organisations of Western European countries and well-known private energy companies from all over Europe. In recent years, the site has emerged as one of the largest gas storage locations in Europe. Technical know-how, long-standing expertise, advanced cavern technology, unique location conditions and a connection to key customers that has grown over many years guarantee that the IVG cavern site will remain a central element of European energy supply.

Key factors for long-term partnerships and location security

- Long-term leases of 10 to 30 years are the norm
- Location security through high investments in gas by the lessees themselves
- Excellent strategic position due to connections to pipelines and energy infrastructure
- High flexibility and security through storage in specially leached underground cavities

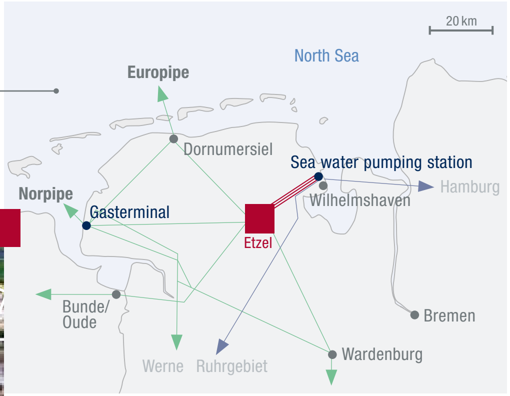
Process of injecting and withdrawing oil

1. Main pumping station injects oil into the caverns, pushing the brine aboveground
2. Cavern, by pumping in water, the lighter oil is removed from the cavern
3. Separator purifies the brine pumped out of the cavern
4. Brine pumping station pumps the brine from Etzel to the point where it is discharged into the North Sea
5. Central control room operates the process of injecting and withdrawing gas

Process of injecting and withdrawing gas

6. Gas transmission system
7. Separator for fines removal
8. Quantity and quality measurement at injection and withdrawal
9. Compressor (output in the megawatt range) for space-saving storage
10. Gas cooler reduces increased gas temperature (due to compression) to approximately 30-40 degrees Celsius
11. Cavern head as intake and outlet valve
12. Gas dehydration pipes
13. Gas caverns
14. Central control room operates the processes
15. Gas preheating, as gas cools down intensively as a result of decompression
16. Reduction of pressure to pipeline level
17. Gas dehydration

The principle of leaching
Seawater is pumped via pipeline to Etzel. There, salt dissolves in the borehole in a controlled manner (cavity is generated). Brine as a product of solution mining is treated/cleaned and afterwards transferred by a second pipeline for disposal into the North Sea.



(Left) Etzel site
The Etzel site is excellently connected to the Northern European pipeline network for oil and gas. 99 caverns are approved, final expansion to 144 caverns is planned.

Space-saving
The current oil storage volume (10 million cbm) is equivalent to 100 tanks over 8 km² on the surface. 200 times that amount of gas can be stored in a cavity of 1 cbm.

Supply
The usable (working) gas volume at the site can supply around 2 million households for a year. An average gas cavern can supply a city with a population of 80,000 for a year.

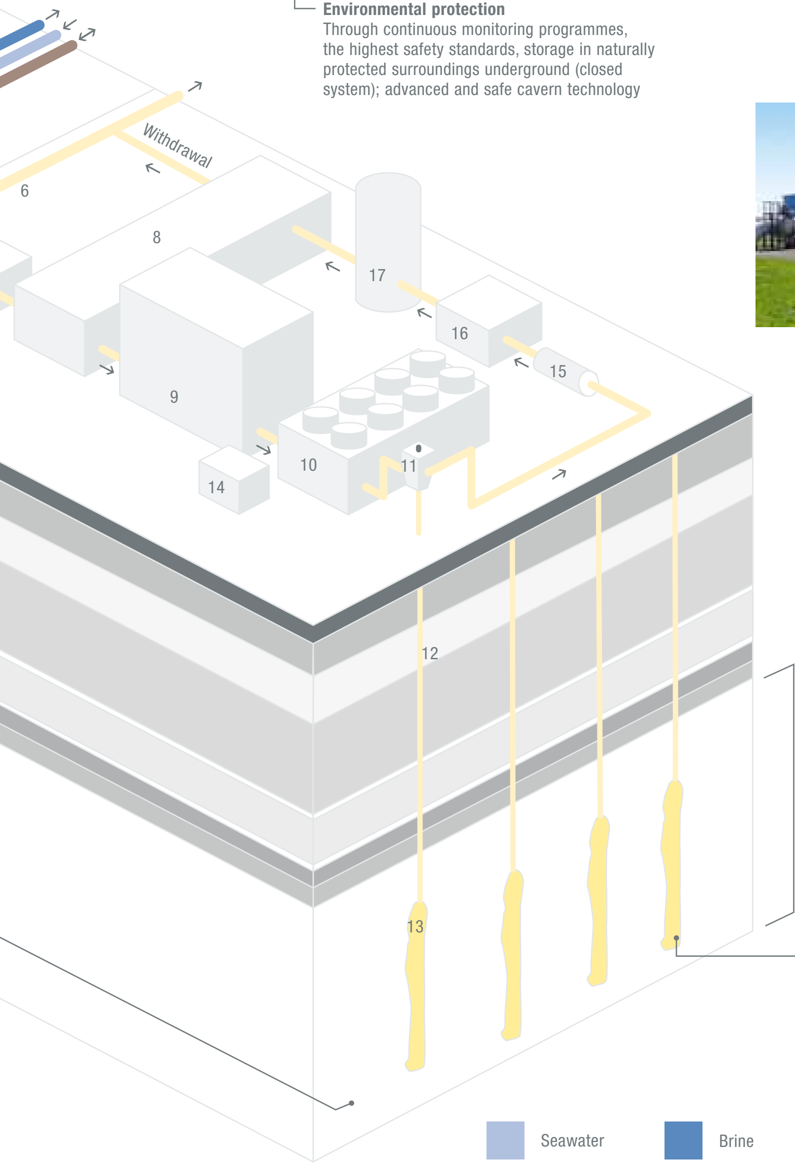
1 IVG premises
2 Tenant premises

(Left) Investments since 2006
Around € 2 billion. IVG share € 800 million.
Average investment of a gas tenant: > € 300 million

Number of long-term jobs in storage operations
Approximately 200

IVG Pipelines for seawater, brine, crude oil
Crude oil pipelines
Gas distribution systems

Environmental protection
Through continuous monitoring programmes, the highest safety standards, storage in naturally protected surroundings underground (closed system); advanced and safe cavern technology



Main pumping station *
Up to 25 caverns can be leached simultaneously (6,000 cbm per hour; pump efficiency: 95 %)

Salt rock
Up to 4,000 m thick
(Etzel salt dome)

Salt cavern
High gas injection and withdrawal rates; safety due to subsurface safety valve, very good geology in Etzel; stability due to distance of approximately 300 m; salt cavern and cavern head are owned by IVG.

Seawater
Brine
Oil
Gas

IVG Funds

In-depth analysis for tailored fund products

We offer institutional and private investors comprehensive portfolio management via our fund platform. It enables investment in attractive European real estate markets at fair market conditions. Our investment support is based on our own research, which has grown over the years.

Fund platform for Europe-wide real estate investments

Profitability lies at the heart of every investment decision. Investors have to weigh up the investment parameters concerning uncertainty, and real estate has proved a safe haven in the long term. With stable income and protection from inflation, real estate offers a comparatively attractive risk/return profile. With our fund platform, which unlike many other providers is independent of individual banks, we appeal to institutional and private investors. We offer them a broad spectrum of opportunities to participate in attractive real estate projects in Europe at fair market conditions.

IVG Research: reliable basic information for secure investment decisions

Consolidated in-house research is one of IVG's key responsibilities which we consider indispensable. Our research team continually provides us with data and assessments of current developments on real estate markets. Research results directly influence our product development and investment advice. We also use this information to prepare regular market reports and subject-specific studies which we provide to our customers. The IVG "Market Tracker", for example, is published at the start of each month and offers a brief overview of the latest developments and transactions on the real estate markets, taking the macroeconomic environment into account. In the "IVG Research LAB" series we deal with topics at an early stage having so far only little structured information.

Our range of services

1. FINDING THE RIGHT MARKETS

Market research

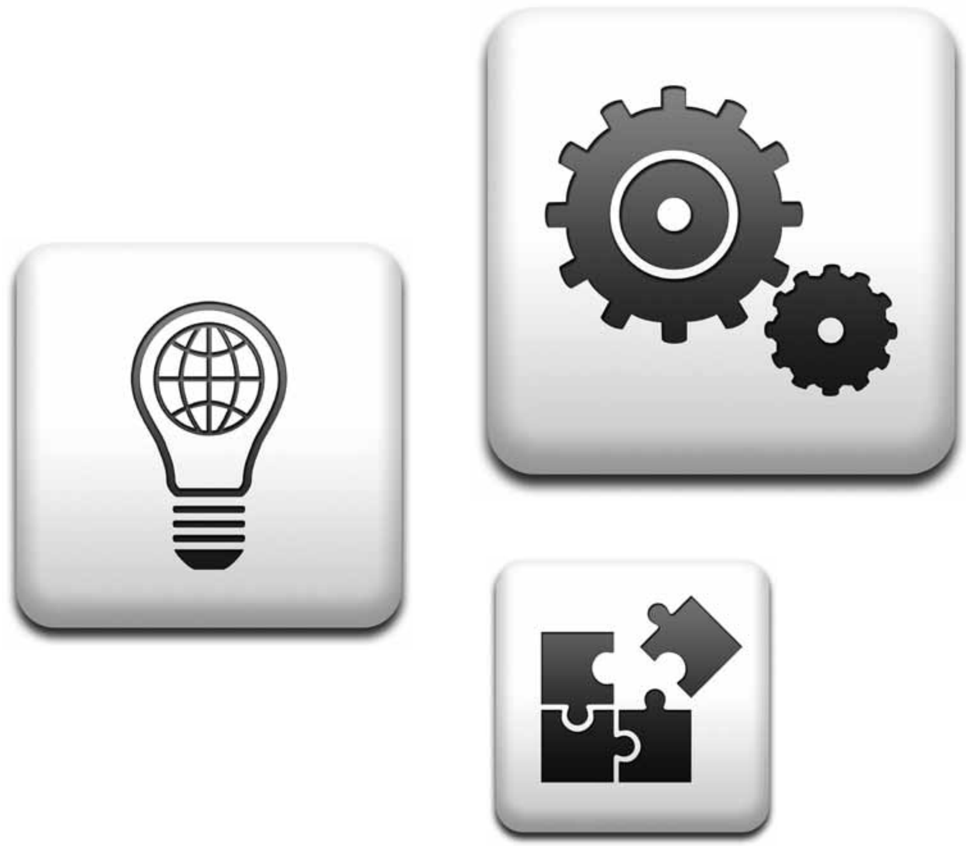
Via our broad European branch network, we record trends that our internal research teams summarise in market reports. On this basis, we can give our customers sound advice on their investment decisions.

2. MATCHING INTERESTS

Matching

We use our broad customer base to bring together investors – both institutional and private – with the same investment profiles. This gives our investors the opportunity to invest in real estate with IVG via conventional fund products (special and closed-end funds) and also more often via innovative structures.

?



3. THE RIGHT STRUCTURE

Legal and financial structure

Due to our wide range of options, we can align investment structures flexibly to the requirements of our investors and create investment opportunities via a large number of legal structures – even outside Germany, e.g. in Luxembourg. Our holistic approach also includes innovative financing structures such as raising debt via pension funds and insurance companies as an alternative to traditional bank loans.

4. PROVIDING PROFESSIONAL SUPPORT

Portfolio management

After the acquisition and inclusion of the properties in the selected structure, our Portfolio Management unit, in co-operation with our Asset Management unit, takes over the administration and management of the properties. The investors regularly receive detailed reports. Our Europe-wide transaction team provides investors with contact persons who take care of accompanying the purchase and the sale of the property.

5. SHAPING THE FUTURE

Consulting and innovation

We are pro-actively dealing with relevant regulatory issues such as the AIFM Directive and the KAGB draft. We are adapting to the changes and using them to generate growth. The joint venture with Beni Stabili Gestioni and the launch of the IVG Garbe Logistic Fund have demonstrated this most recently.

IVG Asset Management

Experienced management of properties and secure assistance for transactions

As IVG's integrated service provider, IVG Asset Management takes on the entire range of tasks relating to managing and marketing properties. It focuses on transaction support for the properties held by IVG in its own portfolio and in funds as well as on professional asset management.

High-efficiency interface

As an operating interface in the IVG Group, IVG Asset Management currently manages approximately 750 properties throughout Europe with a total floor space of approximately 6 million sqm and a market value of € 20 billion. Core tasks include letting and tenant service, developing property strategies, purchasing and selling properties and managing strategic partners such as property managers, real estate agents and facility managers.

A basic foundation of our transaction business is a clear investment profile tailored to our business model serving as an alignment for our asset management activities (see below).

In IVG's own portfolio, present transaction efforts are focussed primarily on streamlining the portfolio with appropriate property disposals in Germany and abroad.

In contrast, the transaction activities in the Funds division are determined by the rearrangement of the fund portfolio. In this context, smaller properties that do not match the strategy are sold and freed-up funds are reinvested after consulting our institutional investors.

Transaction – investment profile

Risk class > Core/core+

Investment volume > Individual properties with a volume of at least € 15 million

Preferred countries > Germany, European metropolitan areas (London, Paris, Warsaw, etc.)

Type of use > 1. Office, 2. Mixed use, Office and Retail, 3. Retail

Deal structure > Placement through different kinds of company structure (e. g. SICAV, SIIQ, KAG), share deal or asset deal are possible

Sustainability > Buildings with LEED or similar certification or the prospect of obtaining such under acceptable financial terms

Tenant structure > Single and multi-tenant, high requirements of tenants' financial strength

Financing > 30 % – 100 % equity

Property age/condition > Recent years of construction (from 2000) preferred; alternatively, excellent structural building soundness with potential for optimisation if necessary

Target return > IRR 6 % – 8 %

Average contract term > Country specific – five years and more

From innovation to standard – green leases on the rise

In an interdisciplinary working group in 2011, IVG drafted a “green lease”. When concluding their agreement, tenant and lessor can choose various “green” options. These range from basic declarations of intent regarding certain rules of conduct for the period of use to agreements of structural alterations to generate savings potential. In Germany, “green clauses” are an integrated feature of our leases.

Sustainability – management

- Ensuring sustainable energy procurement
- Setting the permissible air-conditioning parameters and regular (annual) review
- Using energy-saving light bulbs and energy-efficient electrical appliances
- Using environmentally friendly cleaning materials
- Ecological planting of outside areas in a manner appropriate to the location
- Mandatory use of facilities for energy and resource conservation
- Minimising and sorting waste
- Promoting public transport
- Providing sheltered bicycle racks

Sustainability – certification

- Maintenance and modernisation work must help save resources
- Existing certification entails specific obligations for both parties regarding action and omission
- In the case of planned certification, the tenant is obliged to abide by all criteria of the certificate in future

Building "E" of the IVG Infopark in Budapest is Hungary's first LEED-certified office property. In addition to state-of-the-art fixtures and fittings, the "Infopark E" also offers a high level of sustainable comfort for its users, ecological property management and a magnificent view across the premises to the Danube. It was sold to a major Hungarian investor in 2012.

“Sustainability has developed from a marginal condition into an elementary cornerstone of our conduct.”

Corporate sustainability at IVG

Since 2011, IVG has anchored corporate sustainability deep in its Group strategy. Our company has now been on this path for two years – and we can take a positive interim stock: the strategy and ongoing property screening are having a positive influence on the current portfolio transformation. This will add value to the properties.

EUROPEAN PUBLIC REAL ESTATE ASSOCIATION

EPRA key sustainability figures

Accounting year		2009	2010	2011
Absolute key figures				
Total energy consumption – electricity[7] (GRI:EN4)	kWh/year	55,252,559	50,195,230	71,895,407
Analysed property portfolio	sqm	996,616	976,461	1,384,644
Total energy consumption – district heating (GRI:EN4)	kWh/year	101,731,221	101,688,604	66,683,665
Analysed property portfolio	sqm	937,931	945,184	877,657
Total energy consumption – fuel[4] (GRI:EN3)	kWh/year	42,214,616	48,965,365	62,597,648
Analysed property portfolio	sqm	338,590	331,147	490,200
Total greenhouse gas emissions – direct[5] (GRI:EN16)	t CO_2 e/year	9,132	10,665	9,780
Analysed property portfolio	sqm	338,590	331,147	415,800
Total greenhouse gas emissions – indirect[6] (GRI:EN16)	t CO_2e/year	39,430	37,409	43,796
Analysed property portfolio	sqm	1,312,825	1,309,614	1,482,544
Total water consumption (GRI:EN8)	cbm	512,279	476,499	487,489
Analysed property portfolio	sqm	1,403,068	1,279,797	1,386,696
Total waste volume[1] – recycling[2] (GRI:EN22)	cbm/year	8,125	8,488	6,176
Percentage of waste volume[1] – recycling[2]	%	43.5	45.0	37.1
Total waste volume[1] – disposal[3] (GRI:EN22)	cbm/year	10,571	10,387	10,478
Percentage of waste volume[1] – disposal[3]	%	56.5	55.0	62.9
Analysed property portfolio	sqm	543,094	619,313	583,800
Key intensity figures				
Building energy intensity (GRI: CRESS - CRE1)	kWh/(sqm/year)	141.7	143.3	128.0
Greenhouse gas intensity from building energy (GRI: CRESS - CRE3)	kgCO_2e/(sqm/year)	34.5	34.3	34.1
Building water intensity (GRI: CRESS - CRE2)	cbm/(sqm/year)	0.37	0.37	0.35

1) In Germany, waste is billed by waste disposal companies according to waste volume (cbm). For this reason, it is also reported in cbm (volume) instead of t (weight).
2) Recycling: assumption of recycling of packaging, paper, glass and organic waste
3) Disposal: assumption of incineration or landfilling of residual waste
4) Fuel: gas and oil
5) Direct: fuel
6) Indirect: electricity and district heating
7) The consumption figures for electricity represent the available data, i.e. the data includes or excludes tenant consumption depending on the property.

A sustainable real estate strategy: a strategic competitive advantage

As a real estate and infrastructure investor geared towards the long term, we bear in mind the implications for CO_2 emissions when conducting our business activities. The focus of our sustainability strategy is to noticeably reduce CO_2 emissions in the IVG buildings. This means that our property management always considers potential to reduce CO_2. Two years ago, we began systematically collecting consumption data. We are currently in the analysis and development phase. Its results will lay the foundation for the gradual transformation of the IVG building portfolio. This portfolio transformation is our core objective for the next few years. We were able to start comprehensive data analysis for the development of an IVG sustainability standard earlier than planned – at the end of 2012.

While we currently record and assess the relevant key performance indicators (KPIs), we are also keeping an eye on the developments in Germany and in an international context.

Reduced CO_2 emissions necessitate lower consumption of resources. This increases the attractiveness of the rental property and acts in the interests of our tenants. On the way towards portfolio transformation, we are in the middle of the step-by-step implementation of our medium-term targets: where possible, we want to become CO_2 neutral by reducing the consumption of resources. Internal and external property certifications are the ideal accounting requirement for our carbon footprint. Furthermore, reporting in line with market standards increases self-regulation. In our view, this results in stability due to modern and forward-looking business, cost efficiency and transparency, which can be combined as value-generating factors to our competitive advantage.

Incentive for the young generation: IVG endows Corporate Sustainability 2013 student prize

To provide a training platform for the younger generation in the sector as part of its efforts to promote education, IVG supported a two-day business simulation game: 52 students from the Bauhaus University Weimar vied for the best sustainability strategies. As investors and managers of a real estate fund, they made management decisions about buildings in Australia where data on ecological building attributes are commendably transparent.

By means of an interactive online platform on the "Real Estate Investor" model, properties in Sydney, Melbourne and Perth were bought and sold. Not without first analysing their sustainability attributes thoroughly, of course. This was a highly topical problem which was solved with outstanding results. After the presentation, the best sustainability concepts from the nine teams were awarded the Corporate Sustainability Prize 2013. There were smiling faces all round at the end: the participants visibly had fun playing the strategy game, and IVG was delighted with the students' high level professionalism.

Enthusiastic students from the Bauhaus University in Weimar after their successful strategy game

The Silberturm: an example of successful modern building renovation

The modern climate and energy concept of the Silberturm in Frankfurt, which was completely renovated from 2010 to 2011, meets the most up-to-date requirements. A whole range of measures were implemented in the project:

- Efficient climate control with ceilings with integrated heating and cooling systems
- Optimised ventilation (lower air speeds and better air quality while reducing the mechanical ventilation effort by over 60 %)
- Optimised lighting systems at the workstations (direct/indirect lighting)
- Space-efficient open-plan structure
- Conservation of resources through reuse of the aluminium cover plates in the façade
- Use of low-emission building materials
- Resource-conserving deconstruction and disposal concept
- Holistically optimised planning and construction processes with an integrated planning team

The outcome was more than satisfactory: in summer 2012, the Silberturm attained the DGNB Silver Certificate (reconstruction/renovation version) with a performance index score of 69.9 %. A highly efficient cooling machine, passive night cooling, a rotary heat exchanger and district heating all contribute to optimised energy supply.

The DGNB System is a sustainability certification system for buildings. In addition, the LEED (Leadership in Energy and Environmental Design) Certificate developed by the U.S. Green Building Council and the British BREEAM (Building Research Establishment Environmental Assessment Method) system are particularly well established internationally.

Building data:
Location: Frankfurt/Main/city centre
Year of construction: 1978
Renovation: 2010/2011
Rental space (GIF): Approximately 50,000 sqm
Occupancy rate: 100 %

Sustainability awareness at IVG and in the industry: rising rapidly

An interview with Dr Thomas Beyerle
Managing Director/Head of Corporate Sustainability & Research

*__ **IVG portfolio transformation - property screenings: The first thing that comes to mind when thinking about corporate sustainability in the real estate industry is "green buildings". Their ecological attributes are distinguished by the fact that they are environmentally friendly, e.g. through energy-efficient management. The IVG portfolio is currently in an extensive phase of transformation. Properties are being screened in a targeted manner in order to analyse the building data. Will this effort and expense pay off in the end? Is an ecological building concept also economically sound?***

Dr Beyerle: It is, in various respects. In the short term, because of the demand. There is currently high demand for properties that are at a modern ecological level. In the medium term, it is worthwhile because the analysis makes factors that stabilise value visible. The goal of sustainable strategies is to measure and control indicators of consumption and emissions. In the long term, a supposedly higher investment can traditionally be justified by increased stability as a result of the extension to the life cycle.

*__ **Sustainability certification: The IVG building portfolio currently includes 26 properties with a sustainability certificate. What is the significance of these certificates?***

Dr Beyerle: Sustainability certification gives an indication of a building's economic, ecological and social parameters. It is the culmination of a survey and documentation process and, as such, provides transparency. The transparency allows the data to be managed. The users of the building, investors or the public can become more informed on the basis of the results. Certificates can also be value drivers – they attest to an excellent starting position among the competition.

Internationally, the certificates are based on different measurement systems. The industry is still working on making them comparable. The German DGNB certification system is based on a holistic approach. Therefore, I see certification as an intermediate stage within the "green building revolution". It is the carbon footprint – the measurement of all emissions resulting from the use of a property – that is increasingly the centre of attention. And for being able to make detailed estimates of the carbon footprint a modern building concept is again essential.

*__ **Green leases: The agreement of "green clauses" in rental agreements is an opportunity for the tenant and lessor to work together towards using a building in a way that conserves resources. What objectives is IVG pursuing by concluding such contracts?***

Dr Beyerle: In terms of climate protection and energy efficiency, the real estate industry has a major responsibility in building operation and building use. As a lessor, IVG also has a responsibility for cost efficiency, e.g. of operating costs. Ultimately, this benefits the tenant and increases the attractiveness of the rental property. Green leases offer both sides the chance to commit to environmentally aware action in a partnership: the tenant will use energy sparingly, and IVG provides energy-saving asset management and property management.

IVG leases are to be increasingly orientated to sustainability criteria, which follows from the necessity of sustainable business practices. Since the introduction of green leases for new leases and lease extensions in March of last year, we have seen a very good response: throughout Germany, around 24 % of all new leases have been signed as green leases so far. We aim to steadily increase the rate.

— ***Co-operation with service providers: Together with the tenants, IVG is backing sustainable rental agreements. What about sustainable processes in property management, which external service providers perform on behalf of IVG?***

Dr Beyerle: Obviously, we include property management as our core business in this kind of contract. Like in the rental agreements, we have agreed "green clauses" with the property management service providers, who manage around 300 properties in Germany; in these cases as an addendum to the existing contracts. Agreements with facility management service providers and the partners of IVG branches outside Germany will follow.

— ***Energy management in cavern business: As an infrastructure investor, IVG provides substantial opportunities to store oil and gas in the "Caverns" segment. There are currently 59 caverns with a storage volume of around 35 million cbm in operation at the Etzel site. With the storage capacity available, IVG can make a significant contribution to the energy turnaround. Under the heading "power to gas", it is possible to store energy gained from wind power plants, for example, in the caverns after it has been converted into hydrogen or methane gas. What is the current state of developments?***

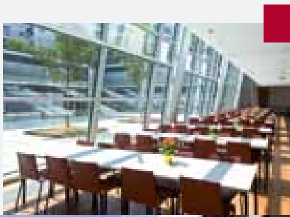
Dr Beyerle: The caverns at Etzel provide the best conditions for the energy storage of the future. Firstly, because of their excellent location in direct proximity to the offshore wind farms in the North Sea and their connection to the European natural gas grid. Secondly, the caverns have proved themselves over decades with their flexible storage options. With increasing conversion to renewable forms of energy, this flexibility will contribute to supply security.

IVG Caverns is currently planning to set up a pilot plant for storing wind-powered hydrogen. In early 2013, an international project initiated a study that IVG Caverns is helping to finance, and IVG will contribute its 40 years of experience in cavern construction and operation as a technical expert. The study is intended to provide a general view of the measures and conditions necessary for economical production and use of wind-powered hydrogen by example of the Lower Elbe region. We are expecting valuable findings, which, if the study goes well, we would like to apply to initial measures to implement the planned pilot plant in summer this year.

— ***Transparency and information: More and more real estate companies are reporting their corporate sustainability. This is good for the information requirements of stakeholders and equity analysts who are not only interested in the local market. IVG is publishing its third sustainability report this year. What would you like to say to the stakeholders in particular?***

Dr Beyerle: The stakeholder's primary interest is the greatest possible transparency. Investors are examining companies' sustainability data more and more intensively, because the economic dimension can no longer be separated from performance in the ecological and social sense. IVG commits itself to this transparency by publishing an annual sustainability report since 2011. Furthermore, IVG supports sector reporting that allows performance to be compared on the international market with standardised parameters. For example, IVG is working towards this with other real estate companies in the German Property Federation ZIA.

While the establishment of national and international sustainability standards for the real estate industry and the determination of benchmarks remains in the development phase, we are temporarily concentrating on the company's own IVG sustainability standard and its application to IVG's building and fund portfolio. In doing so, we would like to give our stakeholders the most accurate picture of our business-specific sustainability activities. To do this, we are performing comprehensive property screenings and various data analyses, which are still going on and whose results will be used as reference values to help determine our future sustainability activities. The values determined are to serve as a reliable basis of comparison for future measurements and, ultimately, our self-regulation.



With a total area of over 130,000 sqm, Unterföhring is the largest location and also the headquarters of Allianz Deutschland AG. IVG EuroSelect 21 Munich is fully invested in this location. A long-term lease provides for reliable income.

“We achieved important operating successes despite the extraordinary expenses in the fourth quarter of 2012.“

Facts and figures IVG 2012

IVG Group

IVG – one of Europe's major real estate companies

The sale of properties for strategic optimisation of the portfolio and the balance sheet was almost offset in 2012 by purchases in the funds segment and investment-related increases in the value of project developments. IVG's assets under management therefore still amount to approximately € 21 billion. These assets are managed at 19 locations with around 550 employees (FTE) via IVG's network of branch offices in major German and European cities.

In its own portfolio, IVG manages office properties with a market value of € 3.2 billion (Real Estate segment), development projects that are still in the pipeline with a volume of € 1.7 billion (Development segment) and underground caverns in Northern Germany for the storage of oil and gas that are under construction or in operation, having a volume of € 1.1 billion (Caverns segment). 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 € 15.2 billion.

Assets under management amounted to € 21.1 billion as at the balance sheet date, corresponding to a slight year-on-year decline of 1.7 %. This was chiefly due to selective sales of properties to streamline the portfolio in the Real Estate segment.

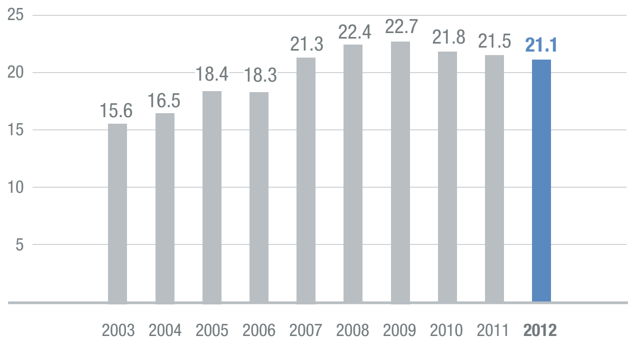
The adjacent graphics show the development of assets under management over time, by segments and by regions.

Negative impact on earnings development in 2012 from systematic processing of restructuring measures and non-recurring effects

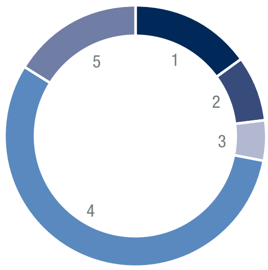
As in the previous year, the **IVG Group** reported a consolidated net loss for the past year, amounting to € 98.7 million. The significant improvement in the segments' EBIT, which rose by € 101.4 million from € 43.3 million in the previous year to € 144.7 million, was offset by a negative development in income taxes, which declined by € 103.4 million from +€ 91.6 million in 2011 to -€ 11.8 million in 2012. Due to a negative extraordinary effect in the fourth quarter of 2012, the financial result improved only slightly by € 29.3 million, rising from -€ 260.9 million in the previous year to -€ 231.6 million.

As expected, operating EBIT in the **Real Estate segment** before realised and unrealised changes in value declined to € 148.3 million (previous year: € 157.7 million) as a result of the property sales in 2011 and 2012. In the **Development segment,** IVG posted a significant

Assets under management over time (in € bn)

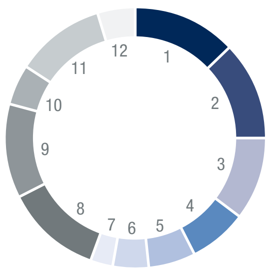


Assets under management by segments (in € bn)



1 –	3.2	IVG Real Estate
2 –	1.7	IVG Development
3 –	1.1	IVG Caverns
4 –	11.8	IVG Inst. Funds
5 –	3.4	IVG Private Funds
	21.1	Total volume

Assets under management by geographic regions (in %)



1 –	13.0	Frankfurt/Main
2 –	12.2	Etzel (Caverns)
3 –	10.3	Munich
4 –	7.2	Hamburg
5 –	5.8	Berlin
6 –	4.4	Dusseldorf
7 –	2.9	Stuttgart
	55.7	Germany
8 –	12.1	BeNeLux
9 –	11.5	UK
10 –	5.2	France
11 –	10.9	Other Europe
12 –	4.7	Outside Europe countries
	44.3	Foreign countries excl. Germany

Profit and loss (in € m)

	2012			2011			
	Before changes in value	Unrealised changes in value	Total	Before changes in value	Unrealised changes in value	Total	Change in %
Real Estate – operational	148.3	-54.9	93.4	157.7	-53.4	104.3	-10.4
Real Estate – realised changes in market value	-16.3		-16.3	-2.4		-2.4	-
Development	-16.8	-32.0	-48.8	-31.2	-116.6	-147.8	-67.0
Caverns	9.3	117.4	126.6	16.0	92.0	108.0	17.3
Institutional Funds	19.4		19.4	18.3		18.3	6.1
Private Funds	4.3		4.3	-5.5		-5.5	-
Corporate functions	-34.0		-34.0	-31.7		-31.7	7.5
Consolidation	0.1		0.1	0.0		0.0	-
EBIT	**114.1**	**30.5**	**144.7**	**121.3**	**-78.0**	**43.3**	**-**
Financial result	-252.3	20.7	-231.6	-222.3	-38.6	-260.9	-11.2
Net profit before income taxes	**-138.2**	**51.3**	**-86.9**	**-100.9**	**-116.6**	**-217.6**	**-60.1**
Income taxes			-11.8			91.6	–
Consolidated net profit			**-98.7**			**-126.0**	**-21.6**

improvement in EBIT from -€ 147.8 million in the previous year to -€ 48.8 million. EBIT in the **Caverns segment** was heavily influenced by caverns under construction recognised at fair value for the first time. Eight caverns fulfilled the criteria for recognition at first-time fair value accounting in 2012 (2011: six caverns), meaning that the changes in value of € 117.4 million in 2012 were higher than in the previous year (€ 92.0 million). The decline in EBIT before changes in value is primarily due to an extraordinary effect in 2011 relating to the promote structure that IVG agreed with the IVG Cavern Fund for the oil storage contracts to be extended until 2015. In the **Institutional Funds segment**, IVG increased EBIT slightly from € 18.3 million to € 19.4 million. Recurring fees from fund and property management were stabilised and income from fund development services was increased. As a result of the successful placement of IVG EuroSelect 21 Munich, the **Private Funds segment** recorded significant positive EBIT again, totalling € 4.3 million (previous year: -€ 5.5 million). With a volume of € 320 million, IVG EuroSelect 21 Munich was the largest closed-end fund placed in Germany in 2012.

The negative EBIT development of the corporate functions from -€ 31.7 million to -€ 34.0 million is due in particular to non-recurring effects totalling € 5.5 million in connection with the optimisation of the personnel structure as part of the “Phoenix” project.

The improvement in the financial result mentioned on page 56 (from -€ 260.9 million to -€ 231.6 million) is mainly attributable to the following effects: On the one hand, significant improvements were achieved in the result from hedging transactions (improvement of € 40.5 million) and the positive development of the foreign currency result (improvement of € 16.1 million). On the other hand, a non-recurring effect from the reduced interest accrual period for the convertible bond totalling -€ 35.6 million, which was not relevant to cash flow, had a negative impact on net interest. Without this non-recurring effect, the financial result would have improved by € 64.9 million to -€ 196.0 million in line with planning. The worse income tax figure (down from +€ 91.6 million in the previous year to -€ 11.8 million) is due to the additional capitalisation of deferred taxes on commercial tax loss carryforwards included in the previous year’s figure.

Net asset value – decline influenced by development of consolidated net loss

As a result of the consolidated net loss, equity attributable to Group shareholders (net asset value) decreased from € 4.74 per share as at 31 December 2011 to € 4.23 per share as at 31 December 2012.

Despite the fair value recognition of eight caverns under construction in 2012, adjustments for the components of the market value of caverns not capitalised are only slightly lower compared to the previous year at € 1.35 per share, chiefly due to the development

NAV figures (in € m)

	2012	2011	Change in %
Assets[1]			
Real Estate	3,420.8	3,992.7	-14.3
Development	999.4	1,018.6	-1.9
Caverns	792.3	811.1	-2.3
Institutional Funds	271.7	268.1	1.3
Private Funds	40.9	12.8	-
Corporate functions	269.5	397.1	-32.1
Total assets	**5,794.6**	**6,500.3**	**-10.9**
Derivative and deferred tax assets	336.2	404.0	-16.8
Total assets (according to consolidated balance sheet)	**6,130.8**	**6,904.2**	**-11.2**
Liabilities			
Liabilities	4,326.0	4,878.3	-11.3
Hybrid capital and minority interests	397.1	401.0	-1.0
Other liabilities	401.8	439.4	-8.5
Derivative and deferred tax liabilities	127.4	200.3	-36.4
IVG Group			
NAV	**878.4**	**985.3**	**-10.8**
NAV adjustment (incl. future potential cavern business and consideration of acctued hybrid coupon payments)	279.7	325.3	-14.0
Net Asset Value adjusted	**1,158.1**	**1,310.6**	**-11.6**

1) Balance sheet figures may vary from Assets under Management

NAV figures (in € per share[1])

	2012	2011	Change in %
Net Asset Value	4.23	4.74	-10.8
NAV adjustment (incl. future potential cavern business and consideration of acctued hybrid coupon payments)	1.35	1.56	-14.0
Net asset value adjusted	5.57	6.30	-11.6

1) Basis number of shares 31.12.2012 and 31.12.2011: 207.9 m shares

of interest rates and the reduced development risk in relation to the seven leased future caverns.

FFO I indicates positive operational earnings power

In 2012, IVG generated FFO I of € 20.6 million, or € 0.10 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 consolidated further and restructuring continued

As a result of the ongoing restructuring, IVG is continuously being streamlined further and thus made more efficient. The step of repositioning IVG on the market as an integrated investment platform will have a significant influence on the company's sustained competitiveness in the long term. IVG's investment platform primarily offers tailored products for the investment needs of institutional and private investors in real estate and real-estate-related infrastructure. The company also selectively participates in its own products as a co-investor via capital partnerships.

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. In this context, the Investment division pressed ahead with measures to streamline its portfolio by means of strategic disposals. New products such as the IVG Garbe Logistic Fund and the acquisition of the so-called "Prime-Portfolio" demonstrate that institutional investors value a clear commitment from IVG as a one-stop co-investor and asset manager. In this context the integrated value chain was streamlined further to increase the customer focus and asset management was reorganised accordingly.

Funds from operations (in € m)

	2012	2011
EBIT Group	**144.7**	**43.3**
Unrealised changes in value	-30.5	+78.0
EBIT Group (before unrealised changes in value)	**114.1**	**121.3**
A Elimination of non-recurring EBIT from development activities		
EBIT Development (before changes in value)	+16.8	+31.2
B Elimination of non-recurring result from trading activities (excl. trading activities Development)		
Realised changes in market value of investment property (excl. Development)	+15.3	+3.0
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)	+9.1	+7.3
Gains/loss from associated companies accounted for using the equity method (excl. Development)	+5.8	-0.8
Other non-cash effects included in EBIT (excl. Development) and one-off items	+14.5	+14.7
D Less regular payouts to other stakeholders		
Net interest result (cash effective part financial result without development and caverns financing)	-130.3	-136.1
Cash-relevant, recurring taxes	-2.5	-2.3
Amount attributable to hybrid capital providers, not including shares of the Development and Caverns segments (currently deferred)	-22.3	-23.6
FFO I - recurring (excl. activities from development and trading)	**20.6**	**14.9**
Add back eliminated result from trading activities	-15.3	-3.0
Add back eliminated result from development activities	-16.8	-31.2
Elimination of non-cash effects included in EBIT from development activities	-14.7	-15.0
Depreciation and amortisation of intangible assets and property, plant and equipment	+4.1	+0.0
Gains/loss from associated companies accounted for using the equity method	+0.1	-1.9
Other non-cash effects included in EBIT and one-off items adjusted earlier	-18.8	-13.2
Add back eliminated cash effective from development financing (including share of deferred interest on hybrid bond)	-24.9	-27.8
FFO II - total (incl. activities from development and trading)	**-51.0**	**-62.2**

The sustainability strategy developed in 2010/2011, which constitutes the framework for IVG's strategic orientation and operating business with regard to sustainability, was stepped up further in 2012. Dealing with the issue of sustainability, for instance in the sustainability report that is soon to be published for the third time, has allowed IVG to identify several possibilities for a more efficient allocation of resources.

2013 Major goals/measures

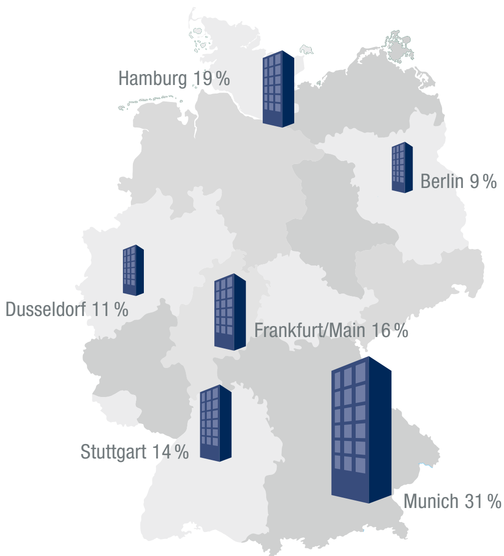
- Further consolidation of the business model
- Acceleration of the restructuring
- Continuation of debt reduction
- Increase of earnings power

IVG Investment – Real Estate

Portfolio with particular focus on German properties

The Real Estate segment manages a total of 204 properties with lettable space of approximately 1.7 million sqm and annual contractual rent of € 190.9 million. The average remaining term of the rental contracts is around 4.4 years. The fair value of the properties amounts to € 3.2 billion. The portfolio focuses on German properties which account for roughly 89 % of the annual contracted rent. Within Germany, the portfolio focuses – in terms of the annual contractual rent – on the real estate strongholds of Berlin (9 %), Dusseldorf (11 %), Frankfurt/Main (16 %), Munich (31 %), Hamburg (19 %) and Stuttgart (14 %). Due to the stability of the German real estate market and the strong appeal of the relevant sub-markets, the portfolio generates stable, sustainable income. In 2012, the Real Estate division generated a NOI yield of 5.3 % at portfolio level.

IVG portfolio (distribution by rent)



Branch	Contracted rent in € m
Berlin	15.9
Dusseldorf	18.8
Frankfurt	26.5
Hamburg	31.9
Munich	52.2
Stuttgart	23.9
Others	0.7
Total (Germany)	**169.8**
Total	**190.9**

Active portfolio management of properties

Through active portfolio management the Real Estate segment identifies property-specific potential and optimises it by means of appropriate measures. Taking into account the current market environment, the properties are then sold in line with the cycle. The central link in the value chain is IVG's own Asset Management having a network of local branch offices in Europe – and thus works directly and with the necessary market expertise on sustainably increasing rental income, improving occupancy rates, and exploiting development and building rights reserves.

Key figures (in € m)

	2012	2011	Change in %
Revenues	253.0	289.7	-12.7
thereof net rents	*209.1*	*240.5*	*-13.0*
thereof service charge	*37.3*	*37.8*	*-1.4*
thereof other revenues	*4.7*	*11.4*	*-58.8*
Changes in inventory	-4.4	-6.4	-32.3
Unrealised changes in market value of investment property	-54.2	-55.8	-3.0
Realised changes in market value of investment property	-16.3	-2.4	-
Other income	15.3	11.7	30.3
Operational expenses	-113.5	-138.2	-17.9
EBIT	**77.1**	**101.9**	**-24.3**
Proceeds from sales	542.7	479.4	13.2
Acquisitions	26.4	-	-
Fair value at end of year	3,193.3	3,776.0	-15.4

Market values confirmed by sales

The market value of the IVG portfolio declined by a total of € 582.7 million over the course of 2012 particularly due to strategic disposals and selective write-downs totalling -€ 54.2 million in connection with the expiry of rental contracts. The disposals with a total volume of € 542.7 million largely confirmed the market values ascertained by appraisers. Overall there was a negative deviation of just 3 %.

The largest individual transaction was the disposal of two properties in Unterföhring near Munich for € 320.5 million to the IVG EuroSelect 21 Munich, a closed-end fund initiated by IVG Private Funds. In addition another 34 properties and real estate with a total value of € 222.2 million were sold to various buyers in Germany and abroad.

Portfolio structure focussed on German Core/Core+ properties (as of 31 December 2012)

		National	International	Core/Core+	Value Add	Workout income producing	Workout non income producing	Total
Market value	in € m	2,944.2	249.1	2,249.4	690.1	73.3	180.5	**3,193.3**
Cluster	in %	92.2	7.8	70.4	21.6	2.3	5.7	**100.0**

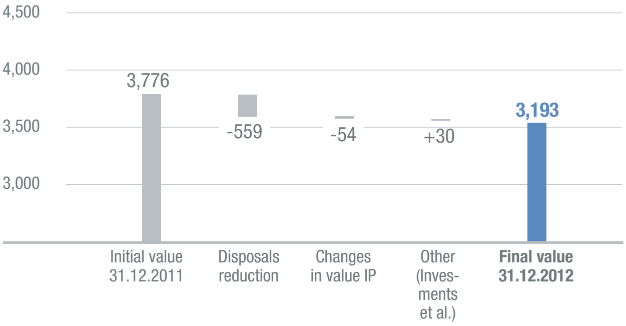
Main portfolio additions and disposals

	City	Country	Lettable space in '000 sqm	Market value[1] in € m
Acquisitions 2012				
Elimäenkatu 26	Helsinki	Finland	12.2	14.7
Total Acquisitions			**12.2**	**14.7**

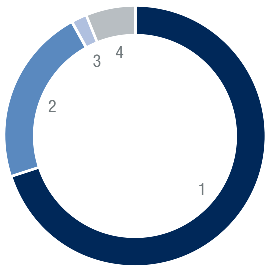
				Market value[2] in € m
Sales 2012[3]				
Dieselstraße 6	Munich-Unterföhring	Germany	65.6	210.1
Dieselstraße 4	Munich-Unterföhring	Germany	65.4	114.3
Leibnizstr. 49, 53	Berlin	Germany	14.1	42.0
Rue des Fauvelles 47	Courbevoie	France	11.0	32.7
Vallilan Toimisto, Satamar 1	Helsinki	Finland	14.0	21.2
Rue Thomas Edison 2	Strassen	Luxembourg	5.8	18.8
Vilhonkatu 5	Helsinki	Finland	6.6	17.4
Cargo City Süd Geb. 554	Frankfurt Airport	Germany	11.7	16.8
Spiegelhaus, Brandstwiete 19	Hamburg	Germany	8.9	12.3
Willy-Brandt-Str. 23	Hamburg	Germany	10.5	14.7
Total Top 10			**213.5**	**55.6**
Others			47.1	55.6
Total sales			**260.6**	**555.9**

1) Market value 31.12.2012
2) Market value at the date of disposal
3) Disposals until 31.12.2012

Portfolio development (in € m)



Portfolio structure
Fair value according to investment profile (in %)



1 – 70 Core/Core+
2 – 22 Value Add
3 – 2 Workout (income producing)
4 – 6 Workout (non income producing)

Total volume: € 3.2 bn

Portfolio structure still dominated by core/core+

The disposals in 2012 had only a minor influence on the portfolio structure. Due to a large number of strategic disposals, the proportion of properties in the workout segment remained at a low level of 7.9 %. In spite of high-volume disposals in the core/core+ segment, the core/core+ category accounts for 70 % of the portfolio. The portfolio therefore still consists of a balanced mix of long-term stable, fully let core/core+ properties and value-add properties whose potential for capital appreciation can be leveraged through active asset management in the medium term. Properties in the workout category will increasingly be sold off in the future due to a lack of conformity with IVG's strategy.

Top 10 tenants (companies / at 31.12.2012)

	Lettable space '000 sqm	Contract rent p. a. in € m	Contract rent p. a. in €/sqm	WAULD years	Share of total rent volume in %
Allianz Deutschland AG	243.9	39.1	10.22	8.0	20.5
Siemens AG	57.4	7.4	7.54	4.2	3.9
Bosch Sicherheitssysteme GmbH	41.2	4.6	7.80	7.8	2.4
Daimler AG	20.9	4.0	15.70	1.9	2.1
EPCOS AG	33.2	3.4	7.73	5.0	1.8
MEDA Pharma GmbH & Co. KG	14.5	3.1	12.11	1.9	1.6
Shell Deutschland Oil GmbH	24.2	2.8	9.06	10.9	1.5
Freie und Hansestadt Hamburg	14.5	2.7	11.50	7.3	1.4
Universal Music Entertainment GmbH	17.6	2.3	10.74	7.0	1.2
TeliaSonera Finland Oyj	12.2	2.1	12.11	0.0	1.1
Total TOP 10	**479.6**	**71.4**	**9.86**	**6.7**	**37.4**
Others	1,263.2	119.5	7.99	3.0	62.6
Total	**1,743.0**	**190.9**	**8.51**	**4.4**	**100.0**

Roughly 37 % of total contracted rent is attributable to the ten biggest tenants, of which 20.5 % is attributable to Allianz Deutschland AG, with a total area of approximately 243.9 thousand sqm and annual contracted rent of € 39.1 million at various locations. In the 2012 financial year, another major tenant was obtained in Praktiker AG with a leased area of 8,200 sqm in Hamburg. The term of the lease began in July 2012. In addition, the lease with Shell, also in Hamburg, was extended by a further ten years until 30 November 2023. In contrast, the lease with TeliaSonera Finland expired on 31 December 2012. A substantial portion of this rental space was handed over to new tenants as at the beginning of the current year.

Lease expiries at a glance (in € m)

	Germany	International	Total
2013	15.5	3.6	19.1
2014	19.7	0.1	19.9
2015	10.1	0.1	10.2
2016	11.4	0.1	11.5
2017	16.5	0.1	16.6
2018 ff.	62.3	0.8	63.2
Indefinite	9.2	0.4	9.7
kf SK[1]	10.4	10.3	20.7
mf SK[2]	14.5	5.6	20.1
Total	**169.8**	**21.1**	**190.9**

1) Lease contracts with a short-term break option
2) Lease contracts with a medium-term break option

Around 750 leases with a total area of 287,000 sqm, annual contracted rent of € 33.3 million and an average term of around five years (plus extension options) were concluded or extended in 2012. The average remaining term of the leases in the portfolio was approximately 4.4 years as at the end of 2012.

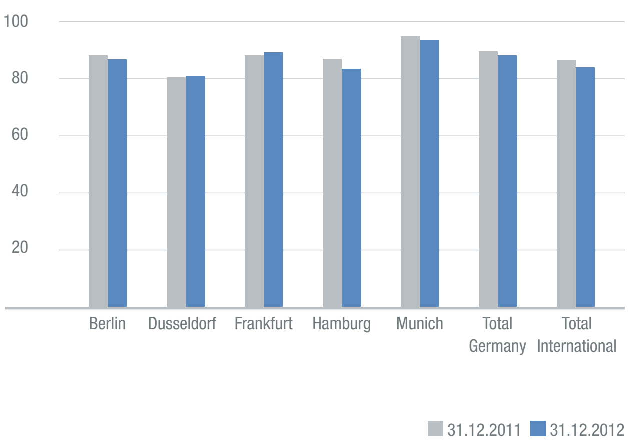
Key portfolio figures

		National	International	Core/Core+	Value Add	Workout (income producing)	Workout (non income producing)	Total
Actual rent	in € m	183.6	25.5	162.3	33.3	11.8	1.7	209.1
Property-related costs	in € m	21.0	9.0	14.4	7.3	5.3	2.9	30.0
NRI	in € m	162.7	16.5	147.8	26.0	6.5	-1.2	179.1
NRI	**in %**	**5.4**	**6.2**	**5.9**	**3.7**	**7.5**	**-0.7**	**5.5**
NOI	in € m	158.5	15.0	144.6	24.6	5.8	-1.4	173.5
NOI	**in %**	**5.3**	**5.6**	**5.8**	**3.5**	**6.6**	**-0.8**	**5.3**
Gross rent	in € m	192.6	25.2	155.8	55.3	5.2	1.6	217.8
Contract rent	in € m	169.8	21.1	145.1	40.9	4.3	0.6	190.9
Leased area	in '000 sqm	1,326	146	1,007	390	60	15	1,471
Lettable space	in '000 sqm	1,548	195	1,087	549	73	34	1,743
Economic occupancy rate	in %	88.1	83.9	93.1	73.9	84.3	39.2	87.6
Market value	in € m	2,944.2	249.1	2,249.4	690.1	73.3	180.5	3,193.3
Gross rent yields	**in %**	**6.9**	**11.1**	**6.9**	**8.0**	**7.0**	**-**	**7.2**

Occupancy rate at a glance

The economic occupancy rate decreased slightly by 1.3 percentage points year-on-year to 87.6 %. Adjusted for sales, there was a decrease in the occupancy rate of 0.6 percentage points, although almost 60 % of the rents are secured in the long term.

Occupancy rate (in %)



2013 Major goals/measures

- Further improvement in operating performance through proactive tenant and cost management and targeted maintenance and modernisation measures
- Sharpening the focus on the core/core+ and value add investment profiles with a particular focus on Germany
- Systematic sale of non-strategic properties, especially those in the workout category (Other)

IVG Investment – Development

Optimisation of occupancy rates

With most projects largely completed, the division's activities are centred on optimising the remaining development projects and increasing their value by improving occupancy rates. The focus here is still on the projects THE SQUAIRE at Frankfurt Airport, which is currently let by around 85 %, and Front Office near Paris.

It is also planned to wind up the Development segment after completion of the remaining projects. In the future, development potential for properties held by IVG in its own portfolio and in funds will be provided by the Asset Management central service unit.

Key figures (in € m)

	2012	2011	Change in %
Revenues	85.6	127.4	-32.8
thereof project sales	*30.2*	*110.5*	*-72.6*
thereof other income	*55.4*	*16.9*	-
Changes in inventory	15.0	94.2	-84.1
Other operating income	6.4	2.6	-
Project expenses	-92.0	-337.9	-72.8
thereof risk provisions/ impairment losses	*-37.9*	*-116.6*	*-67.5*
Depreciation and amortisation	-4.1	0.0	-
Operational expenses	-59.8	-34.1	75.2
EBIT	**-48.8**	**-147.8**	**-67.0**

Impact on earnings

The segment's earnings in 2012 were negatively impacted in particular by value adjustments in connection with the Front Office project in France and the Drukarnia project in Poland. Reasons for this were the low occupancy rate, a lower number of concluded leases than planned and lower letting expectations concerning vacant space. In addition, the risk provision for potential charges from final invoices not yet closed had to be increased.

The increase in operational expenses as against the previous year was strongly influenced by the property management expenses for the Hilton hotels in THE SQUAIRE which did not open until the end of 2011. This was countered by considerably higher recurring revenues that offset the corresponding rise in expenses.

In line with the planned reduction of the project pipeline, the Infopark E project in Hungary was sold in the past financial year with net sale proceeds of € 31.3 million.

IVG wins MIPIM Award in "Best Office & Business Development" category

With its new concept of the NEW WORK CITY combining many different functions of a small town, THE SQUAIRE convinced this year's trade visitors and the jury of the MIPIM in Cannes and was awarded the prize in the "Best Office & Business Development" category. In addition to the building's innovative use concept, its central location and its size, the architecture in particular was a key criterion for winning the award. The prize underscores the pioneering role of THE SQUAIRE for future property concepts.

2013 Major goals/measures

- Monetisation of the THE SQUAIRE project at Frankfurt Airport (expected in 2013)
- Letting of the vacancies in THE SQUAIRE at Frankfurt Airport and Front Office near Paris

Drukarnia, Bydgoszcz

THE SQUAIRE Parking at Frankfurt Airport

Front Office near Paris

StefániaPark Budapest

THE SQUAIRE at Frankfurt Airport

IVG Investment – Caverns

Caverns as a stable real estate related asset class

The Caverns segment forms the basis of the infrastructure focus, one of the key pillars of the IVG investment platform. The core business of the segment is the construction, leasing and operation 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, the IVG Cavern Fund for institutional investors was launched with a total of 70 caverns (40 portfolio caverns and 30 development caverns). By the end of 2012, 18 of the 30 development caverns had been transferred as scheduled. Another twelve caverns are to be sold to this fund by 2014. IVG remains responsible for fund and asset management for the caverns and for their operation. This contributes to IVG's long-term earnings power.

In addition, IVG plans to develop 60 caverns at the Etzel location for its own portfolio. One of these caverns is already in operation and another seven are pre-let. One oil cavern that is leased on a long-term basis is expected to be completed in 2013. There is also an option contract for two more caverns.

Key figures (in € m)

	2012	2011	Change in %
Revenues	30.6	38.7	-20.9
thereof management fee income	*15.5*	*9.4*	*64.3*
thereof net rents	*7.2*	*3.5*	-
thereof performance fees (promote structure)	*0.5*	*16.9*	*-96.9*
thereof other income	*7.4*	*8.9*	*-17.2*
Own work capitalised/ changes in inventories	8.8	7.5	16.9
Unrealised changes in market value	118.6	91.5	29.7
Realised changes in market value	1.0	-0.6	-
Other income	6.6	3.1	-
Operational expenses	-39.0	-32.2	21.3
EBIT	**126.6**	**108.0**	**17.3**
Gross proceeds	215.1	179.4	20.0
Income from promote structure	18.8	10.8	74.1
Investments	**89.2**	**125.9**	**-29.1**

Fair value measurement has positive influence on earnings

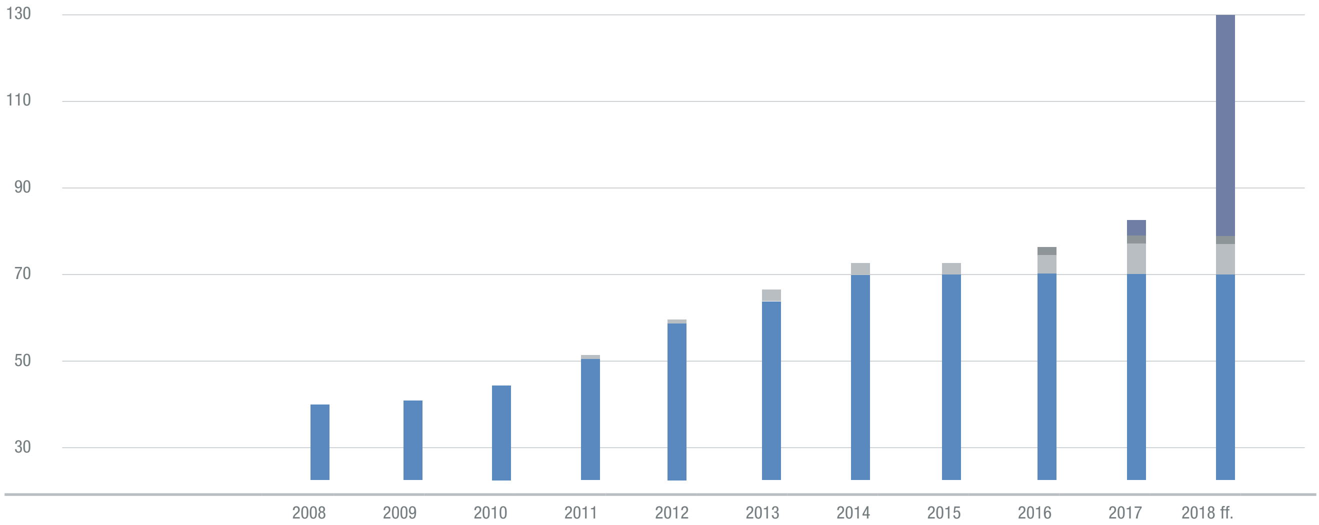
Unrealised changes in market value had a positive influence on earnings again in 2012. Since the beginning of 2009, caverns under construction are required to be reported under investment property and carried at fair value in accordance with IAS 40 (revised 2008), providing that their fair value can be reliably determined. The corresponding measurement and first-time fair value accounting took place in 2011 for six caverns and in 2012 for eight caverns. As expected, seven caverns recognised at fair value were sold to the IVG Cavern Fund in 2012 for a purchase price of € 215.1 million following their completion. The reported unrealised changes in market value show the difference between the fair values and the recognised manufacturing costs.

The increase in fees from operations is attributable to the seven additional caverns completed in 2012 and to services for cavern lessees. A further rise in income is ensured following the development of twelve caverns still under construction for the IVG Cavern Fund and the seven caverns to be developed by 2017.

Based on the contracts concluded, the promote structure that IVG agreed with the IVG Cavern Fund for the oil storage contracts to be extended until 2015 was fully recognised in earnings in 2011 already. The income was recognised at present value in revenues in the relevant years. The payment relevant to cash flows that results from the promote structure amounted to € 18.8 million in 2012. The outstanding payment from the capped promote structure in the amount of approximately € 48 million will be received in 2013.

As a result of the early completion of the caverns before being sold to the IVG Cavern Fund and the leasing of an IVG oil cavern, additional rental income was generated in 2012 as compared to the previous year. In addition, a fee of € 0.5 million was generated in 2012 for leasing additional volumes in the fund caverns until 2016. Operating expenses increased due to additional write-downs and expenses in connection with income for operating caverns.

Portfolio development, number of caverns

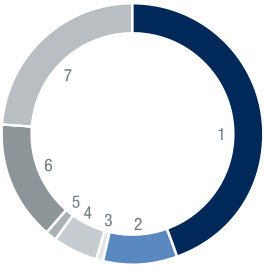


	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 ff.
IVG future caverns – not let										4	50
IVG future caverns – optioned									2	2	2
IVG future caverns – let				1	1	3	3	3	5	8	8
IVG Cavern Fund	40	41	45	51	58	63	70	70	70	70	70
	40	**41**	**45**	**52**	**59**	**66**	**73**	**73**	**77**	**84**	**130**

Caverns portfolio at a glance

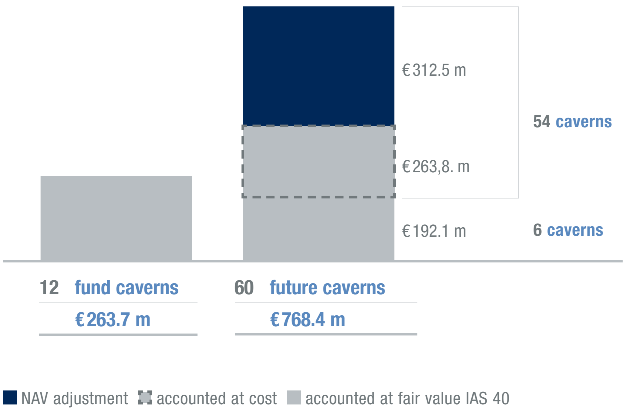
	Development status		Accounting status		Marketing status		
			fair value	at cost	let	optioned	not let
IVG Cavern Fund							
	58	portfolio caverns (sold)	-	-	58	-	-
	12	caverns under construction	12	-	12	-	-
IVG future caverns							
	1	portfolio cavern	1	-	1	-	-
	28	caverns under construction (construction permits)	5	23	7	2	19
	31	caverns under construction (location applied for)	-	31	-	-	31
Total portfolio							
			18	54	78	2	50
	130 caverns		**72 caverns**		**130 caverns**		

Structure of cavern portfolio (Number)



1 –	58	in operation/pre-sold
2 –	12	pre-let/under construction
	70	**fund caverns**
3 –	1	in operation
4 –	7	pre-let/under construction
5 –	2	options
6 –	19	construction permits
7 –	31	locations applied for
	60	**future caverns**

Structure of cavern portfolio (in € m)



Purchase prices and investments: 70 caverns (IVG Cavern Fund) (in € m)

	2008	2009	2010	2011	2012	2013	2014	Total
Purchase price[1]	835.8	37.3	131.1	190.2	231.7	187.5	172.8	**1,786.4**
Investments[2]	-160.0	-41.0	-61.5	-42.9	-31.9	-41.7		**-379.0**

1) Purchase prices from 2009 to 2014 include a promote structure in the amount of €91 million for extensions of expiring storage contracts
2) This does not take account of non-cash investments (capitalised loan interests and own work capitalised)

Focuses of the Caverns segment in the coming years

The main activities in the coming years will relate to the development of twelve gas caverns to be transferred to the IVG Cavern Fund in 2013 and 2014 and the development of another six gas caverns, one of which (including an additional oil cavern) will be handed over to the lessor in 2013 and the remaining five in 2016 and 2017. Another focus will be on leasing additional future caverns. The expansion of IVG's cavern site is therefore still progressing.

Accounting and NAV adjustment 2012 (in € m)

		Balance sheet value	NAV adjustment	Total volume
12 fund caverns	Fair Value	263.7		263.7
60 future caverns		455.9	312.5	768.4
thereof 6 future caverns	Fair Value	*192.1*		*192.1*
thereof 54 future caverns	At cost	*263.8*	*312.5*	*576.3*
72 caverns		**719.6**	**312.5**	**1,032.1**

2013 Major goals/measures

- Transfer of five completed caverns in 2013 and seven additional caverns in 2014 to the IVG Cavern Fund as scheduled
- Takeover of a completed oil cavern in 2013
- Conclusion of additional leases for future caverns

IVG Funds – Institutional Funds

Leading position on the German market

The Institutional Funds segment forms part of the Funds division. It deals with developing, selling and managing real estate funds for institutional investors. With a market share of roughly 21 % (according to Bundesverband Investment und Asset Management e. V., 31 December 2012), IVG Institutional Funds is a market leader in open-ended specialised real estate funds. This is thanks to its many years of experience and expertise in administering and managing real estate assets.

Key figures (in € m)

	2012	2011	Change in %
Revenues	56.6	57.9	-2.2
thereof one-off fees	*4.0*	*4.5*	*-10.7*
thereof rolling fees	*52.6*	*52.7*	*-0.2*
thereof other revenues	*0.0*	*0.7*	-
Other income	4.0	1.3	-
Operational expenses	-41.3	-41.1	0.4
Income from equity investments	0.1	0.3	-61.4
EBIT	**19.4**	**18.3**	**6.1**
Acquisitions	704	789	-10.8
Sales	672	1,137	-40.9
Assets under Management	11,801	12,057	-2.1
Number of funds	45	41	9.8

Platform development continued with joint venture

The primary objective of the development of the Institutional Funds segment is to expand both the existing fund management expertise and access to additional potential investors by means of new fund products. As part of the platform strategy, the Vienna-based HYPO Real Invest AG was acquired in 2011 already. Now operating as IVG Austria, the company acts both as a conventional asset manager and as a portfolio and fund manager with outstanding expertise in the Eastern European market. In this context, IVG Austria opens up access to new investors and allows for the expansion of activities in Central and Eastern Europe. IVG Austria currently manages the HRI Immobilienfonds Nr. 1 and the IVG Warsaw Fund. Other similar products with a focus on Eastern Europe are being prepared.

Representative offices in London and Milan were also implemented as part of the platform development. Whereas the representative office in London is an important component for interaction with international investors, the presence in Milan primarily serves to establish access to Italian institutional investors only. A significant step towards implementing this was taken in 2012 with the establishment of a **joint venture** with the Italian real estate group **Beni Stabili.** Beni Stabili is Italy's largest real estate company. Via the investor Beni Stabili Siiq and the fund manager Beni Stabili Gestioni SGR, it is also one of the largest market participants on the Italian real estate market. This co-operation with an established Italian real estate group therefore gives IVG Institutional Funds exclusive access to Italian institutional investors.

Successful products

In 2012, IVG successfully placed the **IVG Warsaw Fund** with institutional investors. Equity totalling € 100 million was raised from institutional investors. The specialised fund under German investment law invests exclusively in new and nearly new office buildings in the centre of the Polish capital and has a target investment volume of € 200 million. In 2012, IVG purchased four properties with an investment volume of approximately € 80 million and rental space totalling almost 13,500 sqm for the fund. The investors include a German insurance company, a German pension fund and an institutional investor from Austria.

In addition to the IVG Warsaw Fund, a first closing was completed in 2012 for another specialised fund under German investment law for a highly focussed fund product. IVG Institutional Funds and Garbe Logistic AG, a leading developer and asset manager in the area of logistics properties in Germany, jointly launched the **IVG Garbe Logistic Fund.** The fund has a target volume of total capital of up to € 400 million and will invest in logistics properties in top locations in Germany. As part of a strategic partnership with Garbe Logistic AG, IVG Institutional Funds will cooperate as an asset manager, acting exclusively for the fund in terms of purchasing. After a placement phase of just seven months, equity of € 120 million was raised from institutional investors. The institutional investors in the first closing include both German and Austrian investors.

As well as investing in focussed pool funds, IVG Institutional Funds also enabled institutional investors to participate in **club deals** again in 2012. In 2011, IVG Institutional Funds had acquired a building complex ("Silberturm") from Commerzbank AG for a group of investors in a structured bidding process. In late 2012, a club deal with a volume of approximately € 100 million was implemented with two investors for which IVG already operates. An office and retail building in an excellent location in central Munich was acquired.

In addition, the **"Prime-Portfolio"** transaction was initiated in 2012, with three office and retail properties in Frankfurt/Main and Berlin being acquired as part of an individual mandate with a Luxembourg fund structure. The three properties boast top city-centre locations with an attractive mix of tenants and have a total volume of approximately € 500 million. The equity required for this transaction was provided by a German pension fund as the sole investor.

The acquisition of the "Silberturm" was shown in the purchase fees (non-recurring revenues) in 2012. The other new products described above will not impact earnings until the final acquisition of the relevant properties in 2013.

Assets under management virtually stable

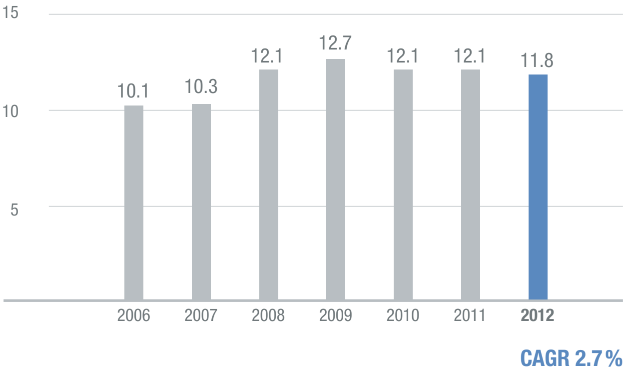
After a slight year-on-year decrease in assets under management, the real estate assets and gross fund volume managed by IVG Institutional Funds (including third-party mandates and third-party management) amounted to € 11.8 billion as at the end of the year. Assets under management thus remained virtually stable. In this context, it should be noted that the development of assets under management and of the gross fund volume is influenced not only by purchases and disposals but also by aspects such as unrealised changes in market value at the level of fund assets. However, the above-mentioned product initiatives and further planned products counteract any write-downs and/or disposals and generate growth.

€ 1.1 million increase in EBIT

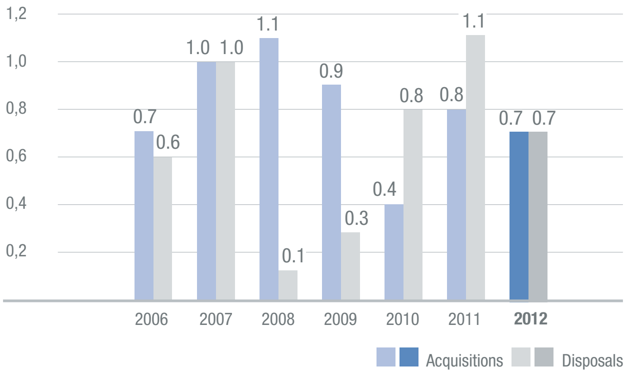
Despite difficult market conditions, the segment generated revenues and other income of approximately € 60.6 million in 2012 (previous year: € 59.1 million). In addition to purchase and sales fees, the one-off fees/revenues also included performance fees which were generated for the first time in 2012 in the amount of approximately € 0.5 million.

At € 41.3 million, operating expenses in the past financial year were at roughly the same level as the previous year. Increased operating income and stable operating expenses resulted in EBIT of € 19.4 million, representing an increase of around € 1.1 million as against the previous year.

Assets under Management (€ bn)



Acquisitions and Disposals (€ bn)



2013 Major goals/measures

- Further expansion of the platform for increased raising of international equity
- Further launches of focussed funds and structuring of club deals (depending on availability)
- Adaptation of the organisational structure to regulatory conditions (particularly AIFM/KAGB/E regulations)

IVG Funds – Private Funds

IVG Private Funds holds its ground in challenging market environment

The Private Funds segment develops, sells and manages real estate funds for private and semi-institutional investors. The funds in the EuroSelect series give investors access to attractive properties in selected European cities. The company's particular strengths lie in the real estate expertise of IVG's internal Asset Management and its many years of expertise as a provider of investments in real assets.

IVG bucked the negative market trend in 2012, raising more equity from investors than any other competitor and taking first place in the annual ranking by the industry association VGF. By contrast, the market for real estate funds in Germany recorded a 30% decline in equity placed with private investors in 2012. With the successful placement of IVG EuroSelect 21 Munich, IVG Private Funds achieved a market share of 15% in the category of real estate funds in Germany for private investors.

Key figures (in € m)

	2012	2011	Change in %
Revenues	11.6	4.1	-
thereof one-off fees	*7.4*	*0.1*	-
thereof recurring fees	*4.2*	*4.0*	*5*
Other income	2.8	0.4	-
Operating expenses	-10.2	-10.1	1
Income from investments	0.1	0.1	-56
EBIT	**4.3**	**-5.5**	**-**
Equity placed	205.0	11.0	-
Assets under Management	3,416.0	2,994.0	14
Investors managed (number of in '000)	62.847	57.309	10

Successful placement of IVG EuroSelect 21 Munich

IVG EuroSelect 21 Munich was successfully placed in 2012 with two Allianz properties in Unterföhring near Munich. With an equity volume of €205 million, the placement was one of the most successful transactions in the field of closed-end real estate funds in 2012. In total, IVG Private Funds now supports around 63,000 investors and manages a volume of €3.4 billion.

IVG EuroSelect THE SQUAIRE in planning

Following the successful product placement in 2012, a similar development is expected in 2013. IVG is currently examining the possible placement of the property THE SQUAIRE at Frankfurt Airport as an IVG EuroSelect fund. With a planned placement volume of up to €400 million in equity, this represents a unique project. The start of sales is set for the second half of 2013.

Fresh opportunities from new legal requirements

A number of new regulations for the fund sector will enter into force in mid-2013. New guidelines will change the market. IVG Private Funds is already at an advanced stage of its preparations for this. New product ideas are in the pipeline and there is a project to step up structured development of the semi-institutional market.

Assets under Management (€ bn)

2005	2006	2007	2008	2009	2010	2011	2012
4.2	3.0	3.7	3.3	3.2	3.0	3.0	3.4

Assets under Management by region

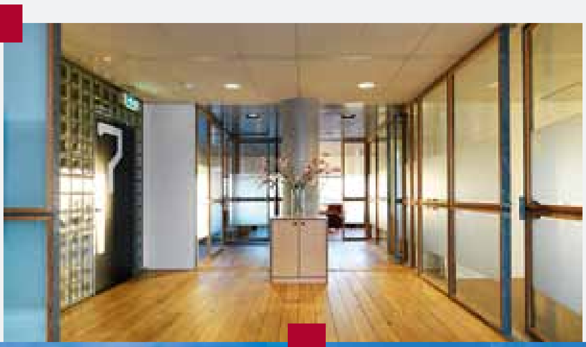
Region	Volume in %
Munich	15.9
Berlin	7.1
Dusseldorf	2.0
Hamburg	0.7
UK	47.6
Luxembourg	11.7
Netherlands	6.5
Belgium	5.9
Italy	0.2

Equity placed (€ m)

2005	2006	2007	2008	2009	2010	2011	2012
170	252	427	257	175	71	11	205

2013 Major goals/measures

- Design and placement of IVG EuroSelect THE SQUAIRE



The architecture of “Quintet Office Park” in the center of Amsterdam is very impressive with its indescent facade and unusual forms. The building complex is perfectly accessible via public tranportation.

"With our reporting, we want to set standards of meaningfulness and compre-hensibility."

Group Management Report

Group Management Report

1 Overview

Non-recurring, non-cash special expenses have a negative impact on consolidated net profit in 2012

Due to non-recurring, non-cash special expenses, particularly in the fourth quarter, IVG Immobilien AG closed the 2012 financial year with a consolidated net loss of € 98.7 million. These special expenses primarily relate to the following:

- The Development segment with € 37.9 million from valuation adjustments on the basis of changed leasing assumptions and provisions for future charges from final accounts not yet closed,
- Finacial result with € 35.6 million because of unscheduled interest accrued to the convertible bond due to the changed market environment and the resulting shorter term, and
- Tax expenses at € 9.0 million from the valuation allowance against deferred taxes in foreign companies due to limited eligibility.

Despite these non-recurring charges, EBIT after unrealised changes in value rose by € 101.4 million to € 144.7 million in the year under review. In the previous year, this figure was encumbered mainly by impairment losses in the Development segment of -€ 116.6 million.

The Group's operating result, EBIT before unrealised changes in value, was € 114.1 million in 2012, only slightly below the previous year's figure of € 121.3 million. The loss of net rents in connection with the extensive sales of investment property in the Real Estate segment was not fully offset by additional income in the Development segment, in particular from the transition of THE SQUAIRE to regular operations, and in the Private Funds segment from the placement of IVG EuroSelect 21 Munich.

In the year under review, financial result improved by € 29.3 million from -€ 260.9 million to -€ 231.6 million, even though this includes the above-mentioned non-recurring charge from the unscheduled interest accrued to the convertible bond (-€ 35.6 million). Earnings from foreign currencies and hedging transactions and the lower interest expense as a result of the successful debt reduction of the companies were responsible for the positive change to financial result.

Income taxes fell by € 103.4 million from € 91.6 million to -€ 11.8 million in the period under review. The prior-year figure included additional capitalisation of deferred taxes on commercial tax loss carryforwards. In the period under review, a valuation allowance against deferred tax assets in foreign companies of -€ 10.6 million is included in the figure.

Dividend payment and servicing of the hybrid bond cancelled

The separate financial statements of IVG Immobilien AG in accordance with the German Commercial Code (HGB) reported an accumulated loss of € 577.5 million, which is carried forward to new account. There will therefore be no dividend payment for the past financial year 2012. Furthermore, the servicing of the hybrid bond for the payment dates in 2013 will be deferred.

Consolidated net loss does not reflect the progress of the restructuring

Activities in the 2012 financial year were again dominated by the restructuring of the business model initiated in 2009 and adapting it to the changed market conditions. The strategic realignment of the business model simplified the corporate structure and placed a clear focus on sustainable core business with stable recurring income. This allows IVG to minimise risks, optimise costs, and significantly increase efficiency. There was also a focus on restructuring financial liabilities.

In 2012, IVG achieved important operating successes. With IVG EuroSelect 21 Munich, which invests in two Allianz properties, we placed one of the biggest retail funds of recent times in full in 2012. In the Caverns segment, seven caverns were completed as planned and transferred to the IVG Cavern Fund. The two specialty funds IVG Garbe Logistic Fund and IVG Warsaw Fund were launched for institutional investors.

In terms of balance sheet optimisation, the self-imposed target of reducing debt by € 500 million to € 600 million was exceeded with actual repayments of approximately € 640 million. These repayments were primarily financed by the proceeds from the cavern sales and the Allianz properties.

Focus for 2013: implementing short-term goals and further strengthening operating business

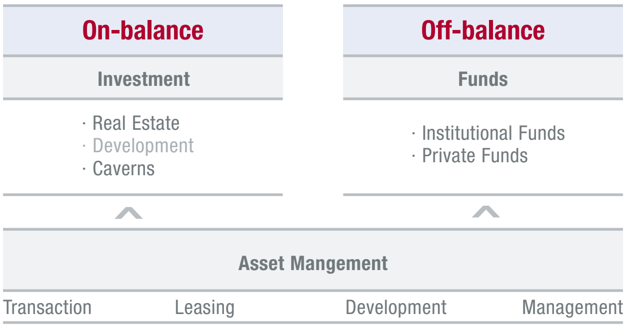
In 2013, IVG remains in conflict between continuing the restructuring and further strengthening operating business for IVG. In the short term, the focus is on increasing the occupancy rate of THE SQUAIRE from 90 % to 92 %, starting the planned marketing of THE SQUAIRE, completing and transferring another five caverns to the IVG Cavern Fund and continuing to reduce debt by up to € 800 million. In addition, the comprehensive refinancing and extensions of 2013 and 2014 are likewise in focus.

At the same time, the mid-term goals will be pursued again in 2013. These include finalising the restructuring, continuing to implement the new business model and strengthening operating business by generating recurring income and reducing the cost base.

2 Positioning and Strategy

2.1. Business model

IVG as an investment platform



In 2012, IVG's business model continued to be optimised as part of the ongoing restructuring measures. After the Investment and Funds divisions were reorganised in the years before, last year focus shifted onto Asset Management. The restructuring of this area can be seen as the logical consequence of the structural realignment of the company and the changed market conditions. In future, the properties managed by IVG will be looked after by regional divisions at home and abroad. The existing branch structure will remain essentially the same, but administrative redundancy will be eliminated. Furthermore, responsibilities will be allocated to a smaller number of people. Asset Management's function for the integrated value added chain and the decentralised market presence will remain unchanged. The aim of securing existing income potential in operating business and further reducing cyclical activities entailing a risk remains the cornerstone of the corporate strategy.

As an investment platform, IVG provides tailored products for the investment needs of institutional and private investors in real estate and real-estate-related infrastructure. IVG also selectively participates in the products it structures as a coinvestor through capital partnerships.

The company believes it is headed in the right direction with the entrenchment of the corporate guiding principles launched in 2011. The objective is to create compulsory guidelines for the actions of employees that do not restrict their business creativity. It is also intended to help organise "diversity in unity" in a business context.

Investment platform with an integrated value added chain

As an investment platform, IVG combines expertise

- in real estate and real estate-related infrastructure (caverns),
- in direct and indirect investments in vehicles with different structures,
- for different investors and investor interests and
- in the asset management required.

Recurring income from rents, management fees and co-investment structures form the basis for the stable core business.

The platform also offers expanded access to attractive products for a wide range of investor groups with sustainable creation, realisation and maintenance of value in the foreground.

IVG as a co-investor

The 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 requirements for modern, performance-oriented investment and fund management: matching the interests of the principal and agent ("alignment of interest"). 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 asset management that is focussed on core expertise in transactions (buying and selling), renting and development and to sustainable management along the real estate value chain. In addition, IVG offers existing and potential investors support for the realisation of major projects (e.g. purchase of the Silberturm in Frankfurt/Main) by bringing together investors with the same investment goals, thus actively shaping the process of fundraising at an early stage.

Competitive advantages of IVG

With assets under management of approximately €21.1 billion, IVG is one of the biggest real estate and infrastructure companies in Europe.

It has an experienced in-house asset management team that operates in all relevant sub-markets via a network of branch offices throughout Europe.

With the caverns owned and managed by the company, IVG is positioned as one of the largest independent developers and operators in this area, generating attractive stable income.

As a result of IVG's repositioning and the bundling of a wide range of business activities as part of the integrated investment platform, the company can tap sustainable sources of income in connection with growth opportunities for investors and shareholders.

2.2 Focus and goals

Reduction of risk exposure and focus on recurring income

As a profit-oriented company in the sector of real estate and real-estate-related infrastructure, IVG bases its strategic and operative actions on stable cash flow and lasting creation of value.

IVG's overall strategy comprises further reducing risk exposure at both the operating and financial level and focussing on recurring cash flows, which are made up of rental income, management fees and income from selective co-investments in the company's own products. In terms of operations, the company intends to continue reducing development risks in future and no longer act as a speculative real estate developer at its own risk. At the financing level, IVG intends to continue on the current path of debt reduction as planned and to achieve a significant decrease in its own risk exposure in the medium term by reducing the loan-to-value. In line with its strategy, IVG intends to continue to realise synergies between its Investment division and its Funds division. Growth in assets under management will be a central aspect of all future considerations.

In addition, IVG is convinced that the success of its own cavern business will continue in the medium to long term in spite of the uncertainty currently prevailing in the energy sector. In view of its experience in the development and operation of cavern infrastructure, the company is in a very good position for making further investments in energy infrastructure in selective partnerships.

Goals for 2013: continuous improvement of operational efficiency and proactive balance sheet management

Since the company has successfully advanced its restructuring activities in recent years, management activities in 2013 must also focus on strengthening the company operationally and financially in the long term.

The following goals are to be implemented in the short term in 2013:

- Increase the occupancy rate of THE SQUAIRE to 90 % to 92 %,
- Launch the planned marketing activities for THE SQUAIRE,
- Transfer another five caverns to the IVG Cavern Fund,
- Increase the occupancy rate in the existing portfolio,
- Further reduce debt by up to € 800 million and prepare the comprehensive refinancing and extensions due by 2014, and
- Further optimise personnel and non-labour operating costs.

Medium-term goals are to finalise the restructuring phase, continue to implement the new business model and strengthen operating business by generating recurring income and reducing the cost base.

This will be achieved with measures that include the following:

- Use of market opportunities/investment opportunities as a selective co-investor via the investment platform model
- Further stabilisation of operating income, including through continuous improvement of business relationships with tenants and investors
- Consistent reduction of debt
- Processing the remaining development pipeline
- Consistent implementation of the measures initiated in 2012 for the further reduction of costs in operating business and thus the increase of sustainable cash flow
- Further optimisation of business processes, including continued implementation of more efficient analysis, planning and management tools. In connection with this, continuing the transparency offensive (including orientation towards the EPRA Best Practice Recommendations)

The segments support these goals as follows:

IVG Investment – Real Estate

The Real Estate segment focuses on administrating and managing properties and identifying property-specific potential and optimising the latter with appropriate measures. The focus for investment is the German real estate market, above all properties in the core/core+ segment. Properties that do not meet yield expectations in the medium to long term are sold. Due to the high volatility of foreign real estate markets in comparison to Germany, portfolios in foreign markets are being continuously reduced. In this context, all French and English properties have been sold over recent years. The foreign portfolios, particularly in Belgium and Finland, have already been considerably reduced and are now being successively sold off. This should allow a portfolio structure with a clear focus on Germany and an appropriate risk/return structure to be achieved in the medium term.

IVG Investment – Development

In the Development segment, the reduction of the project development pipeline is progressing further. In 2012, the portfolio of project developments was reduced by the Infopark E property in Budapest as planned. After completion of the project THE SQUAIRE and THE SQUAIRE Parking, all activities in 2013 are concentrating on the continued improvement of the occupancy rate in the property and on preparing the marketing activities.

Future development activities will only be implemented as part of selective modernisation and refurbishment measures both in IVG's own portfolio and in the fund portfolio. The associated services will be coordinated by the in-house Asset Management division.

IVG Investment – Caverns

As in previous years, the successive completion of additional caverns and their transfer to the IVG Cavern Fund enables a considerable portion of the reduction of the Group's financial liabilities to be achieved via the Caverns segment. In this context, the transfer of five caverns is planned for 2013. In 2014, the remaining seven pre-sold caverns are also to be transferred to the IVG Cavern Fund. In addition, the expansion of the cavern field is the focus of activity at the Etzel location. From 2015, additional caverns not sold to this IVG Cavern Fund can be expected to be completed.

IVG Funds – Institutional Funds

In the Institutional Funds segment, the company concentrates on an integrated approach to the management of investment products for institutional investors. As well as product development and transaction advice and execution, this includes comprehensive portfolio management and reporting. Two main goals of IVG Institutional Funds are expanding the assets under management and broadening the customer base by means of innovative products on the market. In 2012, these goals were achieved by the successful closing of the IVG Warsaw Fund and the launch of the IVG Garbe Logistic Fund, among other things. Through cooperation with Beni Stabili, Italy's largest property company, IVG has also gained access to the Italian investment market. Furthermore, the existing expertise in the area of retail is to be expanded, for example by the launch of specialised retail funds. Continuing into the next few years, the older inventory funds must also be removed from the existing portfolio and the freed-up capital put into new fund products.

IVG Funds – Private Funds

The Private Funds segment focuses on developing, selling and managing real estate funds for private and semi-institutional investors. The funds give investors exclusive access to properties in selected European cities. By placing IVG EuroSelect 21 Munich, the company maintained its position as one of the largest providers of closed-end property funds in 2012. For 2013, it is expected that the company will again take a leading role in this segment by placing further attractive projects. In addition, the segment for semi-institutional investors first tapped into in 2011 shall continue to be developed with club deals.

IVG Asset Management as central service unit

In future, once the independent Development segment is discontinued, IVG will manage the project development business focused exclusively on services and development in its own portfolio via Asset Management, in addition to property management business, letting business and transaction business. The main focus is on modernisation measures and minor structural alterations. In letting business, the company is aiming for a reduction of the vacancy rate in its own portfolio to approximately 10 %. In addition to its operational purchasing and sales activities, the Transactions area will continue in particular to secure the acquisition of attractive properties and portfolios as basis of innovative fund products.

Orientation towards employees and sustainability as non-financial goals

IVG seeks to offer its employees a pleasant working environment and the opportunity to develop in a targeted way. In line with this, key tools for strategic personnel development were launched or greatly improved in the last year. Social commitment is 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.

The sustainability strategy developed in 2010/2011, which constitutes the framework for IVG's strategic orientation and operating business with regard to the issue of sustainability, was further intensified in 2012. Tackling the topic of sustainability, for example with the sustainability report soon to be published for the third time, allowed a great deal of potential for more efficient resource allocation to be determined.

Competitive edge through own real estate market research

Research provides the basis for sound investment decisions within the entire investment spectrum of the platform. The basis of real estate market research, for example, is specific econometric models together with current projections on economic growth and new construction, allowing IVG to produce independent forecasts for its relevant property markets. 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 defined indicators suited to the strategy. The management 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 is examined by the Management Board, the division managers and the managers of the divisions and corporate functions with regard to changes in the environment.

Effective corporate governance centres the management of the Group on the basis of cash flow. 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 division managers 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 highly 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 corporate function acts 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

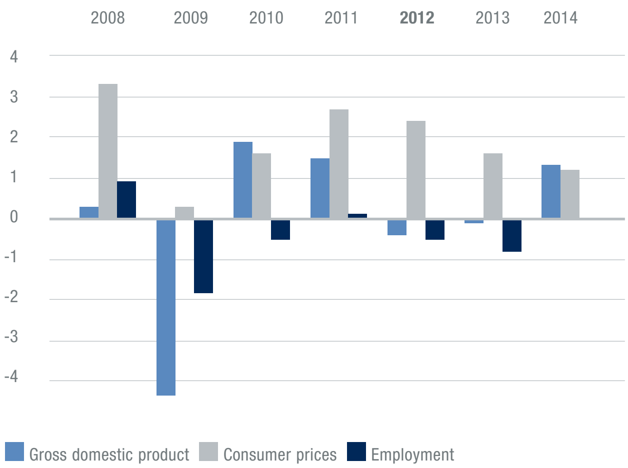
Sovereign debt crisis impacts economy

As a consequence of the sovereign debt crisis, Europe's economy has been in a downturn lasting a number of quarters. The euro zone's economic output shrank an estimated 0.4 % in 2012 as a whole. Because of the debt problem and their weak international competitiveness, the national economies of Southern Europe have been most seriously affected. But economic development also largely stagnated in the major national economies of Germany, France and the UK. Against this backdrop, the European labour market performed poorly last year: Between November 2011 and November 2012, the unemployment rate in the European Union rose from 10.0 % to 10.7 %.

Sentiment among European companies and consumers deteriorated considerably over the course of last year. However, influenced by various announcements and measures by the European Central Bank (possible purchase of government bonds) and European governments (e.g. planned banking union), there have recently been signs of stabilisation. Recent growth forecasts such as that of the OECD give reason to expect that the euro zone economy will bottom out during the year and then gradually recover. The OECD projects that the economic output of the euro zone, after stagnating in 2013, will grow by 1.3 % the year after. However, the labour market will continue to develop poorly up to and including 2014. This is particularly the case for the countries of Southern Europe, which continue to suffer from their lack of ability to compete internationally and from growing debts, while Germany, France and the UK can expect employment to rise slightly again in 2014.

In view of the weak economic outlook, inflation is not expected to accelerate in 2013 and 2014: for these two years, the OECD anticipates growth rates for general consumer prices of only 1.6 % and 1.2 % respectively (annual inflation in December according to Eurostat: 2.2 %). It is therefore expected that the European Central Bank will leave the base rate at 0.75 % in 2013, at least. In contrast, the interest rate for fixed-rate ten-year German government bonds, which fell significantly in the wake of the intensification of the euro crisis and was 1.4 % at the end of 2012, will begin to trend upwards as a result of stabilisation of the economy.

Economic development in the European Union (in %)

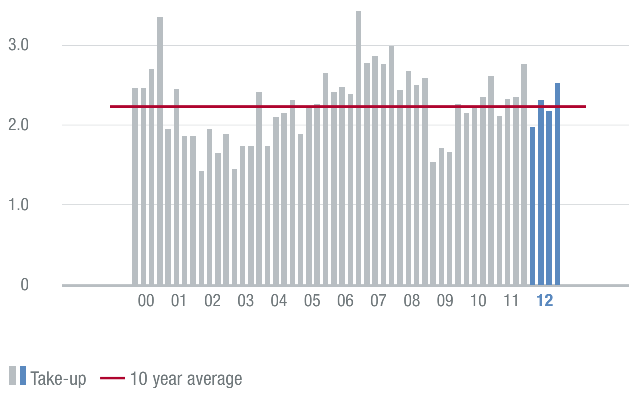


Source: OECD, OECD Economic Outlook No. 92 (December 2012)

Further reduction of vacancy in the office rental market

On Europe's office rental markets, demand has declined somewhat year-on-year due to the economic downturn: the cumulated take-up over 20 selected markets was 6 % lower in 2012 than in 2011 and slightly below the average level of the last ten years. Marked differences were observed between the individual locations: while rental activity on the dynamic Warsaw market continued to increase last year and was still above average in the German office locations, take-up in Spain's office markets fell considerably short of the previous year, which was weak in the first place. Even Ile-de-France suffered a loss of take-up, while in Central London it stagnated at the modest level of 2011.

Aggregated office space take-up Europe (in sqm million)

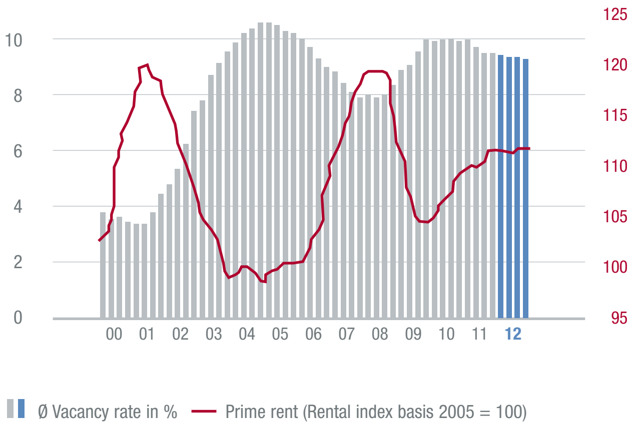


Source: IVG Research using data from Cushman & Wakefield for 20 locations (January 2013)

Since total office space in Europe barely grew last year due to low construction activity, the pan-European vacancy rate remained mostly stable at 9.3 % despite the weak economic conditions. Alongside Stockholm, the five largest German locations were among the office markets with the greatest reduction in vacancy: In Germany, the vacancy rate fell from 9.6 % to 8.9 % within a year. However, various Southern European, particularly Iberian office markets developed against the trend due to weak demand as a result of the economy, as did Warsaw, which is currently experiencing a new construction boom because of high demand for space.

At first glance, the nominal top rents for office space in Europe developed stably in 2012. However, this conceals differing regional trends: while top rents in the Scandinavian and German office locations tended upwards in places, the downward correction of rents in large Southern European cities continued. In London and Paris, no noteworthy changes in top rents were seen last year.

Development of vacancy rate and prime rent in Europe



Source: IVG Research using data from Cushman & Wakefield for 20 locations (January 2013)

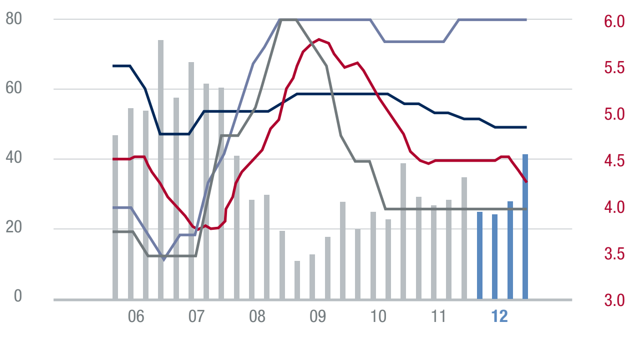
Due to the weak economic conditions, it can be assumed that demand for space and therefore rental activity will be lower this year than in 2012. As completions of new office space will remain limited in 2013, most office locations cannot expect a serious increase of vacancy. Within the vacancy, however, the base of permanently unlettable space will rise, while high-quality, modern office space will grow scarce. Therefore, according to current estimates, average top rents should remain largely stable in Europe this year, with 2013 characterised by a north-south divide in growth rates.

Polarisation on the investment markets

In 2012, the transaction result on the European investment markets for commercial property reached a similarly high level to the previous year at approximately € 120 billion. Last year, the investment market was characterised by the fact that investors – like the real estate financing providers – strongly focused their activities on high-quality properties in the core markets let on a long-term basis. For example, more than two thirds of sales were concentrated in the three major markets of the UK, Germany and France, while relatively few transactions were made in Italy and Spain, the Southern European countries in economic crisis.

This polarisation between the markets also affected the development of initial yields for prime office properties. While they sank or remained at a low level in the highly sought-after locations of London, Paris and Frankfurt, they went up significantly in Southern European office locations like Madrid and Milan over the course of 2012, particularly in the peripheral locations.

Development of investment volume and yields (in € bn)



Transaction volume
Prime initial yield in %: Frankfurt/Main London Paris Madrid

Source: CB Richard Ellis (transaction volume) and Cushman & Wakefield (prime initial yields) (January 2013)

Demand for investments in commercial properties in Europe is likely to stay high in 2013, especially as the yield difference for interest on government bonds in the highly sought-after major stable national economies remains very high: It is easy to doubt whether the high demand for investments will also benefit commercial properties outside the core segment in future: this is opposed both by the weak economic outlook and a potential shortage of supply on the property financing market.

German properties highly coveted by investors

In 2012, Germany was once again one of the most popular property investment markets in Europe: Last year, commercial property was sold worth over € 25 billion, with 42 % of the purchases made by foreign investors. The results of the latest "Emerging Trends in Real Estate Europe" survey from PwC and the Urban Land Institute suggest that German locations will remain among property investors' favourites in 2013: With Munich, Berlin and Hamburg, Germany has three agglomerations in the five European property locations with the best investment outlook.

10 cities with the best investment outlook

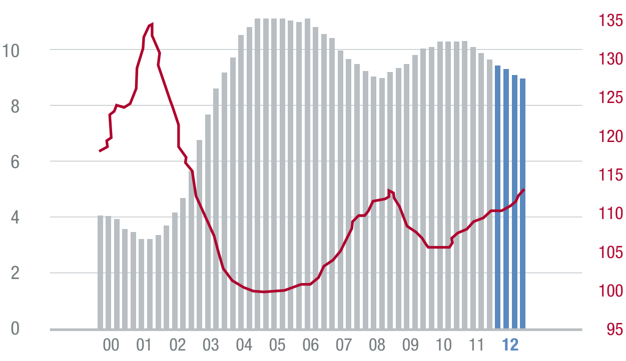
1	Munich	6	Paris
2	Berlin	7	Zürich
3	London	8	Stockholm
4	Istanbul	9	Moskow
5	Hamburg	10	Warsaw

Source: PwC/Urban Land Institute, Emerging Trends in Real Estate Europe survey 2013

The high level of interest is not least attributable to comparatively favourable economic conditions: until recently, economic output and employment in Germany developed better than in the other major national economies of the European Union thanks to the country's high level of international competitiveness. Although public debt is relatively high at 82 % of gross domestic product, it has barely increased in the last two years – unlike in most European neighbours – due to the good economy. This is reflected in a high level of investor confidence in the creditworthiness of German government institutions and therefore in very low interest rates for German government bonds.

Measured against the 1.35 % that ten-year fixed-rate German government bonds bore at the end of 2012, prime office properties in the major German office locations still seem attractive with an average initial yield of 4.76 %. In addition, the German real estate market offers relatively stable financing options for purchasing property due to the importance of the mortgage bond, and it is considered less volatile compared with the rest of Europe. This fulfils two criteria that have gained in importance for investors in the years since the outbreak of the international financial crisis in the face of concerns about a possible credit crunch and the uncertain economy.

Development of vacancy rate and prime rent in Germany



Ø Vacancy rate in % Prime rent (Rental index basis 2005 = 100

Source: IVG Research using data from Cushman & Wakefield for five German locations (January 2013)

The high investor demand for property in Germany is also favoured by the fact that the rental markets have been in good shape: in the office segment, above-average rental take-up last year caused the average vacancy rate in the major locations to drop relatively sharply from 9.6 % to 8.9 % and the top rents to go up by 2.4 % on average. As speculative construction activity is low and no collapse of the labour market is emerging so far, prospects are good that the German real estate market will ride out the current phase of economic weakness and pick up again in the second half of the year.

3.2 Profitability

The following comments give an overview of the development of the results of individual segments in the 2012 financial year. The Group's profitability is subsequently commented on taking into account the financial result costs and the tax position.

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

3.2.1 Profitability in the segments

IVG Investment – Real Estate

in € m	2012	2011	Change in %
Total revenues	253.0	289.7	-12.7
thereof net rents	*209.1*	*240.5*	*-13.0*
thereof service charges	*37.3*	*37.8*	*-1.4*
thereof project sales	*4.7*	*8.3*	*-43.2*
thereof transactions, concepts and sales	*0.5*	*0.0*	*-*
thereof other revenues	*1.4*	*3.1*	*-54.3*
Changes in inventories	-4.4	-6.4	-32.3
Unrealised changes in market value of investment property	-54.2	-55.8	-3.0
Realised changes in market value of investment property	-16.3	-2.4	-
Other operating income	15.3	11.7	+30.3
Material expenses	-2.0	-0.6	-
Personnel expenses	-2.3	-2.6	-13.1
Depreciation and amortisation of intangible assets and property, plant and equipment	-0.4	-0.6	-36.5
Expenses from investment property	-64.9	-72.8	-10.8
Other operating expenses	-43.8	-61.6	-28.8
Gains/losses from associated participations accounted for using the equity method	-5.9	0.6	-
Income from equity investments	3.0	2.7	+12.3
EBIT	**77.1**	**101.9**	**-24.3**
thereof unrealised changes in value	*-54.9*	*-53.4*	*+2.7*
EBIT before changes in value	**132.0**	**155.4**	**-15.1**

Revenues in the Real Estate segment declined by € 36.7 million from € 289.7 million in 2011 to € 253.0 million in the reporting period. The decline is primarily the result of the € 31.4 million drop in net rents – mainly due to the sale of investment property in Paris, Munich, Helsinki and Berlin – and the € 3.6 million drop in income from project disposals caused by lower sales volumes in comparison with the previous year. On a like-for-like basis, i.e. not including sale-related changes, net rents dipped by 0.8 % in the past twelve months as against the previous year.

Negative changes in inventories improved by € 2.0 million to -€ 4.4 million in 2012. They include outgoing carrying amounts on project disposals.

Unrealised changes in the market value of investment property increased slightly by € 1.6 million to -€ 54.2 million in the period under review. All in all, the real estate portfolio experienced a negative change in value of around 1.5 % as at 31 December 2012.

Realised changes in market value from sales of investment property changed by -€ 13.9 million to -€ 16.3 million in the 2012 financial year, primarily due to the sale of two properties to IVG EuroSelect 21 Munich and of three properties in Helsinki.

€ 3.5 million of the € 3.6 million increase in other operating income to € 15.3 million in the 2012 financial year was the result of the settlement payment from a tenant because of the early termination of their lease.

In the 2012 financial year, expenses from investment property fell by € 7.9 million year-on-year to € 64.9 million. The decline is primarily attributable to the absence of expenses because of the sale of investment property.

In the 2012 financial year, other operating expenses fell by € 17.8 million year-on-year to € 43.8 million. This was essentially due to two extraordinary effects in 2011 – € 13.2 million because of the reimbursement of a pro rata tax advantage to the buyer of a property in France and € 5.3 million due to a non-recurring effect from the obligation to repurchase a property in Finland.

The result from associated investments accounted for using the equity method fell by € 6.5 million in the 2012 financial year to -€ 5.9 million. -€ 3.6 million of the result is due to the pro rata result for the financial year of the associated investments accounted for using the equity method and -€ 2.3 million to impairments on receivables from associated investments accounted for using the equity method.

EBIT before changes in value of the Real Estate segment fell by € 23.4 million to +€ 132.0 million. Taking into account negative unrealised changes in the market value of investment property, EBIT after changes in market value decreased by € 24.8 million from +€ 101.9 million in the previous year to +€ 77.1 million in the 2012 financial year.

IVG Investment – Development

in € m	2012	2011	Change in %
Total revenues	85.6	127.4	-32.8
thereof net rents	*18.3*	*5.5*	*-*
thereof service charges	*7.5*	*5.0*	*+49.3*
thereof project sales	*30.2*	*110.5*	*-72.6*
thereof construction contracts	*0.0*	*5.0*	*-100.0*
thereof transactions, concepts and sales	*1.2*	*1.0*	*+23.3*
thereof other revenues	*28.3*	*0.4*	*-*
Changes in inventories	15.0	94.2	-84.1
Other operating income	6.4	2.6	-
Material expenses	-72.0	-337.9	-78.7
Personnel expenses	-1.3	-1.0	+28.3
Depreciation and amortisation of intangible assets and property, plant and equipment	-4.1	-0.1	-
Other operating expenses	-78.3	-34.9	-
Gains/losses from participations accounted for using the equity method	-0.1	1.8	-
EBIT	**-48.8**	**-147.8**	**-67.0**
thereof unrealised changes in value	*-32.0*	*-116.6*	*-72.6*
EBIT before changes in value	**-16.8**	**-31.2**	**-46.1**

Project developments being wound up are recognised in the Development segment. Revenues declined by € 41.8 million from € 127.4 million in 2011 to € 85.6 million. The income from project disposals of € 30.2 million is the result of the disposal of a project in Hungary in the fourth quarter of 2012. In 2011, a project in Berlin was transferred to the IVG Premium Green Fund. This was offset by an increase in net rents of € 12.8 million, from € 5.5 million to € 18.3 million, and an increase in income from service charges of € 2.5 million, from € 5.0 million to € 7.5 million, primarily due to lettings in the major project THE SQUAIRE at Frankfurt Airport. The other revenues of € 28.3 million in 2012 result from the management contract for the Hilton hotels in THE SQUAIRE.

Changes in inventories developed from +€ 94.2 million in 2011 to +€ 15.0 million in 2012. They include investments capitalised in line with construction progress and reported in material expenses, less outgoing carrying amounts at project invoicing due to disposals.

Other operating income in the amount of € 6.4 million contains a currency translation effect in connection with the disposal of a company in London in the amount of € 2.3 million.

Material expenses declined by € 265.9 million year-on-year, from € 337.9 million to € 72.0 million, due to the lower project volume. The drop in material expenses before changes in value, mainly as a result from building activity, amounted to € 167.2 million (from € 221.3 million in 2011 to € 54.1 million). The unrealised changes in value of € 17.9 million in 2012 were accrued on project developments in France and Poland. The unrealised changes in value of -€ 86.9 million in 2011 related to the major project THE SQUAIRE.

Other operating expenses increased by € 43.4 million year-on-year to € 78.3 million, in particular as a result of ongoing operating costs following the completion of THE SQUAIRE and subsequent costs from project disposals in previous years. This was offset by the above-mentioned increase of revenues.

EBIT before changes in value increased overall by € 14.4 million from -€ 31.2 million to -€ 16.8 million. Taking into account unrealised changes in value in the amount of -€ 32.0 million (2011: -€ 116.6 million), EBIT improved by € 99.0 million from -€ 147.8 million to -€ 48.8 in 2012.

IVG Investment – Caverns

in € m	2012	2011	Change in %
Total revenues	30.6	38.7	-20.9
thereof net rents	*7.2*	*3.5*	*-*
thereof project sales	*0.8*	*1.1*	*-30.8*
thereof letting fees	*0.5*	*16.9*	*-96.9*
thereof management fees	*15.5*	*9.4*	*+64.3*
thereof other revenues	*6.6*	*7.7*	*-15.2*
Changes in inventories	8.8	7.5	+16.9
Unrealised changes in market value of investment property	118.6	91.5	+29.7
Realised changes in market value of investment property	1.0	-0.6	-
Other operating income	6.6	3.1	-
Material expenses	-13.9	-9.4	+48.8
Personnel expenses	-8.0	-8.3	-2.8
Depreciation and amortisation of intangible assets and property, plant and equipment	-9.2	-6.4	+44.7
Other operating expenses	-7.8	-8.2	-4.1
EBIT	**126.6**	**108.0**	**+17.3**
thereof unrealised changes in value	*117.4*	*92.0*	*+27.6*
EBIT before changes in value	**9.3**	**16.0**	**-42.2**

Revenues in the Caverns segment fell € 8.1 million year-on-year from € 38.7 million to € 30.6 million, due in particular to the revenues realised in the previous year for leasing income from an agreed promote structure, as well as the services rendered on a one-time basis to accelerate the first gas filling for a cavern tenant. This development was partially offset by the rise in net rents of € 3.7 million, from € 3.5 million to € 7.2 million, and the growth in revenues from management of € 6.1 million, from € 9.4 million to € 15.5 million.

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 2012, eight caverns exceeded the 300,000 cbm threshold established for this. Taking into account other effects, including the additional volumes of fund caverns already recognised at fair value, there were unrealised changes in market value of € 118.6 million in the year under review. In 2011, revaluation effects for six caverns that exceeded this threshold and additional volumes of caverns that had already been sold resulted in unrealised changes in market value of € 91.5 million.

In 2012, realised changes in market value of € 1.0 million resulted from the transfer of another seven caverns sold according to the purchase agreement of 11 November 2008 to the IVG Cavern Fund.

Other operating income increased by € 3.5 million, from € 3.1 million to € 6.6 million, due in particular to the electricity tax reimbursements of € 2.8 million received in the first quarter of 2012.

Depreciation, amortisation and write-downs increased by € 2.8 million, from € 6.4 million to € 9.2 million; this was due in particular to write-downs of € 1.8 million recognised in the second quarter of 2012 on an item of technical equipment.

EBIT climbed by € 18.6 million year-on-year, from € 108.0 million to € 126.6 million, largely as a result of higher unrealised changes in market value. EBIT before unrealised changes in value decreased by € 6.7 million from € 16.0 million to € 9.3 million.

IVG Funds – Institutional Funds

in € m	2012	2011	Change in %
Total revenues	56.6	57.9	-2.2
thereof management fees	*52.6*	*52.7*	*-0.2*
thereof transaction fees	*4.0*	*5.2*	*-22.5*
Other operating income	4.0	1.3	-
Material expenses	-0.2	-0.2	-4.4
Personnel expenses	-14.4	-12.2	+18.0
Depreciation and amortisation of intangible assets and property, plant and equipment	-0.1	-0.3	-51.4
Other operating expenses	-26.6	-28.4	-6.6
Gains/losses from participations accounted for using the equity method	0.1	0.3	-61.4
EBIT	**19.4**	**18.3**	**+6.1**
thereof unrealised changes in value	*0.0*	*0.0*	-
EBIT before changes in value	**19.4**	**18.3**	**+6.1**

At € 56.6 million, revenues in the Institutional Funds segment were slightly below the previous year. Thereof € 1.8 million decline is the result of lower purchasing fees, which were partially offset by increased income of € 0.8 million because of the sales volume. In contrast, other operating income, which is closely related to revenues, increased considerably from € 1.3 million to € 4.0 million due primarily to structuring and placement income. Overall, revenues and other operating income thus rose by € 1.4 million year-on-year, from € 59.2 million to € 60.6 million.

Personnel expenses increased by € 2.2 million to € 14.4 million, partly due to the increased headcount in this segment. The increase of staff allowed considerable savings in third-party personnel and service costs.

Other operating expenses primarily include internal asset management fees, third-party personnel and service costs and other fees from internal cost allocation. € 1.3 million of the € 1.8 million drop to € 26.6 million in other operating expenses resulted from the saving in third-party personnel and service costs.

EBIT in the Institutional Funds segment increased by € 1.1 million to € 19.4 million despite the difficult market conditions.

IVG Funds – Private Funds

in € m	2012	2011	Change in %
Total revenues	11.6	4.1	-
thereof structuring fees	*6.6*	*0.1*	-
thereof management fees	*4.9*	*3.9*	*+27.2*
thereof other revenues	*0.2*	*0.1*	*+35.4*
Other operating income	2.8	0.4	-
Material expenses	-0.1	-0.1	+34.2
Personnel expenses	-3.6	-3.7	-2.0
Depreciation and amortisation of intangible assets and property, plant and equipment	0.0	-0.1	-43.8
Other operating expenses	-6.5	-6.3	+3.6
Income from equity investments	0.1	0.1	-55.6
EBIT	**4.3**	**-5.5**	**-**
thereof unrealised changes in value	*0.0*	*0.0*	-
EBIT before changes in value	**4.3**	**-5.5**	**-**

Revenues in the Private Funds segment rose by € 7.5 million to € 11.6 million, of which € 6.6 million was attributable to the placement of IVG EuroSelect 21 Munich in the second quarter and € 0.9 million to related management fees.

Other operating income rose from € 0.4 million to € 2.8 million. It primarily consists of € 1.3 million expenses charged on for expert opinions, notary's fees and prospectus fees for IVG EuroSelect 21 Munich and € 1.2 million accounting profit in connection with its placement.

The other operating expenses mainly resulted from internal cost allocation of € 2.5 million (2011: € 2.5 million), third-party service costs of € 2.1 million (2011: € 0.9 million) and legal and consultancy fees of € 0.6 million (2011: € 1.3 million).

Due to the successful placement of IVG EuroSelect 21 Munich in the second quarter of 2012, EBIT rose by € 9.8 million to € 4.3 million.

3.2.2 Profitability in the group

in € m			2012			2011
	Before changes in value	Unrealised changes in value	Total	Before changes in value	Unrealised changes in value	Total
IVG Investment – Real Estate	132.0	-54.9	77.1	155.4	-53.4	101.9
IVG Investment – Development	-16.8	-32.0	-48.8	-31.2	-116.6	-147.8
IVG Investment – Caverns	9.3	117.4	126.6	16.0	92.0	108.0
IVG Funds – Institutional Funds	19.4	0.0	19.4	18.3	0.0	18.3
IVG Funds – Private Funds	4.3	0.0	4.3	-5.5	0.0	-5.5
IVG Corporate Functions	-33.9	0.0	-33.9	-31.6	0.0	-31.6
Consolidated net profit before interest and taxes (EBIT)	**114.1**	**30.5**	**144.7**	**121.3**	**-78.0**	**43.3**
Financial result	-252.3	20.7	-231.6	-222.3	-38.6	-260.9
Net profit before income taxes	**-138.2**	**51.3**	**-86.9**	**-100.9**	**-116.6**	**-217.6**
Income taxes			-11.8			91.6
Consolidated net profit			**-98.7**			**-126.0**

Group earnings before interest and taxes (EBIT) were increased by a considerable € 101.4 million from € 43.3 million in the previous year to € 144.7 million.

This is primarily attributable to the improvement of the included unrealised changes in value, which increased by € 108.5 million from -€ 78.0 million in the previous year to +€ 30.5 million in the reporting period. -€ 1.5 million of the change of € 108.5 million is attributable to the Real Estate segment (from -€ 53.4 million to -€ 54.9 million), € 84.6 million to the Development segment (from -€ 116.6 million to -€ 32.0 million) and € 25.4 million to the Caverns segment (from € 92.0 million to € 117.4 million).

EBIT before unrealised changes in value decreased slightly by € 7.2 million from € 121.3 million to € 114.1 million. The loss of net rents due to the extensive sales in the Real Estate segment was not sufficiently offset by additional income from the Development segment (in particular from the transition of THE SQUAIRE to operation) and the Private Funds segment (from the placement of IVG EuroSelect 21 Munich).

Net finance costs improved by € 29.3 million to -€ 231.6 million. This resulted in particular from a considerable year-on-year increase in foreign currency earnings (€ 16.1 million) and earnings from hedging transactions (€ 40.5 million). In contrast, interest earnings changed by € 27.1 million to -€ 232.9 million. This is primarily attributable to a non-recurring, non-cash special charge of € 35.6 million, which is the result of interest accrued to the convertible bond due to changed assumptions about the exercise of the conversion option. In addition, interest earnings in the period under review were negatively affected by interest rate swaps expiring at the end of 2012 that led to temporary overcollateralisation in connection with the sale of property.

Earnings before taxes (EBT) improved by € 130.7 million to -€ 86.9 million overall.

Income taxes fell by € 103.4 million to -€ 11.8 million in the period under review. This is attributable in particular to the additional capitalisation of deferred taxes on commercial tax loss carryforwards included in the prior-year figure.

Overall, Group earnings increased by € 27.3 million from -€ 126.0 million in the previous year to -€ 98.7 million in 2012.

in € m	2012			2011		
	Before changes in value	Unrealised changes in value	Total	Before changes in value	Unrealised changes in value	Total
Foreign currency earnings	0.0	10.1	10.1	0.0	-6.0	-6.0
Interest earnings	-232.9	0.0	-232.9	-205.8	0.0	-205.8
Income from hedging transactions	0.0	18.6	18.6	0.0	-21.9	-21.9
Income from valuation of financial assets	0.0	-8.0	-8.0	0.0	-10.7	-10.7
Earnings from subsequent valuation of non-controlling interests	-12.9	0.0	-12.9	-8.8	0.0	-8.8
Other financial result	-6.5	0.0	-6.5	-7.6	0.0	-7.6
Financial result	**-252.3**	**20.7**	**-231.6**	**-222.3**	**-38.6**	**-260.9**

4 Financial Position and Net Assets

4.1 Financial management

Financing for the IVG Group is managed in the Finance corporate function 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.

Central treasury management is required for cost-efficient fundraising and helps optimise net interest income. In addition to the goal of 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.

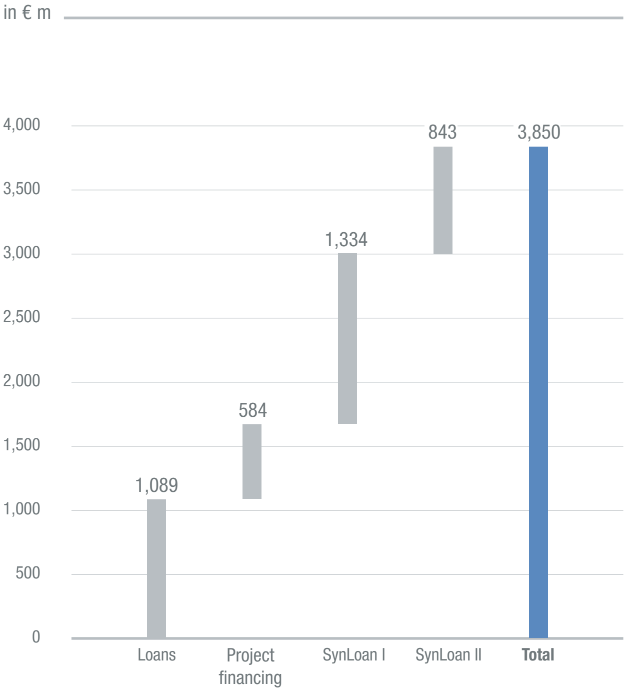
4.2 Capital structure and financing sources

Capital structure

In the 2012 financial year, liabilities to banks (not including the convertible bond or deferred items) were reduced by € 0.60 billion from € 4.45 billion at the start of the year to € 3.85 billion at the end of the year. The repayments of € 0.64 billion are offset by drawdowns and new liabilities of € 0.04 billion. The repayments mainly relate to extraordinary repayments due to property and project disposals, repayments from the proceeds of cavern sales relating to the syndicated loan from 2009, and regular repayments. The drawdowns relate to project financing and bridge financing.

Liabilities to banks refer to 28 banks of which twelve have a commitment of more than € 100 million.

The types of credit included in liabilities to banks are as follows:



As of 31 December 2012, liabilities due to banks had the following maturities in relation to the planned measures:

in € m	Total nominal	thereof reduction by sale Development	thereof reduction by sale Real Estate	thereof reduction by sale Caverns	thereof reduction by repayment	thereof planned prolongations
2013	1,007	577	0	158	32	240
2014	2,157	7	50	172	29	1,899
2015	527	0	19	0	22	486
2016	48	0	0	0	6	42
2017	5	0	0	0	5	0
2018 ff.	106	0	0	0	16	90
Total	**3,850**	**584**	**69**	**330**	**110**	**2,757**

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. The largest financing in the Development division is the loan of € 495 million for THE SQUAIRE project maturing at the end of 2013.

The repayments of € 69 million to be made from the sale of properties in the Real Estate segment relate to the financing of properties held for sale.

The liabilities to banks to be reduced as part of the sale of caverns relate to repayments of € 300 million already agreed in the context of the syndicated loan from 2009 and financed from cavern sales to the IVG Cavern Fund as well as a bridge loan of € 30 million. Prior to the final maturity of the 2009 syndicated loan in September 2014, repayments of € 128 million and € 172 million are due in July 2013 and July 2014 respectively.

The ongoing repayments of € 110 million will be made by 2021 in the form of annuity and amortising loans. Of this figure, € 55 million relates to the "CORE" financing for the Allianz portfolio.

In 2013, portfolio financing of € 140 million and a bilateral credit facility of € 100 million are to be refinanced (both in the fourth quarter). € 1.9 billion is due for extension in 2014. This relates primarily to the syndicated loans from 2007 and 2009 that are due in the third quarter of 2014. Primarily the extension of the "CORE" financing (€ 469 million) is planned for 2015, while starting from 2016 four property loans are scheduled for extension.

With the exception of € 40 million (equivalents in GBP and USD), all liabilities to banks are denominated in Euro.

The average interest rate of the financial liabilities sank from 4.32 % (31 December 2011) to 3.24 % (31 December 2012). Lower Euribor interest rates, the expiry of existing interest hedges at the end of 2012 and the conclusion of interest rate hedges made below the interest rate level of expiring interest rate provisions lowered interest rates. Interest rates were increased in particular by increased credit margins due to extensions.

Most loans are subject to financial covenants. These are normally LTV figures (loan-to-value = ratio of the loan to the market value of the property) and interest coverage ratios for property financing, and debt ratio objectives (ratio of debts to assets) and senior debt arrangements (ratio of unsecured loans to total loans) for Group loans. Due to the business structure in place at IVG, 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 2012, no breaches were identified during the course of regular covenant tests.

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 were no off-balance-sheet financial instruments, which could significantly affect the financial position.

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

As at 31 December 2012, total liquidity excluding the project-related credit facilities and cash reserves amounted to € 0.15 billion:

in € m	31.12.2012
Unused non-project-related credit lines	0
Surplus capacity on current accounts	35
Cash reserves	113
Sight deposits and current securities	2
Derivatives with positive market values	0
Total	**150**

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

in € m	2012	2011
Cash flow from current activities	148.3	72.9
Cash flow for short-/midterm investments from operational divisions	-37.9	-183.0
Net interest payments	-168.6	-195.3
Net tax payments	-22.4	-1.0
Cash flow from operating activities	**-80.6**	**-306.4**
Cash flow from/for investing activities	**475.1**	**302.2**
Cash flow from financing activities	**-490.0**	**-32.6**
Change in cash and cash equivalents *	**-95.5**	**-36.8**
Cash and cash equivalents at closing date	142.4	237.9

* Excluding changes due to exchange rate movements

Cash flow from operating activities improved by € 225.8 million year-on-year, from -€ 306.4 million to -€ 80.6 million. This was primarily due to the improvement in cash flow from current activities (+€ 75.4 million) and from investments from operational divisions (+€ 145.1 million), which resulted in particular from the decline in cash outflows following the completion of THE SQUAIRE. Furthermore, a € 26.7 million decrease in net interest payments year-on-year contributed to this trend. The net tax payments of € 22.4 million in the year under review mainly relate to the income taxes of € 18.8 million paid in conjunction with the sale of a property in France.

Cash flow from investing activities changed by € 172.9 million, from € 302.2 million to € 475.1 million, which was largely driven by the revenues from the sale of caverns and property, excluding the non-cash effects of the related transfer of liabilities. This development was offset by the current investments in caverns and property as well as the repurchase of a property in Helsinki during the year under review.

Cash flow from financing activities changed by -€ 457.4 million, from -€ 32.6 million to -€ 490.0 million in the year under review, a development that is primarily attributable to repayments on the syndicated loan from 2009 and scheduled and extraordinary repayments of property and project loans and in connection with the “CORE” financing. After taking into consideration the non-cash components related to the transferred liabilities, the total repayment of “CORE” financing amounted to € 335.0 million. In the previous year the cash outflow due to scheduled repayments of project loans as well as partial repayment on the syndicated loan from 2009 was partially offset by the cash inflow from the share capital increase (€ 232.4 million).

4.4 Net assets

Asset structure

in € m		31.12.2012	31.12.2011
Total assets		6,130.8	6,904.2
Non-current assets		4,708.7	5,120.4
Current assets		1,422.1	1,783.8
Equity		1,275.6	1,386.3
Equity ratio	in %	20.8	20.1
Non-current liabilities		3,450.1	4,433.0
Current liabilities		1,405.2	1,084.9
Financial liabilities		4,326.0	4,878.3
Financial liabilities	in %	70.6	70.7

Non-current assets declined by € 411.7 million year-on-year to € 4.7 billion as at 31 December 2012. This was chiefly due to the reclassification of properties from investment property to non-current assets held for sale (€ 228.0 million), the transfer of seven caverns to the cavern fund (€ 214.1 million) and the sale of further investment property (€ 18.2 million), predominantly in Luxembourg and Germany. This effect was intensified by the reduction of deferred tax assets by € 67.8 million and the transfer of a non-current receivable from a promote structure for the IVG Cavern Fund to current assets (€ 46.5 million). This was partly offset in particular by investments in caverns and other investment property (€ 91.3 million) and the € 33.8 million increase in unrealised changes in value to € 69.5 million.

Current assets decreased by € 361.7 million to € 1.4 billion. This was primarily due to the reduction in assets held for sale (€ 283.3 million) resulting from the sale of the Dieselstraße 4 and 6 properties as part of the successful placement of IVG EuroSelect 21 Munich. Cash and cash equivalents also fell by € 95.5 million as a result of current investments in the Real Estate, Caverns and Development segments and scheduled repayments of property and project loans.

Overall, total assets declined by € 773.4 million to € 6.1 billion.

At € 1.3 billion, equity was € 110.7 million lower than the previous year’s level. In addition to the consolidated net loss of -€ 98.7 million, this is also due to negative effects recognised directly in equity (-€ 13.8 million). This was offset by € 8.6 million (after deduction of deferred taxes) due to the reversal of the deferral of interest payments on the hybrid bond.

The above-mentioned effects increased the equity ratio from 20.1 % to 20.8 %.

Loans were reduced significantly in the financial year by € 662.6 million from a total of € 5.5 billion to € 4.9 billion. This is primarily due to scheduled and extraordinary repayments of property and project loans, especially in connection with the property sales to IVG EuroSelect 21 Munich. The repayments of € 204.0 million financed from the proceeds of the cavern sales to the IVG Cavern Fund also contributed to this development.

Net asset value (NAV) fell by 10.8 % from € 4.74 per share as at 31 December 2011 to € 4.23 per share as at 31 December 2012.

Adjusted for the non-capitalised components of the market value of caverns as well as for the deferred hybrid interest, adjusted NAV as of 31 December 2012 (€ 5.57 per share) decreased by 11.6 % as against 31 December 2011 (€ 6.30 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 Accounting Standards (GAS), the German Commercial Code (HGB), the International Financial Reporting Standards (IFRS) and the German Corporate Governance Code (DCGK).

5.1.1 Remuneration system for the Management Board

The remuneration model that applies at IVG for the Management Board and the most senior managers ensures that both company performance, i.e. the development of the business indicators important for IVG, and individual performance are taken into account in the incentives. In addition, incentives for long-term positive corporate development are also set by providing incentives for the kind of success that leads to a sustained increase in enterprise value.

The remuneration model provides three contractually established remuneration elements for Management Board members Professor Dr Schäfers, Mr Kühni and Dr Volckens: fixed remuneration, variable remuneration with short-term incentives and variable remuneration with long-term incentives. On the basis of 100 % target achievement for all variable remuneration elements and not including other payments, each of the three remuneration elements constitutes a third of the total remuneration.

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.

Variable remuneration with short-term incentive effect (hereafter "short-term incentive" or "STI") is granted in the form of a bonus. Half of the amount of the bonus is based on the achievement of company targets and half on personal targets.

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.

The degree to which all the goals can be achieved varies from 0 % to 200 %. The Supervisory Board can adjust the degree to which goals are achieved by +/- 20 percentage points 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 Annual 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 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 Annual General Meeting of the following year.

After a vesting period of three years, the RSUs are converted into freely available IVG shares. This ensures a participation in both the positive and negative developments of IVG's shares and therefore consistency with the interests of the shareholders. In the event of the person concerned leaving the company early, this figure is reduced pro rata temporis.

Variable remuneration with long-term incentives (hereafter "long-term incentive" or "LTI") is granted in the form of participation in the performance cash plan. The Supervisory Board decides on the structure of the plan 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.

At the beginning, the participants receive a commitment in the amount of a specified initial figure. This initial figure is multiplied by the performance multiplier shown below, resulting in the payout amount after 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. The performance indicators are as follows:

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

A claim to cash payment under the performance cash plan after the end of the fourth year requires that the member of the Management Board is still a member of the Management Board at the end of the term.

Diagram of the remuneration system

Remuneration component		Type of remuneration (performance measurement and range)	Granted in	Classification according to GAS 17	Timing of payment/ conversion (2012 2013 2014 2015 2016)
Variable remuneration with long-term incentives (LTI)	33 %*	Performance cash plan Performance measurement: - Share price compared to EPRA index - Funds from operations I compared to plan - Adjusted net asset value compared to plan Range: 0 - 200 %	cash after end of performance period and vesting period (forfeitable)	Share-based payment	Allocation: June 2012 Performance period: 2013 - 2015 Payment: May 2016
Variable remuneration with short-term incentives (STI)	17 %*	**Bonus: Company targets portion** Performance measurement: - Consolidated EBT before unrealised changes in market value (RE) Range: 0 - 200 %	partly in forfeitable restricted stock units (RSU) after end of vesting period	Share-based payment	Performance period: 2012 Allocation of RSU: May 2013 Vesting period: Until May 2016, then conversion into shares
	17 %*	**Bonus: Personal targets portion** Performance measurement: - Personal targets Range: 0 - 200 %	cash	Cash payment	Performance period: 2012
Fixed remuneration	33 %*	Basic salary	cash	Cash payment	

* For 100 % target achievement

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

5.1.2 Management Board remuneration in 2012

For the financial year 2012 (2011), the Management Board received total remuneration as defined in GAS 17 of € 2.3 million (€ 1.9 million). Of this amount, € 1.7 million (€ 1.0 million) was cash remuneration and € 0.6 million (€ 1.0 million) was share-based remuneration. The reduction of the share-based payment is attributable to the suspension of the PCP 2012. In accordance with GAS 17, the fair values of the share-based remuneration components shown below relate to the grant date of the remuneration instrument concerned and may sometimes differ considerably from the eventual actual payments.

The individualised disclosures **according to GAS 17** are as follows:

in €	Cash remuneration		Share-based remuneration				
	Basic salary	Other payments	Cash bonus (STI)	Fair value at time of issue of the RSUs granted for company-related targets of the STI	Fair value at time of issue of the participation in the Performance Cash Plan (LTI)	Total remuneration (GAS 17)	Number of RSUs granted in the financial year
2012							
Prof Dr Wolfgang Schäfers	500,004.00	12,349.44	201,330.15	249,476.00	0.00	963,159.59	134.852
Christian Kühni	324,999.96	21,800.16	132,925.00	162,159.00	0.00	641,884.12	87.654
Dr Hans V. Volckens	350,004.00	16,186.57	194,813.00	174,633.00	0.00	735,636.57	94.396
Total	**1,175,007.96**	**50,336.17**	**529,068.15**	**586,268.00**	**0.00**	**2,340,680.28**	**316.902**
2011							
Prof Dr Wolfgang Schäfers	375,004.00	14,437.20	0.00	216,302.00	303.026.25	908,769.45	40.446
Christian Kühni	81,249.99	3,633.36	0.00	47,255.00	65.655.69	197,794.04	19.586
Dr Hans V. Volckens	87,501.00	0.00	0.00	50,890.00	70.706.13	209,097.13	21.093
Total	**543,754.99**	**18,070.56**	**0.00**	**314,447.00**	**439.388.07**	**1,315,660.62**	**81.125**

The change in the **basic salary** compared with the previous year is primarily attributable to the fact that Dr Volckens and Mr Kühni only temporarily belonged to the Management Board last year.

With regard to the STI for 2011, the Supervisory Board resolved at the suggestion of the Management Board in early 2012 to utilise its full margin of discretion to reduce total target achievement by 20 percentage points and – in deviation from the contractual regulations – to grant the entitlement to a **cash bonus** arising from the achievement of personal targets in the form of an allocation of restricted stock units (RSUs).

In the context of the STI, the portion of the bonus based on company results targets is paid with **restricted stock units (RSUs)**. The number of RSUs to be granted is based on the level of target attainment. The value of the RSUs granted subsequently changes in relation to share price performance. On the date this remuneration was granted in January 2012, there was an imputed value of € 586,286.00 for 100 % target achievement (2011: € 314,447.00). The number of RSUs granted in the financial year is estimated at 316,902 (2011: 81,125).

At its first meeting of 2013, the Supervisory Board resolved to suspend the **performance cash** plan for 2012 as suggested by the Management Board.

The presented fair values of the share-based remuneration granted in the financial year do not represent any payments in 2012 in accordance with the fact that the remuneration system is predominantly geared towards the long term. They are rather the imputed fair values at the grant date of the share-based payments granted in 2012, which must be reported according to the principles of commercial law. The payments are converted into shares depending on the relevant levels of target attainment in 2016. Accordingly, future conversion values can be higher or lower than the fair values at grant date shown here.

For increased transparency, the following table shows the **effective remuneration** designated by the disbursement values/conversion values of the share-based remuneration in addition to the elements of cash remuneration accrued to the Management Board members in the 2012 financial year.

in €	Cash remuneration			Share-based remuneration		
	Basic salary	Other payments	Cash bonus (STI)	Value of allocated shares after vesting period of RSU (STI)	Disbursement value settles PCP (LTI)	Effective remuneration
2012						
Professor Dr Wolfgang Schäfers	500,004.00	12,349.44	201,330.15	0.00	0.00	713,683.59
Christian Kühni	324,999.96	21,800.16	132,925.00	0.00	0.00	479,725.12
Dr Hans V. Volckens	350,004.00	16,186.57	194,813.00	0.00	0.00	561,003.57
Total	**1,175,007.96**	**50,336.17**	**529,068.15**	**0.00**	**0.00**	**1,754,412.28**
2011						
Professor Dr Wolfgang Schäfers	375,004.00	14,437.20	0.00	0.00	0.00	389,441.20
Christian Kühni	81,249.99	3,633.36	0.00	0.00	0.00	84,883.35
Dr Hans V. Volckens	87,501.00	0.00	0.00	0.00	0.00	87,501.00
Total	**543,754.99**	**18,070.56**	**0.00**	**0.00**	**0.00**	**561,825.55**

The remuneration model for the Management Board was converted from the 2010 financial year. The share-based remuneration granted from 2010 will, given adequate target attainment, gradually be disbursed/converted from 2014. There are no share-based or otherwise time-shifted remuneration components from the period up to and including 2011.

In the 2012 (2011) financial year, the existing and newly issued share-based remuneration components (performance cash plan and restricted stock units) resulted in the following expense (-) or income (+) in the consolidated income statement: Professor Dr Schäfers € 10,532.69 (-€ 51,131.68), Mr Kühni -€ 10,310.51 (€ 0.00) and Dr Volckens -€ 9,977.37 (€ 0.00).

Commitment in the case of premature termination of employment

It is agreed with Professor Dr Schäfers, Mr Kühni and Dr Volckens 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 leaving the Management Board.
No change of control regulation was agreed with any Management Board member.

The members of the Management Board received the following **pension commitments:**

Pensions
Mr Kühni and Dr Volckens 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 Mr Kühni und Dr Volckens leave before their 65th birthdays, vested retirement benefits accrued up to that point are payable. In the case of early retirement from the age of 60, a discount of 0.5 % is applied for each month by which the claim is premature prior to the beneficiary's 63rd birthday.

As a professor at the University of Regensburg, Professor Dr Schäfers is entitled to a pension from the Free State of Bavaria as represented by the University of Regensburg. 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. This pension supplement is reported under pension expenses.

IVG adjusts current retirement benefits by 1 % on 1 July of each year. If the beneficiary leaves IVG early, entitlements are not inflation-linked or adjusted.

The pension expenses (service cost) for the 2012 (2011) financial year amount to € 33,960.00 (€ 34,062.84) for Professor Dr Schäfers, € 118,527.00 (€ 0.00) for Mr Kühni and € 147,180.00 (€ 0.00) for Dr Volckens. As of 31 December 2012 (31 December 2011), the pension provisions amount to € 195,498.00 (€ 28,997.00) for Mr Kühni and € 304,298.00 (€ 44,120.00) for Dr Volckens.

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.

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 Mr Kühni and Dr Volckens, 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 2012, 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 in the 2012 (2011) financial year amounted to € 1,230,623.53 (€ 1,423,869.46). The pension obligations totalled € 21,639,975.00 (€ 17,191,744.00) as of 31 December 2012.

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 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 that they attend.

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 by 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 € 383,021.70 in 2012 (2011: € 425,709.86). The variable remuneration was recognised as share-based remuneration at estimated fair value at the date it was granted. In 2012, the members of the Supervisory Board received the following total remuneration:

in €	Fixed remuneration[1]	Fair value at time of issue of the variable remuneration granted in 2012	Total remuneration
Bierbaum (Chairman until 08.05.2012)	17,860.66	2,537.31	20,397.97
Beelitz (Deputy Chairman)[2]	50,114.75	10,711.39	60,826.14
Günther	30,500.00	7,179.20	37,679.20
Herr	36,076.51	7,179.20	43,255.71
Jütte (Chairman since 16.05.2012)	33,278.69	5,613.12	38,891.81
Krauth	28,000.00	7,179.20	35,179.20
Lutz (until 31.12.2012)	35,000.00	3,589.60	38,589.60
Müller	30,500.00	7,179.20	37,679.20
Neußer-Eckhoff	28,000.00	7,179.20	35,179.20
Dr Thiemann[3]	28,191.26	7,152.41	35,343.67
Total	**317,521.87**	**65,499.83**	**383,021.70**

1) Including attendance fees
2) Chairman from 09. until 15.05.2012
3) Deputy Chairman from 09. until 15.05.2012

The variable, share-based remuneration of the Supervisory Board relates to the variable remuneration granted at the beginning of 2012 for the reference period 2012/2013, and for Mr Jütte also the pro rata variable remuneration with the reference period 2011/2012, since he was elected to the Supervisory Board during the financial year.

Due to the underperformance of the IVG share as against the EPRA index in the reference period 2011/2012, no variable remuneration is expected to be paid for this reference period, as in the previous year.

As at 31 December 2012, 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 2012 amounted to € 207,883,884 and was divided into 207,883,884 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 and indirect 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), Doris Verwaltungsgesellschaft mbH, Karlsruhe, Germany, announced on 18 October 2012 that its portion of the voting rights in IVG Immobilien AG, Bonn, Germany, exceeded the thresholds of 3 %, 5 %, 10 %, 15 % and 20 % on 17 October 2012 and on this day amounted to 20.004 % (41,585,336 voting rights).

In accordance with Section 21 (1) of the German Securities Trading Act (WpHG), Mr Johannes Mann, Germany, announced on 18 October 2012 that his portion of the voting rights in IVG Immobilien AG, Bonn, Germany, exceeded the thresholds of 3 %, 5 %, 10 %, 15 % and 20 % on 16 October 2012 and on this day amounted to 20.004 % (41,585,336 voting rights). 20.004 % of the voting rights (41,585,336 voting rights) are to be assigned to Mr Mann from Mann Immobilien-Verwaltung AG in accordance with Section 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).

In accordance with Section 21 (1) of the German Securities Trading Act (WpHG), Santo Holding AG, Zurich, Switzerland, announced on 20 December 2011 that its portion of the voting rights in IVG Immobilien AG Bonn, Germany, exceeded the 10 % threshold on 19 December 2011 and on this day amounted to 10.0001 % (20,788,651 voting rights).

In accordance with Section 21 (1) of the German Securities Trading Act (WpHG), MANN Immobilien-Verwaltung AG, Karlsruhe, Germany, announced on 19 December 2011 that as a result of the acquisition of new shares from the capital increase of 16 December 2011 its portion of the voting rights in IVG Immobilien AG, Bonn, Germany, exceeded the thresholds of 15 % and 20 % on 19 December 2011 and on this day amounted to 20.004 % (41,585,336 voting rights).

Mr Johannes Mann, Germany, MANN Immobilien-Verwaltung AG, Karlsruhe, Germany, and Doris Verwaltungsgesellschaft mbH, Karlsruhe, Germany, notified the Management Board of IVG Immobilien AG in a notification in accordance with Section 27a of the German Securities Trading Act (WpHG) on 31 October 2012 that the above-mentioned announcement by Mr Johannes Mann, Germany, of 18 October 2012 and the above-mentioned announcement by Doris Verwaltungsgesellschaft mbH, of which Mann Immobilien-Verwaltung AG is the sole shareholder, of 18 October 2012 are based exclusively on intragroup restructuring.

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 Article 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 Section 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 at 31 December 2012, IVG Immobilien AG had authorised capital of € 103,941,942.00 (Authorised Capital 2012).

The authorisation of 15 May 2012 prescribes the following regulations for Authorised Capital 2012:

By resolution of the General Meeting dated 15 May 2012, the Management Board was authorised to increase the share capital with the approval of the Supervisory Board by issuing new no-par-value bearer shares with a pro rata share of the share capital of € 1.00 each on one or more occasions by 14 May 2017 by up to a total of € 103,941,942.00 (Authorised Capital 2012). 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).

With the approval of the Supervisory Board, the Management Board was authorised to exclude the subscription rights of shareholders in the following cases:

- to avoid fractional amounts;

- to issue new shares in exchange for cash 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 authorisation takes effect or – if this amount is less – of the existing capital at the time that this authorisation is exercised; provided other authorisations to issue or sell the company’s shares or to issue rights allowing or obliging subscription to the company’s shares are exercised and the subscription right is excluded pursuant to or in accordance with Section 186 (3) sentence 4 AktG during the term of the Authorised Capital 2012 until its utilisation, this shall be counted against the above-mentioned 10 % limit;

- to issue new shares in exchange for non-cash contributions in the context of the acquisition of companies, parts of companies, equity investments in companies (including increases in existing investments), land, land portfolios or other contributable assets which relate to an acquisition plan of this kind, or to issue new shares in exchange for non-cash contributions in the context of the acquisition of securitised bonds or securitised receivables from the company or a Group company; in this case, the total pro rata amount of the new shares for which the subscription right is excluded must not exceed 50 % of the share capital at the time the authorisation takes effect or – if this amount is less – of the existing capital at the time that this authorisation is exercised. Securitised bonds and receivables are those that are securitised, evidenced or documented by securities that can be traded on a financial market.

The above-mentioned authorisations to exclude subscription rights may only be exercised to the extent that, during the term of the authorisation, the pro rata amount of the total shares issued or sold with subscription rights excluded or of the rights issued that allow subscription to the company’s shares does not exceed 50 % of the share capital at the time the authorisation takes effect or – if this amount is less – of the existing capital at the time the authorisation is exercised.

The Management Board was 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.

In addition to the Authorised Capital 2012, IVG Immobilien AG had two conditional capital increases as at 31 December 2012:

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 contingent capital increase will be implemented only to the extent that the bearers of conversion rights and options from the convertible bonds or warrants exercise them. The convertible bonds issued on 29 March 2007 have a term of ten years and the conversion price is currently € 41.45. They can be redeemed early by the bearers for the first time effective 29 March 2014.

The share capital has also been contingently increased by up to € 95,287,680 (Contingent Capital 2012).

The contingent capital increase serves to grant shares to the bearers of convertible bonds and/or bonds with warrants that are issued in accordance with the authorisation of 15 May 2012. The new shares are issued at the conversion or option price established according to the authorisation of 15 May 2012. 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.

The authorisation of 15 May 2012 to issue convertible bonds and/or bonds with warrants prescribes the following regulations:

General

By resolution of the General Meeting dated 15 May 2012, 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 14 May 2017 for a maximum nominal amount of € 500,000,000.00 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 € 95,287,680.00 of the share capital, in accordance with the respective bond or warrant conditions (Authorisation 2012).

The bonds may be in euro or – provided the equivalent amounts to those stated above in euro are not exceeded – in another 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 can be divided into partial debentures.

Convertible bonds and bonds with warrants

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. The bond conditions can also provide for a variable conversion ratio and determination of the conversion price (subject to the minimum price specified below) within a defined range depending on the development of the price of the company’s share during the term of the bond.

Sections 9 (1) and 199 AktG remain unaffected.

Conversion and option obligation/put option

The bond conditions may also provide for a conversion or option obligation at the end of the term (or at another point in time) or may give the company the right, upon final maturity of the bonds (this also includes maturity due to termination), to grant the bond creditors shares of the company or of a different listed company in whole or in part instead of paying a monetary amount due. The prorated 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

Right to substitute

The bond conditions may grant the company the right to grant the creditors of the bond new shares or treasury shares of the company or of a different listed company 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 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.

Conversion or option price

The option or conversion price to be established in each case, with the exception of a conversion or option obligation or a put option, 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.

In the case of conversion or option obligation or a put option, the option or conversion price can match the average price of the company's share in the XETRA closing auction on the Frankfurt Stock Exchange (or a functionally comparable successor system) during the last twenty trading days preceding or the twenty trading days succeeding the obligatory conversion or the exercise of the option right or the put option in line with the bond conditions, even if this average price is lower than the above-mentioned minimum price (80 %). However, the pro rata amount of the share capital represented by the shares to be issued must not exceed the nominal amount of the bonds.

Protection against dilution of equity

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, a 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.

Subscription rights and exclusion of subscription rights

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 Management Board may determine that the bonds can also 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. If bonds are issued by a Group company, the company ensures the corresponding granting of the subscription rights for the company's shareholders.

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

- for fractional amounts resulting from the subscription ratio;

- if the bonds are issued in exchange for cash payment and, 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/put option) for shares that relate to a total pro-rated amount of no more than 10 % of the share capital at the time the authorisation takes effect or – if this amount is less – of the existing capital at the time that the above-mentioned authorisation is exercised. provided other authorisations to issue or sell the company's shares or to issue rights allowing or obliging subscription to the company's shares are exercised and the subscription right is excluded pursuant to or in accordance with Section 186 (3) sentence 4 AktG during the term of the Authorisation 2012 until its utilisation, this shall be counted against the above-mentioned 10 % limit;

- provided the bonds are issued in exchange for contributions in kind in the context of the acquisition of companies, parts of companies, equity investments in companies (including increases in existing investments), land, land portfolios or other contributable assets which relate to an acquisition plan of this kind, or in exchange for contributions in kind in the context of the acquisition of securitised bonds or securitised receivables from the company or a Group company; in this case, the total pro rata amount of the shares for which there is a conversion or option obligation (also including a conversion or option obligation/put option) on the basis of a bond issued with subscription rights excluded must not exceed 10 % of the share capital at the time the authorisation takes effect or – if this amount is less – of the existing capital at the time that this authorisation is exercised. Securitised bonds and receivables are those that are securitised, evidenced or documented by securities that can be traded on a financial market;

- 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.

The sum total of shares to be issued under bonds issued on the basis of the above authorisation or a different authorisation with subscription rights excluded, including other shares sold or issued by the company with subscription rights excluded during the term of this authorisation, may not exceed 50 % of the share capital at the time these authorisations take effect or – if this amount is less – of the existing capital at the time that these authorisations are exercised.

Additional design options

With the approval of the Supervisory Board, the Management Board was 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 subparagraph, 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 subparagraph, 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

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

5.3 Employees

Philosophy: investment in people

IVG is as productive and successful as its employees. Therefore, we count on people who use their expertise and specialist knowledge to get our investors, customers and business partners excited about their ideas, who gain trust through reliable performance, and who thereby develop long-standing business relationships for the benefit of all our stakeholders.

We see it as our duty to prepare employees for their work in an optimum fashion, to promote them in line with their wishes and capabilities, and to support them in their development. An open company culture is the basis for our employees' individual responsibility and constructive co-operation.

Number of employees down year-on-year

On 31 December 2012, the IVG Group employed 551.3 FTEs (full-time equivalent employees) (previous year: 586.1). This does not include trainees or inactive employees such as those in partial retirement or on parental leave. The total number of FTEs decreased by 34.8 or about 5.9 % year-on-year. The number of apprentices, trainees and students was 23 (previous year: 23).

The reduction of the number of employees is mainly due to the internal "PHOENIX" project carried out in 2012. In this context, extensive personnel reduction measures were agreed and implemented. In addition to active dismissal of employees, particular use was made of natural turnover. Because of existing termination and expiry dates, the effects of the personnel reduction will mainly be seen in 2013, but also partly not until 2014. The increase of employee numbers in the corporate functions is the result of the integration of the central services, which were previously allocated to Asset Management. In the medium term, it can be assumed that the number of employees will fall below 500 FTEs in view of the general conditions and market standards.

There were different changes with respect to the divisions:

FTE	31.12.2012	31.12.2011	Change
Total	**551.3**	**586.1**	**-34.8**
Investment	10.6	12.6	-2.0
Funds	143.7	148.8	-5.1
Development	3.4	6.5	-3.1
Caverns	74.5	79.0	-4.5
Asset Management	194.2	219.5	-25.3
IVG Corporate functions	125.0	119.8	5.2

Incentive system: employee participation scheme

In 2012, IVG continued to offer its employees the participation scheme of IVG employee loans, with which we strengthen and promote co-operation 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 2012 we continued our structured and strategic personnel development model. The cornerstone of this is the annual employee appraisal. In this interview between employees and management, potential is estimated and measures for individual development are agreed. 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.

The first round of the IVG Talent Management Programme piloted in 2010 was successfully completed in 2012. This programme is oriented towards promoting high performers and potential candidates in a targeted way and developing individual management expertise.

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.

6 Risk Management

6.1 Introduction

Opportunities and risks for IVG Immobilien AG and in particular the realisation of the planned project and property sales 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. Macroeconomic development could have a considerable impact on the future development of the European rental and investment markets. Potential effects on the financing market can also not be ruled out, since – in the event of further loan write-offs due to the solvency problems of individual European countries – a renewed shortage on the market for real estate financing could emerge.

At the same time, real estate is highly valued as a form of real assets particularly in times of economic uncertainty.

Recognising risks at an early stage and actively counteracting them is particularly important at IVG Immobilien AG. This is especially relevant in the current macroeconomic environment with its accompanying uncertainty.

6.2 Structure of risk and opportunity management

Risk reporting takes place on a quarterly basis. The divisions report their risks and opportunities to the Management Board through the Risk and Process Management corporate function. 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. Quarterly reporting to the Risk and Process Management corporate function covers separate recognition of risks and opportunities each representing a possible gain or loss of assets or liquidity of more than €1.0 million. Additional elements of risk and opportunity reporting are simulations and scenario analysis for performance of property, exits from project developments and financial planning.

In addition, the divisions report their respective risks and opportunities to the Management Board in weekly meetings. The Management Board must be notified immediately in ad-hoc announcements of any risks representing a potential economic loss of more than €5 million.

The Finance corporate function reports on the Group liquidity situation and current refinancing needs in connection with margin development at the weekly Management Board meetings and via ad-hoc announcements for specific developments.Close interrelation between planning for capital requirements of the divisions has been achieved. Attention to the development of covenants from finance agreements remains with regard to exogenous yield shifts in the market values of property.

The internal audit department is an integral part of the process-independent monitoring system. Audit planning for 2012 consisted of 15 audits in total. Eleven audits were completed in 2011. Two more audits were completed in January/February 2013. Two audits were postponed to 2013.

Risks of an economic loss of over €2.5 million were not found in the defined risk classes as part of the completed internal audits.

The recommendations for action arising from the audit results will be subject to a systematic subsequent review by IVG Immobilien AG. The Risk and Process Management corporate function is responsible for the subsequent review of the internal audit results and monitoring implementation. In coordination with the divisions and persons responsible, it clarifies the need for action and the necessary measures for implementation, agrees implementation deadlines for the internal audit recommendations and is responsible for monitoring the level of completion and quality of the measures implemented.

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

IVG Immobilien AG's risk early warning system was examined by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (PwC) as part of its audit of the annual 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 (2) AktG 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, which arise from the possibility that annual and interim financial statements could contain incorrect information that 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 quarterly, annual and consolidated financial statements which comply with the legal requirements is thus ensured with sufficient certainty.

The accounting of IVG's Group companies takes place either in the Accounting & Taxes corporate function or on a decentralised basis at foreign IVG branch offices or by external service providers. The individual financial statements are consolidated into the IVG Group consolidated statements in the Accounting & Taxes corporate function. 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 a well-known telecommunications service provider. 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, including 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 IVG Immobilien AG Supervisory Board monitors the accounting process, the effectiveness of the internal 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, the management reports and the interim 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 the IVG Immobilien AG 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

In 2012, IVG Immobilien AG continued on its course of repositioning. In addition to the development of the business model, the debt reduction strategy also plays an important role. In this financial year, IVG made repayments of around € 640 million. This was made possible – taking current investments into account – by the sale of property and caverns. The property sales also contributed to portfolio optimisation at the same time.

Financial planning for the coming years was developed cautiously, as in the years before. The continued scheduled reduction of the project pipeline through project sales was taken into consideration in the financial planning process, as was the transfer of already fully let, pre-sold caverns to the Cavern Fund launched by IVG and the sale of selected properties and other assets. All of this is of fundamental importance to IVG's financial position.

The pertinent earnings and liquidity risks are described in the discussion of individual risks. The focus is on the liquidity risks that could result from the considerable refinancing and repayments due in 2013 and 2014. As in the past, the sale of property, caverns and other assets is expected to be necessary for the provision of repayments. If this does not occur to the planned extent, the group could be threatened as a going concern. In terms of bank financing, the company expects the loans or follow-up financing to be extended. If this does not occur at the planned level, this fact could also threaten the company as a going concern.

6.5 Discussion of individual opportunities and risks

6.5.1 Business and market environment

Real estate rental markets

The European rental markets are still confronted with downside risks from macroeconomic trends. For instance, there is a danger that the recent recession due to the sovereign debt crisis in Europe and in the USA ("fiscal cliff") will deepen. Such a development would thwart any continued recovery on the rental markets. As before, the downside risks are comparatively high in Southern Europe; a renewed aggravation of the economic crisis, however, would also negatively affect the core office markets in Great Britain, France and Germany.

Nonetheless, the economic trend does offer opportunities in the medium term: there are signs that European central banks will support the general economy for a longer period with a relaxed monetary policy and the purchase of government bonds in crisis-hit nations and tolerate high inflation rates in the medium term. In the long run, this could result in an increase of rental income through rent indexation. In 2013 and 2014, however, a moderate development of inflation is more likely.

There are comparatively good prospects for high-quality, modern space in good locations. It seems likely that supply in this segment will continue to decrease based on the preferences of potential tenants, especially as speculative construction activity remains low due to the uncertain economic outlook and restrictive financing conditions. Rental prospects for modern space are therefore comparatively good. In combination with the low level of construction activity, there are opportunities for modernisation or renovation measures.

In contrast, the outlook for real estate with shortcomings relating to the quality of the property or location is bleak: the structural vacancy of space that is difficult to broker is expected to increase further – not least because of the weak economy.

Real estate investment markets

In view of the economic uncertainty, commercial properties that can be let on long-term leases on the basis of their location and features and characteristics are in high demand among investors – not least because of the income security and the protection against inflation in the event of rent indexation. In the short term, such properties still offer opportunities for value growth on the best markets, as their initial yields still seem attractive compared to the return on long-term government bonds and so far no significant rise in interest rates is anticipated. However, eventually potential interest rate increases – and another deep recession – pose the risk of a rise in yields even in the prime segment.

Properties with re-lettability problems are already threatened with further price reductions in the short term, as no recovery of investment demand is in sight in this segment. This is all the more true as there are risks from real estate financing: in the next few years, the high demand for refinancing due to stricter banking regulations (Basel III) will probably not be met by a corresponding supply of credit. The refinancing of properties with letting problems will therefore become more difficult, possibly resulting in distress sales connected with price adjustments. This gives rise to risks for current owners and opportunities for new investors. There are also good investment opportunities for providers on the property financing market, such as for debt funds and project development funds.

In Europe, the southern property markets currently have greater risks than the core markets in Germany, Great Britain and France due to the difficult economic situation. Various market forecasts indicate a continued decline of property prices in Spain, Portugal and Italy. However, these countries also offer opportunities: their property markets, which were heavily punished by investors due to the sovereign debt and financial crisis, actually show comparatively high potential to recover in the event of an upturn in economic sentiment.

The liquidation of various German open-ended public property funds is associated with an increase of supply: while in some locations (e.g. Luxembourg) this will contribute to eliminating the present shortage of supply, other markets – particularly in the Netherlands – could be confronted with a surplus of properties for sale and therefore falling prices.

6.5.2 Business performance risks

IVG Investment Division

Real Estate segment

Under careful consideration of property-specific risk/return profiles, properties with a total value of € 542.7 million were sold in 2012. The workout share of the portfolio increased slightly from 7.7 % to 7.9 %.

Taking into account risk considerations for individual properties, a further reduction of the workout share of IVG's real estate portfolio is planned by means of targeted disposals.

In 2012, unrealised non-cash changes in the market value for the IVG investment portfolio amounted to -€ 54.2 million. In the case of lease extensions and follow-up leases, increasing pressure is also being felt on the rental markets in individual cases – with effects on property valuations. Yield expectations are still reflected in the discount rates and capitalisation rates applied in the appraisal reports, and have a direct effect on consolidated net profit due to reporting of changes in value pursuant to IAS 40.

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 Real Estate segment in 2013, too.

To quantify risks, sensitivity analyses were carried out by an external valuer as at 31 December 2012, 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 capitalisation rate		Discount and capitalisation rate	
Region	Volume	-0.25 %	0.25 %	-0.25 %	0.25 %	-0.25 %	0.25 %
National	2,805.2	50.9	-49.7	69.9	-64.3	122.4	-112.5
International	196.5	3.3	-3.2	3.1	-2.9	6.5	-6.1
Total	**3,001.6**	**54.1**	**-52.9**	**73.0**	**-67.2**	**128.9**	**-118.5**

All other things being equal, calculations show that an increase in discount rates by a further 25 basis points would lead to a further reduction in fair market value of -€ 52.9 million as against the values at 31 December 2012. If the capitalisation rates also increased by 25 basis points, the value of the IVG portfolio would fall by -€ 118.5 million. In the event of an equivalent decrease in discount rates, the value of the portfolio would increase by € 54.1 million. If the capitalisation rates also decreased by 25 basis points, fair market value would rise by € 128.9 million.

As well as the property market assumptions, the valuation rules of the IFRS standards also have an impact on fair market values. IFRS 13 is a new standard applicable for financial years beginning from 1 January 2013 that includes regulations on the valuation of investment property. The effects of the introduction of IFRS 13 are currently undergoing analysis. A negative impact on valuations cannot currently be ruled out.

As at the end of 2012, roughly 37 % of the total contract rents were attributable to the ten tenants Allianz Deutschland AG, Siemens AG, Bosch Sicherheitssysteme GmbH, Daimler AG, EPCOS AG, MEDA Pharma GmbH & Co. KG, Shell Deutschland Oil GmbH, the Free and Hanseatic City of Hamburg (uni), B.T. Ltd, Universal Music Entertainment GmbH and TeliaSonera Finland Oyj. This represents a slight decline of 5.51 percentage points year-on-year. These top ten tenants are renowned companies, mostly of strong financial standing and primarily from the service and consultancy industries. With the exception of Allianz (20.5 %) and Siemens (3.9 %), no tenant has a portion of more than 3 % of the total volume.

Of the current total volume of net contract rents in the amount of roughly € 190.9 million p.a., rental contracts of € 19.1 million and € 19.9 million will expire in 2013 and 2014 respectively or may be cancelled. This € 38.9 million pertains to 194 rental contracts of € 50,000 each (€ 29.4 million), of which 61 (€ 8.4 million) had already been cancelled by 31 December 2012.

The current economic vacancy rate of IVG Immobilien AG has increased slightly to 12.4 %. 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. Talks on the extension of a lease are currently ongoing with a major tenant in Frankfurt. The outcome of the negotiations cannot be predicted at this time. If the major tenant pulls out, an additional negative impact on the result and perhaps on liquidity can be expected.

For the investments in real estate and cavern funds held by IVG in Germany and abroad, the earnings risks relate in particular to the performance of the shares. As part of optimising the financing structure of the Group, it may be necessary to sell such investments. Due to the difficulty of selling on the secondary market, there is a risk that such sales would not be achievable or could only be concluded with considerable delays or price reductions.

In connection with the sale of a property, the buyers were granted a put option. The potential exercise of this put option in 2014 is a balance sheet risk for IVG.

Development segment

Project-specific risks

The Development segment is being phased out and is no longer operated by IVG as an independent division, but has been integrated into the IVG Investment division where it will be limited to the finalisation of developments in the existing project pipeline.

The five properties and two project investments remaining from IVG's project development activities in Frankfurt, Budapest, Munich, Paris/Asnières (France) and Bydgoszcz (Poland) are to be sold successively.

Despite the forecast stabilisation of the investment markets 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 ongoing project costs, lettings and sales used as a basis for risk provisions may be too pessimistic or too optimistic, with the effect that both risks and opportunities may result from a change in the parameters driving value.

In consideration of the investment market situation, the sale dates originally scheduled for three properties in Poland, France and Hungary have already been postponed in the planning for the purposes of risk provisioning. Purely in terms of risk reduction, the planned monetisation of major property THE SQUAIRE in Frankfurt/Main at the end of 2013 would be advantageous for the continued optimisation of the financing structure and the debt reduction of the company. The monetisation would in fact clear a project financing volume of around € 500 million. There is a risk that the monetisation cannot be realised or only with delay or not in full.

Risks of project financing

Financing risks can arise from a joint venture in Munich, in which an extension is due on 31 May 2013, but this entails a risk of margin and interest rate increases in particular on the basis of current rental income.

Risks of cost development

Two major IVG projects in Berlin and Frankfurt/Main have not yet been settled, meaning potential further cost increases in the context of final invoicing cannot be ruled out.

At the same time, the cost risks are accompanied by opportunities in the form of potential reductions in the context of project invoicing.

No further project-specific individual risks are known of as at 31 December 2012.

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. Up to the end of 2012, 58 of the 70 fund caverns in total were in operation and 12 in development. They will pass to the tenants in 2013 and 2014.

The main economic risk relates to on-schedule completion with the correct volume as contractually agreed with tenants and funds. This is primarily based on scheduling, geological and technical risks involved in the construction process with financial consequences for the Caverns segment. For this reason, Internal Audit regularly reviews – most recently in October 2012 – the completion planning of the newly constructed fund caverns in terms of their deadline schedule. Risks representing a potential economic loss were not found in the latest review.

The successive development and leasing of additional potential caverns is an integral feature of the Caverns segment. When it comes to leasing potential caverns, the dependence on the performance of the energy market and the resulting demand for caverns can give rise to additional opportunities, but also demand-related risks.

In addition, cavern development entails risks typical for this business area, primarily permit risks and technical risks:

Scheduling risks may arise from the length of the detailed permit processes for cavern construction. These risks are countered by forward-looking and integrated planning and intensive co-operation with public authorities. If other permits are unexpectedly not granted, this would result in an earnings risk up to a maximum of the corresponding carrying amounts.

The geological inhomogeneity of a salt dome carries the risk of limited usability through to total losses of individual caverns. 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 (“parallel development”). The segment’s implemented monthly 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 addition, 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 and determining the location of the individual caverns.

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, service and maintenance measures are carried out on the technical infrastructure on a regular basis. The “maintenance downtime” lasts around a month, is based on long-term planning and is integrated in both operational and development planning.

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 early 2012, a ground subsidence forecast for the planned expansion of the cavern field was presented to the public.

In comparison to other areas that are affected by mining, the expected subsidence is only slight, but this could have consequences for the land use and, particularly due to the short distances between the surface of the earth and the groundwater, lead to additional hydraulic engineering measures in the future. Effects on buildings in the area of the subsidence are not anticipated, but cannot be completely ruled out.

Additional investigations, simulations and calculations are currently being performed for risk management purposes in order to forecast the effects in detail and adapt the minimisation measures exactly to the requirements.

The public response to the information system established by IVG Caverns in 2010 and the consultation hours introduced to take stock of the construction has been fundamentally positive. The information system and open communication have continued and are entrenched in the framework of the risk provisions as important measures to educate the public and counteract a possible reputational risk in IVG Caverns’ public relations work.

IVG Funds Division

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 and transaction business. The 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. This results in a risk of impairment of the goodwill allocated to this segment in the accounts of IVG Immobilien AG.

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, IVG Immobilien AG is pursuing the investment platform strategy defined in 2010, whereby IVG selectively acts as a co-investor in institutional investment products from the areas of real estate and infrastructure. Successful placements include the IVG Cavern Fund, the IVG Protect Fund, the IVG Premium Green Fund, and the club-deal transaction for the "Silberturm" property in Frankfurt/Main. The external financing for the latter transaction was provided by a major German pension fund. In 2012, the IVG Garbe Logistic Funds and the IVG Warsaw Fund were placed.

Private Funds segment

Risks in the IVG Private Funds segment are a result of the uncertainty of 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 depreciation 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 IVG's reputation as a provider of newly placed funds. There can be valuation risks for IVG in the case of direct or indirect involvement in fund vehicles or partners on the part of IVG if the corresponding fund is subject to write-downs or other risks.

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. 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 for the coming financial year for the planned new EuroSelect fund product. This product faces the general risk that it cannot be realised or is realised late and that the fee income is lower than expected.

6.5.3 Financial risks

The IVG Group is exposed to various financial risks in the course of its business. These include in particular currency, liquidity and interest rate risks and counterparty default risk. 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, interest rate collars, 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) 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 the balance sheet date. 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 2012, this amounted to +€5.3 million (2011: -€6.7 million). Until developed projects are sold, the loans are subject to currency risk. However, as most investors in these countries finance borrowings in euro, the currency risk is limited.

Information on loans in foreign currencies and currency derivatives is given in sections 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 (particularly from investments by the Development and Caverns segments and select planned purchases or co-investments in the 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 2012 can be found in the section entitled "Capital structure and financing sources" (4.2).

Liquidity risks arise from loans that are expiring and intended for extension. On the basis of the changed regulatory conditions (Basel III), more restrictive allocation of funding is to be expected from the banks, meaning extensions may not be possible in full or at all. In particular, this will affect two syndicated loans, which will expire and be due for extension in September 2014. Another liquidity risk arises from the convertible bond issued in 2007, which – if it is not converted – matures in March 2017. In addition, the convertible bond includes a unilateral special call right in favour of the bearer in March 2014. Details on the maturity profile of the liabilities to banks can be found in section 4.2.

As in the past, sales of property, caverns and other assets are expected to be necessary for the provision of repayments. Delays in the progression of such sales activities give rise to liquidity risks. Other basic liquidity risks include obligations to make additional payments for project financing in the 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. IVG does not expect any covenants for property loans to be exceeded in 2013.

IVG does not anticipate any breaches in 2013 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 one bilateral line of credit are identical, which would make further negative changes in market value in IVG properties of € 0.17 billion manageable. However, if the market value of properties changes to a greater extent than that, this would result in a breached covenant for those loans. The financing banks could then call in the loans.

In connection with a share purchase, there is a liquidity risk that can take effect if the joint partner notifies us of its intention to sell its share.

In summary, it can be stated that IVG is subject to extensive refinancing and repayment obligations in 2013 and 2014. The sale of property, caverns and other assets is expected to be necessary for the provision of these repayments. If this does not occur to the planned extent, the group could be threatened as a going concern. In terms of bank financing, the company expects the loans or follow-up financing to be extended. If this does not occur at the planned level, this could also threaten the company as a going concern.

Information on liquidity risks from project financing can be found in section 6.5.2, 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 fixed directly or by means of 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 via swaptions, caps and collars. To optimise its interest earnings – 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 38 % of financial liabilities (2011: 39 %) as at the end of the year after taking hedging instruments into account.

The average interest rate in the IVG Group, consisting of interest rate and credit margins, amounted to 3.24 % on 31 December 2012 and varied between 3.24 % and 4.32 % in 2012. In the process, interest savings in the interest rate, e.g. from expiring swaps that were extended at a better rate, were offset by interest rate increases due to higher credit margins. In 2013, IVG expects minor changes in the average interest rate.

The interest expenses of the IVG Group should increase by € 16 million p.a. in the following year for an average rise in the refinancing rate of one percentage 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 from the 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 pending or imminent legal proceedings that could threaten the future of the Group. The pending 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.

An appeal has been filed to contest several resolutions passed at the 2010 General Meeting. This lawsuit was ended by a ruling of the Federal Court of Justice on 8 May 2012. The Federal Court of Justice rejected IVG Immobilien AG's appeal against the denial of leave to appeal on 8 May 2012. The resolutions passed at the 2010 General Meeting relating to the formal discharge and election of Mr Bierbaum are therefore null and void. No further appeals are pending at this time.

The German legislature is transferring the EU Alternative Investment Fund Managers Directive ("AIFMD") into national law by drafting a capital investment code (KAGB). The legislative procedure is not yet complete. The legislature has not yet sufficiently defined the KAGB's scope of application and individual legal regulations. It can therefore not be ruled out that risks for IVG or its subsidiaries will arise from this legislative initiative.

Environmental risks

IVG owned and owns land that is affected by contamination in some cases as a result of its industrial use in the past. 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 amount to € 6.6 million. The long-standing talks with the Ministry of the Environment of the German state of Lower Saxony aiming at a contractually assured and mutually agreed long-term method for cleaning up IVG's contaminated sites (most of which are in this German state) will continue in 2013.

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, pecuniary loss liability 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.

In the consolidated financial statements, deferred taxes assets are recognised on loss and interest carryforwards and temporary differences.

In accordance with IFRS, future tax relief resulting from the use of existing tax loss and interest carryforwards shall be carried as an asset. If business performance does not develop as planned, with the result that profits intended for the use of these loss and tax carryforwards will no longer be generated, reported deferred tax assets would have to be partially or fully written down with a negative effect on earnings.

In addition, potential future developments in legislation and a change in the shareholder structure could also mean that capitalised deferred taxes already reported would have to be fully or partially written down with a negative effect on earnings.

7 Outset of 2013 and Outlook

7.1 Significant events after the balance sheet date

Acquisition of the "Prime Portfolio"

In a portfolio transaction of around € 500 million, IVG acquired three office and retail properties in Frankfurt/Main and Berlin and added them to a Luxembourg fund. A German pension fund provided the equity required for the transaction as the exclusive investor. For this individual mandate, IVG assumes the fund and asset management and joins as co-investor. The properties are part of the "Prime Portfolio", consisting of the three project developments "One Goetheplaza" and "T11" in Frankfurt/Main and "K195" in Berlin. All three properties have excellent city centre locations with an attractive tenant mix.

Sale of seven caverns

IVG sold two leased caverns – one of which already in operation – to IVG Cavern Fund II for around € 94.5 million and simultaneously made repayments for project and bridge financing. Five other pre-let caverns will be transferred to this fund after completion in 2016 and 2017. The IVG Cavern Fund II is a new special fund launched by IVG in early 2013 modelled on the successful IVG Cavern Fund. IVG Caverns as the operator also participates in the form of a co-investment.

7.2 Forecast

The statements made in the forecast are based on IVG Immobilien AG's operational planning that was approved by the Management Board and Supervisory Board in December 2012 and on key findings from the 2012 annual financial statements. This planning was developed on the basis of premises regarding the general economic conditions and targets in the individual segments. The estimates of future business performance used in the planning take account of opportunities and risks arising under the expected market conditions in the competition.

Economic environment

Overall economic expectation

Since the European Central Bank announced in autumn 2012 that under certain conditions it would purchase government bonds issued by the crisis-stricken countries in Southern Europe, it has become considerably less likely that the European Monetary Union will collapse. Various indicators of sentiment among businesses and consumers have recovered since that time and are suggesting that macroeconomic development will stabilise in Europe this year. Over 2013 as a whole, economic output in the European Union will stagnate, while the differences within Europe (recession in the south, minor expansion in the north) will continue. Recent events (elections in Italy, possible financial aid for Cyprus) indicate that economic development will remain fraught with uncertainty in 2013. A slight recovery of the labour markets cannot be expected in Europe before 2014. On the basis of the weak economy this year, the inflation rate will plateau well below the ECB target of just below 2 %. Therefore, an increase of the base rate currently at 0.75 % cannot be expected this year.

Real estate rental markets

The weak forecasts for the economy and employment mean we can expect rental activity and demand from businesses for additional office space to decline slightly year-on-year. Despite the weak demand for space, we can assume that vacancy in Europe will remain largely stable: due to restrictive lending conditions, construction activity remains limited, with the result that, this year, relatively little speculative, i.e. not yet leased, office space will be completed (major exceptions are London and Warsaw). At the same time, in office locations with a massive surplus of space like Amsterdam and Frankfurt, office buildings that are no longer marketable are being taken from the market and converted for other uses. Modern office space is still scarce in the European market as a whole, meaning top rents should mostly remain stable this year. This is true in particular of the office markets in Northern Europe, while rents in the crisis-hit countries of Southern Europe will continue to trend downwards even in the prime segment. This year, German office rental markets will perform comparatively well in view of the robust labour market; however, even here rents are not expected to increase again until 2014.

Real estate investment markets

Commercial property will enjoy high demand from investors this year, not least because of the high yield difference between prime property and government bonds issued by secure investment countries like Germany and fears of long-term inflationary price development. On the basis of the continuing demand, we can expect a similarly high investment volume to that in 2012. The short supply of core properties, which will continue to be a focus for investors, could prove to be a limiting factor. At the end of 2012, it seemed that investors' willingness to take risks was going up again, and that they were again committing more to market segments other than the core. However, in view of the relatively uncertain economic outlook, it is doubtful that this trend will strengthen in the course of 2013. This applies all the more since the conditions for granting real estate loans will remain restrictive due to the banking regulations of Basel III. In the established markets of Germany, London and Paris, prime initial yields will fall only slightly after the strong compression of previous years. Whether the yield increase in Southern Europe will be stemmed or even turned around this year essentially depends on the extent to which confidence in the crisis nations can be rebuilt.

Probable group development

In the Real Estate segment, sales of € 130 million - € 140 million are targeted in the next two years, with a focus on streamlining the portfolio. In the same period, investments of approximately € 80 million - € 90 million are expected, comprising investments in the existing portfolio and participations in new co-investments. Revenues from the existing portfolio of at around € 220 million p.a. are expected in this period.

The planning for the Development segment, which is being wound up, is dominated by the projects THE SQUAIRE in Frankfurt/Main and Front Office in Paris. In this segment, revenues – including sales proceeds – of approximately € 970 million are expected by 2014; this assumes a monetisation of THE SQUAIRE recognised in equity at the end of 2013 with the release of equity of approximately € 240 million and a 15 % stake in the property. In addition, at the end of 2014 the car park adjoining THE SQUAIRE and a project development in Budapest are to be sold. For reasons of caution, no sale is yet anticipated for the other projects in Eastern Europe and Paris in 2013/2014.

By 2014, approximately five caverns will reach the relevant 300,000 cbm threshold for IFRS recognition at fair value. The conclusion of leases and the concomitant positive valuation effects are expected for another four caverns. In the next few years, IVG still plans to sell 12 caverns to the Cavern Fund managed by IVG. This is associated with repayments of approximately € 300 million for the syndicated loan from 2009. Investments in leased caverns and infrastructure are estimated at approximately € 60 million p.a. in the planning.

In the Institutional Funds segment, the focus is on rearranging the portfolio by expanding the co-investment products to stabilise the assets under management of around € 12 million. The launch of the IVG Warsaw Fund and the IVG Garbe Logistic Fund, which has already taken place, and the acquisition of the “Prime Portfolio”, which will not affect revenues until 2013 in part, represent important elements in this process. With revenues of approximately € 60 million p.a., no significant year-on-year changes to the segment results are expected for the next two years.

After the successful sale of the closed-end property fund IVG EuroSelect 21 Munich with a building complex from IVG’s own portfolio, in the next two years the Private Funds segment is faced with the challenge of marketing THE SQUAIRE in Frankfurt. As in the previous year, it is expected that the segment will close with slightly positive EBIT with revenues of approximately € 10 million p.a.

By 2014, IVG plans to reduce the effect of the financial result on consolidated net profit by reducing financial liabilities.

IVG expects an improvement in consolidated net profit in the financial years 2013 and 2014. However, this may be impacted to a significant extent by the risks and opportunities described above, which considerably impairs the company’s ability to forecast future developments.

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, 19 March 2013

Professor Dr Wolfgang Schäfers

Christian Kühni

Dr Hans Volkert Volckens

IVG Caverns has been developing the cavern facility at the Etzel site for over 40 years. The facility currently comprises 59 completed caverns (36 for gas and 23 for crude oil) with a geometric cavity volume of approximately 35 million cubic metres. Up to 25 caverns can be constructed at the same time.

"In 2012, we improved our balance sheet structure further."

Consolidated Financial Statements

Consolidated Financial Statements

Consolidated income statement

for the financial year 2012

in € m		2012			2011		
	Notes	Before changes in value*	Unrealised changes in value*	Total	Before changes in value*	Unrealised changes in value*	Total
Revenues	7.1	437.5		437.5	517.6		517.6
Changes in inventories and other own work capitalised	7.2	19.4		19.4	95.1		95.1
Unrealised changes in market value of investment property	7.3	0.0	64.5	64.5	0.0	35.7	35.7
Realised changes in market value of investment property	7.4	-15.3		-15.3	-3.0		-3.0
Other operating income	7.5	34.0	0.6	34.5	18.8	1.6	20.4
Material expenses	7.6	-69.6	-18.5	-88.1	-233.0	-114.0	-347.0
Personnel expenses	7.7	-77.0		-77.0	-70.9		-70.9
Depreciation and amortisation of intangible assets and property, plant and equipment	7.8	-13.2	-1.9	-15.1	-7.4	-1.3	-8.7
Expenses from investment property	7.9	-64.9		-64.9	-72.8		-72.8
Other operating expenses	7.10	-134.0	-14.1	-148.1	-128.6		-128.6
Gains/losses from associated participations accounted for using the equity method	7.11	-5.9		-5.9	2.7		2.7
Income from equity investments	7.12	3.1		3.1	2.8		2.8
Earnings before interest and taxes (EBIT)		**114.1**	**30.5**	**144.7**	**121.3**	**-78.0**	**43.3**
Financial income	7.13	35.6	64.9	100.5	23.7	68.8	92.5
Financial expenses	7.13	-287.9	-44.1	-332.0	-245.9	-107.4	-353.3
Financial result		**-252.3**	**20.7**	**-231.6**	**-222.3**	**-38.6**	**-260.9**
Net profit before income taxes		**-138.2**	**51.3**	**-86.9**	**-100.9**	**-116.6**	**-217.6**
Income taxes	7.14			-11.8			91.6
Consolidated net profit				**-98.7**			**-126.0**
Share attributable to Group shareholders				-90.7			-158.0
Share attributable to hybrid capital providers				0.0			32.0
Share attributable to third parties				-8.0			0.0
Undiluted earnings per share in €	7.15			-0.44			-1.11
Diluted earnings per share in €	7.15			-0.44			-1.11

* Additional disclosures not required under IFRS: The unrealised changes in value include all valuation effects from IAS 2, IAS 21, IAS 36, IAS 39 and IAS 40 without tax effects.

Consolidated statement of financial position

as of 31 December 2012

Assets (in € m)

	Notes	31.12.2012	31.12.2011
Non-current assets			
Intangible assets	8.1	253.6	251.3
Investment property	8.2	3,654.1	3,964.4
Property, plant and equipment	8.3	189.9	156.8
Financial assets	8.4	173.6	188.8
Investments in participations accounted for using the equity method	8.4	84.5	95.4
Deferred tax assets	9.4	336.1	404.0
Receivables and other assets	8.5	16.7	59.7
Total non-current assets		**4,708.7**	**5,120.4**
Current assets			
Inventories	8.6	996.3	1,025.1
Receivables and other assets	8.5	189.5	165.9
Income tax receivables	9.4	7.4	12.4
Securities and equity investments	8.7	28.5	1.3
Cash and cash equivalents	8.8	142.4	237.9
		1,364.1	**1,442.5**
Non-current assets held for sale	8.9	58.0	341.3
Total current assets		**1,422.1**	**1,783.8**
Total assets		**6,130.8**	**6,904.2**

Equity and liabilities (in € m)

	Notes	31.12.2012	31.12.2011
Equity			
Subscribed capital	9.1	207.9	207.9
Capital reserve	9.1	764.7	762.8
Treasury shares	9.1	-0.5	-0.5
Other reserves	9.1	-63.7	-64.9
Retained earnings	9.1	-29.9	80.0
Equity attributable to Group shareholders	9.1	**878.4**	**985.3**
Hybrid capital	9.1	400.9	400.9
Non-controlling interests	9.1	-3.8	0.0
Total equity		**1,275.6**	**1,386.3**
Liabilities			
Non-current liabilities			
Financial liabilities	9.2	3,237.4	4,181.0
Derivative financial instruments	9.3	66.6	51.7
Deferred tax liabilities	9.4	43.4	104.5
Pension provisions	9.5	32.4	17.9
Other provisions	9.6	34.2	32.3
Liabilities	9.7	36.0	45.7
Total non-current liabilities		**3,450.1**	**4,433.0**
Current liabilities			
Financial liabilities	9.2	1,088.6	697.3
Derivative financial instruments	9.3	17.4	44.1
Other provisions	9.6	82.8	80.2
Liabilities	9.7	182.5	214.9
Income tax liabilities	9.4	33.9	48.3
Total current liabilities		**1,405.2**	**1,084.9**
Total equity and liabilities		**6,130.8**	**6,904.2**

Consolidated statement of comprehensive income

for the financial year 2012

in € m	31.12.2012	31.12.2011
Consolidated net profit	**-98.7**	**-126.0**
Market valuation available-for-sale securities		
Changes to other cumulative consolidated net profit recognised as income	4.7	2.2
Realisation/changes to other cumulative consolidated net profit recognised as income	0.0	-1.3
Market valuation of hedging instruments		
Changes to other cumulative consolidated net profit recognised as income	-24.8	-17.5
Realisation/changes to other cumulative consolidated net profit recognised as income	16.1	48.7
Hedge of net investment	-6.0	0.0
Adjustment for currency translation of foreign subsidiaries	4.2	0.9
Actuarial earnings and losses from performance-based pension plans and similar obligations	-15.3	-1.4
Deferred taxes on value adjustments set off directly against equity	7.4	3.9
Income and expenses recognised in equity	**-13.8**	**35.4**
Total comprehensive income	**-112.5**	**-90.6**
Share attributable to Group shareholders	-104.9	-122.7
Share attributable to hybrid capital providers	0.0	32.0
Share attributable to third parties	-7.6	0.0

Consolidated statement of cash flows[1)]

for the financial year 2012

in € m	31.12.2012	31.12.2011
Earnings before interest and taxes (EBIT)	**144.7**	**43.3**
Unrealised changes in market value of investment property	-64.4	-35.7
Realised changes in market value of investment property	15.3	3.0
Depreciation and appreciation of intangible assets and property, plant and equipment	15.1	8.7
Proceeds from disposal of intangible assets and property, plant and equipment	1.0	0.0
Other non-cash income and expenses	3.9	149.1
Changes in receivables and inventories of other segments (not including operative segments Development, Real Estate and Private Funds) and securities in current assets	-16.5	-24.8
Changes in liabilities and provisions	41.1	-77.9
Non-distributed earnings of associated companies	4.9	-2.3
Dividends received	3.2	9.5
Cash flow from current activities	**148.3**	**72.9**
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	-37.9	-183.0
Cash flow from short/mid-term investments in operating activities	**-37.9**	**-183.0**
Cash flow from operating activities before interest and taxes	**110.4**	**-110.1**
Interest paid	-194.7	-234.1
Interest received	26.1	38.8
Net interest payments	-168.6	-195.3
Net tax payments	-22.4	-1.0
Cash flow from operating activities	**-80.6**	**-306.4**
Investment in investment property	-35.7	-36.2
Proceeds from disposal of investment property [2)]	565.3	487.1
Investment in investment property/asset under construction	-42.0	-78.7
Investment in intangible assets and property, plant and equipment	-22.3	-24.5
Investments for acquiring consolidated companies (less cash balances)	-26.5	-1.3
Proceeds from disposal of consolidated companies (less cash balances)	0.6	0.0
Investments in financial assets and other assets	-14.1	-81.9
Proceeds from disposal of financial assets and other assets	49.8	37.7
Cash flow from investing activities	**475.1**	**302.2**
Dividends paid to providers of hybrid capital	0.0	-32.0
Proceeds from capital increase (including transaction costs)	0.0	221.3
Proceeds from bank loans	38.7	70.0
Repayment of bank loans	-511.2	-279.3
Other cash inflows from financing activities	28.2	0.0
Other cash outflows from financing activities	-45.7	-12.6
Cash flow from financing activities	**-490.0**	**-32.6**
Net change in cash and cash equivalents from operations	-95.5	-36.8
Cash and cash equivalents as of 01.01.	**237.9**	**274.9**
Changes in cash and cash equivalents due to exchange rate movements	0.0	-0.3
Cash and cash equivalents as of 31.12.[3)]	**142.4**	**237.9**
thereof cash in property disposal group	*0.0*	*0.0*
Cash and cash equivalents reported on the balance sheet	142.4	237.9

1) Further information on the cash flow statement can be found in section 11.6
2) Further information can be found in section 4. Group of consolidated companies - Loss of control of subsidiaries
3) Thereof restricted cash of € 17.6 million

Statement of changes in equity[1)]

in € m				Other reserves	
	Subscribed capital	Capital reserve	Treasury shares	Market valuation avail.-for-sale securities	Market valuation hedging instruments
Balance at 01.01.2011	**126.0**	**622.1**	**-0.5**	**8.3**	**-87.8**
Consolidated net profit					
Earnings recognised directly in equity				-0.2	35.7
Total comprehensive income	**0.0**	**0.0**	**0.0**	**-0.2**	**35.7**
Accrual on profit distribution for hybrid capital					
Capital increase	81.9	150.5			
Share-based payment		1.3			
Changes to group of consolidated companies/others		-11.1			
Balance at 31.12.2011/01.01.2012	**207.9**	**762.8**	**-0.5**	**8.1**	**-52.1**
Consolidated net profit					
Earnings recognised directly in equity				3.3	-5.1
Total comprehensive income	**0.0**	**0.0**	**0.0**	**3.3**	**-5.1**
Accrual on profit distribution for hybrid capital					
Capital increase		0.0			
Disposal of interest in subsidiaries without loss of control					4.5
Share-based payment		2.5			
Changes to group of consolidated companies/others		-0.6[2)]			3.6[3)]
Balance at 31.12.2012	**207.9**	**764.7**	**-0.5**	**11.4**	**-49.1**

1) For further information on the statement of changes in equity please refer to section 9.1
2) Subsequently incurred costs of the past capital increase of December 2011 in the amount of € 0.6 million
3) Reclassification of other reserves from cash flow hedges to retained earnings in the amount of € 3.6 million
4) Capital costs relating to the issue of new shares of an affiliated company in the amount of € 1.3 million

Other reserves						
Hedge of net investment	Adjustments for currency translation	Retained earnings	Equity attributable to Group shareholders	Hybrid capital	Non-controlling interests	Total equity
12.9	**-34.7**	**238.5**	**884.8**	**400.9**	**0.3**	**1,286.1**
		-158.0	-158.0	32.0	0.0	-126.0
	0.9	-1.0	35.4			35.4
0.0	**0.9**	**-159.0**	**-122.6**	**32.0**	**0.0**	**-90.6**
			0.0	-32.0		-32.0
			232.4			232.4
			1.3			1.3
		0.5	-10.6		-0.3	-10.9
12.9	**-33.8**	**80.0**	**985.3**	**400.9**	**0.0**	**1,386.3**
		-90.7	-90.7		-8.0	-98.7
-6.0	4.2	-10.6	-14.2		0.4	-13.8
-6.0	**4.2**	**-101.3**	**-104.9**	**0.0**	**-7.6**	**-112.5**
		8.6	8.6			8.6
			0.0			0.0
		-8.3	-3.8		3.8	0.0
			2.5			2.5
	-3.2	-8.9[4)]	-9.1			-9.1
6.9	**-32.8**	**-29.9**	**878.6**	**400.9**	**-3.8**	**1,275.6**

Notes to the consolidated financial statements

1. General

IVG Immobilien AG (IVG), with its subsidiaries, is one of the largest publicly listed real estate companies in Europe. The Group operates in the IVG Investment division in the Real Estate, Development and Caverns segments and in the IVG Funds division in the Institutional Funds and Private Funds segments.

The company is registered in the Commercial Register of the Regional Court in Bonn (HRB 4148). Its registered office is in Bonn, Germany. Its 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 been issued an unqualified audit opinion by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Dusseldorf, and will be published in the German Federal Gazette (Bundesanzeiger).

The IVG consolidated financial statements for the financial year 2012 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 financial statements of the domestic and foreign companies included in the consolidated financial statements have been prepared as at the same date as the IVG annual financial statements (31 December 2012) and are based on uniform accounting policies.

To improve clarity, various items in the consolidated statement of financial position and the consolidated income statement have been combined and are explained in the notes. Assets and liabilities are classified as non-current – if they have a maturity of more than one year – or current. Pension provisions and deferred taxes are generally reported as non-current.

In the Development segment, the typical operating cycle for inventories often exceeds a one-year period, with the result that inventories that are expected to be held for more than one year are also reported as current.

The income statement is presented in line with the nature of expense method.

In the income statement and segment reporting, unrealised measurement effects resulting from write-downs and reversals of write-downs on inventories (IAS 2), changes in exchange rates (IAS 21), impairment losses and reversals of impairment losses (IAS 36), the fair value measurement of investment property (IAS 40) (not including tax effects) and most of the fair value measurement of financial instruments (IAS 39) are reported in the separate column "Unrealised changes in value". The fair value measurement of financial instruments refers to all IAS 39 measurements except for earnings from the subsequent measurement of non-controlling interests in German partnerships and impairment losses on receivables. Owing to the form of presentation, the consolidated income statement and segment reporting consist of the total of the two columns "Before changes in value" and "Unrealised changes in value".

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 and worsened by the sovereign debt crisis of the European Union in the following years have not eased in the year under review. Changes in the regulatory conditions (particularly in relation to Basel III) also contribute to the continued difficulty of securing the refinancing required under IVG's business model. Despite the difficult environment over the course of 2012, IVG succeeded in continuing its debt reduction process and making significant repayments. However, extensive refinancing and repayments are still due in 2013 and 2014. As in the past, disposals of properties, caverns and other assets are likely to be necessary in order to meet the repayments. If the company is not able to carry out such disposals to the extent planned, this could pose a risk to its continuance as a going concern. With regard to financing from banks, the company anticipates an extension of the loans or follow-up financing. If extensions are not granted in the amount planned, this could pose a risk to the company's continuance as a going concern.

As a result of the measures that have been implemented, it is assumed that the company will continue as a going concern and the financial statements have been prepared on this basis.

Changes to accounting policies

The International Accounting Standards Board (IASB) has made various amendments to existing International Financial Reporting Standards (IFRS) and adopted new IFRS, which have applied since 1 January 2012.

Similarly, the IFRS Interpretations Committee (IFRS IC) has also passed new interpretations (IFRIC) which, unless stated otherwise, have applied since 1 January 2012. The respective transitional provisions have been complied with.

The following is a list of the new and revised standards and interpretations that have applied since 1 January 2012.

The amendments to the standard IFRS 7 "Financial Instruments: Disclosures" regarding transfers of financial assets were applicable for the first time in the financial year 2012. This resulted in increased disclosure requirements for IVG in the event of disposals of financial instruments.

Otherwise, the accounting, measurement and notes are based on the same accounting policies that were used for the 2011 consolidated financial statements.

New accounting policies

Standards, amendments and interpretations of existing standards that are not yet applicable or that have not been adopted early:

As at 8 March 2013, 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 effects of their fist-time adoption on IVG's consolidated financial statements are currently being examined.

The IASB has published IFRS 9 "Financial Instruments" on classification and accounting for financial assets and financial liabilities. The standard replaces the accounting regulations for the classifation and measurement of financial assets of IAS 39 "Financial Instruments: Recognition and Measurement" with a less complex approach and, in particular, regulates the accounting and presentation of financial liabilities and the derecognition of financial instruments. IFRS 9 will be effective for the first time from 1 January 2015; it has not yet been endorsed by the EU.

The IASB has published IFRS 10 "Consolidated Financial Statements". The standard defines the concept of control for consolidation purposes. The new approach combines the concept of power of disposal and the possibility of influencing variable returns from an equity investment in order to determine whether control exists. The standard replaces the guidelines on control and consolidation of IAS 27, "Consolidated and Separate Financial Statements", and SIC-12, "Consolidation – Special-purpose Entities". IAS 27 was renamed "Separate Financial Statements"; in future the standard will deal only with regulations on separate financial statements. IFRS 10 and IAS 27 "Separate Financial Statements" will be effective for the first time from 1 January 2014.

The IASB has published IFRS 11 "Joint Arrangements". The standard now distinguishes between two different types of joint arrangements, namely joint operations and joint ventures. The current option of proportionate consolidation will be removed and the equity method must be applied in future. The standard replaces IAS 31, "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers". IFRS 11 will be effective for the first time from 1 January 2014.

The IASB has published IFRS 12 "Disclosure of Interests in Other Entities". The standard sets out the necessary disclosures for companies that report in accordance with the two new standards IFRS 10 "Consolidated Financial Statements" and IFRS 11 "Joint Arrangements"; the standard replaces the current disclosure requirements of IAS 28 "Investments in Associates" and the current regulations on notes to consolidated financial statements of IAS 27 "Consolidated and Separate Financial Statements". IAS 28 was renamed "Investments in Associates and Joint Ventures" and in future will regulate the required adoption of the equity method, which was previously only required for accounting for interests in associates and now also applies to accounting for joint ventures. IFRS 12 and IAS 28 "Investments in Associates and Joint Ventures" will be effective for the first time from 1 January 2014.

The IASB has published IFRS 13 "Fair Value Measurement". The standard describes how fair value must be determined and extends the disclosures on fair value. IFRS 13 is effective for the first time from 1 January 2013. The effects of applying IFRS 13 are currently being examined. Negative valuation effects cannot be ruled out at present.

The IASB has issued an amendment to IAS 1 "Presentation of Financial Statements", according to which the reporting of items of other comprehensive income in the statement of comprehensive income is divided into two categories. As a result, the subsequent future reclassifications to profit or loss ("recycling") will be recognised separately. It is effective retrospectively for reporting periods beginning from 1 July 2012.

The IASB has published a revised version of IAS 19 "Employee Benefits". The previously optional delayed recognition of actuarial gains and losses ("corridor method") will be removed. The expected return on plan assets and interest expenses from defined benefit obligations will be replaced with uniform net interest income based on the discount rate. Past service cost will in future be recognised in full in the period of the plan change. Additional disclosures in the notes are also required. The amendments to IAS 19 must be applied starting on 1 January 2013. IVG does not anticipate any material future effects on the Group's net assets, financial position and results of operations. The extended and amended disclosures in the notes will be taken into account appropriately.

The following standards and interpretations are not expected to have a material effect on the consolidated financial statements of IVG:

Amendments to IFRS 1
"First-time Adoption of International Financial Reporting Standards" – Regulations on hyperinflation
"First-time Adoption of International Financial Reporting Standards" – Accounting for government loans

Amendments to IFRS 7
"Financial Instruments: Disclosures" – Extension of disclosures for financial instruments netted in accordance with IAS 32 to include disclosure requirements in connection with certain compensation claims that do not lead to offsetting

2011 improvements to IFRSs
"Improvements of International Financial Reporting Standards" relating to individual amendments to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34

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

Amendments to IAS 32
"Financial Instruments: Disclosure and Presentation" – Introductory clarification of requirements for offsetting financial assets and financial liabilities in the statement of financial position

IFRIC 20
"Stripping Costs in the Production Phase of a Surface Mine" – relates to the measurement of stripping costs of a surface mine incurred during the production phase.

Management judgments

Certain judgments are made by the management with regard to the application of accounting policies. 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 whether it is highly likely that they will be sold. If this is the case, the assets and any related liabilities are reported and measured as "assets or liabilities available for sale".
- Properties must be allocated to property, plant and equipment, inventories or investment property.
- For property under construction intended for future use as an investment property, it must be determined when measurement must change from at cost to at fair value.
- Any relationship between a company and a special-purpose entity must be examined to see if the special-purpose entity can be essentially presumed to be controlled by the company.
- In the case of the disposal of financial assets or the classification of leases, it must be determined whether essentially all the opportunities and risks associated with ownership of the financial assets or leased assets are transferred to other companies.
- In some cases, disposals of subsidiaries that are sold in a share deal and consist of only one property ("asset wrappers") are shown as sales of individual properties for deconsolidation. Disposals of investment property are recognised as realised changes in market value.
- When assuming control of a subsidiary or acquiring assets, it must be determined whether these transactions should be classified as a business combination in accordance with IFRS 3 or as an acquisition of a group of assets or net assets.

The decisions made by the IVG Group relating to these matters are described in the explanation of accounting policies in the notes.

Assumptions and estimates

The preparation of consolidated financial statements in accordance with IFRS requires that certain assumptions and estimates are made that affect the carrying amounts of recognised assets, liabilities, income and expenses and the disclosure of contingent liabilities. These assumptions and estimates can relate to the following:

- the measurement of investment property. In particular, the most important measurement parameters here are expected cash flows, discount and capitalisation rates.
- the recognition and measurement of provisions. The key measurement parameters for pension provisions and other liabilities are the expected return on plan assets, the discount factor and other trend factors.
- future assumptions in goodwill impairment testing relating to forecasting and discounting future cash flows.
- the recognisability of deferred tax assets. These are recognised if the recoverability of future tax benefits is likely. The actual tax situation in future financial years and therefore the actual recognisability of deferred tax assets can vary from the estimate made at the time the deferred tax assets were capitalised.

Investment property is measured by external experts only. If market values cannot be determined from sales of similar properties, investment property is measured using the discounted cash flow (DCF) method under which future cash flows are discounted to present value as at the end of the reporting period. These assessments include assumptions about the future. Due to the large number of properties concerned and their geographical distribution, different instances of measurement uncertainty are subject to a statistical balancing effect.

As at the end of the reporting period, IVG continues to assume that future variations in fair value will result mainly from factors beyond IVG's control. This essentially includes the discount and capitalisation rates used in measurement.

Potential effects of changes in assumptions regarding these two measurement parameters can be seen in the table below. The sensitivity analysis does not include, for example, land which is not measured on a cash flow basis.

Sensitivity analysis of investment property (real estate)

2012		Capitalisation rates in %*		
		-0.25	0	0.25
	-0.25	3,131	3,056	2,987
Discount rates in % *	0.00	3,075	3,002	2,934
	0.25	3,020	2,949	2,825

2011		Capitalisation rates in %*		
		-0.25	0	0.25
	-0.25	3,725	3,635	3,566
Discount rates in % *	0.00	3,658	3,567	3,490
	0.25	3,592	3,507	3,428

Sensitivity analysis of investment property (caverns)

2012	Discount rates in %*		
	-0.25	0	0.25
Fair value of caverns	464	456	449

2011	Discount rates in %*		
	-0.25	0	0.25
Fair value of caverns	438	432	426

* 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 present value of pension obligations and therefore to a decrease in equity. A 0.25 % increase or decrease in the discount rate would reduce or increase the present value of obligations to company pension plans of the IVG Group by € 2.6 million (2011: € 1.6 million) and € 2.7 million (2011: € 1.7 million) respectively. The risk premium on senior industrial bonds as against risk-free sovereign bonds has been reduced significantly from 2.20 % to 0.88 % as against the end of the last reporting period.

Further information on the assumptions and estimates made can be found in the notes on individual items. All assumptions and estimates are based on circumstances and estimates as at the end of the reporting period. 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 could 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 operating policies are controlled by the Group. Control is usually assumed for a share of voting rights of more than half. Potential voting rights that are vested or convertible at all times are taken into account 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 of IFRS 3 by offsetting the cost of shares against the pro rata remeasured equity of the subsidiaries.

This means that the cost of shares is the fair value of assets given, equity instruments issued and any liabilities incurred or assumed as 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 as at the acquisition date on first-time consolidation.

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

Any excess of the cost of shares over the fair value of the acquired share of net assets is recognised as goodwill. Goodwill is not amortised but is instead tested for impairment on an annual basis or whenever there are indications of impairment. Any negative goodwill is recognised as income after reassessment of the acquired net assets. If a group of non-operating assets is acquired and therefore IFRS 3 does not apply, the total purchase price is broken down according to fair value. In deconsolidation, the remaining carrying amount of capitalised goodwill is taken into account in calculating the disposal proceeds.

Transactions in which the interest in a subsidiary changes without control being lost are reported as equity transactions outside profit or loss.

In the event of the loss of control in a subsidiary, the remaining interest in the former subsidiary is measured at fair value.

Intragroup balance and transactions and unrealised gains on intragroup transactions are eliminated. Deferred taxes are recognised in accordance with IAS 12 for temporary differences arising on consolidation.

Sales of goods and services within the IVG Group are conducted on arm's length terms.

(b) Associated investments accounted for using the equity method

In the case of associated investments accounted for using the equity method, IVG exercises significant influence but not control. On addition, associated investments accounted for using the equity method are recognised at cost including directly attributable ancillary costs, which are divided into the acquired share equity of the associated investment and any remeasured assets, goodwill or liabilities. On subsequent measurement, the pro rata post-tax earnings, distributed dividends and any changes in equity are added to or deducted from the carrying amount. If the pro rata losses exceed the carrying amount of the associated investment, the other net investments in the associated investment are reduced in profit or loss. After the other net investments have been fully written down, further unrecognised losses are carried in an auxiliary account for disclosure purposes.

The significant influence on equity investments in which IVG holds less than 20 % of the voting rights is due in particular to the membership in management bodies or supervisory bodies and other indicators, such as the preparation of fund-specific expertise, that grant IVG influence over decision-making processes relating to operating and fiscal policy.

The total carrying amount measured using the equity method is tested for impairment in accordance with IAS 36 if there are indications as per the provisions for financial instruments suggesting the possible impairment of assets. If the recoverable amount falls below the carrying amount of an associated investment accounted for using the equity method, impairment is recognised in the amount of the difference. If the reasons for previously recognised impairment no longer apply, the impairment loss is reversed accordingly in profit or loss.

Unrealised intragroup transactions between Group companies and associated investments are eliminated in line with the Group's share in the associated investment.

The following assets, liabilities, revenues and net income from associated investments are attributable to the Group based on its holdings in them:

in € m	2012	2011
Assets	167.3	202.3
Provisions and liabilities	103.3	109.0
Revenues	10.8	11.2
Net loss (profit) for the year	-7.4	2.4

One associated investment abroad reported pro rata losses that have not yet been recognised of € 1.5 million (2011: € 0.0 million).

4. Group of consolidated companies

The group of consolidated companies encompasses 240 subsidiaries and 14 associated companies. The associates were accounted for using the equity method.

All material German and foreign subsidiaries and associates directly or indirectly controlled or significantly influenced by IVG are included in the consolidated financial statements of IVG.

IVG did not make any major acquisitions classified as business combinations in accordance with IFRS 3 in the past financial year.

Shares in subsidiaries or associates not considered to be material to the Group are recognised as other equity investments in accordance with IAS 39.

	Germany	Other countries	2012	2011
Number of fully consolidated companies	150	90	240	258
Number of investments accounted for using the equity method	8	6	14	14
Total number of companies	**158**	**96**	**254**	**272**

The list of shareholdings has been included in the notes and contains companies affiliated with consolidated Group companies, investments accounted for using the equity method and certain other equity investments.

The affiliated companies referred to in the notes to the consolidated income statement and to the consolidated statement of financial position are non-consolidated subsidiaries.

Loss of control of subsidiaries

Sales in the financial year related to property companies in Germany, Finland, Luxembourg and Hungary with sales proceeds totalling € 214.2 million.

Taking into account IVG's remaining shares in two companies of 10 % each (€ 20.5 million including the stock-up amount of € 0.1 million), the sale of these subsidiaries resulted in a contribution to earnings of € -10.1 million. This amount is recognised in the realised changes in market value and revenues from project development and changes in inventories. A part of the purchase price (€ 3.5 million) was deferred due to the disposal of a project development in Hungary.

in € m	2012
Disposal proceeds for subsidiaries	214.2
Costs and taken obligations relating to disposal	2.9
Net disposal price	211.3
Portion of the price paid in cash or cash equivalents	210.5
Amount of cash or cash equivalents paid	4.2
In the course of disposals of subsidiaries, the Group surrendered the following assets and liabilities:	
- Investment property	53.4
- Other non-current assets	1.1
- Inventories	25.0
- Other assets	2.0
- Assets of property disposal group/assets held for sale	343.5
- Other receivables	7.3
- Liabilities to banks	141.4
- Other liabilities	51.8
- Deferred taxes	1.4
- Liabilities property disposal group	0.0

5. Currency translation

Foreign currency transactions are translated in the separate financial statements of the companies included in the consolidated financial statements using the exchange rates as at the transaction date. Monetary items of the statement of financial position in foreign currency are translated using the average closing rate at the end of the reporting period and any resulting translation gains and losses are recognised in profit or loss.

Foreign subsidiaries are generally treated as independent entities; their financial statements are translated into euro in line with the functional currency principle. According to this principle, equity items are translated using historical exchange rates while assets (including goodwill) and liabilities are translated using the exchange rate as at the end of the reporting period. Any resulting currency translation differences are recognised in equity and reported separately in other reserves until the subsidiary is deconsolidated. The income and expenses of subsidiaries are translated into euro using average monthly exchange rates.

The same process applies to foreign associated investments measured using the equity method.

The exchange rates used for currency translation in consolidation were as follows:

Currency	Country	Exchange rate at 31.12.2012 in €	Exchange rate at 31.12.2011 in €
100 SEK	Sweden	11.6400	11.2179
1 GBP	UK	1.2273	1.1976
1 USD	United States	0.7564	0.7715
100 CZK	Czech Republic	3.9800	3.8929
100 HUF	Hungary	0.3400	0.3214
100 PLN	Poland	24.5400	22.4916

6. Accounting policies

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 acquisition cost of assets includes those costs directly attributable to their acquisition. This also includes estimated costs for demolition, reconstruction and the restoration of land.

The construction comprises all costs directly attributable to the construction process and the construction overheads that can be allocated. Capitalised borrowing costs are included in the cost of construction.

Grants received for intangible assets and property, plant and equipment are deducted from cost. Development costs for internally generated software are capitalised if the software is expected to be completed and used and the expenditures for its development can be measured reliably.

Technical equipment in connection with first-time gas filling in cavern operations is depreciated using the units of production method. All other material depreciable assets are depreciated on a straight-line basis assuming the following useful lives:

Other buildings (not investment property)	30 - 50 years
Plant and machinery	10 - 19 years
Motor vehicles	3 - 6 years
Office and hotel equipment	3 - 15 years
Purchased software, licences and rights of use	3 - 5 years
Internally generated software	4 years

The residual carrying amounts and useful lives are reviewed at the end of each reporting period and adjusted as necessary.

Gains and losses arising from disposal of assets, determined as the difference between disposal proceeds and the carrying amount less any directly attributable costs of disposal, are recognised in profit or loss 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 indications of impairment in 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 or for capital appreciation. Real estate developed for future use as investment property is reported as investment property. Otherwise, real estate is recognised under property, plant and equipment. The IVG Group recognises properties that are held as available for sale during normal business operations in accordance 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 investment property when development with a view to sale has begun.

On acquisition, investment property is measured at cost including ancillary purchase costs.

In subsequent periods, investment property is measured 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, with the result that this investment property under construction is initially carried at amortised cost. The fair value of properties can usually be determined when the construction permit is obtained. Due to geological uncertainties, caverns are not measured at fair value unless more than 300,000 cbm of economically usable hollow space is reached, which is roughly 50 % of the maximum hollow space per cavern.

Borrowing costs (see section 6.5) are capitalised for investment property under construction as long as it is measured at amortised cost.

The stated fair values of the investment property are based on valuations performed by reputable neutral experts (especially Jones Lang LaSalle GmbH) and calculated in accordance with the International Valuation Standards (IVS) of the International Valuation Standards Council (IVSC). It is predominantly measured 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 measured on the basis of the individual property and reflects the market conditions relevant to the specific property at the end of each quarter.

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

It is derived by netting the anticipated cash inflows and outflows. The cash inflows are normally the net rents and the outflows are the expenses, particularly the operating expenses, that the owner must pay. Net rents are based on the contractually agreed rent increases in line with the expected inflation rate, in accordance with the individual provisions, in the ten-year planning phase.

Vacancy periods after the contractual lease expires are taken into account for each property. A distinction is made here between short-term and long-term vacancy. Space that is available for new letting is assessed with regard to potential new letting based on the period of the new lease, the rental area, the rent and the costs incurred for potential tenant improvements in line with the prevailing market conditions and the expert appraisal. Long-term vacancies are recognised individually and taken into account accordingly.

The non-allocable maintenance costs in the sense of maintenance reserves that are taken into account in the measurement are costs spent during the normal useful life to maintain use of the building for its intended purpose. The amount of the maintenance costs recognised depends on the age of the building, the quality of fittings and fixtures, the type of use and the form of rental agreement. For properties used as offices, the costs recognised generally range between around € 4.00/sqm per year for newer properties in good condition and around € 8.00/sqm per year for older buildings. In exceptional circumstances, the costs recognised may considerably exceed € 8.00/sqm per year.

The discount rate as at 31 December 2012 averaged between 7.18 % and 10.01 % per country location (2011: between 7.09 % and 9.48 %). This results in the net present value of the net cash flows for the respective period. Risks relating to the specific property are taken into account in the discount rate. The discount rate is derived in line with the individual property‘s characteristics based on the judgement of expert appraisers. The exit value for the property being measured 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 rate averaged between 6.12 % and 8.38 % per country location in the financial year (2011: between 6.09 % and 8.15 %). The exit value is then also discounted to the measurement date using the discount rate. The fair value of the property being measured is the total of the discounted net cash flows and the discounted exit value less a local transaction cost discount of a potential buyer.

Please also see the information on risks in the real estate sector in section 6.5 of the Group management report and section 2, Assumptions and Estimates, of these notes regarding the sensitivity analyses of the key measurement parameters.

Investment property is derecognised when it is sold or let under a finance lease. Gains and losses from the disposal of investment property are recognised in profit or loss in the year of sale.

6.3 Impairment of assets (impairment testing)

Intangible assets with an indefinite useful life are not amortised over their expected useful lives; they are tested for impairment annually or as required.

Other intangible assets and property, plant and equipment are tested for impairment whenever events or changes of circumstances indicate that the carrying amount exceeds the recoverable amount.

An impairment loss is recognised in the amount by which the recoverable amount is exceeded by the carrying amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

In impairment testing, it may be necessary to measure assets 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 goodwill has been allocated to a CGU or group of CGUs and the carrying amount of the CGU or group of CGUs exceeds the recoverable amount, an impairment loss is recognised for the allocated goodwill in the amount of the difference between the recoverable amount and the carrying amount. If the impairment is higher than the allocated goodwill, the carrying amounts of the CGU's or group of CGUs' other assets is 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

Arm's length sales and purchases of financial assets are recognised as at the trading date within the IVG Group. This is the date on which the Group undertakes to buy or sell the asset.

Financial assets are derecognised if the contractual rights to cash flows from the asset expire or ownership of the financial asset is transferred. The latter occurs when substantially all the risks and rewards of ownership of the asset are transferred or control of the asset is relinquished.

The measurement categories and accounting policies used in the Group are presented below. Classification is dependent on the purpose for which the financial asset was acquired.

(a) Assets at fair value through profit and loss

(a 1) Derivative financial instruments and hedges

As part of its active interest rate and currency management, IVG selectively uses derivative financial instruments such as interest rate swaps, cross-currency interest rate swaps, interest caps, interest collars, currency swaps and currency futures for hedging purposes only. The use of derivatives for speculative purposes is prohibited by internal policies.

Derivative financial instruments are recognised at the contract date and carried 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 measured at fair value.

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

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

Changes in the fair value of these derivatives are recognised in profit or loss, unless the derivative financial instruments have a designated and sufficiently effective hedging function in relation to a hedged item. In this case, the recognition of the changes in fair value is dependent on the type of hedge.

Cash flow hedges are designated in order to represent 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). For options, only the intrinsic value is recognised in equity.

They are not reclassified to profit or loss until the hedged item is recognised in profit or loss. If planned transactions are hedged and in a later period these transactions result in the recognition of a financial asset or a financial liability, the amounts recognised in equity until this time are reversed to profit or loss in the reporting period in which the hedged financial transaction is recognised in net income. If the transaction leads to the recognition of non-financial assets or liabilities, the amounts recognised in equity are offset against the initial measurement value of the asset or liability.

Net investment hedges are used to hedge currency risks from equity investments with foreign functional currencies and to show hedge accounting. Unrealised gains and losses from hedges are recognised in equity until the disposal of the equity investment.

In line with the regulations and formal requirements of IAS 39, IVG satisfies the requirements for hedge accounting as at the end of each reporting period. In particular, the hedges must be fully documented, showing both the hedging relationship and the risk management strategy and objectives.

Furthermore, the hedge must be sufficiently effective, i.e. the changes in the fair value of the hedge must prospectively and retrospectively be within 80 % to 125 % of the opposing changes in the fair value of the hedged item. In accordance with IAS 39, only the effective portion of a hedge is recognised in accordance with the rules described. The ineffective portion is recognised in profit or loss.

If a hedging instrument expires, is disposed of or the hedged item no longer meets the criteria for hedge accounting, the cumulative gains or losses remain in equity and are recognised in profit or loss only when the hedged transaction is realised or no longer expected. Any future gains and losses from the hedge are recognised in net income for the period from the end of the designation.

(a 2) Other assets at fair value through profit and loss

The fair value of listed shares and securities is measured according to the current market price. The fair value of financial assets for which there is no active market or no quoted price on an active market is determined using suitable measurement methods.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets that have fixed or determinable payments and that are not quoted on an active market. They arise when the Group directly provides a debtor with money, goods or services without any intention of trading the receivable. Loans and receivables are initially carried at fair value taking into account transaction costs and recognised at amortised cost at the end of subsequent reporting periods.

The carrying amount of any doubtful receivables is reduced to the lower recoverable amount. In addition to necessary specific impairment losses, specific impairment losses calculated on a portfolio basis are recognised for general credit risk. The fair value of trade receivables is assumed to be the nominal amount less any cumulative impairment losses.

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

Receivables denominated in foreign currencies are translated using the average closing exchange rate at the end of the reporting period. Gains or losses on currency translation are recognised in the financial result.

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

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets designated as available for sale or not assigned to any of the other categories described. Initial measurement is at fair value including transaction costs. Subsequent measurement is at fair value if this can be reliably determined. Any unrealised gains and losses are recognised in equity (other reserves) after deferred taxes. Disposals are recognised in profit or loss.

As at the end of each reporting period, financial assets and groups of financial assets are tested for any indications of impairment.

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

6.5 Inventories

Inventories are measured at the lower of cost or net realisable value. Cost is determined using the weighted average cost method. 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.

If 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 substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are completed. A period exceeding twelve months was chosen in the IVG Group. Otherwise, borrowing costs are expensed. The capitalisation rate used to determined capitalised borrowing costs is 4.2 % (2011: 4.2 %). The capitalisation rate for borrowing costs is an average weighted capitalisation rate determined centrally by the IVG Group and applied if there was no directly allocable borrowing. For property-specific financing, the actual interest expense, less any income derived from intermediate investment, is recognised.

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

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 the total contract costs exceed total contract income, the expected loss is recognised as an expense immediately. The Group uses the percentage of completion method to determine the revenue to be recognised in a given financial year. The percentage of completion is the percentage of contract costs incurred by the end of the reporting period as a percentage of the expected total cost of the contract.

If the outcome of a construction contract cannot be measured reliably, contract income is recognised only to the extent that it is probable that incurred contract costs can be recovered.

The Group reports the gross amount due from customers for all construction contracts in progress for which costs incurred plus recognised earnings (less recognised losses) exceed total progress billings as an asset. Progress billings not yet paid are reported under trade receivables.

The Group reports the gross amount due from customers for all construction contracts in progress for which progress billings exceed costs incurred plus reported earnings (or less recognised losses) as a liability.

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 statement of financial position in addition to non-current assets.

Items available for sale are measured at the lower of their carrying amount and fair value less costs to sell as at the date of reclassification and at the end of each subsequent reporting period. Depreciation and amortisation are no longer recognised from the date of reclassification. By way of deviation from these measurement rules, investment property is still measured in accordance with the relevant regulations of IAS 40 (revised 2008) on subsequent measurement based to the option to recognise it at fair value. Gains or losses arising from the measurement of individual non-current assets held for sale or disposal groups are recognised as net income from continuing operations until they are sold.

6.8 Financial liabilities

Loan liabilities and other liabilities are measured at fair value on first-time recognition, taking into account transaction costs.

Any difference between the amount of a loan (after deduction of transaction costs) and the repayment amount is recognised in profit or loss over the contractually agreed term of the loan using the effective interest method. Measurement in subsequent periods is at amortised cost.

In accordance with IAS 32, equity exists only if a company has no conditional or unconditional obligation to deliver cash or other assets.

In this context, IAS 32 states that the right of shareholders in companies to redeem their share against compensation at any time must be reported as a liability, even if the shareholder's position has the legal form of a residual interest. Liabilities to limited partnership (KG) minority shareholders are therefore measured at the fair value of the claim for repayment of the limited liability capital. Changes in value are recognised in the finacial result under "Subsequent valuation of non-controlling interests".

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 average closing exchange at the end of the reporting period. 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 liability method for temporary differences between the tax base of assets and liabilities and their carrying amounts in the IFRS financial statements.

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 unutilised 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 the end of the reporting period and expected to apply when the asset is realised or the liability settled. The income tax rate for German Group companies is 31 % (2011: 31 %).

In addition to the uniform corporation tax rate and the solidarity surcharge, this also includes an average trade tax rate. The tax rates for foreign companies vary between 10 % and 35 % (2011: between 10 % and 35 %).

Deferred tax liabilities are recognised for temporary differences in connection with equity investments in subsidiaries and associates, unless the Group can control the timing of the reversal of the temporary differences and it is likely that the temporary differences will not be reversed in the foreseeable future.

Current income taxes are reported as a liability in the amount by which they are outstanding. 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 to employees. Obligations arising from defined benefit plans are measured 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 the end of the reporting period. The biometric basis is provided by the 2005G Heubeck mortality tables. Actuarial gains and losses from experience amendments and changes to actuarial assumptions are recognised in equity under retained earnings in the period in which they arise. The amount of obligations at the end of the year is offset against plan assets at fair value (funding status). Pension provisions are calculated taking into account any resulting asset 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 likely 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 measured in accordance with IAS 37 and IAS 19 by using the best estimate of the amount of the obligation. For specific risks, this is the most likely amount. Provisions with a remaining term of more than one year are discounted using a risk-adequate, matched-term interest rate. Provisions for reconstruction obligations are discounted at 3.5 % (2011: 4.0 %).

Contingent liabilities and contingent assets are possible current obligations or assets resulting from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of IVG. Furthermore, this also refers to a present obligation arising 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 assumed when acquiring a company.

Contingent assets are not recognised. Where an outflow of economic resources is likely, information on contingent liabilities is provided in the notes to the consolidated financial statements. The same applies to contingent assets if 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.

Equity-settled share-based payment transactions are measured at fair value at the grant date. The fair value of the obligation is recognised pro rata temporis in profit or loss under staff costs over the vesting period of the option. Exercise conditions not linked to market conditions are taken into account in the assumptions about the number of options expected to be exercised.

Obligations from cash-settled share-based payment transactions are recognised as other provisions and remeasured at fair value at the end of each reporting period. 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 profit or loss over the term of the lease. Real estate leases 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 leases 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 indefinite 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 term of the lease. Interest income is recognised over the term of the lease using the annuity method, reflecting a constant annual return.

Gains that are the difference between the present value of minimum lease payments and the remaining carrying amounts of lease items are recognised in profit or loss in other operating income if the leases 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 can be reliably determined and it is likely that any related receivables will be paid.

Proceeds from the 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 title 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, operation of caverns and hotel services) are recognised in the financial year in which the services are provided.

If there are customer loyalty programmes, revenues are reduced by the fair value of the bonuses expected to be redeemed in accordance with IFRIC 13. The initially deferred revenues are recognised when the bonuses are provided.

For services provided in more than one reporting year, revenues are recognised in the amount of the services actually provided in proportion to the total amount of services to be provided.

7. Notes to the consolidated income statement

7.1 Revenues

For information on revenues, please see section 11.7 Segment reporting.

7.2 Changes in inventories and other own work capitalised

in € m	2012	2011
Increase in inventories of finished goods and work in progress	39.5	213.1
Decrease in inventories of finished goods and work in progress	-29.2	-125.5
Other own work capitalised	9.1	7.5
	19.4	**95.1**

At € 39.4 million, the increases in inventories of finished goods and work in progress result from the project THE SQUAIRE (2011: € 180.1 million).

These are offset by negative changes in inventories due to successful sales of project developments, primarily the Infopark E project, Budapest (€ 24.5 million) and Arabella Park, Munich (€ 4.3 million). In the previous year, this item included changes due to the sale of the Hackesches Quartier project in Berlin (€ 115.3 million).

7.3 Unrealised changes in market value of investment property

in € m	2012	2011
Germany	84.5	44.6
Finland	-10.8	-0.4
BeNeLux	-6.0	-6.8
Italy	-2.9	-1.5
France	-0.3	-0.2
	64.5	**35.7**

Unrealised changes in market value of € 64.5 million (2011: € 35.7 million) comprise € -54.2 million (2011: € -55.8 million) for the Real Estate segment and € 118.7 million (2011: € 91.5 million) from the Caverns segment.

This includes unrealised changes in the market value of investment property under construction in the amount of € 114.5 million (2011: € 87.6 million), which relates exclusively to caverns under construction in the 2012 financial year (2011: € 87.6 million).

Unrealised market value gains of € 160.8 million (2011: € 127.5 million) are offset by market value losses of € 96.3 million (2011: € 91.8 million).

7.4 Realised changes in market value of investment property

Changes in the market value of investment property disposed of in the period from the end of the last quarter or from a later completion date to the date of disposal are shown as realised changes in market value.

€ -16.3 million (2011: € -2.4 million) of the realised changes in market value in the 2012 financial year relate to sales of investment property of the Real Estate segment and € 1.0 million (2011: € -0.6 million) to sales of caverns.

The disposals of € 770.0 million (2011: € 652.5 million) were offset by proceeds of € 757.9 million (2011: € 658.8 million). Costs to sell totalling € 3.2 million (2011: € 9.3 million) were incurred in connection with the transactions.

7.5 Other operating income

in € m	2012	2011
Earnings from disposal of consolidated companies and from participations accounted for using the equity method	3.8	0.0
Other operating income from the reversal of impairments	0.6	1.6
Income from reimbursements received/costs passed on from reconstruction obligations; Tenant improvements	3.7	5.5
Income from reimbursement of energy tax of previous years	2.5	0.0
Income from compensation for terminated rental contracts before maturity	3.5	2.6
Other operating income	20.4	10.7
	34.5	**20.4**

At € 2.3 million, the earnings from disposal of consolidated companies and from participations accounted for using the equity method essentially relate to a currency effect in connection with the disposal of a company in London and, at € 1.2 million, the income from the placement of the IVG EuroSelect 21 Munich fund.

€ 2.2 million of miscellaneous operating income relates to the reclassification of first-time gas filling equipment to property, plant and equipment on account of its reusability; € 2.1 million relates to equalisation payments received in connection with purchases and sales of property in previous years; € 1.1 million is other income from the operation of the Hilton hotels in THE SQUAIRE and € 1.0 million is due to the effect of selling a property in Finland. Furthermore, income from the reversal of write-downs on receivables, income from the disposal of property, plant and equipment, income from input tax adjustments and insurance refunds are also reported here.

7.6 Material expenses

in € m	2012	2011
Project development	32.6	207.3
Purchased services	32.4	21.6
Raw materials and consumables	4.5	4.2
Impairment losses on inventories	19.1	117.0
Appreciation in value on inventories	-0.5	-3.1
	88.1	**347.0**

The decline in the material expenses in the financial year is predominantly a result of a lower project volume in the Development segment.

Project development expenses mainly consist of purchased construction services, architects' fees and planning costs. The drop in this item is related to the reduced level of construction activity, mainly as a result of the completion of the project THE SQUAIRE, Frankfurt/Main.

The rise in the cost of purchased services mainly results from the first-time purchase of services in connection with the Hilton hotels in THE SQUAIRE in the reporting period.

The unrealised changes in value reported in the cost of materials relate to the impairment losses on the net realisable value of projects in France and Poland in the financial year. In the previous year this item related to the project THE SQUAIRE.

Reversals of impairment losses on inventories in the year under review and the previous year primarily relate to changing market conditions in the property valuation for the Goldsteinstrasse project in Niederrad, Frankfurt/Main.

7.7 Personnel expenses

in € m	2012	2011
Salaries and wages	61.5	56.6
Social security contribution	13.4	12.6
thereof for pensions	*8.7*	*8.0*
Expenses from performance plans	2.1	1.7
	77.0	**70.9**

The average number of employees in 2012 was 575 plus 61 employees (Management Board, trainees, employees in the non-active phase of partial retirement or on parental leave) (hourly-paid employees: 0, salaried employees: 636). In 2011, the average number of employees was 614 plus 54 employees (Management Board, trainees, employees in the non-active phase of partial retirement or on parental leave) (hourly-paid employees: 0, salaried employees: 668).

Pension expenses essentially consist of defined contribution plans, including employer contributions to statutory pension insurance.

7.8 Depreciation and amortisation of intangible assets and property, plant and equipment

in € m	2012	2011
Depreciation and amortisation	13.2	7.4
Impairment losses	1.9	1.2
	15.1	**8.7**

Write-downs mainly relate to impairment losses in the Caverns segment in connection with caverns that are currently under construction.

7.9 Expenses from investment property

in € m	2012	2011
Expenses from leased investment property	56.9	64.6
Expenses from partially vacant investment property	8.0	8.2
	64.9	**72.8**

This item primarily includes maintenance, land tax, operating expenses and taxes and fees that are directly attributable to investment property.

The situation at the end of the reporting period is the key factor in distinguishing between leased and vacant investment property.

7.10 Other operating expenses

in € m	2012	2011
Purchased external services	35.6	22.9
Service/maintenance	23.6	14.3
Auditing, legal and consultancy fees	16.4	17.3
Subsequent costs of sold projekt developments	14.1	0.0
Impairment losses on receivables	10.3	4.6
Data processing	8.4	9.9
Communications and marketing	6.8	8.3
Rents/leasing expense	6.4	6.3
Levies/fees/banking charges/charitable donations	4.0	2.2
Other taxes	3.4	3.6
Travel expenses and ancillary personnel costs	2.7	3.8
Insurance premiums	1.9	1.6
Rent guarantees and general leases	1.6	0.8
Office, postal and telephone expenses	1.5	1.6
Loss for obligation of repurchase	0.0	5.5
Other expenses	11.4	25.7
	148.1	**128.6**

€ 2.7 million (2011: € 3.4 million) of the auditing, legal and consulting costs relate to PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (Germany), € 1.8 million (2011: € 1.9 million) of which was with respect to fees for audits of financial statements, € 0.1 million (2011: € 0.0 million) for tax advisory services, € 0.6 million (2011: € 1.3 million) for other assurance services and € 0.1 million (2011: € 0.2 million) for other services. Of the costs of other assurance services, costs of € 0.2 million (2011: € 1.1 million) from the issue of new shares in a subsidiary were deducted from equity.

Purchased services essentially relate to expenses for services in connection with property management.

The increase in costs for service and maintenance essentially resulted from ongoing operating costs following the completion of THE SQUAIRE.

Other taxes mainly consist of property acquisition tax for properties not reported as investment property.

Other operating expenses also include subsequent costs from disposals in previous years, unrealised transactions and costs of litigation, transport and distribution.

7.11 Gains/losses from associated participations accounted for using the equity method

Gains/losses from associated participations accounted for using the equity method developed as follows:

in € m	2012	2011
Proportional results for the fiscal year	-2.9	1.9
Appreciation of receivables	0.0	0.8
Depreciation of receivables	-3.0	0.0
	-5.9	**2.7**

7.12 Income from equity investments

in € m	2012	2011
Income from equity investments	4.1	3.1
Impairment of equity investments and shares in affiliates	-1.1	-0.3
	3.1	**2.8**

Income from equity investments essentially includes € 3.7 million (2011: € 3.0 million) in distributions by the IVG Cavern Fund.

The impairment losses of € 1.0 million essentially relate to an equity investment in a Berlin property company classified as available for sale and carried at cost.

7.13 Financial result

in € m	2012	2011
Foreign currency income	20.4	20.8
Foreign currency expenses	-10.3	-26.8
Foreign currency earnings	**10.1**	**-6.0**
Interest income	35.5	21.3
Capitalised interest (assets)	4.7	6.9
Interest expense	-273.1	-234.0
Interest earnings	**-232.9**	**-205.8**
Income from hedging transactions	44.5	46.1
Expenses from hedging transactions	-25.9	-67.9
Earnings from hedging transactions	**18.6**	**-21.8**
Income from valuation of financial assets	0.0	1.9
Expenses from valuation of financial assets	-8.0	-12.7
Income from valuation of financial assets	**-8.0**	**-10.8**
Earnings from subsequent valuation of non-controlling interests	**-12.9**	**-8.8**
Other financial income	0.1	0.7
Other financial expenses	-6.6	-8.3
Other financial result	**-6.5**	**-7.6**
Financial result	**-231.6**	**-260.9**

The financial result improved by € 29.3 million to € -231.6 million (2011: € -260.9 million). This improvement resulted in particular from a significant year-on-year increase in the result from foreign currency valuation (€ 16.1 million) and from hedging transactions (€ 40.5 million). At the same time, net interest changed by € 27.1 million to € -232.9 million (2011: € -205.8 million). This was primarily due to one-off, non-cash extraordinary expenses of € 35.6 million resulting from adding interest to the convertible bond on the basis of changing assumptions with regard to exercising the conversion option. In addition, net interest in the period under review was negatively impacted by interest rate swaps expiring at the end of 2012, which led to a temporary overcollateralisation situation in connection with property sales.

Foreign currency income and expenses mainly include currency effects from the foreign currency transactions of IVG Immobilien AG and from the measurement of internal and external euro loans to Eastern European project companies.

Expenses and income from hedging transactions relate to gains and losses from the market measurement of hedge transactions not included in hedge accounting.

In particular, other financial expenses include bank fees and finance costs for restructuring and the conclusion of new and prolonged loans.

7.14 Income taxes

in € m	2012	2011
Current income tax expense	-12.8	-24.5
Income tax expense from other periods	-0.2	20.1
Deferred taxes	1.2	96.0
	-11.8	**91.6**

Tax reconciliation

The tax on consolidated earnings before taxes differs from the notional amount that would have resulted from applying the Group tax rate of 31 % (2011: 31 %) to earnings before taxes as follows:

in € m	2012	2011
IAS/IFRS earnings before income taxes	**-86.9**	**-217.6**
Expected tax expenses/income (Group tax rate)	**26.9**	**67.5**
Effects of trade taxes	1.0	-5.0
Difference in foreign tax rates	-5.9	-0.1
Changes in tax rates	0.0	-0.5
Non-deductible expenses	-13.4	-17.6
Tax-free income	1.6	26.7
Deductible notional return on equity in foreign jurisdictions	3.2	8.6
Current non-deductible losses less current non-deductible losses carried forward and temporary differences for which there are no deferred taxes	-25.0	-11.6
Effects from other periods	-0.2	24.3
Other	0.0	-0.7
Effective income taxes (current and deferred taxes)	**-11.8**	**91.6**
Group tax rate in %	-13.6	42.1

7.15 Earnings per share

Basic earnings per share

The basic earnings per share are calculated by dividing the consolidated net profit for the period due to the shareholders of the parent company by the weighted average number of ordinary shares outstanding in the year under review.

		2012	2011
Amount of consolidated net profit attributable to Group shareholders	in € m	-90.7	-158.0
Weighted number of shares issued	in m	207.9	142.1
Basic earnings per share	€	-0.44	-1.11

The weighted number of shares issued was adjusted for the calculation of the earnings per share for all shares held in the comparative year before the capital increase as at 16 December 2011 from 126.0 million shares to 127.9 million shares as the subscription rights to this capital increase included bonus elements.

Diluted earnings per share

The calculation of the diluted earnings per share is the same as for basic earnings per share.

However, the diluted earnings per share are calculated by adjusting the share of the consolidated net income due to the shareholders of the parent company and the weighted average number of ordinary shares outstanding for all dilution effects of potential ordinary shares.

The IVG Group has potential ordinary shares resulting from the convertible bond issued. The share of earnings attributable to Group shareholders is adjusted for all finance expenses (after taxes) resulting from the convertible bond, interest expenses for the respective period and bank fees, as these are no longer incurred on conversion and thus have no further influence on the share of earnings attributable to Group shareholders. The weighted average number of ordinary shares outstanding is increased by the weighted average number of additional ordinary shares that would have been outstanding if all potential ordinary shares with a dilution effect had been converted.

		2012	2011
Amount of consolidated net profit attributable to Group shareholders	in € m	-90.7	-158.0
Interest expense from bond (after taxes)	in € m	36.9	11.9
Amount of consolidated net profit attributable to Group shareholders (diluted)	in € m	-53.8	-146.1
Weighted number of shares issued	in m	207.9	142.1
Effect of potential conversion of bond	in m	9.6	8.7
Adjusted weighted number of shares issued	in m	217.5	150.8
Diluted earnings per share	in €	-0.44	-1.11

The diluted earnings shown are the same as the basic earnings per share as the effect of the potential conversion of the bond would reduce only the loss per share (antidilutive effect).

EPRA earnings per share

Earnings per share as calculated in line with EPRA recommendations are based on earnings resulting from the main operating activities of the IVG Group. Thus, neither unrealised nor realised changes in market value, especially of investment property, are taken into account.

The EPRA earnings per share are determined as follows:

		2012	2011
Amount of consolidated net profit attributable to Group shareholders	in € m	-90.7	-158.0
Unrealised changes in market value of investment property	in € m	-64.5	-35.7
Realised changes in market value from the sale of investment property and equity investments*	in € m	25.1	5.8
Taxes on realised changes in market value from the sale of investment property and equity investments	in € m	-6.6	0.1
Negative goodwill/impairment of goodwill	in € m	0.0	0.0
Changes in fair value of financial instruments	in € m	-10.6	32.6
Deferred taxes on above	in € m	34.4	14.4
Minority shares on above	in € m	5.4	0.0
Adjusted amount of consolidated net profit attributable to Group shareholders	in € m	-107.5	-140.8
Weighted number of shares issued	in m	207.9	142.1
EPRA earnings per share	in €	-0.52	-0.99

* Also includes the result from the disposal of equity investments

8. Notes to the consolidated statement of financial position – assets

8.1 Intangible assets

in € m	Internally generated software	Concessions,indust. property rights and other rights as well as licenses to such rights	Goodwill	Software development in progress	Total
2012					
Acquisition costs at 01.01.	**0.0**	**10.5**	**270.3**	**0.0**	**280.8**
Exchange rate differences	0.0	0.2	0.0	0.0	0.2
Additions	0.0	0.3	0.0	2.5	2.8
Disposals	0.0	0.0	0.0	0.0	0.0
Reclassification	2.5	0.0	0.0	-2.5	0.0
At 31.12.	**2.5**	**11.0**	**270.3**	**0.0**	**283.8**
Amortisation at 01.01.	**0.0**	**9.7**	**19.7**	**0.0**	**29.5**
Exchange rate differences	0.0	0.2	0.0	0.0	0.2
Additions	0.0	0.4	0.0	0.0	0.5
thereof extraordinary	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Disposals	0.0	0.0	0.0	0.0	0.0
At 31.12.	**0.0**	**10.4**	**19.8**	**0.0**	**30.1**
Carrying amount at 31.12.	**2.5**	**0.6**	**250.5**	**0.0**	**253.6**
Carrying amount at 01.01.	**0.0**	**0.8**	**250.6**	**0.0**	**251.3**
2011					
Acquisition costs at 01.01.	**0.0**	**10.6**	**269.0**	**0.0**	**279.6**
Exchange rate differences	0.0	-0.3	0.0	0.0	-0.3
Additions	0.0	0.1	0.0	0.0	0.1
Disposals	0.0	0.3	1.2	0.0	1.5
Reclassification	0.0	-0.1	0.0	0.0	-0.1
At 31.12.	**0.0**	**10.5**	**270.3**	**0.0**	**280.8**
Amortisation at 01.01.	**0.0**	**9.8**	**19.8**	**0.0**	**29.5**
Exchange rate differences	0.0	-0.3	-0.1	0.0	-0.3
Additions	0.0	0.4	0.0	0.0	0.4
thereof extraordinary	*0.0*	*0.1*	*0.0*	*0.0*	*0.0*
Disposals	0.0	-0.1	0.0	0.0	-0.1
At 31.12.	**0.0**	**9.7**	**19.7**	**0.0**	**29.5**
Carrying amount at 31.12.	**0.0**	**0.8**	**250.6**	**0.0**	**251.3**
Carrying amount at 01.01.	**0.0**	**0.8**	**249.2**	**0.0**	**250.0**

The addition to software in development and the reclassifications to internally generated software relate to the launch of an IT-controlled data management system for project development (new cavern construction) and cavern operation.

The reported goodwill is allocated to the cash-generating units (CGUs) IVG Institutional Funds (specialised real estate fund for institutional investors, € 239.1 million, 2011: € 239.1 million) and IVG Private Funds (closed-end property funds for private investors, € 11.3 million, 2011: € 11.3 million).

In the case of the IVG Institutional Funds CGU, the relevant monitoring level for IVG's management is the development in the enterprise value, the major component of which is the total volume of funds under management.

IVG management monitors the IVG Private Funds CGU on the basis of operating earnings, for which the main influencing factor is equity sales development for the closed-end property funds.

The recoverable amount for the IVG Institutional Funds and IVG Private Funds CGUs is determined by calculating their value in use. These calculations are based on medium-term planning approved by the management, which covers cash flows at the level of individual funds over a period of three years. The estimates used in the planning for the IVG Institutional Funds CGU include in particular purchases and sales planned by the fund managers and market assessments of the future investment behaviour of institutional investors. For the IVG Private Funds CGU, the product and placement planning agreed between the management and the development and sales departments covers projects that are already specifically planned as well as intended future fund concepts. To determine the value of the annuity (value contribution after the end of the detailed planning period), sustainable operating cash flows are extrapolated using a growth rate for the IVG Institutional Funds CGU of 1.0 % p.a. (2011: 1.0 %). The growth rate reflects our long-term expectations. No growth rate was taken into account for the IVG Private Funds CGU in either 2011 or 2012. 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 6.6 % (2011: 7.5 %) for the IVG Institutional Funds CGU and 11.7 % (2011: 13.5 %) for the IVG Private Funds CGU before taxes.

As the values in use exceeded the carrying amounts of the IVG Institutional Funds and IVG Private Funds CGUs, no impairment losses were required as at 31 December 2012. An increase in the discount rate of 0.5 % and a reduction of the long-term growth rate of 0.5 %, on the basis of which the IVG Group determines the value in use for both CGUs, would not have resulted in impairment losses.

8.2 Investment property

in € m			2012			2011
	IP (at fair value)	IP under construction (at fair value)	IP under construction (at cost)	IP (at fair value)	IP under construction (at fair value)	IP under construction (at cost)
Carrying amount as of 01.01.	**3,399.7**	**390.5**	**174.2**	**4,149.2**	**443.9**	**167.6**
Change in the group of consolidated companies	-11.4	0.0	0.0	-0.8	0.0	0.0
Additions	35.4	39.5	16.4	36.0	40.9	52.5
Disposals	-232.3	0.0	0.0	-235.2	0.0	0.0
Realised changes in market value of investment property	-45.0	114.5	0.0	-51.9	87.6	0.0
Write-down	0.0	0.0	0.0	0.0	0.0	-0.9
Appreciation	0.0	0.0	0.6	0.0	0.0	1.6
Reclassifications from IP under contruction valued at cost to IP under construction valued at fair value	0.0	66.8	-66.8	0.0	46.5	-46.5
Reclassifications from IP under construction to IP	200.5	-200.5	0.0	228.3	-228.3	0.0
Reclassifications to non-current assets held for sale	-228.0	0.0	0.0	-726.0	0.0	0.0
Carrying amount at 31.12.	**3,118.9**	**410.8**	**124.4**	**3,399.7**	**390.5**	**174.2**

At € 55.9 million (2011: € 93.4 million), additions in the financial year essentially relate to investment property under construction.

Furthermore, € 22.1 million (2011: € 27.3 million) was invested in the property portfolio in the financial year, € 21.8 million (2011: € 26.7 million) of which in Germany and € 0.3 million (2011: € 0.6 million) of which in the rest of Europe. Other investments of € 13.3 million (2011: € 8.7 million) related to completed caverns.

At € 214.1 million, disposals at carrying amount essentially resulted from the sale of seven caverns to the IVG Cavern Fund. Furthermore, investment property of the Real Estate segment was sold at the locations of Brussels (€ 12.7 million), Munich (€ 2.8 million), Berlin (€ 2.2 million), Liebenau (€ 0.3 million) and Frankfurt/Main (€ 0.2 million).

The change in the group of companies included in consolidation relates to the sale of two investment properties in Helsinki and the buyback of one investment property in Helsinki.

Investment property with a total value of € 228.0 million (2011: € 726.0 million) was reclassified to non-current assets available for sale in the financial year (see section 8.9).

8.3 Property, plant and equipment

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
2012						
Acquisition costs at 01.01.	**34.8**	**1.7**	**96.8**	**18.0**	**43.3**	**194.6**
Change in the group of consolidated companies	0.0	0.0	0.0	0.0	0.0	0.0
Additions	2.1	0.0	9.6	0.6	9.0	21.3
Disposals	-0.3	0.0	0.0	-2.5	-0.2	-3.0
Reclassifications	1.1	0.0	30.2	23.9	-27.8	27.4
At 31.12.	**37.7**	**1.7**	**136.6**	**40.0**	**24.3**	**240.3**
Amortisation at 01.01.	**6.7**	**0.1**	**16.2**	**12.6**	**2.2**	**37.8**
Additions	0.9	0.1	7.1	4.7	1.8	14.6
thereof extraordinary	*0.0*	*0.0*	*0.0*	*0.0*	*1.8*	*1.8*
Disposals	0.0	0.0	0.0	-2.0	0.0	-2.0
At 31.12.	**7.6**	**0.2**	**23.3**	**15.3**	**4.0**	**50.4**
Carrying amount at 31.12.	**30.1**	**1.5**	**113.4**	**24.6**	**20.3**	**189.9**
Carrying amount at 01.01.	**28.1**	**1.5**	**80.7**	**5.3**	**41.1**	**156.8**
2011						
Acquisition costs at 01.01.	**34.8**	**1.7**	**83.7**	**18.1**	**23.1**	**161.4**
Change in the group of consolidated companies	0.0	0.0	0.0	0.3	0.0	0.3
Additions	0.7	0.0	10.0	1.4	24.0	36.0
Disposals	-0.7	0.0	-0.6	-1.8	0.0	-3.0
Reclassifications	0.0	0.0	3.7	0.0	-3.7	0.0
At 31.12.	**34.8**	**1.7**	**96.8**	**18.0**	**43.3**	**194.6**
Amortisation at 01.01.	**6.0**	**0.1**	**11.9**	**12.4**	**2.2**	**32.5**
Additions	0.9	0.1	4.6	1.6	0.0	7.2
thereof extraordinary	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Disposals	-0.2	0.0	-0.4	-1.4	0.0	-1.9
At 31.12.	**6.7**	**0.1**	**16.2**	**12.6**	**2.2**	**37.8**
Carrying amount at 31.12.	**28.1**	**1.5**	**80.7**	**5.3**	**41.1**	**156.8**
Carrying amount at 01.01.	**28.8**	**1.6**	**71.8**	**5.8**	**20.9**	**128.9**

The additions to property, plant and equipment total € 21.3 million (2011: € 36.0 million) and include € 10.0 million in investments in the IVG Caverns segment. These essentially comprise the new office building at the Etzel location (€ 2.1 million), the extension and completion of the piping systems (€ 2.7 million), gas field pipes (€ 2.4 million), the media connection (€ 1.2 million) and the installation of pump systems (€ 0.9 million). Furthermore, there were additions to prepayments and assets under construction of € 9.0 million in the financial year. These essentially related to investments in connection with the expansion of the cavern field.

Inventories were reclassified to different line items in the reporting year, in particular to other equipment, operating and office equipment due to the reclassification of hotel operations from the project THE SQUAIRE following their commencement (€ 22.8 million) and to technical equipment and machinery in connection with the multiple usability of the first-time gas filling equipment in cavern operations (€ 3.7 million).

Depreciation increased from € 7.2 million in 2011 to € 14.6 million. An impairment loss of € 1.8 million was recognised on the fair value less costs to sell of technical equipment in the Caverns segment in the year under review.

8.4 Financial assets and investments in participations accounted for using the equity method

in € m	Shares in equity investments accounted for using the equity method	Equity investments and shares in affiliates	Shares in other equity investments	Loans to affiliates	Loans to equity investments accounted for using the equity method	Loans to other companies	Other loans	Financial assets
2012								
Acquisition costs at 01.01.	**95.4**	**6.7**	**82.9**	**8.9**	**1.7**	**8.8**	**147.6**	**352.0**
Exchange rate differences	-0.2	0.0	-0.1	0.0	0.0	0.0	0.0	-0.3
Additions	3.4	0.0	32.3	0.6	0.3	0.0	7.3	43.9
Changes at equity	-6.1	0.0	0.0	0.0	0.0	0.0	0.0	-6.1
Disposals	-8.0	-3.8	-4.8	0.0	-0.2	0.0	-46.5	-63.3
Reclassifications	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
At 31.12.	**84.5**	**3.0**	**110.3**	**9.5**	**1.8**	**8.8**	**108.4**	**326.2**
Amortisation at 01.01.	**0.0**	**3.6**	**3.5**	**8.9**	**0.0**	**8.8**	**42.9**	**67.7**
Exchange rate differences	0.0	0.0	0.0	0.0	0.0	0.0	-1.1	-1.1
Impairments	0.0	1.0	0.1	0.6	1.8	0.0	4.5	8.0
Write-up or appreciation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unrealised gains and losses recognised in other reserves	0.0	0.0	-3.7	0.0	0.0	0.0	0.0	-3.7
Disposals	0.0	-2.8	-0.2	0.0	0.0	0.0	0.0	-3.0
Reclassifications	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
At 31.12.	**0.0**	**1.9**	**-0.3**	**9.5**	**1.8**	**8.8**	**46.3**	**67.9**
Carrying amount at 31.12.	**84.5**	**1.1**	**110.6**	**0.0**	**0.0**	**0.0**	**62.1**	**258.3**
Carrying amount at 01.01.	**95.4**	**3.1**	**79.4**	**0.0**	**1.7**	**0.0**	**104.7**	**284.3**
2011								
Acquisition costs at 01.01.	**81.9**	**6.7**	**113.2**	**8.4**	**1.0**	**8.8**	**102.7**	**322.3**
Exchange rate differences	0.7	0.0	-1.6	0.0	0.0	0.0	0.0	-0.9
Additions	21.0	0.0	22.5	0.5	0.8	0.0	53.2	98.0
Changes at equity	-7.2	0.0	0.0	0.0	0.0	0.0	0.0	-7.2
Disposals	-1.0	0.0	-0.7	0.0	0.0	0.0	-8.3	-10.0
Reclassifications	0.0	0.0	-50.5	0.0	0.0	0.0	0.0	-50.5
At 31.12.	**95.4**	**6.7**	**82.9**	**8.9**	**1.7**	**8.8**	**147.6**	**351.7**
Amortisation at 01.01.	**0.0**	**3.6**	**21.3**	**7.9**	**0.0**	**8.8**	**45.2**	**86.3**
Exchange rate differences	0.0	0.0	-0.7	0.0	0.0	0.0	-1.6	-2.4
Impairments	0.0	0.2	2.1	1.0	0.0	0.0	5.1	8.4
Write-up or appreciation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unrealised gains and losses recognised in other reserves	0.0	0.0	-2.7	0.0	0.0	0.0	0.0	-2.7
Disposals	0.0	0.0	-0.2	0.0	0.0	0.0	-5.8	-6.0
Reclassifications	0.0	0.0	-16.3	0.0	0.0	0.0	0.0	-16.3
At 31.12.	**0.0**	**3.8**	**3.5**	**8.9**	**0.0**	**8.8**	**42.9**	**67.5**
Carrying amount at 31.12.	**95.4**	**2.9**	**79.4**	**0.0**	**1.7**	**0.0**	**104.7**	**284.3**
Carrying amount at 01.01.	**81.9**	**3.1**	**91.8**	**0.5**	**1.0**	**0.0**	**57.5**	**235.8**

The additions to investments accounted for using the equity method relate to the first-time inclusion of Objekt Niederlehme Verwaltungsgesellschaft KG (€ 2.7 million) and the acquisition of shares from a fellow shareholder in Real Estate Capital Partners, New York (€ 0.7 million). The disposals of investments accounted for using the equity method result in particular from the liquidation of Real Estate Investor Funds s.a.r.l., Luxembourg, in 2012 (€ 7.7 million). The change in investments accounted for using the equity method includes losses of € 2.9 million from the pro rata earnings of investments accounted for using the equity method plus the associated dividend distributions of € 3.2 million.

The disposals from equity investments and interests in non-consolidated companies essentially relate to sales in the year under review.

In connection with the sale of two properties in Munich as part of the successful placement of IVG EuroSelect 21 Munich, 10 % of shares in the property companies were retained. This resulted in additions of € 20.4 million to shares in other equity investments. Other additions resulted from the drawdown of funds in connection with the 2011 acquisition of two Frankfurt/Main office properties (Silberturm complex) as part of the co-investment strategy (€ 5.1 million) and the cavern fund placed by IVG (€ 5.9 million).

At € 6.5 million, additions to other loans relate to capitalised interest on a loan denominated in pound sterling granted in 2007 to a project partner of IVG Private Funds. During the remeasurement of this loan an impairment of € 3.3 million occured.

At € 45.1 million, disposals from other loans essentially relate to the repayment of two vendor loans granted in 2011 in connection with the sale of a property in France.

8.5 Receivables and other assets

in € m			2012			2011
	Total	Non-current	Current	Total	Non-current	Current
Trade receivables	49.5	3.7	45.8	47.7	0.1	47.6
Receivables from associated participations	24.9	0.0	24.9	21.0	0.0	21.0
Receivables from other taxes	26.3	0.0	26.3	29.2	11.5	17.7
Receivables from affiliates	5.3	0.0	5.3	5.3	0.0	5.3
Receivables from other equity investments	57.8	0.0	57.8	75.9	42.9	33.0
Surplus on plan assets (see Section 9.5)	0.0	0.0	0.0	1.8	1.8	0.0
Other assets	35.3	8.3	27.0	38.1	3.1	35.0
Accrued and deferred items	7.2	4.7	2.5	6.5	0.3	6.2
	206.2	**16.7**	**189.5**	**225.5**	**59.7**	**165.8**

The fair values of receivables and other assets are approximately their carrying amounts.

Receivables from associates relate in particular to the project development companies HIPPON Verwaltungsgesellschaft mbH & Co. Salzufer I und II Vermietungs KG at € 6.1 million (2011: € 6.1 million) and Frankonia Parkstadt Schwabing GmbH, Nettetal, at € 6.0 million (2011: € 6.1 million) and the property companies Moosacher Straße mbH & Co. KG at € 6.2 million (2011: € 2.3 million). This item also includes receivables from the investment companies Rantasarfvik Oy, Helsinki, of € 4.4 million (2011: € 4.4 million) and IVG Real Estate Investor Funds s.a.r.l., Luxembourg, of € 2.0 million (2011: € 2.1 million).

The other tax receivables relate mainly to VAT refunds.

Receivables from other equity investments essentially include € 46.5 million (2011: € 62.5 million) from a compensation agreement as part of the sale of cavern assets to the cavern fund launched in 2008. The receivables relate to the prolongation of leases by IVG and new leases for the caverns allocated to fund assets.

Other assets include receivables from the sale of assets of € 2.7 million (2011: € 5.4 million), receivables from financing from third parties of € 4.5 million (2011: € 1.4 million) and miscellaneous assets of € 28.0 million (2011: € 31.3 million).

In the 2012 financial year, the Group reported impairment losses on receivables in the amount of € 10.3 million (2011: € 4.6 million) under other expenses.

8.6 Inventories

in € m	2012	2011
Raw materials and consumables	8.3	7.2
Unfinished goods, work in progress	967.7	970.7
Finished goods	20.0	46.6
Payments on account	0.3	0.6
	996.3	**1,025.1**

Of the inventories, € 161.8 million (2011: € 923.6 million) are expected to be held for longer than one year.

The decline in finished goods and services is essentially due to the completion and subsequent sale of the Infopark E project, Budapest (2011: € 22.9 million).

Impairment losses on inventories (see section 7.6) amounted to € 19.1 million (2011: € 117.0 million).

Borrowing costs of € 0.2 million (2011: € 9.0 million) were recognised in inventories in 2012.

The carrying amount of inventories carried at net recoverable amount is € 911.7 million (2011: € 910.1 million).

8.7 Securities and equity investments (current)

Securities and other equity investments essentially include residual interests of € 26.7 million (2011: € 0.0 million) in the IVG EuroSelect 21 Munich fund intended for resale in the near future and repurchased shares in other EuroSelect funds. Impairment losses of € 0.4 million were recognised on interests in the year under review (2011: € 0.9 million).

8.8 Cash and cash equivalents

This item essentially includes bank balances and, to an insignificant extent, short-term deposits of IVG Immobilien AG, Bonn, and other Group companies. In 2012, the interest rates for cash and cash equivalents ranged between 0.08 % and 0.35 % (2011: between 0.5 % and 3.37 %).

Cash and cash equivalents of € 17.6 million are limited in terms of their availability.

8.9 Non-current assets held for sale

Assets held for sale in the amount of € 58.0 million (2011: € 341.3 million) were reclassified to non-current assets held for sale in the financial year.

Four investment properties of the Real Estate segment classified as assets held for sale as at 31 December 2011 (total market value of € 340.2 million) and an equity investment in a property in Finland were sold as planned in the 2012 financial year.

In the 2012 financial year, investment property of the Real Estate segment in the amount of € 170.0 million was reclassified to non-current assets held for sale and sold as planned.

The properties reported as held for sale as at 31 December 2012 are investment property of the Real Estate segment (market value of € 13.0 million) and a cavern of the Caverns segment (market value of € 45.0 million), which are intended to be sold in the 2013 financial year.

9. Notes to the consolidated statement of financial position – equity and liabilities

9.1 Total equity

Details of the effects of deferred taxes on the individual components of income and expenses directly recognised in equity are shown in the table below:

in € m			2012			2011
	Before deduction of taxes	Taxes	After deduction of taxes	Before deduction of taxes	Taxes	After deduction of taxes
Market valuation available-for-sale securities	4.7	-1.0	3.7	0.9	-1.2	-0.3
Market valuation of hedging instruments	-8.7	3.6	-5.1	31.1	4.6	35.7
Hedge of net investment	-6.0	0.0	-6.0	0.0	0.0	0.0
Adjustment for currency translation of foreign subsidiaries	4.2	0.0	4.2	0.9	0.0	0.9
Actuarial earnings and losses from performance-based pension plans and similar obligations	-15.3	4.7	-10.6	-1.4	0.5	-0.9
Income and expenses directly recognised in equity	**-21.1**	**7.4**	**-13.8**	**31.5**	**3.9**	**35.4**

In connection with the IPO of IVG Immobilien Management REIT-AG, 25 % of the shares were sold to minorities with effect from 24 July 2013. In this context, € 8.3 million from retained earnings and € -4.5 million from other reserves was reclassified to non-controlling interests. IVG granted the minorities an option to sell the acquired shares back to IVG at a pre-defined price per share of IVG Immobilien Management REIT-AG. The earliest date when this option may be exercised is in August 2013.

In connection with the suspension of payments on the hybrid capital issued, the discontinuation of the accrual of interest payments led to an increase in equity (after offsetting against deferred taxes) of € 8.6 million.

As at 31 December 2012, the share capital of IVG Immobilien AG amounted to € 207,883,884 (2011: € 207,883,884) and was divided into 207,883,884 (2011: 207,883,884) no-par-value bearer shares.

The authorised capital was as follows as at the end of the reporting period:

Authorised Capital 2012	
by issuing new no-par-value bearer shares with a pro rata share of the share capital of € 1 each in exchange for cash or contribution in kind	until € 103.941.942,00 in accordance with the resolution of the General Meeting on May 15, 2012

There were also two instances of contingent capital as at the end of the reporting period:

The share capital was firstly contingently increased by € 8,654,262. This contingent capital serves to grant shares to the bearers of the convertible bonds issued by a Dutch subsidiary in a total amount of € 400 million. The contingent capital increase will be implemented only to the extent that the bearers of conversion rights and options from the convertible bonds or warrants exercise them. The convertible bonds issued on 29 March 2007 have a term of ten years. They can be redeemed early by the bearers for the first time effective 29 March 2014.

The share capital has also been contingently increased by € 95,287,680 (Contingent Capital 2012). This contingent capital serves to grant shares to the bearers or creditors of convertible bonds or options that can be issued in accordance with the authorisation of the Annual General Meeting of 15 May 2012.

IVG Immobilien AG issued no IVG shares to employees in 2012 as part of an employee savings scheme.

IVG held 32,229 treasury shares as at 31 December 2012 (2011: 32,229). This corresponds to € 32,229 (0.0155 %) of share capital.

The other reserves comprise the currency reserve, changes in the fair value of available-for-sale financial instruments and derivatives in an effective hedge, plus any related deferred taxes.

Retained earnings contain the retained earnings generated by the companies included in the consolidated financial statements and the actuarial gains and losses on pensions obligations recognised in equity, plus any related deferred taxes.

At the Annual General Meeting on 15 May 2012, it was decided not to distribute any dividends to the shareholders for the 2011 financial year (2011: no dividends for the 2010 financial year).

9.2 Financial liabilities

in € m			2012			2011
	Total	Non-current	Current	Total	Non-current	Current
Convertible bond	381.4	381.4	0.0	334.9	334.9	0.0
Bank loans	3,837.8	2,838.4	999.4	4,446.2	3,827.7	618.5
Finance leases	1.4	0.0	1.4	1.5	1.4	0.1
Financing liabilities to affiliates	2.3	0.0	2.3	3.2	0.0	3.2
Financing liabilities to associated companies	6.2	0.0	6.2	3.1	0.0	3.1
Liabilities to equity investments	0.1	0.0	0.1	0.8	0.0	0.8
Non-controlling interests	78.9	17.1	61.8	70.9	15.7	55.2
Other financial liabilities	17.9	0.6	17.3	17.8	1.3	16.5
Total	**4,326.0**	**3,237.4**	**1,088.6**	**4,878.3**	**4,181.0**	**697.3**

The nominal values of floating and fixed-interest rate liabilities to banks are denominated in the following currencies (equivalent value in euro):

in € m	2012	2011
Euro	3,810.1	4,408.1
Pounds Sterling	36.8	38.1
US Dollars	2.9	4.3
	3,850.8	**4,450.5**

The maturities of the floating and fixed-interest rate liabilities to banks (including liabilities to banks of disposal groups, netting positions and deferred items) are as follows:

in € m				2012				2011
	Fixed-interest liabilities	Weighted interest rate in %	Variable-interest liabilities	Weighted margin in %	Fixed-interest liabilities	Weighted interest rate in %	Variable-interest liabilities	Weighted margin in %
Up to 1 year	2.6	4.98	1,004.0	2.16	3.1	5.12	611.7	2.47
1 to 2 years	21.1	4.17	2,135.9	1.75	23.4	5.67	968.5	2.24
2 to 3 years	12.2	4.77	515.4	2.41	2.6	4.96	2,153.0	1.48
3 to 4 years	1.8	5.46	45.7	1.84	10.3	4.67	498.6	1.89
4 to 5 years	1.8	5.46	2.9	1.65	0.8	4.85	45.0	1.85
Over 5 years	20.3	5.78	86.2	1.47	42.7	5.03	90.8	1.47
Total	**59.8**	**4.95**	**3,790.1**	**1.94**	**82.9**	**5.15**	**4,367.6**	**1.84**

The average interest rate for all liabilities to banks and convertible bond amounts to 3.24 % (2011: approximately 4.32 %). Fixed-interest loans bear interest at an average rate of around 4.95 % (2011: around 5.15 %). Floating-rate liabilities are subject to regular interest rate adjustments. The adjustments are mainly based on one, three, six or twelve-month EURIBOR/LIBOR plus an average margin of 1.94 % (2011: 1.84 %).

Depending on maturity, interest rates in the euro zone were between 0.05 % and 2.33 % (2011: between 0.40 % and 2.69 %), those in the pound sterling zone were between 0.47 % and 2.97 % (2011: between 0.58 % and 3.01 %) and those in the US dollar zone were between 0.17 % and 2.80 % (2011: between 0.15 % and 2.62 %).

Some of the variable loans are backed by hedges (interest rate swaps, collars, caps). The nominal volumes of these hedging instruments are as follows (annual averages):

in € m	2012		2011
Year	Nominal	Year	Nominal
2013	2,114.3	2012	2,329.1
2014	1,393.5	2013	1,066.7
2015	954.1	2014	793.8
2016	73.9	2015	516.2
2017	0.0	2016	28.1
2018 ff.	0.0	2017 ff.	0.0

€ 1,557.0 million of the average nominal volume in 2013 relates to swaps, € 253.7 million to collars and € 303.7 million to caps.

Some liabilities to banks are secured by charges on property:

in € m	2012	2011
Financial liabilities secured by charges on property	3.820.0	2.764.2
thereof on investment property	*3.235.7*	*2.172.3*

Bank balances with a carrying amount of € 7.8 million (2011: € 0.0 million) are also pledged in relation to financial liabilities. As in the previous year, no items of property, plant and equipment have been pledged.

9.3 Derivative financial instruments

The following derivative financial instruments were held as at the end of the reporting period:

in € m	2012		2011	
	Nominal volume	Marktet value	Nominal volume	Marktet value
Assets				
Interest rate hedges	0.0	0.0	0.0	0.0
Total	**0.0**	**0.0**	**0.0**	**0.0**
Liabilities				
Interest rate hedges	2,339.4	-76.3	2,.966.1	-88.9
Total	**2,339.4**	**-76.3**	**2,966.1**	**-88.9**

The nominal value of all derivative financial instruments was € 2,339.4 million (2011: € 2,966.1 million). This does not include the writer put option for the IVG Protect fund (market value: € -7.7 million as at 31 December 2012 and € -6.9 million as at 31 December 2011).

The offsetting changes in the value of hedged items are not taken into account when calculating 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 are their market value. IVG runs a credit check on the counterparties before concluding derivatives. As at 31 December 2012, all derivative contracts are with banks of good credit standing or banks that have accepted government bailouts.

As at 31 December 2012, the hedge reserve from derivatives before deduction of deferred taxes amounted to € -59.1 million (2011: € -54.1 million). This consists of a frozen hedge reserve from net investment hedges of € 6.9 million (2011: € 12.9 million) and the effective portion of € -66.0 million (2011: € -66.9 million) from cash flow hedges.

The following effects resulted before the deduction of deferred taxes in the 2012 financial year: an amount of € -5.1 million (2011: € 31.1 million) was recognised in equity for changes in market value of the cash flow hedges of € -31.8 million (2011: € -17.5 million) and from the reversal of the cumulative amount of cash flow hedges reversed early of € 20.7 million (2011: € 48.7 million) and finished net investment hedges of € 6.0 million (2011: € 0.0 million).

The ineffectiveness of cash flow hedges resulted in a contribution to earnings of € -0.0 million in 2011 and 2012.

No hedges were ended early in 2011 or 2012.

The market value of swaps classified as net investment hedges is € 0.0 million (2011: € 0.0 million); the market value of cash flow hedge derivatives is € -72.2 million (2011: € -45.2 million). The market value of derivatives not included in hedge accounting is € -11.8 million (2011: € -43.7 million).

The secured cash flows from cash flow hedges occur as a result of interest payments. In future periods, the following interest payments will be recognised in profit or loss on the following nominal volumes (annual averages):

in € m	2012		2011
Year	Nominal	Year	Nominal
2013	2,070.1	2012	1,215.0
2014	1,351.4	2013	1,040.5
2015	941.6	2014	769.7
2016	73.9	2015	511.1
2017	0.0	2016	28.1
2018 ff.	0.0	2017 ff.	0.0

As at 31 December 2011 and 31 December 2012, there were no derivatives in net investment hedges.

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 offset 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	2012		2011	
	Assets	Liabilities	Assets	Liabilities
Investment property	110.7	55.4	147.1	72.5
Receivables (particularly leasing)	1.2	0.0	0.8	11.4
Tax free provisions (including Section 6b of the German Income Tax Act (EStG))	0.0	0.8	0.0	11.7
Liabilities and provisions	29.0	64.9	44.0	60.1
Inventories	60.3	0.0	59.2	0.7
Financial assets and securities	0.5	2.5	0.7	0.0
Other temporary differences	2.7	3.1	3.8	4.4
Tax loss carryforwards	215.0	0.0	204.7	0.0
	419.4	**126.7**	**460.3**	**160.8**
Netting of deferred tax assets and liabilities	**-83.3**	**-83.3**	**-56.3**	**-56.3**
Recognition in financial statements	**336.1**	**43.4**	**404.0**	**104.5**
thereof current	*64.2*	*3.3*	*105.8*	*87.5*
thereof non-current	*271.9*	*40.1*	*298.2*	*17.0*

As at the end of the 2012 reporting period, € 7.4 million (2011: € 3.9 million) of deferred tax assets and liabilities on hedges, available-for-sale financial instruments and actuarial gains and losses were recognised in equity. In addition, € 16.5 million in income taxes on the equity component of composite bonds was recognised directly in equity.

No deferred tax assets were recognised on tax loss and interest carryforwards of € 1,528.1 million (2011: € 922.0 million) or temporary differences of € 0.0 million (2011: € 186.0 million) as it is assumed that these will not be utilised in future.

Maturity of unrecognised tax loss carryforwards and interest carryforwards:

in € m	2012	2011
Up to 1 year	0.6	0.0
1 to 5 years	7.9	0.4
Over 5 years	1,519.6	921.6
	1,528.1	**922.0**

Deferred tax liabilities resulting from temporary differences in connection with equity investments in subsidiaries of € 6.4 million (2011: € 6.4 million) have not been recognised as the Group can control when the temporary differences will be reversed and as it is likely that the temporary differences will not reverse in the foreseeable future.

The maturities of the income tax receivables and liabilities recognised in the statement of financial position break down as follows:

The current income tax receivables of € 7.4 million (2011: € 12.4 million) essentially relate to current tax assets from eligible taxes and advance payments of taxes.

Current income tax liabilities of € 33.9 million (2011: € 48.3 million) essentially include income taxes for a Belgian company of € 15.4 million and income taxes for German Group companies.

9.5 Pension provisions

IVG has both defined benefit and defined contribution plans for its employees. These plans include provisions for retirement, disability and surviving dependents.

The IVG Group uses statistical and actuarial calculations from actuaries to reflect future developments in its calculations for the 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 parameters

The actuarial calculations of retirement benefit obligations and pension expenses were based on the following assumptions:

in %	2012	2011
Discount rate:	**3.00**	**4.75**
Expected return from:		
- Plan assets CTA	3.00	0.50
- Pledged reinsurance policies	3.00	4.50
Salary trend:		
- Management Board and senior management	2.50	2.50
- Employees	2.50	2.50
Pension trend:		
- Special obligations	2.00	2.00
- Pensions scheme	1.00	1.00
Employee turnover:		
- Management Board and senior management	1.00	1.06
- Pensions scheme	3.29	3.56
Basis of calculation:	**Actuarial tables 2005G**	**Actuarial tables 2005G**

Reconciliation of benefit obligations to provisions

The funding status resulting as the difference between the present value of defined benefit obligations and the fair value of plan assets is reconciled to the recognised pension provisions as follows:

in € m	2012	2011
Total funded benefit obligations at 31.12.	53.2	39.6
Total unfunded benefit obligations at 31.12.	8.6	5.0
Total benefit obligations at 31.12.	**61.8**	**44.6**
Less fair value of plan assets	-29.4	-28.5
Asset surplus recognised as assets	0.0	1.8
Provision at 31.12.	**32.4**	**17.9**

There was no excess cover on funded pension obligations in 2012. Excess cover of € 1.8 million was reported under other assets in 2011 (see section 8.5).

Changes in total benefit obligations

The present value of defined benefit obligations developed as follows:

in € m	2012	2011
Benefit obligations at 01.01.	**44.6**	**41.9**
Service cost	1.7	1.6
Actuarial (gains) losses	15.5	0.9
Interest expense	2.1	2.0
Pension payments	-2.1	-1.8
Benefit obligations at 31.12.	**61.8**	**44.6**

Changes in plan assets

The development in the fair value of plan assets in the financial year was as follows:

in € m	2012	2011
Fair value of plan assets at 01.01.	**28.5**	**28.4**
Expected income from plan assets	0.2	0.2
Losses (earnings) from actual income from plan assets	0.1	-0.6
Actual employer contributions	0.7	0.4
Actual contributions of legally independent insurance provider	-0.1	0.0
Fair value of plan assets at 31.12.	**29.4**	**28.5**

The actual income from plan assets amounted to € 0.3 million (2011: loss of € 0.3 million).

Plan assets comprise term deposits (€ 26.4 million, 2011: € 23.8 million), reinsurance policies (€ 3.0 million, 2011: € 2.9 million) and, in 2011 only, property (€ 1.8 million). Plan assets do not include any financial instruments of the Group.

The expected income from plan assets is determined in line with the plan investment policies for the composition of asset classes and is derived on the basis of publicly available market studies, forecasts and empirical data for each asset group.

In addition to the plan assets, there is a right to reimbursement from a reinsurance policy of € 0.2 million (2011: € 0.2 million).

In the 2013 financial year, IVG is forecasting pension payments to employees of € 2.1 million (2012: € 1.9 million) and employer contributions to plan assets of € 0.0 million (2012: € 0.0 million).

Pension expenses

The expenses recognised in the income statement break down as follows:

in € m	2012	2011
Service cost	1.7	1.6
Interest expense	2.1	2.0
Expected income from plan assets	-0.2	-0.2
Pension expenses	**3.6**	**3.4**

The expected income from plan assets and interest expenses is recognised in personnel expenses.

Expenses from fixed contribution plans amounted to € 5.2 million (2011: € 4.6 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 development in the present value of all defined benefit obligations, the fair value of plan assets, the funding status and experience adjustments for defined benefit obligations and plan assets over time:

in € m	2012	2011	2010	2009	2008
Present value of defined benefit obligations	61.8	44.6	41.9	36.0	30.8
Fair value of plan assets	29.4	28.5	28.4	24.8	22.6
Surplus/deficit (-)	32.4	16.1	13.5	11.2	8.2
Adjustment to liabilities based on past experience	0.5	-0.8	-0.1	0.2	0.1
Adjustment to assets based on past experience	0.1	-0.6	0.1	0.3	0.0

The new actuarial losses in this financial year of € 15.3 million (2011: € 1.5 million) were recognised in other reserves. The cumulative actuarial losses as at the end of the reporting period amounted to € 21.9 million (2011: € 6.6 million).

9.6 Other provisions

Other provisions developed as follows:

in € m	Opening balance	Net of provisions for early retirement with active value	Addition in the group of consolidated companies	Additions	Reversal	Accrued yield	Used	Closing balance	Non-current	Current
Obligations from plant closure	16.0	0.0	0.0	0.7	0.0	5.1	0.0	21.8	21.8	0.0
Imminent losses from onerous contracts	8.9	0.0	0.0	0.3	0.8	0.1	5.8	2.7	0.0	2.7
Other personnel provisions	20.7	0.0	0.0	15.0	1.7	0.0	11.0	23.0	0.0	23.0
Provisions for early retirement	1.6	3.0*	0.0	4.1	0.3	0.0	0.0	2.4	2.3	0.1
Provisions for performance plans	1.0	0.0	0.0	0.0	0.4	0.0	0.0	0.6	0.1	0.5
Provisions for environmental risks	6.4	0.0	0.0	0.4	0.5	0.3	0.0	6.6	6.2	0.4
Provisions for rent guarantees	3.5	0.0	0.5	3.0	0.1	0.0	2.8	3.1	2.3	0.8
Other provisions	54.4	0.0	0.0	28.2	4.9	1.1	21.9	56.9	1.5	55.4
	112.5	**3.0**	**0.5**	**51.7**	**8.7**	**6.6**	**41.5**	**117.1**	**34.2**	**82.9**

* The provisions for partial early retirement were netted against the asset value of reinsurance.

Provisions for plant closure obligations relate solely to the long-term letting of gas and oil caverns.

Provisions for imminent losses from onerous contracts are mainly recognised as at the end of the reporting period for obligations to buy back units in property funds. Utilisation in the reporting year resulted from the repurchase of a property.

In particular, other personnel provisions include € 7.6 million (2011: € 8.2 million) from the wage tax obligation to VBL. This also includes bonus payments, severance payments and special remuneration.

The partial early retirement obligations are recognised at actuarial net present value – weighted by the calculated probability for those employees who have not yet signed early retirement agreements will do so – and arrears for wages and salaries are carried at nominal value. Please see sections 11.11 to 11.12 for information on provisions for performance plans.

The provisions for environmental risks relate almost entirely to risks from legacy munitions sites.

The Group recognises provisions for rent guarantees issued under 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 material risks and opportunities of the assets sold.

In particular, the rise in miscellaneous provisions is connected to the subsequent costs for project disposals in the previous year. Furthermore, this item includes provisions for other tax risks of € 13.1 million (2011: € 12.6 million) and a reconstruction obligation of € 2.9 million (2011: € 4.8 million).

Probable cash outflows from provisions amount to € 82.9 million (2011: € 80.4 million) within one year, € 12.4 million (2011: € 16.1 million) within one to five years and € 21.8 million (2011: € 16.0 million) after five years.

9.7 Liabilities

in € m			2012			2011
	Total	Non-current	Current	Total	Non-current	Current
Accounts payable	19.0	0.4	18.6	50.8	0.0	50.8
thereof to affiliates	*0.2*	*0.0*	*0.2*	*0.3*	*0.0*	*0.3*
Payments received for orders	10.1	0.8	9.3	2.5	1.2	1.3
Liabilities from other taxes	10.8	0.0	10.8	10.9	0.0	10.9
Liabilities from accrued interest	9.2	0.0	9.2	33.4	0.0	33.4
Liabilities from outstanding invoices	57.1	0.0	57.1	73.6	0.0	73.6
Other liabilities	104.1	34.3	69.8	79.4	43.2	36.2
thereof for social security	*42.6*	*34.3*	*8.3*	*50.4*	*42.2*	*8.2*
Deferrals	8.1	0.4	7.7	10.1	1.3	8.8
Total	**218.4**	**35.9**	**182.5**	**260.7**	**45.7**	**214.9**

The carrying amounts reported are approximately the fair values.

The change in accounts payable as against the previous year essentially results from the decline in trade payables for the project THE SQUAIRE.

Liabilities from other taxes mainly consist of VAT liabilities.

The deferred item for distributions on hybrid capital of € 20.9 million (before taxes) reported under current liabilities in the previous year was reversed to an increase in equity in the year under review.

The drop in liabilities from outstanding invoices as against the previous year is chiefly due to a lower volume of construction costs.

In particular, other liabilities include liabilities for social security contributions of € 42.2 million (2011: € 49.7 million), which essentially relate to the obligation to VBL. This is repaid in six-monthly instalments of € 5.0 million plus interest incurred on the basis of a payment agreement concluded in the previous year.

Furthermore, in the reporting year the item includes a recognised prepayment of € 26.3 million in connection with the transfer of units in IVG EuroSelect 21 Munich after the end of the reporting period.

Furthermore, the item includes liabilities from rent deposits of € 4.7 million (2011: € 4.7 million), liabilities to employees from outstanding holidays of € 1.8 million (2011: € 2.3 million) and miscellaneous other liabilities of € 28.8 million (2011: € 21.8 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 leases for investment property, from which it derives the majority of its revenues and income. Furthermore, there are various rental agreements for other properties.

Investment property with a carrying amount of € 2,634.6 million (2011: € 3,224.5 million) was leased in operating leases.

Furthermore, rent was generated from properties with a carrying amount of € 10.7 million (2011: € 340.2 million) which are reported under non-current assets held for sale.

IVG will receive the following minimum lease payments from operating leases with third parties currently in place:

in € m	2012	2011
Up to 1 year	204.7	234.1
1 to 5 years	522.4	592.0
Over 5 years	297.9	901.2
	1,025.0	**1,727.3**

Future minimum lease payments are in decline overall as a result of investment property and project developments sold in the financial year and the associated leases. The significant drop in minimum lease payments over five years is due to the future disposal of caverns and the associated long-term leases.

The minimum lease payments include 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, regardless of whether cancellation or non-utilisation of a prolongation option is actually expected.

10.1.2 IVG as lessee

The total expenses for operating leases in which IVG is the lessee amounted to € 6.4 million (2011: € 6.3 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 subsequent periods:

in € m	2012	2011
Up to 1 year	0.5	0.4
1 to 5 years	2.4	0.9
Over 5 years	0.9	1.1
	3.8	**2.4**

10.2 Finance leases

In the 2010 financial year, IVG concluded an agreement on the construction of a logistics centre which is classified as a finance lease (in which IVG is the lessee). The agreement has a total term of ten years, or 15 years if the option is exercised.

The obligations from the finance lease mature as follows:

in € m	2012			2011		
	Minimum lease payments	Discount	Present values	Minimum lease payments	Discount	Present values
Up to 1 year	0.2	0.0	0.2	0.2	0.0	0.2
1 to 5 years	0.6	0.1	0.5	0.6	0.1	0.5
Over 5 years	0.8	0.2	0.6	1.0	0.2	0.8
	1.6	**0.3**	**1.3**	**1.8**	**0.3**	**1.5**

11. Other notes

11.1 Financial risk management

11.1.1 Financial risk factors

The IVG Group is exposed to various financial risks as a result 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. In particular, the Group selectively uses derivative finance instruments to hedge itself against risks.

The Management Board and the 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 below. Further information on this can be found in section 6.5.3 of the Group management report.

(a) Currency risk

The Group operates internationally. As a result it is exposed to currency risk as a result of changes in the exchange rates of various foreign currencies, mainly pound sterling, the US dollar, the Polish zloty and the Hungarian forint.

For derivatives and foreign currency positions not in hedge accounting, changes in the exchange rates of IVG's financial instruments can affect net financial income, while changes in the value of derivatives in hedge accounting can affect the hedging reserve in equity and the fair value of these derivatives.

If the euro had been 10 % stronger (or weaker) against all other currencies as at 31 December 2012 and 31 December 2011, net finance costs would have been € 8.2 million lower (€ 10.1 million higher) (2011: € 6.8 million higher/€ 8.3 million lower). As in the previous year, the effect from derivatives and on the hedging reserve amounts to € 0.0 million.

(b) Credit risk

There are no material credit risks within the Group. Derivative financial instrument contracts and financial transactions are only concluded with financial institutions of good credit standing or banks that have accepted government bailouts, keeping counterparty default risk to a minimum. The Group does not conclude netting agreements with its transaction partners, which means that the fair values of its financial assets are the maximum credit risk. IVG is subject to a risk of default in its operating activities. This risk is minimised by a good tenant mix and the credit standing of tenants. Receivables are monitored locally in operating activities. Risks of default are covered by specific allowances. The maximum theoretical default risk is shown in the carrying amount of financial assets of € 137.5 million presented in the balance sheet. There are further risks for loans, which are monitored on an ongoing basis by IVG. The maximum theoretical default risk is the carrying amount of the item of € 62.1 million.

(c) Liquidity risk

Group-wide financial planning instruments ensure the early identification of the complex liquidity situation resulting from the implementation of the Group's strategy and planning process. In addition to financial planning over a horizon of several years, the Group also has a rolling monthly liquidity plan for a planning period of twelve months. The twelve-month liquidity overview is updated on a timely basis using current 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 2012: € 142.4 million, 31 December 2011: € 237.9 million).

As at 31 December 2012, the IVG Group also had unutilised credit commitments of € 0.04 billion (2011: € 0.01 billion).

Due to the dynamism of the business environment in which the Group operates, the goal 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.

For derivatives not in hedge accounting, changes in the interest rates of IVG's derivative financial instruments can affect the financial result in the amount of the change in fair value, while changes in the fair value of derivatives in hedge accounting can affect the hedging reserve in equity and the fair value of these derivatives.

If market interest rates had been 0.25 % higher (or lower) as at 31 December 2012, financial result would have been € 3.8 million lower (€ 3.8 million higher) (2011: € 1.9 million lower/€ 1.9 million higher), € 0.2 million (€ -0.2 million) of which would be from derivatives (2011: € 2.6 million/€ -2.6 million).

The effect on the hedging reserve in equity would have been € +8.2 million (€ -8.3 million) as at 31 December 2012 and € +7.9 million (€ -8.0 million) as at 31 December 2011.

11.1.2 Additional notes on financial instruments

Financial instruments can be classified as primary or derivative financial instruments. Primary asset financial instruments essentially comprise miscellaneous non-current financial investments, receivables, current securities and cash and cash equivalents. Financial assets available for sale are carried at fair value if this can be reliably determined. Other financial assets are reported at amortised cost. Liability primary financial instruments essentially include liabilities measured at amortised cost. Holdings of primary financial instruments are reported in the statement of financial position; the amount of the financial assets is equal to the maximum risk of default.

Where default risks can be discerned for financial assets, these risks are recognised as impairment losses. Fair values are calculated in accordance with recognised measurement 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 developed as follows:

in € m	2012	2011
At 01.01.	**14.6**	**16.6**
Additions	11.4	4.6
Reversal	-1.8	-5.4
Used	-1.3	-1.2
At 31.12.	**22.9**	**14.6**

As at the end of the reporting period, there were receivables and other assets that were past due but not impaired as follows:

Receivables and other assets which had not been subjected to impairment loss (in € m)

			Overdue			
	Carrying amount at 31.12.2012	Not overdue	Up to 90 days	91 to 180 days	181 to 364 days	Over one year
Loans	62.1	16.9	0.0	0.0	0.0	0.0
Receivables and other assets	172.3	129.3	13.1	2.7	4.5	2.2
	234.4	**146.2**	**13.1**	**2.7**	**4.5**	**2.2**

Receivables and other assets which had not been subjected to impairment loss (in € m)

			Overdue			
	Carrying amount at 31.12.2011	Not overdue	Up to 90 days	91 to 180 days	181 to 364 days	Over one year
Loans	106.5	66.6	0.0	0.0	0.0	0.0
Receivables and other assets	184.6	125.6	18.4	3.1	1.7	1.1
	291.1	**192.2**	**18.4**	**3.1**	**1.7**	**1.1**

Financial instruments were recognised in the income statement with the following net results (in accordance with IFRS 7):

in € m	2012	2011
Financial assets and liabilities recognised in the income statement at fair value	-43.6	-105.3
thereof: initially recognised as such	*0.0*	*0.0*
thereof: held for trading purposes	*-17.3*	*94.3*
Non-current financial assets held for sale	-4.1	-3.6
Loans and receivables	36.5	30.2
Liabilities held at (amortised) cost	-180.0	-163.1

The net income includes interest, dividends, impairment losses, reversals of impairment losses, income from the remeasurement of financial instruments at fair value and currency effects.

The financial assets and liabilities are assigned to the different measurement categories and fair value levels at the following carrying amounts and fair values:

in € m	Valuation category according to IAS 39	Fair value level according to IFRS 7	Carrying amount at 31.12.2012	Amortised acquisition cost	Acquisition cost	Fair value recognised directly in equity	Fair value recognised as income	Not within application area of IFRS 7	Fair value at 31.12.2012
Financial assets									
Shares	AfS	VL 3	111.5			111.5			111.5
Loans	LaR	n.a.	62.1	62.1					62.1
Securities									
Securities and equity investments (current)	AfS	n.a. VL 3	28.5		0.5	1.3	26.7		28.5
Receivables and other assets									
Trade receivables	LaR	n.a.	49.5	49.5					49.5
Receivables from associated companies	LaR	n.a.	24.9	24.9					24.9
Receivables from affiliates	LaR	n.a.	5.3	5.3					5.3
Receivables from other equity investments	LaR	n.a.	57.8	57.8					57.8
Receivables from other taxes	n.a.	n.a.	26.3					26.3	26.3
Surplus on plan assets	n.a.	n.a.	0.0					0.0	0.0
Other assets	LaR	n.a.	35.3	35.3					35.3
Accrued items	n.a.	n.a.	7.2					7.2	7.2
Cash and cash equivalents	LaR	n.a.	142.4	142.4					142.4
Financial liabilities									
Convertible bond	FLAC	n.a.	381.4	381.4					358.2
Bank loans	FLAC	n.a.	3,837.8	3,837.8					3,772.4
Liabilities to affiliates	FLAC	n.a.	2.3	2.3					2.3
Non-controlling interests	FLAC	n.a.	78.9	78.9					78.9
Finance leases	FLAC	n.a.	1.4	1.4					1.4
Other financial liabilities (including CP programme)	FLAC	n.a.	24.2	24.2					24.2
Derivative financial instruments									
Derivatives in hedge accounting	n.a.	VL 2	72.2			72.2			72.2
Derivatives in non-hedge accounting	FLHfT	VL 2 VL 3	11.8				4.1 7.7		11.8
Liabilities									
Accounts payable	FLAC	n.a.	19.0	19.0					19.0
Payments received for orders	n.a.	n.a.	10.1	10.1					10.1
Liabilities from other taxes	n.a.	n.a.	10.8					10.8	10.8
Liabilities from accrued interest	FLAC	n.a.	9.2	9.2					9.2
Liabilities from outstanding invoices	FLAC	n.a.	57.1	57.1					57.1
Other liabilities	FLAC	n.a.	104.1	104.1					104.1
Deferrals	n.a.	n.a.	8.1					8.1	8.1

Legend
AfS Available for Sale
LaR Loans and Receivables
FLHfT Financial Liabilities Held for Trading
FLAC Financial Liabilities At Cost
VL 1-3 Valuation Level 1-3

The following table shows the development of level 3 financial instruments at fair value:

in € m		Available for Sale financial assets	Financial liabilities held for trading
	Shares (financial assets)	Securities and equity investments (current)	Derivatives in non-hedge accounting
At 1 January 2012	**82.3**	**0.8**	**6.9**
Total gains/losses	2.6	-2.3	-0.8
thereof recognised in income	*-2.1*	*-2.3*	*-0.8*
thereof recognised in equity	*4.7*		
Purchases/increase in equity	32.3	48.8	
Disposals/decrease in equity	-5.7	-19.3	
At 31 December 2012	**111.5**	**28.0**	**7.7**

The changes in profit or loss for financial assets available for sale are reported in the income and expenses from the remeasurement of non-current financial assets.

in € m	Valuation category according to IAS 39	Fair value level according to IFRS 7	Carrying amount at 31.12.2011	Amortised acquisition cost	Acquisition cost	Fair value recognised directly in equity	Fair value recognised as income	Not within application area of IFRS 7	Fair value at 31.12.2011
Financial assets									
Shares	AfS	VL 3	82.3			82.3			82.3
Loans	LaR	n.a.	106.5	106.5					106.5
Securities									
Securities and equity investments (current)	AfS	n.a. VL 3	1.3		0.5	0.8			1.3
Receivables and other assets									
Trade receivables	LaR	n.a.	47.7	47.7					47.7
Receivables from associated companies	LaR	n.a.	21.0	21.0					21.0
Receivables from affiliates	LaR	n.a.	5.4	5.4					5.4
Receivables from other equity investments	LaR	n.a.	75.9	75.9					75.9
Receivables from other taxes	n.a.	n.a.	29.2					29.2	29.2
Surplus on plan assets	n.a.	n.a.	1.8					1.8	1.8
Other assets	LaR	n.a.	38.2	38.2					38.2
Accrued items	n.a.	n.a.	6.5					6.5	6.5
Cash and cash equivalents	LaR	n.a.	237.9	237.9					237.9
Financial liabilities									
Convertible bond	FLAC	n.a.	334.9	334.9					306.5
Bank loans	FLAC	n.a.	4,446.2	4,446.2					4,332.9
Liabilities to affiliates	FLAC	n.a.	3.2	3.2					3.2
Non-controlling interests	FLAC	n.a.	70.9	70.9					70.9
Finance leases	FLAC	n.a.	1.5	1.5					1.4
Other financial liabilities (including CP programme)	FLAC	n.a.	21.7	21.7					21.7
Derivative financial instruments									
Derivatives in hedge accounting	n.a.	VL 2	45.2			45.2			45.2
Derivatives in non-hedge accounting	FLHfT	VL 2 VL 3	50.7				43.7 7.0		50.7
Liabilities									
Accounts payable	FLAC	n.a.	50.8	50.8					50.8
Payments received for orders	n.a.	n.a.	2.5	2.5					2.5
Liabilities from other taxes	n.a.	n.a.	10.9					10.9	10.9
Liabilities from accrued interest	FLAC	n.a.	33.4	33.4					33.4
Liabilities from outstanding invoices	FLAC	n.a.	73.6	73.6					73.6
Other liabilities	FLAC	n.a.	79.4	79.4					79.4
Deferrals	n.a.	n.a.	10.1					10.1	10.1

Legend
AfS Available for Sale
LaR Loans and Receivables
FLHfT Financial Liabilities Held for Trading
FLAC Financial Liabilities At Cost
VL 1-3 Valuation Level 1-3

The fair value of financial instruments is determined on the basis of the following three-level valuation hierarchy:

1. **Valuation level 1 (VL 1):**
   Measured based on a quoted or market price on an active market.

2. **Valuation level 2 (VL 2):**
   Measured based on a quoted or market price for similar assets and liabilities or in accordance with measurement methods for which the key input is based on observable market data.

3. **Valuation level 3 (VL 3):**
   Measured in accordance with measurement methods for which the input is not based on observable market data.

The above table of financial assets and liabilities shows the three valuation levels in a separate column.

The table below shows the total contractually agreed undiscounted interest payments and principal repayments for non-derivative financial liabilities, disposal group liabilities, 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 non-controlling interests	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Up to 1 year	-1,082.3	-731.5	-12.5	-14.3	-29.3	-48.1	-197.8	-208.0
1 to 2 years	-2,183.0	-1,072.8	-428.8	-34.0	-29.9	-15.3	-11.8	-57.0
2 to 3 years	-532.8	-2,213.2	-13.9	-412.2	-12.6	-12.1	-10.0	-10.0
3 to 4 years	-48.6	-518.0	-3.2	-10.8	-0.7	-7.8	-10.0	-10.0
4 to 5 years	-5.3	-48.3	-3.1	-1.0	0.0	-0.3	-9.1	-10.0
Over 5 years	-95.7	-101.1	-23.6	-53.7	0.0	0.0	-17.1	-3.6

If the repayment date is determined by the counterparty, the liability is recognised on the basis of the earliest date in the time bucket at which the IVG Group must render payment. Financial liabilities that the IVG Group must repay on demand are allocated to the earliest time bucket.

Floating-rate interest payments from liabilities were determined on the basis of the last fixed interest rate prior to 31 December 2012 or 31 December 2011. Foreign currency holdings were translated at the spot rate as at the end of the reporting period. Changes in cash flows can result in particular from changes in interest rates, exchange rates, early repayment, prolongation of liabilities and future new contracts, leases and derivatives.

For some property financing with agreed covenants, such as loan to value (LTV), where the agreed LTV is exceeded, some credit agreements allow IVG to make an extraordinary repayment or to provide additional collateral within a fixed period in order to restore the loan to value ratio. Significant changes in the fair value of financed properties can lead to agreed LTVs being exceeded.

11.2 Guarantees and contingent liabilities

in € m	2012	2011
Financial guarantees	62.1	128.4
thereof bank guarantees	*24.0*	*28.1*
Contractual guarantees	30.8	31.1
Other contingent liabilities	5.8	18.6
	98.7	**178.1**

The bank guarantees are guarantees provided by banks to third parties to cover payment, performance and warranty obligations of Group companies.

Contractual warranty obligations include only letters of comfort of € 30.8 million (2011: € 31.1 million) issued to third parties. Adequate provisions have been recognised for rent guarantees given on property disposals.

Letters of comfort issued to third parties on behalf of consolidated subsidiaries are only included to the extent that they give rise to separate obligations for the Group as a whole.

The other contingent liabilities relate to a countersuit in connection with the reclaiming of works agreement remuneration of € 3.5 million and other legal proceedings in the amount of € 2.3 million (2011: € 0.0 million). The contingent liability from the previous year for the possibility that IVG would pay an exit tax of an estimated amount of € 16.7 million plus interest on deferred payment of € 1.9 million expired with the admission of IVG Immobilien Management REIT-AG to the regulated market of the Munich stock exchange on 23 July 2012.

No provisions were recognised in connection with ongoing or pending litigation if, in our opinion and the opinion of our legal advisors, the probability of an outflow of resources is less than 50 %. We consider the probability of an outflow of resources to be less than 10 % for all other risks.

Significant outflows of resources in profit or loss from contingent liabilities are considered unlikely. There were no guarantees for bills of exchange or cheques.

11.3 Capital management

The primary goal of capital management at the IVG Group is to ensure that it can continue to repay its liabilities and maintain its financial substance in future.

Financial security is mainly measured by the equity ratio. The main elements of this ratio are the total assets of the consolidated financial statements and the equity reported in the consolidated statement of financial position, including the hybrid loan classified as equity and non-controlling interests in corporations, which also constitute capital as defined in IAS 1 in the IVG Group. The equity ratio is an important indicator for investors, analysts, banks and rating agencies.

IVG can manage its capital structure by adjusting dividends, reducing capital or issuing new shares, and by issuing financial instruments eligible as equity under IFRS. The aim is for a capital structure consistent with business risk.

IVG is subject to the minimum capital requirements for stock corporations. Compliance with these requirements is monitored on an ongoing basis. IVG complied with all requirements in both the financial year and the previous year.

in € m	2012	2011	Change in %
Equity	1,275.6	1,386.3	-8.0
Total assets	6,130.8	6,904.2	-11.2
Equity ratio in % according to carrying amounts	20.8	20.1	3.6

In particular, the equity ratio increased as a result of the disposals of investment property and project developments in the financial year and the reduction of financial liabilities by way of repayment.

11.4 Other financial obligations

There are financial obligations totalling € 52.4 million (2011: € 90.3 million) under contracts already awarded for investment projects that have been initiated or that are in planning, and under contractual arrangements with tenants and other parties.

At € 33.2 million (2011: € 78.5 million), these essentially relate to acquisition, construction and maintenance investments in investment property, while liabilities for project developments amount to € 0.4 million (2011: € 8.2 million). There are also acquisition obligations of € 18.8 million (2011: € 2.6 million) for equity investments in funds.

Please see the separate notes on finance and operating leases in section 10 for information on future obligations from leases.

11.5 Contingent assets

There were no material contingent assets as at the end of the reporting period.

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 € 17.6 million (2011: € 24.9 million) relate to projects or only have limited availability to IVG due to contractual agreements.

Cash flow from investing and financing activities are determined directly from receipts and payments. In contrast, cash flow from operating activities is 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

Segment reporting is prepared as follows in accordance with IFRS 8 "Segment Reporting" using the management approach. The performance indicator is segment earnings (EBIT).

The reporting method is consistent with internal reporting to the chief operating decision-makers, IVG's Board of Management, and is based on the operating divisions in which IVG is active.

The current business model breaks down into the divisions of IVG Investment and IVG Funds, the operating segments of which are described below.

IVG Investment division

(1) The **Real Estate** segment focuses on optimising the value of the office properties in IVG's portfolio on the basis of an active portfolio management strategy. The segment concentrates on specific real estate potential, the risk-return situation and 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 **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 by simplifying its corporate structure. In line with this, development business on IVG's own account is being systematically scaled back.

(3) The core business of the **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-sector oil storage organisations. The division's operations focus on expanding the cavern field in Etzel near Wilhelmshaven and letting further caverns. The cavern field will be expanded from currently 59 caverns to at least 130 caverns in total by 2022.

IVG Funds division

(4) The **Institutional Funds** segment enjoys a top position as a provider and manager of special real estate funds with the largest share of managed volume for institutional investors in Germany.

(5) With the EuroSelect funds, the **Private Funds** segment offers private investors in the closed-end property funds market investment opportunities in attractive European properties and portfolios.

IVG's corporate functions are also reported in segment reporting. These include the central service units and Group functions of IVG. This is essentially 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. Owing to their size, they do not constitute reportable operating segments but are reported together as the IVG corporate functions due to the similarity in their activity as internal service providers and their business similarity.

Segment results 2012 (in € m)

	Real Estate			Development			Investment 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	250.5		250.5	82.6		82.6	30.6		30.6
Internal revenues	2.5		2.5	3.0		3.0	0.0		0.0
Total revenues	**253.0**	**0.0**	**253.0**	**85.6**	**0.0**	**85.6**	**30.6**	**0.0**	**30.6**
Net rents from investment property	206.3		206.3	0.0		0.0	7.2		7.2
Other net rents	2.8		2.8	18.3		18.3	0.0		0.0
Income from service charges	37.3		37.3	7.5		7.5	0.0		0.0
Income from project disposals	4.7		4.7	30.2		30.2	0.8		0.8
Income from construction contracts	0.0		0.0	0.0		0.0	0.0		0.0
Income from transactions, concepts and sales	0.5		0.5	1.2		1.2	0.5		0.5
Income from fund and property management	0.0		0.0	0.0		0.0	15.5		15.5
Other revenues	1.4		1.4	28.3		28.3	6.6		6.6
Changes in inventories and other own work capitalised	-4.4		-4.4	15.0		15.0	8.8		8.8
Unrealised changes in market value of investment property	0.0	-54.2	-54.2	0.0		0.0	0.0	118.6	118.6
Realised changes in market value of investment property	-16.3		-16.3	0.0		0.0	1.0		1.0
Other operating income	15.3		15.3	6.4		6.4	6.0	0.6	6.6
Material expenses	-1.4	-0.6	-2.0	-54.1	-17.9	-72.0	-13.9	0.0	-13.9
Personnel expenses	-2.3		-2.3	-1.3		-1.3	-8.0		-8.0
Depreciation and amortisation of intangible assets and property, plant and equipment	-0.3	-0.1	-0.4	-4.1		-4.1	-7.4	-1.8	-9.2
Expenses from investment property	-64.9		-64.9	-0.1		-0.1	0.0		0.0
Other operating expenses	-43.8		-43.8	-64.2	-14.1	-78.3	-7.8		-7.8
Gains/losses from associated participations accounted for using the equity method	-5.9		-5.9	-0.1		-0.1	0.0		0.0
Income from equity investments	3.0		3.0	0.0		0.0	0.0		0.0
Segment result (EBIT)	**132.0**	**-54.9**	**77.1**	**-16.8**	**-32.0**	**-48.8**	**9.3**	**117.4**	**126.6**
Financial result									
Net profit before tax									
Income taxes									
Consolidated net profit									
Segment assets			**3,420.8**			**999.4**			**792.3**
thereof investments in associated participations accounted for using the equity method			*67.7*			*1.7*			*0.0*
Investments			57.1			1.4			89.2

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
56.4		56.4	11.5		11.5	6.0	0.0		0.0	437.6	0.0	437.6
0.3		0.3	0.1		0.1	26.9	-32.8		-32.8	-0.1	0.0	-0.1
56.6	**0.0**	**56.6**	**11.6**	**0.0**	**11.6**	**32.9**	**-32.8**	**0.0**	**-32.8**	**437.5**	**0.0**	**437.5**
0.0		0.0	0.0		0.0	0.0	-0.6		-0.6	212.9	0.0	212.9
0.0		0.0	0.0		0.0	0.5	-4.1		-4.1	17.6	0.0	17.6
0.0		0.0	0.0		0.0	0.1	-0.8		-0.8	44.0	0.0	44.0
0.0		0.0	0.0		0.0	0.1	-0.1		-0.1	35.8	0.0	35.8
0.0		0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0	0.0
4.0		4.0	6.6		6.6	0.0	0.0		0.0	12.8	0.0	12.8
52.6		52.6	4.9		4.9	2.8	0.1		0.1	75.9	0.0	75.9
0.0		0.0	0.2		0.2	29.4	-27.4		-27.4	38.6	0.0	38.6
0.0		0.0	0.0		0.0	0.0	0.0		0.0	19.4	0.0	19.4
0.0		0.0	0.0		0.0	0.0	0.0		0.0	0.0	64.5	64.5
0.0		0.0	0.0		0.0	0.0	0.0		0.0	-15.3	0.0	-15.3
4.0		4.0	2.8		2.8	19.5	-20.0		-20.0	34.0	0.6	34.5
-0.2		-0.2	-0.1		-0.1	-1.1	1.2		1.2	-69.6	-18.5	-88.1
-14.4		-14.4	-3.6		-3.6	-47.4	0.0		0.0	-77.0	0.0	-77.0
-0.1		-0.1	0.0		0.0	-1.2	0.0		0.0	-13.2	-1.9	-15.1
0.0		0.0	0.0		0.0	0.0	0.1		0.1	-64.9	0.0	-64.9
-26.6		-26.6	-6.5		-6.5	-36.7	51.7		51.7	-134.0	-14.1	-148.1
0.1		0.1	0.0		0.0	0.0	0.0		0.0	-5.9	0.0	-5.9
0.0		0.0	0.1		0.1	0.0	0.0		0.0	3.1	0.0	3.1
19.4	**0.0**	**19.4**	**4.3**	**0.0**	**4.3**	**-34.0**	**0.1**	**0.0**	**0.1**	**114.1**	**30.5**	**144.7**
										-252.3	20.7	-231.6
										-138.2	**51.3**	**-86.9**
												-11.8
												-98.7
		271.7			**40.9**	**269.7**			**-0.2**			**5,794.6**
		15.1			*0.0*	*0.0*			*0.0*			*84.5*
		0.8			0.0	9.1			-0.3			157.3

Segment results 2011 (in € m)

	Real Estate			Development			Investment 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	287.1		287.1	126.4		126.4	38.7		38.7
Internal revenues	2.6		2.6	1.0		1.0	0.0		0.0
Total revenues	**289.7**	**0.0**	**289.7**	**127.4**	**0.0**	**127.4**	**38.7**	**0.0**	**38.7**
Net rents from investment property	237.5		237.5	0.0		0.0	3.5		3.5
Other net rents	3.0		3.0	5.5		5.5	0.0		0.0
Income from service charges	37.8		37.8	5.0		5.0	0.0		0.0
Income from project disposals	8.3		8.3	110.5		110.5	1.1		1.1
Income from construction contracts	0.0		0.0	5.0		5.0	0.0		0.0
Income from transactions, concepts and sales	0.0		0.0	1.0		1.0	16.9		16.9
Income from fund and property management	0.0		0.0	0.0		0.0	9.4		9.4
Other revenues	3.1		3.1	0.4		0.4	7.7		7.7
Changes in inventories and other own work capitalised	-6.4		-6.4	94.2		94.2	7.5		7.5
Unrealised changes in market value of investment property	0.0	-55.8	-55.8	0.0		0.0	0.0	91.5	91.5
Realised changes in market value of investment property	-2.4		-2.4	0.0		0.0	-0.6		-0.6
Other operating income	11.7		11.7	2.6		2.6	1.5	1.6	3.1
Material expenses	-3.3	2.7	-0.6	-221.3	-116.6	-337.9	-9.3	-0.1	-9.4
Personnel expenses	-2.6		-2.6	-1.0		-1.0	-8.3		-8.3
Depreciation and amortisation of intangible assets and property, plant and equipment	-0.3	-0.3	-0.6	-0.1		-0.1	-5.4	-1.0	-6.4
Expenses from investment property	-72.8		-72.8	0.0		0.0	0.0		0.0
Other operating expenses	-61.6		-61.6	-34.9		-34.9	-8.2		-8.2
Gains/losses from associated participations accounted for using the equity method	0.6		0.6	1.8		1.8	0.0		0.0
Income from equity investments	2.7		2.7	0.0		0.0	0.0		0.0
Segment result (EBIT)	**155.4**	**-53.4**	**101.9**	**-31.2**	**-116.6**	**-147.8**	**16.0**	**92.0**	**108.0**
Financial result									
Net profit before tax									
Income taxes									
Consolidated net profit									
Segment assets			**3,979.8**			**1,018.6**			**811.1**
thereof investments in associated participations accounted for using the equity method			*78.8*			*1.9*			*0.0*
Investments			71.7			10.9			125.9

					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
57.3		57.3	4.1		4.1	4.0	0.0		0.0	517.6	0.0	517.6
0.6		0.6	0.0		0.0	30.8	-34.9		-34.9	0.0	0.0	0.0
57.9	**0.0**	**57.9**	**4.1**	**0.0**	**4.1**	**34.7**	**-34.9**	**0.0**	**-34.9**	**517.6**	**0.0**	**517.6**
0.0		0.0	0.0		0.0	0.0	-0.5		-0.5	240.5	0.0	240.5
0.0		0.0	0.0		0.0	0.5	-2.4		-2.4	6.6	0.0	6.6
0.0		0.0	0.0		0.0	0.1	-0.6		-0.6	42.4	0.0	42.4
0.0		0.0	0.0		0.0	0.0	0.0		0.0	119.9	0.0	119.9
0.0		0.0	0.0		0.0	0.0	0.0		0.0	5.0	0.0	5.0
5.2		5.2	0.1		0.1	0.0	0.0		0.0	23.2	0.0	23.2
52.7		52.7	3.9		3.9	2.4	-0.1		-0.1	68.3	0.0	68.3
0.0		0.0	0.1		0.1	31.7	-31.4		-31.4	11.7	0.0	11.7
0.0		0.0	0.0		0.0	-0.1	0.0		0.0	95.1	0.0	95.1
0.0		0.0	0.0		0.0	0.0	0.0		0.0	0.0	35.7	35.7
0.0		0.0	0.0		0.0	0.0	0.0		0.0	-3.0	0.0	-3.0
1.3		1.3	0.4		0.4	19.9	-18.6		-18.6	18.8	1.6	20.4
-0.2		-0.2	-0.1		-0.1	-1.5	2.5		2.5	-233.0	-114.0	-347.0
-12.2		-12.2	-3.7		-3.7	-43.1	0.0		0.0	-70.9	0.0	-70.9
-0.3		-0.3	-0.1		-0.1	-1.3	0.0		0.0	-7.4	-1.3	-8.7
0.0		0.0	0.0		0.0	0.0	0.0		0.0	-72.8	0.0	-72.8
-28.4		-28.4	-6.3		-6.3	-40.3	51.0		51.0	-128.6	0.0	-128.6
0.3		0.3	0.0		0.0	0.0	0.0		0.0	2.7	0.0	2.7
0.0		0.0	0.1		0.1	0.0	0.0		0.0	2.8	0.0	2.8
18.3	**0.0**	**18.3**	**-5.5**	**0.0**	**-5.5**	**-31.7**	**0.0**	**0.0**	**0.0**	**121.3**	**-78.0**	**43.3**
										-222.3	-38.6	-260.9
										-100.9	**-116.6**	**-217.6**
												91.6
												-126.0
		268.1			**12.8**	**410.1**			**-0.1**			**6,500.3**
		14.8			*0.0*	*0.0*			*0.0*			*95.4*
		1.3			0.0	55.2			0.0			265.0

Segment performance indicators

The amounts reported in segment reporting are based on the same accounting policies used to prepare the consolidated financial statements.

The key segment performance indicator for IVG's chief operating decision-maker is segment earnings (EBIT). The reconciliation of segment earnings to consolidated net profit before taxes can be seen in segment reporting.

The reconciliation from segment assets to Group assets is as follows:

in € m	31.12.2012	31.12.2011
Segment assets	**5,794.6**	**6,500.3**
Other Group assets		
Deferred tax assets	336.1	404.0
Derivative financial instruments	0.0	0.0
Group assets	**6,130.8**	**6,904.2**

Inter-segment revenues show the amount of revenues between the segments. Transactions between segments are performed on an arm's length basis.

Geographical segments (in € m)

	Germany	UK	France	BeNeLux	Finland	Polen	Other Countries	Group
2012								
External revenues	362.7	1.0	7.1	7.4	21.6	3.0	34.8	**437.6**
Segment result (EBIT)	181.3	0.4	-14.3	-9.8	-9.3	-4.8	1.1	**144.6**
Segment assets at carrying amounts	5,343.6	15.3	104.7	79.3	177.5	20.3	53.9	**5,794.6**
Investments	153.3	0.2	0.0	0.7	0.2	0.0	0.8	**155.2**
2011								
External revenues	452.6	1.1	21.6	9.2	22.2	4.6	6.3	**517.6**
Segment result (EBIT)	43.9	-1.6	-1.8	-9.6	6.4	2.8	3.2	**43.3**
Segment assets at carrying amounts	5,872.0	15.0	156.1	127.6	223.7	24.7	81.2	**6,500.3**
Investments	244.2	0.0	0.0	1.5	0.0	0.0	19.3	**265.0**

The geographical segments are based on the location of the individual properties.

The significant increase in external revenues in "Other countries" is due to the sale of a project development in Hungary. The segment assets at carrying amount declined accordingly as a result.

Segment EBIT in Germany rose sharply year-on-year, after being reduced by impairment losses on one project development in particular in the previous year.

As a result of the various property disposals, external revenues and segment assets at carrying amount were down in Germany, France and Luxembourg (Benelux).

Furthermore, there were impairment losses of € 12.4 million on a project development recognised in inventories, reducing segment EBIT and segment assets in France. In particular, the drop in segment EBIT and segment assets at carrying amount in Poland was due to an impairment loss of € 5.5 million on a project development recognised under inventories.

11.8 Events after the balance sheet date

Acquisition of the "Prime Portfolio"

In a portfolio transaction totalling approximately € 500 million, IVG acquired three office and retail properties in Frankfurt/Main and Berlin and added them to a Luxembourg fund. The equity required for this transaction was provided by a German pension fund as the sole investor. IVG performs fund and asset management for this individual mandate and is participating as a co-investor. The properties comprised in this "Prime Portfolio" are three real estate project developments: "One Goetheplaza" and "T11" in Frankfurt/Main and "K195" in Berlin. All three properties have top city-centre locations and an attractive mix of tenants.

Sale of seven caverns

IVG has sold two leased caverns – one of which is already in operation – to the IVG Cavern Fund II for approximately € 94.5 million, while at the same time making repayments on project and bridge financing. Another five pre-leased caverns will be transferred to this fund on completion in 2016 and 2017. The IVG Cavern Fund II is a new specialised fund launched by IVG in early 2013 and modelled on the successful IVG Cavern Fund. IVG Caverns, the operator, is also participating in the fund with a co-investment.

11.9 Related party transactions

Related persons are Mr Johannes Mann, Karlsruhe, due to his controlling influence over MANN Immobilien-Verwaltung AG, the Supervisory Board, the Management Board, key executives of IVG and close relatives of these persons. In addition to the consolidated subsidiaries, related companies include companies of the Mann Group, Karlsruhe, associated companies and their subsidiaries, and unconsolidated subsidiaries of IVG.

One manager has significant influence over the company Kancelaria Inwestycyjna PROPERTY. This company has concluded service agreements with IVG Asset Management GmbH, for which a total of € 0.1 million (2011: € 0.2 million) was invoiced in 2012.

Otherwise there were no transactions with key executives or their close relatives.

The main features of the remuneration system for the Management Board and Supervisory Board plus detailed and individual information on remuneration can be found 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 € 22.3 million in the past financial year (2011: € 21.5 million). € 1.2 million (2011: € 1.1 million) of this amount related to service cost for pensions. Furthermore, members of management in key positions also received short-term remuneration components of € 5.3 million (2011: € 5.0 million) and share-based remuneration components (performance shares, performance cash plan and restricted stock units) of € 0.6 million (2011: € 1.8 million) in the 2012 financial year. Termination benefits were paid in the amount of € 1.2 million (2011: € 0.7 million).

In addition to the above executive body remuneration for the Supervisory Board, Supervisory Board members employed at IVG received an appropriate salary commensurate with their position and years of service.

There were no transactions with close relatives of members of the Supervisory Board or Management Board.

Information on the members of the Management Board and the Supervisory Board in accordance with section 285 no. 10 of the Handelsgesetzbuch (HGB – German Commercial Code) can be found in the annual report.

There are business relationships with non-consolidated subsidiaries such as the participation in central cash management and general contractor agreements. In addition to the transactions described under non-current financial assets and net income from equity investments accounted for using the equity method, the following significant transactions were performed with associates and their subsidiaries:

in € m	2012	2011
Sale of land, buildings and other assets		
Amount of transaction	2.3	22.1
Unpaid amount at year end	0.0	0.0
Purchase of land, buildings and other assets		
Amount of transaction	0.0	9.6
Unpaid amount at year end	0.0	0.0
Services delivered		
Amount of transaction	0.9	1.0
Unpaid amount at year end	0.1	0.2
Services received		
Amount of transaction	0.0	1.8
Unpaid amount at year end	0.0	0.0
Refunded construction costs		
Amount of transaction	13.7	17.7
Unpaid amount at year end	16.3	2.9
Other receivables from associated companies		
Amount of transaction	5.4	7.0
Unpaid amount at year end	35.9	35.2
Liabilities to associated companies		
Amount of transaction	3.0	4.0
Unpaid amount at year end	10.5	10.9
Pledged securities including financial guarantees		
Amount of transaction	-2.5	14.3
Unpaid amount at year end	28.8	31.3

Receivables from companies accounted for using the equity method of € 3.0 million (2011: € 0.0 million) were written down in the financial year. As a result of reversals of impairment losses of € 0.0 million (2011: € 0.8 million), the closing balance of the corresponding impairment losses amounted to € 14.3 million (2011: € 11.3 million) as at 31 December 2012.

No transactions were performed with companies of Mann Group.

11.10 Remuneration of the Management Board and the Supervisory Board

The total remuneration of the Management Board in the past financial year amounted to € 2.3 million (2011: € 1.9 million). The fair value of share-based payment included in total remuneration in addition to cash remuneration relates to the participation in the respective current performance cash plan and the RSUs granted for the portion of bonuses relating to attainment of company goals. In its first meeting of 2013, the Supervisory Board resolved to suspend the performance cash plan for 2012 and to replace it with a new, suitable remuneration element with a long-term incentive effect. The fair value of share-based payment as at the time of being granted was € 0.6 million (2011: € 1.0 million). On the basis of the ratios at the grant date, the members of the Management Board received 316,902 RSUs (2011: 110,478 RSUs).

Total payments to former Management Board members and their surviving dependants amounted to € 1.2 million (2011: € 1.4 million). The corresponding pension obligations amounted to € 21.6 million as at 31 December 2012 (2011: € 17.2 million).

The total remuneration of the Supervisory Board totalled € 0.4 million (2011: € 0.4 million). The share-based payment granted in the financial year was included at the estimated fair value at the grant date of € 0.1 million (2011: € 0.1 million).

11.11 2005 to 2008 performance share plans

IVG has provided long-term incentives to the Management Board and selected executives since 1999. In the period from 2005 to 2008 inclusively, 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 executives.

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 shares do not entail voting or dividend rights.

The last performance shares (performance share plan 2008) expired in the 2011 financial year as targets were not met. Thus, there have no longer been any performance shares since 31 December 2011.

11.12 2009 to 2011 performance cash plans

Since 2009, IVG has allowed participation in a performance cash plan as a long-term incentive plan for the achievement of key performance indicators of the company on the basis of challenging comparative parameters. The Supervisory Board of IVG decides each year whether and in what form a performance cash plan will be offered.

The plan is open to members of the Management Board and executives/branch 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 can approve the participation of individual employees or managers for one or more years independently of a contractual obligation. Starting from 2014, annual participation in the performance cash plan will be dependent on a mandatory individual investment in IVG AG shares.

The term of the plan begins the month after the Annual General Meeting and ends after four full years, i.e. the term of the 2009 performance cash plan is from 1 June 2009 to 31 May 2013, the 2010 performance cash plan runs from 1 June 2010 to 31 May 2014 and the 2011 performance cash plan runs from 1 June 2011 to 31 May 2015.

At the beginning, the participants receive a commitment in the amount of a specified initial figure. This initial figure is multiplied by the performance multiplier shown below, resulting in the payout amount 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:

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

The three performance indicators are scaled on the basis of the current three-year, medium-term planning approved by the Supervisory Board.

A claim to cash payment under the performance cash plan after the end of the fourth year requires that the member of the Management Board is still a member of the Management Board at the end of the term. The cash payment requirement for other plan participants is that they are employed by IVG Immobilien AG or a Group company.

Basic data

The table below shows the basic data for the performance cash plans:

		2011 PCP	2010 PCP	2009 PCP
Issue date		01.06.2011	01.06.2010	01.06.2009
Duration		4 years	4 years	4 years
Remaining duration		29 months	17 months	5 months
Participants in year of issue		44	35	3
Participants at 31.12.2012		41	30	48
Value at 31.12.2012	**in €**	**133,532.53**	**0,00**	**500,000.00**
Value at 31.12.2012 per € 100 initial value	in €	12.14	0.00	0.00
Value at 31.12.2012 per € 100 of additional value	in €	-	-	100.00

in €	2011 PCP	2010 PCP	2009 PCP[1]
Initial values at 01.01.2011	**0**	**0**	**3,446,168**
Issued 2011	0	3,300,936	97,734
Expired 2011	0	476,250	445,000
Initial values at 31.12.2011	**0**	**2,824,686**	**3,098,902**
Issued 2012	4,396,801	0	0
Expired 2012	216,747	129,205	144,236
Initial values at 31.12.2012	**4,180,054**	**2,695,481**	**2,954,666**

1) Including additional value

The values as at 31 December 2012 were reviewed externally on the basis of a Monte Carlo simulation.

In its first meeting of 2013, the Supervisory Board resolved to suspend the performance cash plan for 2012 and to replace it with a new, suitable remuneration element with a long-term incentive effect.

11.13 Restricted stock units

IVG Immobilien AG provides the Management Board and its most senior executives with a bonus as a variable remuneration component with a short-term incentive effect in addition to their basic salary. Half of the amount of the bonus is based on the extent to which company and personal targets are achieved. The level of target attainment can vary between 0 % and 200 % for each target. The company targets are derived directly mostly from the medium-term planning agreed between the Management Board and the Supervisory Board. The targets and scaling are agreed in writing between the company and the employee at the beginning of the financial year.

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

The number of RSUs is calculated by dividing the pro rata bonus by the average IVG share price for the 30 trading days before and after the Annual General Meeting of the following year. The RSUs are allocated on the first trading day after the end of the above period of 30 trading days after the Annual General Meeting (allocation date).

After a vesting period of three years, the RSUs are converted into freely available IVG shares. This ensures a participation in both the positive and negative developments of IVG's shares and therefore consistency with the interests of the shareholders. In the event of the person concerned leaving the company early, this figure is reduced pro rata temporis. 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.

In terms of the bonuses granted up to 2012 based on the expectations at the grant date regarding the development of IVG shares and factoring in the estimated target achievement as at the end of the reporting period, the vesting level and a fluctuation rate, IVG anticipates an RSU-eligible bonus amount of € 2.8 million as at 31 December 2012 (2011: € 1.9 million), which will then be used for the conversion into 823,809 RSUs (2011: 477,633 RSUs). The claims to bonuses of three participating employees expired in the 2012 financial year as a result of these employees leaving the company.

In 2012, share-based payment (performance cash plans and restricted stock units) resulted in expenses of € 0.6 million (2011: € 1.8 million).

€ 0.9 million of these expenses (2011: € 1.4 million) related to bonus claims to be converted into RSUs (equity-settled) and € -0.3 million (2011: € 0.4 million) to the performance cash plan (cash-settled) for the financial year. There was a provision of € 0.6 million for the performance cash plans as at 31 December 2012 (31 December 2011: € 1.0 million).

12. Declaration on the German Corporate Governance Code in accordance with section 161 AktG

On 18 September 2012, the Management Board and the Supervisory Board of IVG Immobilien AG jointly issued a the declaration of compliance with the recommendations of the German Corporate Governance Code as published on 15 May 2012 in accordance with section 161 of the Aktiengesetz (AktG – German Stock Corporation Act). The form and content of the declaration is permanently available to shareholders on the company's website (http://www.ivg.de/investor-relations/corporate-governance/entsprechenserklaerung/).

On 21 September 2012, the Management Board and the Supervisory Board of IVG Immobilien Management REIT-AG jointly issued a the declaration of compliance with the recommendations of the German Corporate Governance Code as published on 15 May 2012 in accordance with section 161 of the Aktiengesetz (AktG – German Stock Corporation Act). The Declaration is permanently available to shareholders in both form and content on the IVG Immobilien Management REIT-AG website (http://www.ivg-reit.de/fileadmin/website/daten/pdf/entsprechenserklaerung_21092012.pdf).

Responsibility statement

The Management Board of IVG Immobilien AG is responsible for the preparation, completeness and accuracy of the consolidated financial statements, the Group management report and the other information in the annual report.

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 Handelsgesetzbuch (HGB – German Commercial Code).

The Group management report contains an analysis of the financial position and financial performance of the Group and other disclosures required under section 315 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 (KonTraG – German Control and Transparency Act), an integrated approach to financial controlling as part of value-oriented management and audits by the internal audit department. The Management Board is thus able to identify material risks at an early stage and to initiate any countermeasures that may be needed.

The declaration in accordance with section 37y(1) of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) in conjunction with section 297(2) sentence 3 and section 315(1) sentence 6 HGB is as follows:

"To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group."

Bonn, 19 March 2013

Professor Dr Wolfgang Schäfers

Christian Kühni

Dr Hans Volkert Volckens

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 2012. 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, “Overall assessment of risks and opportunities”. This section states that the company is subject to significant maturities of liabilities to banks and financial liabilities, including associated repayments, and that its ability to deal with these financing risks will depend on the successful implementation of the disposals of properties, caverns and other assets that are likely to be necessary. It also states that, despite the extensive repayments made in the recent past, the company is dependent on the extension of or follow-up financing for existing bank loans.”

Dusseldorf, 8 March 2013 / 19 March 2013

PricewaterhouseCoopers Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

ppa.

Uwe Schwalm
German Public Auditor

ppa. Martin Flür
German Public Auditor

Roughly 8 % of IVG's rental space is used for retail – including the MediaMarkt in Väla, Sweden (above left), in the "Hackesches Quartier" in Berlin (above right) and in the "Altodo Parque" in Lisbon (below).

"To us, transparency means that we go above and beyond the legal requirements."

Further Information

EPRA Key Figures

Implementation of the EPRA Best Practice Recommendations

Based on the guidelines provided by EPRA on publishing key figures specific to real estate, IVG takes these guidelines into account in the following. As in the previous year, IVG provides the most important performance indicators under EPRA ("EPRA Performance Measures", EPRA EPM) in a separate overview. Further detailed information on key figures specific to real estate will also be disclosed in the relevant segments and in the notes.

Deviation from individual recommendations in justified cases

For accounting reasons, it was not possible to implement the EPRA recommendations in the 2012 annual report in some areas. This pertains mainly 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.

EPRA earnings

This is a performance indicator measuring sustainable income from property management. The figure is therefore comparable with the funds from operations (FFO) published by IVG.

Its objective is to measure the company's operating performance and to clarify the extent to which potentially paid dividends are secured by consistent/recurring income.

EPRA earnings (in € m)

	2012	2011	Change in %
Amount of consolidated net profit attributable to Group shareholders	-90.7	-158.0	-43
Unrealised changes in market value of investment property	-64.5	-35.7	81
Realised changes in market value from the sale of investment property and equity investments	25.1	5.8	-
Taxes on realised changes in market value from the sale of investment property and equity investments	-6.6	0.1	-
Negativer Goodwill/Wertberichtigung des Goodwills	0.0	0.0	-
Changes in fair value of financial instruments	-10.6	32.6	-
Deferred taxes on above	34.4	14.4	-
Minority shares on above	5.4	0.0	-
Adjusted amount of consolidated net profit attributable to Group shareholders	-107.5	-140.8	-24
Weighted number of shares issued	207.9	142.1	46
EPRA earnings per share[1)]	-0.52	-0.99	-47

1) On the basis of the average number of shares (31 December 2012: 207.9 million shares/ 31 December 2011: 142.1 million shares)

EPRA NAV

The net asset value is presented on the basis of assets and liabilities held by the company in the long term. In contrast to the general IFRS practice, the aim is to compare only those asset and liability items that are held by the company in the long term, so as to give investors an impression of the company's sustainable net asset position. Non-sustainable items such as deferred taxes or the fair value of financial derivatives therefore are not included in the calculation.

EPRA NNNAV

To calculate the EPRA NNNAV, all asset and liability items are included in the calculation at their market values, in addition to the figures used in calculating the EPRA NAV.

The aim is to give investors a complete overview of all of a company's asset and liability items.

EPRA NNNAV (in € m)

	2012	2011	Change in %
Equity before minority interests	878.4	985.3	-11
Fair value adjustment with regard to derivative financial instruments	84.0	95.8	-
Deferred taxes	-292.7	-299.5	-
Diluted EPRA NAV	669.7	781.7	-14
Diltued EPRA NAV per share in €[1]	3.22	3.76	-14
Fair value adjustment with regard to derivative financial instruments	-84.0	-98.5	-
Fair value adjustment with regard to financial liabilities	88.4	146.1	-39
Deferred taxes	292.7	299.5	-
Diltued EPRA NNNAV	966.9	1,131.4	-15
Diltued EPRA NNNAV per share in €[1]	4.65	5.44	-15

1) On the basis of the number of shares as at the balance sheet date 31 December 2012: 207.9 million shares, 31 December 2011: 207.9 million shares
EPRA (Net Initial Yield NIY) and EPRA "Topped Up" – ("Topped-Up" NIY)

The net initial yield shows the annualised rental income, based on the rents actually paid as at the balance sheet date, less non-allocable operating costs in relation to the gross market value of the properties, i.e. the market value taking into account transaction costs in the event of a sale.

Another, related measure for calculating the profitability of the portfolio is the EPRA "topped up" net initial yield. This measures the annualised contract rent, i.e. the rent not including rent-free periods, less non-allocable operating costs, in relation to the gross market value.

Both of these profitability ratios are intended to help assess the quality of the portfolio with regard to sustainable generation of income.

EPRA Net Initial and "topped-up" Net Initial Yield (in € m)

	2012	2011
Gross capital value of the relevant IVG Real Estate portfolio	3,263	3,644
Annualised contract rents as at the balance sheet date	191	227
Indexation effective in the next 12 months	2	2
Less non-allocable operating and maintenance costs[1]	18	27
Rent-free periods currently granted (expiring in the next 12 months)	5	4
EPRA NIY in %	5.1	5.4
EPRA "topped-up" NIY	5.2	5.5

1) Calculated based on the previous year's figures

EPRA vacancy rate

To calculate the EPRA vacancy rate, the estimated market rent of vacant space is measured in relation to the estimated market rent of the total portfolio. Space under development is not included here.

The aim is to calculate the vacancy rate taking into account the current market conditions. The vacancy rate as at 31 December 2012 was 13.5 % (31 December 2011: 12.2 %).

Further Data

Investment property – rental data (EPRA)

Branch	Lettable space excl. parking in '000 sqm	Gross Rental Income in € m	Net Rental Income in € m	Passing Rent at reporting date in € m/year	Estimated Rental Value in € m/year	Vacancy Rate in %	Net Initial Yield in %	"Topped-up" Net Initial Yield in %
Berlin	196.8	15.7	13.5	15.7	16.7	14.4	4.5	4.6
Dusseldorf	207.9	17.8	15.6	17.8	21.0	20.9	5.6	5.7
Frankfurt/Main	355.8	48.2	45.5	48.2	49.8	12.3	5.4	5.5
Hamburg	320.2	32.6	28.4	32.6	36.7	17.3	5.9	6.0
Munich	434.1	49.1	44.9	49.1	55.4	6.5	4.5	4.7
Others	228.0	23.1	13.8	23.1	20.1	20.3	4.7	4.7
Total	**1,742.8**	**186.5**	**161.6**	**186.5**	**199.7**	**13.5**	**5.1**	**5.2**

Project data

Land	Project/Object	Address	IVG share in %	Start of construction	Carrying amount[1] in € m
Germany	THE SQUAIRE	Airport, Frankfurt	98	2006	806.5
France	Front Office Asnières	38, Quai Aulagnier, Asnières-sur-Seine	100	2007	96.8
Germany	THE SQUAIRE Parking	Airport, Frankfurt	100	2010	52,9
Poland	Drukarnia	ul. Jagiellonska 1, 85-067 Bydgoszcz	100	2006	13.8
Hungary	Stefánia Park	Stefánia út 101-103, 1143 Budapest	100	2007	9.7
					979.7

1) Value of inventories as recognised on the balance sheet including furniture and fixtures

Investment property – lease data

	Average remaining term of lease, weighted by income	
Branch	till option in years	till end of contract in years
Berlin	3.1	8.8
Dusseldorf	4.0	8.7
Frankfurt a. M.	5.6	17.0
Hamburg	3.9	9.0
Munich	4.9	12.0
Others Germany	10.8	10.8
Total Germany	**4.7**	**12.3**
Brüssel	5.7	10.1
Other foreign countries	1.5	1.5
Total other foreign countries	**1.7**	**2.0**
Total	**4.4**	**11.2**

Type of use	Occupancy rate in %	Potential rent in € m	Lettable space in '000 sqm
Office, Hotel, Retail	85	44.1	143.1
Office	35	7.1	23.5
Parking	-	4.8	-
Retail	58	1.3	10.5
Office	95	0.8	5.4
		58.1	**182.5**

Property Overview

	Year of construction	Investment profile	IVG share 2012 in %	Type of ownership	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"	1989	Core/Core+	100.0	Freehold	Office	27.3	26.3	96.6
Berlin, Tempelhofer Weg 64	1997	Core/Core+	100.0	Freehold	Office	5.9	5.7	96.5
Berlin, Rankestr. 17/Schaperstr. 12 + 13	1958	Core/Core+	100.0	Freehold	Office	4.9	4.5	90.6
Berlin, Stralauer Allee 1, "Spreespeicher-Kühlhaus"	1928	Core/Core+	100.0	Leasehold	Office	17.6	17.6	100.0
Berlin, Stralauer Allee 2, "Spreespeicher-Getreidespeicher"	1913	Core/Core+	100.0	Leasehold	Office	18.5	18.5	100.0
Total: Core/Core+						**74.2**	**72.6**	**97.8**
Berlin, Tempelhofer Weg 62	1997	Value Add	100.0	Freehold	Office	8.0	6.1	77.2
Berlin, Am Borsigturm 44-46, 52-54, "Technologiezentrum"	1998	Value Add	100.0	Freehold	Office	9.1	5.9	64.8
Berlin, Am Borsigturm 13-17, 19, 27-33, "Büropark"	2000	Value Add	100.0	Freehold	Office	14.4	12.3	85.5
Berlin, Taubenstraße 44, 45	1999	Value Add	100.0	Freehold	Office	4.4	0.0	0.0
Rostock, Handelsstr. 3	1978	Value Add	100.0	Freehold	Logistics	37.5	24.8	66.2
Berlin, Freiheit 15, 16	-	Value Add	100.0	Freehold	Logistics	0.0	0.0	-/-
Berlin, Hallerstr. 1-6/Pascalstr. 15	1926	Value Add	52.5	Freehold	Office	13.2	11.8	89.0
Total: Value Add						**86.5**	**60.9**	**70.3**
Total: Core/Core+ & Value Add						**160.7**	**133.5**	**83.0**
Total: workout (income producing)						**36.1**	**28.3**	**78.5**
Total: workout (non income producing)						**0.0**	**0.0**	**-/-**
Total: income/non income producing						**36.1**	**28.3**	**78.5**
Total: Berlin						**196.8**	**161.8**	**82.2**
Brussels								
Diegem, Telecomlaan 9 "BT Building"	1999	Core/Core+	100.0	Freehold	Office	13.7	5.4	39.7
Total: Core/Core+						**13.7**	**5.4**	**39.7**
Boulevard du Roi Albert II 6-12	-	Value Add	100.0	Leasehold	Other	0.0	0.0	-/-
Total: Value Add						**0.0**	**0.0**	**-/-**
Total: Core/Core+ & Value Add						**13.7**	**5.4**	**39.7**
Total: workout (income producing)						**4.2**	**3.1**	**72.9**
Total: workout (non income producing)						**13.2**	**1.0**	**7.4**
Total: income/non income producing						**17.4**	**4.0**	**23.2**
Total: Brussels						**31.1**	**9.5**	**30.4**
Budapest								
Total: workout (income producing)						1.3	1.3	100.0
Total: income/non income producing						1.3	1.3	100.0
Total: Budapest						**1.3**	**1.3**	**100.0**

Parking lots indoor	Parking lots outdoor	Expected rent in '000 €	Contract rent in '000 €	Contract 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 actual in '000 €	NRI in %	NOI in %
0	69	3,654	3,641	3,641	3,641	0.4	2.7	0.0	49,190	7.6	7.5
130	2	592	586	576	586	1.1	2.1	1.8	8,420	6.8	6.7
1	40	693	628	699	628	9.4	2.7	-10.1	10,210	6.2	6.2
100	0	2,330	2,330	2,224	2,330	0.0	7.0	4.8	37,580	5.8	5.8
59	0	2,139	2,138	2,030	2,138	0.1	2.2	5.3	32,900	6.5	6.2
290	**111**	**9,409**	**9,323**	**9,170**	**9,323**	**0.9**	**3.6**	**1.7**	**138,300**	**6.7**	**6.6**
148	2	817	651	612	651	20.3	1.4	6.3	9,720	6.1	5.7
107	30	837	564	540	575	32.6	1.6	4.4	11,580	3.0	3.0
152	2	1,454	1,257	1,099	1,247	13.6	1.8	14.4	20,400	4.6	4.1
32	0	808	0	0	0	100.0	0.0	-/-	11,000	-/-	-/-
0	0	1,220	688	713	688	43.6	2.4	-3.4	6,390	9.8	9.7
0	0	435	435	426	435	0.0	2.0	2.1	6,610	5.7	5.7
93	65	1,388	1,249	1,123	1,249	10.0	2.2	11.2	18,780	5.6	5.1
532	**99**	**6,958**	**4,844**	**4,513**	**4,845**	**30.4**	**1.9**	**7.3**	**84,480**	**4.5**	**4.2**
822	**210**	**16,368**	**14,166**	**13,682**	**14,168**	**13.4**	**3.0**	**3.5**	**222,780**	**5.8**	**5.7**
0	**0**	**1,892**	**1,692**	**1,753**	**1,639**	**10.6**	**3.6**	**-3.5**	**28,510**	**1.5**	**1.5**
0	**0**	**0**	**0**	**0**	**0**	**-/-**	**0.0**	**-/-**	**2,720**	**0.2**	**0.2**
0	**0**	**1,892**	**1,692**	**1,753**	**1,639**	**10.6**	**3.6**	**-3.5**	**31,230**	**1.4**	**1.4**
822	**210**	**18,260**	**15,859**	**15,436**	**15,806**	**13.2**	**3.1**	**2.7**	**254,010**	**5.3**	**5.1**

266	64	1,809	795	2,706	126	56.0	7.0	-70.6	20,820	8.5	8.2
266	**64**	**1,809**	**795**	**2,706**	**126**	**56.0**	**7.0**	**-70.6**	**20,820**	**8.5**	**8.2**
0	0	0	0	0	0	-/-	0.0	-/-	28,020	0.2	0.2
0	**0**	**0**	**0**	**0**	**0**	**-/-**	**0.0**	**-/-**	**28,020**	**0.2**	**0.2**
266	**64**	**1,809**	**795**	**2,706**	**126**	**56.0**	**7.0**	**-70.6**	**48,840**	**3.7**	**3.6**
81	**7**	**478**	**332**	**322**	**326**	**30.5**	**3.5**	**3.1**	**4,490**	**3.2**	**2.8**
77	**0**	**640**	**75**	**73**	**67**	**88.3**	**1.0**	**2.0**	**4,980**	**-/-**	**-/-**
158	**7**	**1,118**	**407**	**395**	**393**	**63.6**	**3.0**	**2.9**	**9,470**	**-/-**	**-/-**
424	**71**	**2,927**	**1,202**	**3,101**	**519**	**58.9**	**5.7**	**-61.2**	**58,310**	**2.1**	**2.0**

0	0	65	65	99	65	0.0	1.0	-33.7	4,234	1.2	1.2
0	0	65	65	99	65	0.0	1.0	-33.7	4,234	1.2	1.2
0	**0**	**65**	**65**	**99**	**65**	**0.0**	**1.0**	**-33.7**	**4,234**	**1.2**	**1.2**

	Year of con-struc-tion	Investment profile	IVG share 2012 in %	Type of ownership	Type of use	Lettable space excl. parking in '000 sqm	Rented space excl. parking in '000 sqm	Occupancy rate by area excl. parking in %
Dusseldorf								
Dusseldorf, Willstätterstraße 11-15	1986	Core/Core+	100.0	Freehold	Office	24.0	20.4	85.0
Cologen, Neue Weyerstraße 6	1992	Core/Core+	100.0	Freehold	Office	4.3	3.0	69.1
Ratingen, D2 Park 5	1996	Core/Core+	100.0	Freehold	Office	5.6	5.6	100.0
Dusseldorf, Eduard-Schulte-Str. 1	1994	Core/Core+	100.0	Freehold	Office	8.3	8.3	100.0
Ratingen, Zapp-Platz 1/Alter Kirchweg/Robert-Zapp-Str. 5	1972	Core/Core+	100.0	Freehold	Office	26.1	26.1	100.0
Schleiden, Monschauer Str. 5-9/Am Markt 29-31/Poens-genstr.19	1930	Core/Core+	100.0	Freehold	Office	6.7	6.7	100.0
Bonn, Zanderstr. 5	1960	Core/Core+	6.0	Freehold	Office	5.1	5.1	100.0
Bonn, Zanderstr. 7	2003	Core/Core+	6.0	Freehold	Office	4.2	4.2	100.0
Dortmund, Stockholmer Allee 32	2001	Core/Core+	100.0	Freehold	Office	6.7	6.1	91.9
Total: Core/Core+						**90.8**	**85.4**	**94.0**
Dusseldorf, Kanzlerstraße 8	1993	Value Add	100.0	Freehold	Office	9.1	7.1	78.7
Dusseldorf, Friedrich-Ebert-Straße 55	1972	Value Add	100.0	Freehold	Office	2.5	0.6	25.9
Dusseldorf, Immermannstr. 59/Karlstr. 76	1961	Value Add	100.0	Freehold	Office	6.6	4.1	63.2
Dusseldorf, Hans-Böckler-Str. 33	1969	Value Add	100.0	Freehold	Office	10.0	6.6	66.0
Dusseldorf, Franz-Rennefeld-Weg 2-6, "ABC"	2003	Value Add	100.0	Freehold	Office	13.1	10.1	77.7
Dusseldorf, Kanzlerstr. 8a	1994	Value Add	100.0	Freehold	Office	4.8	1.0	20.6
Dortmund, Westfalendamm 67	1974	Value Add	100.0	Freehold	Office	3.5	2.9	83.4
Erkrath, Max-Planck-Straße 15/Lohbruchweg	1985	Value Add	100.0	Freehold	Office	4.0	2.8	70.3
Dortmund, Otto-Hahn-Str. 27	1992	Value Add	100.0	Freehold	Office	1.4	0.9	65.2
Dortmund, Martin-Schmeisser-Weg 18, 22	1991	Value Add	100.0	Freehold	Office	3.4	2.4	72.1
Cologne, Kölner Straße 263	1994	Value Add	100.0	Freehold	Office	3.9	3.9	100.0
Krefeld, Fichtenhain A 13a, "Europark Fichtenhain A"	1994	Value Add	100.0	Freehold	Office	10.4	5.7	54.5
Neuss, Jagenbergstr./Bonner Str., Gebäude 2	1990	Value Add	100.0	Freehold	Logistics	40.0	31.0	77.4
Total: Value Add						**112.7**	**79.4**	**70.4**
Total: Core/Core+ & Value Add						**203.5**	**164.8**	**81.0**
Total: workout (income producing)						**4.4**	**3.1**	**69.9**
Total: workout (non income producing)						**0.0**	**0.0**	**-/-**
Total: income/non income producing						**4.4**	**3.1**	**69.9**
Total: Dusseldorf						**207.9**	**167.8**	**80.7**

Frankfurt/Main								
Frankfurt/Main, Theodor-Stern-Kai 1	2002	Core/Core+	100.0	Freehold	Office	65.5	58.7	89.6
Stuttgart, Buschlestr.1/ Reinsburgstr.26-34	1900	Core/Core+	100.0	Freehold	Office	89.1	85.4	95.9
Stuttgart, Uhlandstr. 2	1982	Core/Core+	100.0	Freehold	Office	51.6	51.2	99.3
Frankfurt/Main, Lahnstr. 34 - 40	1991	Core/Core+	100.0	Freehold	Office	6.8	6.8	100.0
Bad Homburg, Benzstr. 1	2005	Core/Core+	100.0	Freehold	Office	14.5	14.5	100.0
Frankfurt/Main, Colmarer Str. 5 + 11, "C³-ComConCenter"	2003	Core/Core+	94.0	Freehold	Office	16.2	12.5	76.8
Stuttgart, Plieninger Str. 140	1982	Core/Core+	100.0	Freehold	Office	20.9	20.9	100.0
Total: Core/Core+						**264.6**	**249.9**	**94.5**

Parking lots indoor	Parking lots outdoor	Expected rent in '000 €	Contract rent in '000 €	Contract 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 actual in '000 €	NRI in %	NOI in %
602	0	2,524	2,136	2,110	2,136	15.3	3.5	1.3	30,750	5.8	5.7
56	0	596	430	478	430	27.9	2.6	-10.0	8,770	3.5	3.3
71	33	669	669	669	669	0.0	6.0	0.0	9,100	6.9	6.9
149	0	1,211	1,211	1,186	1,211	0.0	7.0	2.1	18,680	5.4	5.4
83	97	1,650	1,650	1,636	1,650	0.0	2.7	0.8	16,530	10.4	10.4
0	95	498	498	498	498	0.0	6.3	0.0	5,540	8.4	8.4
0	3	908	908	908	908	0.0	8.0	0.0	10,190	8.9	8.9
106	0	885	885	885	885	0.0	8.0	0.0	10,190	8.7	8.7
0	116	849	793	750	793	6.6	3.0	5.7	9,940	6.3	6.2
1,067	**344**	**9,791**	**9,182**	**9,121**	**9,182**	**6.2**	**5.0**	**0.7**	**119,690**	**7.0**	**6.9**
164	23	1,181	974	849	974	17.5	2.9	14.7	15,040	5.1	4.9
17	0	265	108	107	108	59.5	1.7	0.8	4,050	2.0	2.0
21	18	941	666	724	666	29.2	3.6	-8.0	13,610	3.8	3.8
77	72	1,815	1,273	1,252	1,273	29.8	3.4	1.7	23,390	4.7	4.6
150	103	2,196	1,766	1,904	1,766	19.6	2.4	-7.2	30,830	5.4	5.4
109	6	638	134	134	134	79.0	1.0	0.1	7,410	0.2	0.3
13	33	425	374	369	374	12.0	3.0	1.5	5,130	5.8	5.5
39	25	334	278	226	226	16.8	4.4	22.7	3,090	1.8	0.9
28	0	146	101	99	101	31.1	2.7	1.4	2,090	4.1	4.1
95	0	408	319	352	319	21.7	2.5	-9.3	5,210	3.0	2.7
46	27	503	500	337	368	0.6	2.1	48.3	5,960	4.8	4.4
140	43	929	474	523	474	49.0	2.3	-9.4	8,800	4.7	4.7
0	674	2,940	2,224	1,764	1,938	24.3	4.4	26.0	32,130	6.2	5.8
899	**1,024**	**12,722**	**9,191**	**8,640**	**8,721**	**27.8**	**3.2**	**6.4**	**156,740**	**4.7**	**4.6**
1,966	**1,368**	**22,513**	**18,373**	**17,761**	**17,903**	**18.4**	**4.1**	**3.4**	**276,430**	**5.7**	**5.6**
37	**0**	**625**	**380**	**482**	**358**	**39.3**	**1.4**	**-21.2**	**7,260**	**2.8**	**2.2**
0	**111**	**0**	**0**	**0**	**0**	**-/-**	**0.0**	**-/-**	**33,870**	**-/-**	**-/-**
37	**111**	**625**	**380**	**482**	**358**	**39.3**	**1.4**	**-21.2**	**41,130**	**-/-**	**-/-**
2,003	**1,479**	**23,139**	**18,752**	**18,242**	**18,261**	**19.0**	**4.0**	**2.8**	**317,560**	**4.9**	**4.8**
573	0	14,337	12,933	11,833	12,703	9.8	7.2	9.3	242,920	4.8	4.7
592	5	12,302	11,903	11,716	11,740	3.2	7.6	1.6	199,030	5.7	5.7
570	0	8,122	8,091	8,087	8,091	0.4	7.4	0.0	130,540	5.4	5.4
113	17	790	790	751	790	0.0	2.3	5.1	11,950	5.8	4.3
84	153	3,094	3,094	3,031	3,094	0.0	1.9	2.1	38,190	7.9	7.9
161	0	2,129	1,632	1,697	1,632	23.3	2.5	-3.8	23,780	7.8	7.5
0	746	3,951	3,951	3,783	3,988	0.0	1.9	4.4	51,710	7.6	7.6
2,093	**921**	**44,726**	**42,394**	**40,899**	**42,038**	**5.2**	**6.2**	**3.7**	**698,120**	**5.7**	**5.6**

	Year of con-struc-tion	Investment profile	IVG share 2012 in %	Type of ownership	Type of use	Lettable space excl. parking in ’000 sqm	Rented space excl. parking in ’000 sqm	Occupancy rate by area excl. parking in %
Frankfurt/Main, Emil-von-Behring-Str. 8-14	1996	Value Add	100.0	Freehold	Office	33.3	19.3	57.8
Neu-Isenburg, Siemensstraße 14	1993	Value Add	100.0	Freehold	Office	6.9	0.0	0.0
Mannheim, Janderstr./Schildkrötstr., “High-Tech-Park I”	1994	Value Add	100.0	Freehold	Office	12.6	11.3	89.5
Mannheim, Janderstr. 2, 3, 4, 5, 6, “High-Tech-Park II”	2002	Value Add	100.0	Freehold	Office	7.8	7.5	96.0
Bad Homburg, Im Atzelnest 3	1990	Value Add	100.0	Freehold	Office	2.4	2.4	98.5
Neu Isenburg, Dornhofstr. 18	1991	Value Add	100.0	Freehold	Office	3.6	1.0	27.0
Bad Homburg, Im Atzelnest 5	1991	Value Add	100.0	Freehold	Office	3.0	3.0	100.0
Mannheim, Gottlieb-Daimler-Str. 8	1972	Value Add	100.0	Freehold	Office	8.2	6.4	78.0
Oberursel, In den Schwarzwiesen 9	1994	Value Add	100.0	Freehold	Office	6.1	2.6	42.4
Ludwigsburg, Monreposstr. 49	1993	Value Add	100.0	Freehold	Office	5.4	5.1	93.8
Total: Value Add						**89.5**	**58.5**	**65.4**
Total: Core/Core+ & Value Add						**354.1**	**308.5**	**87.1**
Total: workout (income producing)						**1.7**	**0.7**	**39.0**
Total: workout (non income producing)						**0.0**	**0.0**	**-/-**
Total: income/non income producing						**1.7**	**0.7**	**39.0**
Total: Frankfurt/Main						**355.8**	**309.2**	**86.9**

Hamburg								
Hamburg, Baumwall 5-7, “Überseehaus”	1982	Core/Core+	100.0	Freehold	Office	11.1	9.4	84.4
Hamburg, Altonaer Poststraße 9-13b, “Postamt”	1892	Core/Core+	100.0	Freehold	Office	8.8	8.6	98.3
Hamburg, Mittelweg 176-177	1994	Core/Core+	100.0	Leasehold	Office	14.0	14.0	100.0
Hamburg, Heidenkampsweg 99, 101, “City-Tor Hamburg”	1988	Core/Core+	100.0	Freehold	Office	18.6	12.9	69.3
Hamburg, Christoph-Probst-Weg 26-31, “Quartier am Zeughaus”	1930	Core/Core+	100.0	Freehold	Office	15.6	14.5	93.2
Hamburg, Christoph-Probst-Weg 3-4, Quartier am Zeughaus 1.BA	2005	Core/Core+	100.0	Freehold	Office	13.6	11.6	85.2
Hamburg, Christoph-Probst-Weg 1-2, Quartier am Zeughaus 2.BA	2008	Core/Core+	100.0	Freehold	Office	13.8	12.2	88.1
Hamburg, Karnapp 25, “Channeltower”	2002	Core/Core+	100.0	Freehold	Office	9.2	6.5	70.9
Hamburg, Harburger Schloßstr. 22a, “Palmspeicher”	1995	Core/Core+	100.0	Freehold	Office	5.1	5.1	100.0
Hamburg, Harburger Schloßstr. 18, “Channel 1”	1998	Core/Core+	100.0	Freehold	Office	3.7	3.2	88.0
Hamburg, Harburger Schloßstr. 24, “Channel 2”	1999	Core/Core+	100.0	Freehold	Office	3.7	3.2	87.7
Hamburg, Harburger Schloßstr. 26, “Channel 3”	1999	Core/Core+	100.0	Freehold	Office	3.6	3.2	87.8
Hamburg, Harburger Schloßstr. 28, “Channel 4”	1999	Core/Core+	100.0	Freehold	Office	3.5	3.5	100.0
Hamburg, Harburger Schloßstr. 30, “Channel 8”	2000	Core/Core+	100.0	Freehold	Office	2.6	1.4	55.4
Hamburg, Blohmstr. 10-14, “Channel 9,10,11”	2006	Core/Core+	100.0	Freehold	Office	10.6	10.6	100.0
Hamburg, Van-der-Smissen-Str. 1-2a, “Kreuzfahrtcenter”	1992	Core/Core+	100.0	Leasehold	Office	7.8	7.8	100.0
Flensburg, Friesische Str. 1-9/Rote Str. 2	1984	Core/Core+	100.0	Freehold	Office	3.3	2.6	78.6
Oststeinbek, Willinghusener Weg 5 a-e	1990	Core/Core+	100.0	Freehold	Office	7.0	6.9	98.1
Hamburg, Suhrenkamp 71-77, “Penta Hof”	1999	Core/Core+	100.0	Freehold	Office	24.8	23.3	93.8
Hamburg, Sonninstr. 24-28, “Sonnin-Hof”	1915	Core/Core+	100.0	Freehold	Office	20.9	16.3	77.9
Hannover, Freundallee 11	1987	Core/Core+	100.0	Freehold	Office	3.3	3.3	100.0
Hamburg, Essener Bogen 6 a-d, (Gewerbepark Mitte)	2007	Core/Core+	100.0	Freehold	Office	5.4	5.4	100.0
Total: Core/Core+						**209.9**	**185.4**	**88.4**

Parking lots indoor	Parking lots outdoor	Expected rent in '000 €	Contract rent in '000 €	Contract 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 actual in '000 €	NRI in %	NOI in %
551	16	4,517	2,629	2,474	2,629	41.8	2.8	6.3	59,060	3.2	3.0
74	29	834	0	0	0	100.0	0.0	-/-	8,180	-/-	-/-
140	94	1,419	1,255	1,234	1,255	11.6	2.1	1.7	22,150	4.0	4.2
87	69	985	911	1,016	648	7.5	4.3	-10.3	13,920	5.1	5.1
52	4	261	249	208	208	4.7	5.1	19.8	3,610	5.3	5.3
48	24	357	113	87	113	68.4	3.5	29.1	4,140	-/-	-/-
42	4	294	294	251	252	0.2	1.3	16.9	3,890	6.2	6.2
203	87	1,048	1,005	941	1,005	4.2	3.2	6.8	13,200	4.7	4.8
103	2	1,439	1,026	1,026	1,026	28.7	1.0	0.0	9,130	11.6	11.3
83	9	451	427	420	427	5.4	2.3	1.5	5,020	7.0	6.1
1,383	**338**	**11,607**	**7,908**	**7,657**	**7,562**	**31.9**	**2.7**	**3.3**	**142,300**	**4.1**	**4.0**
3,476	**1,259**	**56,333**	**50,302**	**48,556**	**49,600**	**10.7**	**5.6**	**3.6**	**840,420**	**5.4**	**5.3**
14	**19**	**160**	**62**	**107**	**62**	**61.5**	**1.5**	**-42.3**	**1,600**	**3.9**	**3.9**
0	**229**	**82**	**82**	**0**	**82**	**0.0**	**2.5**	**-/-**	**13,040**	**-/-**	**-/-**
14	**248**	**242**	**143**	**107**	**143**	**40.8**	**2.1**	**34.1**	**14,640**	**0.2**	**0.2**
3,490	**1,507**	**56,575**	**50,446**	**48,662**	**49,743**	**10.8**	**5.6**	**3.7**	**855,060**	**5.3**	**5.2**

78	48	2,271	1,953	2,048	1,892	14.0	2.0	-4.6	40,470	4.5	4.5
0	55	848	842	836	842	0.7	2.8	0.8	11,470	6.6	6.3
221	0	2,986	2,744	3,462	2,971	8.1	7.3	-20.7	44,110	1.2	-/-
156	78	2,223	1,569	2,528	1,569	29.4	1.2	-37.9	33,580	2.9	2.3
243	31	2,524	2,354	2,569	2,932	6.8	2.4	-8.4	46,460	6.3	6.1
241	33	2,465	1,989	1,430	1,835	19.3	3.4	39.1	35,660	4.8	4.6
208	24	2,154	1,930	1,798	1,900	10.4	2.4	7.3	36,010	4.8	4.6
57	53	1,444	1,040	1,443	1,026	28.0	1.8	-27.9	19,510	4.6	4.0
0	109	639	639	561	658	0.1	2.9	14.0	8,430	5.6	5.5
40	34	522	459	524	459	11.9	1.4	-12.4	7,170	5.1	5.3
84	22	570	489	474	489	14.1	3.8	3.2	7,420	7.0	6.9
90	76	576	485	481	485	15.9	2.9	0.8	7,390	5.9	5.5
42	31	534	524	400	524	1.8	0.9	30.9	7,220	7.2	7.1
0	15	357	201	375	201	43.6	4.3	-46.4	4,810	1.7	1.6
215	0	1,611	1,566	1,569	1,566	2.8	1.6	-0.2	21,740	6.6	6.3
102	6	1,703	1,687	1,689	1,661	0.9	6.0	-0.1	31,030	4.4	4.3
32	0	351	283	290	283	19.4	3.3	-2.4	4,610	5.1	4.5
0	60	483	481	424	481	0.4	2.4	13.5	5,130	8.6	8.0
347	113	3,019	2,842	2,803	2,842	5.9	10.9	1.4	45,670	4.8	4.8
0	188	2,970	2,529	2,640	2,528	14.9	0.9	-4.2	31,570	8.1	8.0
0	69	322	322	322	322	0.0	4.0	0.0	4,410	4.9	4.9
0	79	663	663	670	663	0.0	4.3	-1.1	8,630	5.3	5.3
2,156	**1,124**	**31,235**	**27,592**	**29,337**	**28,130**	**11.7**	**3.9**	**-5.9**	**462,500**	**4.9**	**4.6**

	Year of con-struc-tion	Investment profile	IVG share 2012 in %	Type of ownership	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, Heidenkampsweg 44-46	1959	Value Add	100.0	Freehold	Office	4.2	2.5	59.8
Hamburg, Rödingsmarkt 20/26	2011	Value Add	100.0	Freehold	Officee	7.8	2.8	35.4
Hamburg, Schellerdamm 22-28, "Channel 5-7"	1997	Value Add	100.0	Freehold	Office	16.1	7.2	44.7
Schenefeld, Osterbrooksweg 35, (Rechenzentrum)	1991	Value Add	100.0	Freehold	Other	4.1	1.0	23.6
Schenefeld, Osterbrooksweg 36-49, (Lager-/ Bürogebäude)	1959	Value Add	100.0	Freehold	Logistics	46.3	42.0	90.7
Hamburg, Lademannbogen 12, 12a	1978	Value Add	100.0	Freehold	Office	4.1	2.3	55.3
Langen, Lavener Weg 3/Im Steinviertel 45	1963	Value Add	100.0	Freehold	Logistics	13.5	13.5	100.0
Total: Value Add						**96.0**	**71.1**	**74.1**
Total: Core/Core+ & Value Add						**305.9**	**256.6**	**83.9**
Total: workout (income producing)						**14.2**	**13.9**	**97.9**
Total: workout (non income producing)						**0.0**	**0.0**	**100.0**
Total: income/non income producing						**14.2**	**13.9**	**97.9**
Total: Hamburg						**320.2**	**270.5**	**84.5**

Helsinki								
Kilon Timantti KOy	1991	Core/Core+	100.0	Freehold	Office	4.6	3.4	74.7
Kornetintie 6 KOy	1966	Core/Core+	100.0	Leasehold	Office	3.3	2.3	69.8
Niittylänpolku 16 KOy	1988	Core/Core+	100.0	Freehold	Office	3.8	2.9	77.1
Pakkalan K-Koski 12 KOy	2001	Core/Core+	100.0	Leasehold	Office	3.4	2.4	69.1
Pakkalan K-Koski 3 KOy	1992	Core/Core+	100.0	Leasehold	Office	7.2	7.2	99.8
Plaza Forte KOy	2002	Core/Core+	100.0	Freehold	Office	6.0	4.9	81.6
SCIFIN ALFA KOY	1991	Core/Core+	100.0	Freehold	Office	5.5	4.6	84.6
VANHA TALVITIE 11 KOY	1919	Core/Core+	100.0	Leasehold	Office	6.7	5.4	80.0
Helsingin Radiokatu Koy	1985	Core/Core+	100.0	Leasehold	Office	12.1	10.1	83.8
Niittymäenpolku KOy	1991	Core/Core+	100.0	Freehold	Office	5.4	4.4	81.6
Ykkösseppä Koy	1989	Core/Core+	100.0	Leasehold	Other	4.7	3.6	76.1
Helsingin Latokartanontie 7 KO	1987	Core/Core+	100.0	Leasehold	Office	3.6	3.2	89.8
Total: Core/Core+						**66.2**	**54.4**	**82.1**
Kilon Helmi KOy	1991	Value Add	100.0	Freehold	Office	4.6	2.9	62.7
Kuopion Satama 4 KOy	1940	Value Add	100.0	Freehold	Office	5.8	5.0	86.5
Kutomotie KOy	1946	Value Add	100.0	Freehold	Office	7.7	6.8	88.7
Malmin Kauppatie 8 KOy	1987	Value Add	100.0	Leasehold	Office	5.1	4.4	87.0
Pasilanraitio 5 KOy	1984	Value Add	100.0	Leasehold	Office	6.7	5.8	86.2
Pitkänsillankatu 1-3 KOy	1887	Value Add	100.0	Freehold	Office	6.7	5.4	80.8
SATOMALMI K OY	1989	Value Add	100.0	Freehold	Office	3.4	3.2	95.7
SINIMÄENTIE 10 KIINTEISTÖ OY	1989	Value Add	100.0	Freehold	Office	10.7	7.7	71.9
TAPIONTUULI KOY	1977	Value Add	100.0	Freehold	Office	6.9	4.7	68.3
Helsingin Kirkonkyläntie 3 Koy	1949	Value Add	100.0	Freehold	Office	1.4	1.3	97.0
Helsingin Kumpulantie KOy	1952	Value Add	100.0	Freehold	Office	10.9	10.6	97.4
Kiiskinkatu 5 Kiinteistö Oy	1991	Value Add	100.0	Leasehold	Office	4.2	3.5	84.2
Helsinki, Elimäenkatu 26	-	Value Add	100.0	Freehold	Office	12.2	12.2	100.0

Parking lots indoor	Parking lots outdoor	Expected rent in '000 €	Contract rent in '000 €	Contract 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 actual in '000 €	NRI in %	NOI in %
27	32	445	251	263	251	43.6	3.4	-4.5	5,400	3.4	3.2
20	0	1,551	562	134	359	63.7	6.2	320.5	27,150	0.1	-/-
1	31	1,608	694	753	694	56.8	2.0	-7.8	20,970	1.3	1.3
0	0	223	64	247	64	71.3	9.6	-74.0	1,940	18.2	16.1
0	214	2,178	1,898	467	1,711	12.9	5.9	306.7	21,010	-/-	-/-
45	10	329	152	153	152	53.7	1.0	-0.3	3,800	2.6	2.6
0	0	166	166	166	166	0.0	1.0	0.0	1,170	18.3	18.2
93	**287**	**6,500**	**3,787**	**2,182**	**3,397**	**41.7**	**4.7**	**73.6**	**81,440**	**1.2**	**0.4**
2,249	**1,411**	**37,735**	**31,380**	**31,519**	**31,527**	**16.8**	**3.9**	**-0.4**	**543,940**	**4.3**	**4.0**
9	**20**	**479**	**479**	**471**	**479**	**0.0**	**1.5**	**1.7**	**10,610**	**2.7**	**2.6**
0	**0**	**5**	**5**	**5,463**	**5**	**0.0**	**1.0**	**-99.9**	**64,179**	**7.0**	**7.0**
9	**20**	**484**	**484**	**5,933**	**484**	**0.0**	**1.5**	**-91.8**	**74,789**	**6.4**	**6.4**
2,258	**1,431**	**38,219**	**31,864**	**37,453**	**32,011**	**16.6**	**3.9**	**-14.9**	**618,729**	**4.6**	**4.3**
0	2	560	480	480	480	14.2	0.3	0.1	4,439	8.5	7.4
0	11	414	300	301	300	27.5	0.7	-0.2	1,697	5.5	5.0
0	0	299	299	264	299	0.0	5.0	13.2	2,483	7.6	6.8
0	0	953	747	714	747	21.5	1.4	4.7	6,805	7.7	7.4
0	12	1,309	1,308	1,305	1,308	0.1	0.8	0.2	12,467	8.2	7.8
0	154	1,135	994	1,100	994	12.5	1.2	-9.7	12,910	4.9	4.3
0	0	634	629	527	629	0.8	0.9	19.3	5,279	7.4	7.0
0	0	757	609	572	609	19.5	0.2	6.6	3,927	8.3	7.0
0	63	1,704	1,666	1,631	1,666	2.2	4.3	2.2	12,319	8.6	8.5
0	46	976	798	698	798	18.3	2.5	14.3	6,718	7.6	6.7
0	8	481	382	434	382	20.7	1.7	-11.9	3,186	5.4	3.8
0	4	573	534	531	534	6.8	0.4	0.5	3,755	10.0	9.6
0	**300**	**9,794**	**8,746**	**8,556**	**8,746**	**10.7**	**1.8**	**2.2**	**75,986**	**7.5**	**6.9**
0	0	700	482	454	482	31.2	1.2	6.0	4,079	8.2	7.2
0	0	496	428	424	428	13.8	0.3	0.8	2,048	12.5	12.3
0	0	803	731	664	731	8.9	1.0	10.1	5,658	8.3	7.8
0	0	688	659	453	659	4.2	1.5	45.5	4,586	8.8	7.6
0	28	1,221	1,061	1,037	1,061	13.1	1.8	2.3	8,402	5.7	4.0
0	0	582	508	530	508	12.6	0.7	-4.1	2,924	11.9	10.9
0	31	524	512	478	512	2.2	0.8	7.2	3,225	11.0	10.6
0	8	1,318	962	834	962	27.0	0.6	15.3	9,187	6.5	5.2
0	0	939	939	913	939	0.0	2.8	2.9	11,814	5.4	5.2
0	13	226	222	209	222	1.7	1.2	6.1	1,584	8.8	8.7
0	43	1,452	1,447	1,294	1,447	0.4	1.8	11.8	16,280	6.8	6.3
0	44	499	419	497	419	16.1	0.7	-15.7	2,747	8.1	7.0
0	139	2,069	2,069	0	2,069	0.0	0.0	-/-	14,731	12.3	12.0

	Year of construction	Investment profile	IVG share 2012 in %	Type of ownership	Type of use	Lettable space excl. parking in '000 sqm	Rented space excl. parking in '000 sqm	Occupancy rate by area excl. parking in %
Total: Value Add						**86.3**	**73.7**	**85.4**
Total: Core/Core+ & Value Add						**152.5**	**128.1**	**84.0**
Total: workout (income producing)						**0.9**	**0.9**	**100.0**
Total: workout (non income producing)						**0.6**	**0.0**	**0.0**
Total: income/non income producing						**1.5**	**0.9**	**60.1**
Total: Helsinki						**154.0**	**129.0**	**83.8**
Liebenau								
Liebenau, Breslauerstr. 18	-	Value Add	100.0	Freehold	Other	27.0	10.6	39.1
Lippoldsberg, Birkenallee 1	-	Value Add	100.0	Freehold	Other	0.0	0.0	-/-
Total: Value Add						**27.0**	**10.6**	**39.1**
Total: Core/Core+ & Value Add						**27.0**	**10.6**	**39.1**
Total: workout (non income producing)						**6.4**	**2.7**	**42.4**
Total: income/non income producing						**6.4**	**2.7**	**42.4**
Total: Liebenau						**33.3**	**13.2**	**39.7**
London								
Total: workout (non income producing)						**0.0**	**0.0**	**-/-**
Total: income/non income producing						**0.0**	**0.0**	**-/-**
Total: London						**0.0**	**0.0**	**-/-**
Mailand								
Mailand, Via Dione Cassio 13/ Via Clemente Prudenzio 14, 16	1980	Value Add	99.0	Freehold	Office	8.3	5.9	71.6
Total: Value Add						**8.3**	**5.9**	**71.6**
Total: Core/Core+ & Value Add						**8.3**	**5.9**	**71.6**
Total: Mailand						**8.3**	**5.9**	**71.6**
Munich								
Munich, Sendlinger-Tor-Platz 5/Thalkirchner Str. 2	1981	Core/Core+	100.0	Leasehold	Office	4.5	4.5	100.0
Munich, Landsberger Str. 155, "Artemis"	2000	Core/Core+	100.0	Freehold	Office	20.9	15.3	73.2
Munich, Heinrich-Kley-Str. 6, "Fashion Mall Bronce"	2007	Core/Core+	100.0	Freehold	Office	5.7	5.1	90.2
Munich, Karl-Weinmair-Str. 9-11, "Fashion Mall Titan"	2008	Core/Core+	100.0	Freehold	Office	9.9	9.9	100.0
Munich, St.-Martin-Str. 76	1993	Core/Core+	100.0	Freehold	Office	57.4	57.4	100.0
Munich, Fritz-Schäffer-Str. 9	1981	Core/Core+	94.9	Freehold	Office	71.6	71.6	100.0
Grasbrunn, Robert-Bosch-Ring 5+7	2001	Core/Core+	100.0	Freehold	Office	34.4	34.4	100.0
Unterschleißheim, Einsteinstr. 2	1998	Core/Core+	100.0	Freehold	Office	2.8	2.8	100.0
Munich, Arnulfstr. 25-27, "Pontis Haus"	1992	Core/Core+	100.0	Freehold	Office	13.0	11.0	84.7
Regensburg, Frankenstr. 9	2003	Core/Core+	100.0	Freehold	Office	3.6	3.5	97.7
Munich, Garmischer Str. 2-12/Ridlerstr. 51	1981	Core/Core+	100.0	Freehold	Office	22.9	21.7	95.0
Nuremberg, Nordostpark 26, Gebäude 119 - Parkhaus	1993	Core/Core+	100.0	Freehold	Other	0.0	0.0	-/-
Nuremberg, Nordostpark 89-93, Gebäude 127	2002	Core/Core+	100.0	Freehold	Office	9.2	8.9	96.8

Parking lots indoor	Parking lots outdoor	Expected rent in '000 €	Contract rent in '000 €	Contract 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 actual in '000 €	NRI in %	NOI in %
0	**306**	**11,518**	**10,440**	**7,788**	**10,440**	**9.4**	**1.1**	**34.0**	**87,265**	**8.2**	**7.5**
0	**606**	**21,312**	**19,186**	**16,344**	**19,186**	**10.0**	**1.4**	**17.4**	**163,250**	**7.9**	**7.2**
0	**22**	**170**	**168**	**163**	**168**	**1.1**	**2.2**	**3.3**	**1,463**	**8.0**	**7.8**
0	**0**	**0**	**0**	**0**	**0**	**-/-**	**0.0**	**-/-**	**977**	**-/-**	**-/-**
0	**22**	**170**	**168**	**163**	**168**	**1.1**	**2.2**	**3.3**	**2,440**	**4.2**	**4.1**
0	**628**	**21,482**	**19,354**	**16,507**	**19,354**	**9.9**	**1.4**	**17.2**	**165,690**	**7.8**	**7.2**
0	0	432	432	423	432	0.0	2.8	2.3	13,350	-/-	-/-
0	0	172	172	172	172	0.0	34.0	0.0	1,620	10.6	10.6
0	**0**	**604**	**604**	**594**	**604**	**0.0**	**11.7**	**1.7**	**14,970**	**0.1**	**0.1**
0	**0**	**604**	**604**	**594**	**604**	**0.0**	**11.7**	**1.7**	**14,970**	**0.1**	**0.1**
0	**0**	**53**	**53**	**36**	**53**	**0.0**	**0.9**	**47.3**	**5,550**	**-/-**	**-/-**
0	**0**	**53**	**53**	**36**	**53**	**0.0**	**0.9**	**47.3**	**5,550**	**-/-**	**-/-**
0	**0**	**657**	**657**	**630**	**657**	**0.0**	**10.8**	**4.3**	**20,520**	**-/-**	**-/-**
0	**0**	**0**	**0**	**0**	**0**	**-/-**	**0.0**	**-/-**	**11,950**	**-/-**	**-/-**
0	**0**	**0**	**0**	**0**	**0**	**-/-**	**0.0**	**-/-**	**11,950**	**-/-**	**-/-**
0	**0**	**0**	**0**	**0**	**0**	**-/-**	**0.0**	**-/-**	**11,950**	**-/-**	**-/-**
0	55	716	505	460	474	29.5	2.8	9.8	4,330	-/-	-/-
0	**55**	**716**	**505**	**460**	**474**	**29.5**	**2.8**	**9.8**	**4,330**	**-/-**	**-/-**
0	**55**	**716**	**505**	**460**	**474**	**29.5**	**2.8**	**9.8**	**4,330**	**-/-**	**-/-**
0	**55**	**716**	**505**	**460**	**474**	**29.5**	**2.8**	**9.8**	**4,330**	**-/-**	**-/-**
8	0	1,057	1,057	1,058	1,057	0.0	3.3	-0.1	10,540	6.6	6.3
281	0	3,231	2,326	2,164	2,250	28.0	4.3	7.5	45,470	3.2	3.0
88	16	1,148	1,036	1,002	1,036	9.7	4.9	3.4	17,870	0.0	0.0
237	0	1,949	1,949	1,909	1,949	0.0	2.5	2.1	33,980	8.5	8.4
1,259	28	7,354	7,354	7,354	7,354	0.0	4.2	0.0	110,140	6.1	6.1
672	0	10,270	10,270	10,270	10,270	0.0	8.0	0.0	168,710	5.5	5.5
561	82	3,814	3,790	3,790	2,384	0.6	9.0	0.0	67,480	5.1	5.1
36	0	489	489	489	523	0.0	0.0	0.0	3,290	15.3	15.3
150	0	2,266	2,050	2,076	1,988	9.6	3.0	-1.3	39,120	4.2	3.8
47	24	385	376	386	376	2.3	4.3	-2.4	4,440	7.6	6.6
342	14	3,251	3,104	3,174	3,089	4.5	6.1	-2.2	49,010	5.8	5.7
406	0	212	149	165	149	29.7	1.1	-10.0	1,920	4.8	4.8
143	49	1,228	1,196	1,191	1,196	2.6	2.0	0.4	17,450	5.8	5.8

	Year of con-struc-tion	Investment profile	IVG share 2012 in %	Type of ownership	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 87, Gebäude 125 - Kindertagesstätte	2001	Core/Core+	100.0	Freehold	Other	1.0	1.0	100.0
Munich, Rosenheimer Str. 145, 145a-i/Anzinger Str. 1-17	1939	Core/Core+	0.0	Freehold	Office	90.8	87.0	95.8
Nuremberg, Nordostpark 12-14, Geb. 118	1999	Core/Core+	6.0	Freehold	Office	8.5	8.1	95.9
Nuremberg, Nordostpark 3-5, Gebäude 129	2007	Core/Core+	100.0	Freehold	Office	5.8	5.8	98.7
Nuremberg, Nordostpark 7-9	2008	Core/Core+	100.0	Freehold	Office	5.6	5.5	98.2
Total: Core/Core+						**367.5**	**353.5**	**96.2**
Munich, Leopoldstr. 236-238, “Pallas-Haus”	1990	Value Add	100.0	Freehold	Office	8.6	5.0	58.5
Munich, Implerstr. 7-9/Kapellenweg 4-6	1973	Value Add	100.0	Freehold	Office	13.9	13.0	93.2
Brunnthal, Meisenstraße	1970	Value Add	100.0	Freehold	Other	0.9	0.9	100.0
Nuremberg, Nordostpark 51	1936	Value Add	100.0	Freehold	Logistics	2.4	0.3	13.2
Nuremberg, Nordostpark 62, 64, 66, 72	1962	Value Add	100.0	Freehold	Other	10.6	7.1	66.8
Munich, Rosenheimer Str./Anzinger Str. (FL 18362)	-	Value Add	100.0	Freehold	Other	2.7	0.4	13.8
Ottobrunn, Lise-Meitner-Str. 7, Geb.5.9, 20.0, 30.0	1968	Value Add	100.0	Freehold	Other	3.3	3.3	99.7
Ottobrunn, Ludwig-Bölkow-Allee - Geb.41.0,41.1	1981	Value Add	100.0	Freehold	Office	0.0	0.0	-/-
Ottobrunn, Lise-Meitner Str. - Kasino (WE5)	2007	Value Add	100.0	Freehold	Other	0.0	0.0	-/-
Total: Value Add						**42.3**	**29.9**	**70.7**
Total: Core/Core+ & Value Add						**409.9**	**383.4**	**93.5**
Total: workout (income producing)						**10.1**	**8.6**	**85.3**
Total: workout (non income producing)						**14.1**	**11.1**	**78.3**
Total: income/non income producing						**24.2**	**19.7**	**81.2**
Total: Munich						**434.1**	**403.1**	**92.9**

Warsaw			
Total: workout (non income producing)	**0.0**	**0.0**	**-/-**
Total: income/non income producing	**0.0**	**0.0**	**-/-**
Total: Warsaw	**0.0**	**0.0**	**-/-**

Total	**1.742.8**	**1.471.3**	**84.4**

Parking lots indoor	Parking lots outdoor	Expected rent in '000 €	Contract rent in '000 €	Contract 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 actual in '000 €	NRI in %	NOI in %
0	0	18	18	18	19	0.0	18.8	0.0	220	10.4	10.4
0	197	9,692	9,252	9,006	9,257	4.5	3.1	2.7	129,960	5.8	5.8
0	2	1,003	963	994	963	4.0	1.9	-3.1	13,110	7.6	7.6
0	7	835	830	758	830	0.6	2.9	9.5	10,740	8.5	8.5
0	5	833	827	819	827	0.7	3.5	1.0	10,540	9.2	9.2
4,230	**424**	**49,035**	**47,036**	**46,622**	**45,517**	**4.1**	**5.0**	**0.9**	**733,990**	**5.6**	**5.6**
138	12	1,290	759	853	630	41.2	2.8	-11.1	22,550	2.2	2.1
90	18	1,937	1,886	1,746	1,810	2.6	6.3	8.0	30,500	5.2	4.9
0	0	128	128	128	128	0.0	1.0	0.0	1,170	8.6	8.6
0	106	128	35	85	35	72.9	3.1	-59.5	6,420	-/-	-/-
0	119	264	264	263	264	0.0	2.6	0.3	2,350	9.1	9.1
963	93	656	237	235	237	63.8	1.0	1.0	18,650	-/-	-/-
0	16	275	274	273	274	0.2	2.7	0.3	2,460	13.8	13.8
1	0	0	0	0	0	-/-	0.0	-/-	3,200	-/-	-/-
0	0	0	0	0	0	-/-	0.0	-/-	3,270	-/-	-/-
1,192	**364**	**4,677**	**3,583**	**3,584**	**3,378**	**23.4**	**4.4**	**0.0**	**90,570**	**2.3**	**2.1**
5,422	**788**	**53,711**	**50,618**	**50,207**	**48,895**	**5.8**	**5.0**	**0.8**	**824,560**	**5.3**	**5.2**
0	**90**	**1,281**	**1,164**	**1,053**	**1,095**	**9.1**	**2.8**	**10.6**	**15,170**	**11.5**	**11.0**
441	**1,239**	**801**	**405**	**524**	**420**	**49.4**	**4.3**	**-22.6**	**38,590**	**-/-**	**-/-**
441	**1,329**	**2,082**	**1,569**	**1,577**	**1,515**	**24.6**	**3.2**	**-0.5**	**53,760**	**2.5**	**2.4**
5,863	**2,117**	**55,793**	**52,188**	**51,783**	**50,410**	**6.5**	**4.9**	**0.8**	**878,320**	**5.1**	**5.0**

0	**0**	**0**	**0**	**0**	**0**	**-/-**	**0.0**	**-/-**	**4,600**	**-/-**	**-/-**
0	**0**	**0**	**0**	**0**	**0**	**-/-**	**0.0**	**-/-**	**4,600**	**-/-**	**-/-**
0	**0**	**0**	**0**	**0**	**0**	**-/-**	**0.0**	**-/-**	**4,600**	**-/-**	**-/-**

14,860	**7,498**	**217,833**	**190,891**	**192,372**	**187,300**	**12.4**	**4.4**	**-0.8**	**3,193,313**	**5.1**	**4.9**

Consolidated Subsidiaries and Equity Investments

at 31.12.2012 (part of the notes to the consolidated financial statements)

Company	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	52.73	Germany	18,756	1,667	5)
Asticus AB, Gothenborg	100.00	Sweden	122,423	-292	
Asticus Belgium II SNC, Brussels	100.00	Belgium	17,037	7,079	
Asticus Belgium SNC, Brussels	100.00	Belgium	915	20,105	
Asticus Europe GIE, Brussels	100.00	Belgium	0	0	
Asticus International AB, Stockholm	100.00	Sweden	74,821	-17	
Batipromo S.A., Brussels	100.00	Belgium	270,091	80,317	
Beaulieu SPV SA, Brussels	100.00	Belgium	-1,847	-41	
Bessenveld SA, Brussels	100.00	Belgium	643	-28	
Bolet SA, Brussels	100.00	Belgium	-10,332	-3,506	
Bonne Odeur SA, Brussels	100.00	Belgium	-958	-482	
BOTAGRUND Verwaltungs- GmbH, Bonn	100.00	Germany	2,078	-103	4)
BURG Grundstücksverwaltung GmbH & Co. Ristamos KG, Berlin	97.32	Germany	-4,167	-982	5)
Demot SPV SA, Brussels	100.00	Belgium	-290	-20	
Edison SA, Luxembourg	100.00	Luxembourg	-1,892	0	
FvH Grundstücksverwaltungs-GmbH & Co. Hardenbergstraße 26 - KG, Bonn	98.38	Germany	4,285	2,459	5)
GELFOND Verwaltungsgesellschaft mbH & Co. Frankfurt - Niederrad Besitz KG, Munich	94.00	Germany	-27,393	-398	5)
Gertrud SA, Brussels	100.00	Belgium	728	29,932	
Groenhoek SA, Brussels	100.00	Belgium	-1,624	-102	
Grundbesitz Investitionsgesellschaft Leibniz-Kolonnaden mbH & Co. KG, Berlin	75.00	Germany	2,839	-344	5)
Helsingin Latokartanontie 7 Koy, Helsinki	100.00	Finland	2,972	142	
Helsingin Radiokatu Koy, Helsinki	100.00	Finland	8,281	243	
HRI Lux Verwaltungsgesellschaft S.A.	100.00	Luxembourg	232	46	
Immobilière Groenveld SA, Brussels	100.00	Belgium	13,446	281	
Infopark Fejlesztesi RT, Budapest	100.00	Hungary	7,129	-8	
IVG 55 Moorgate GmbH, Berlin	100.00	Germany	12,682	0	4)
IVG Asset Management GmbH, Bonn	100.00	Germany	-9,581	4,985	4)
IVG Austria AG	100.00	Austria	756	-9	
IVG Beteiligung I AG & Co. KG, Bonn	100.00	Germany	47,885	47,885	5)
IVG Beteiligung II AG & Co. KG, Bonn	100.00	Germany	47,885	47,885	5)
IVG Beteiligung III AG & Co. KG, Bonn	100.00	Germany	47,885	47,885	5)

Company	Group share %	Country	Equity € '000	Net profit for the year € '000	
IVG Beteiligung IV AG & Co. KG, Bonn	100.00	Germany	47,885	47,885	5)
IVG Beteiligung V AG & Co. KG, Bonn	100.00	Germany	47,885	47,885	5)
IVG Beteiligung VI AG & Co. KG, Bonn	100.00	Germany	47,885	47,885	5)
IVG Beteiligung VII AG & Co. KG, Bonn	100.00	Germany	47,885	47,885	5)
IVG Brussels SNC, Brussels	100.00	Belgium	2,097	-19	
IVG Businesspark Media Works Munich I GmbH & Co. KG, Bonn	100.00	Germany	-1,628	946	5)
IVG Businesspark Media Works Munich II GmbH & Co. KG, Bonn	100.00	Germany	-1,349	-770	5)
IVG Businesspark Micropolis Ost Verwaltungs GmbH & Co. KG, Bonn	100.00	Germany	67	-2	5)
IVG Businesspark vor Munich II GmbH & Co. KG, Bonn	100.00	Germany	-404	55	5)
IVG Businesspark vor Munich V GmbH & Co. KG, Bonn	100.00	Germany	-292	-422	5)
IVG Caverns GmbH, Bonn	100.00	Germany	1,818,535	129,679	4)
IVG Clearing GmbH, Bonn	100.00	Germany	551,732	197,350	4)
IVG Curtis Plaza II Sp. z o.o., Warsaw	100.00	Poland	82	34	
IVG Deutschland Immobilien GmbH, Bonn	100.00	Germany	106,197	1,309	
IVG Development (UK) Ltd., London	100.00	UK	14,965	72	
IVG Development Dusseldorf Objekt Fichtenhain GmbH, Dusseldorf	100.00	Germany	-572	-110	
IVG Development GmbH, Bonn	100.00	Germany	32,584	9,336	4)
IVG Development Munich Objekt Arabellapark GmbH, Munich	100.00	Germany	-1,024	-836	
IVG Development Obozowa Sp. z o.o., Warsaw	100.00	Poland	-2,934	-888	
IVG Developments (Broadway) Ltd., London	100.00	UK	10,115	187	
IVG Developments (London & UK) Limited, London	100.00	UK	13,023	13,030	
IVG European Properties AB, Gothenborg	100.00	Sweden	96,135	-2,881	
IVG European Real Estate SA, Brussels	100.00	Belgium	138,718	-13	
IVG EuroSelect Fonds IV GmbH & Co. KG, Berlin	100.00	Germany	-36,821	-3,574	5)
IVG Finance B.V., Amsterdam	100.00	Netherlands	-38,202	-35,703	
IVG Finance Ltd, Malta	100.00	Malta	-24	1	
IVG Finsbury GmbH, Berlin	100.00	Germany	17,024	0	4)
IVG France S.A.S. Paris	100.00	France	2,013	-588	
IVG Front Office Asniéres SAS, Paris	100.00	France	-4,615	-17,559	
IVG Fund Management GmbH, Bonn	100.00	Germany	475	72	
IVG Gewerbeimmobilien 1 GmbH, Bonn	100.00	Germany	25	253	4)
IVG Gewerbeimmobilien 2 GmbH, Bonn	100.00	Germany	988	462	4)
IVG Gewerbeimmobilien 3 GmbH, Bonn	100.00	Germany	6,530	1,758	4)
IVG Glasgow Limited Partnership, London	100.00	UK	-141	-454	
IVG Holding Ltd, Malta	100.00	Malta	-7	0	
IVG Hungary Kft., Budapest	100.00	Hungary	2,528	380	
IVG Immobilien GmbH & Co. Berlin VIII - Objekt Neue Spreespeicher Cuvryhof - KG, Bonn	100.00	Germany	-2,520	-62	5)
IVG Immobilien GmbH & Co. Bonn I - Obj Zanderstraße - KG, Berlin	5.98	Germany	13,458	1,394	5)
IVG Immobilien GmbH & Co. Bonn II - Objekt Bad Godesberg - KG, Bonn	100.00	Germany	1,467	-109	5)
IVG Immobilien GmbH & Co. Bonn XI - Objekt Frankfurt Flughafen - KG, Bonn	100.00	Germany	14,882	2,260	5)
IVG Immobilien GmbH & Co. Liebenau V - Objekt Bremen-Blumenthal - KG, Bonn	100.00	Germany	-10	-3	5)
IVG Immobilien Management REIT-AG, Bonn	75.00	Germany	188,909	-18,966	

Company	Group share %	Country	Equity € '000	Net profit for the year € '000	
IVG Immobilienentwicklungsgesellschaft mbH & Co. - Objekt Hamburg Glinde - KG, Hamburg	100.00	Germany	1,569	18	5)
IVG Immobilienentwicklungsgesellschaft mbH & Co. - Objekt Hamburg Glockengießerwall 19 - KG, Hamburg	100.00	Germany	-541	-15	5)
IVG Immobilien-Management GmbH & Co. Berlin I - Objekt Focus Teleport - KG, Bonn	75.00	Germany	51,265	1,019	5)
IVG Immobilien-Management GmbH & Co. Berlin II - Objekt Tempelhofer Weg 62 - KG, Bonn	75.00	Germany	9,886	-399	5)
IVG Immobilien-Management GmbH & Co. Berlin III - Objekt Tempelhofer Weg 64 - KG, Bonn	75.00	Germany	8,419	98	5)
IVG Immobilien-Management GmbH & Co. Berlin IV - Objekt Am Borsigturm - KG, Bonn	75.00	Germany	31,748	-771	5)
IVG Immobilien-Management GmbH & Co. Bonn I - Objekt Dusseldorf Airport Business Center - KG, Bonn	75.00	Germany	31,238	-529	5)
IVG Immobilien-Management GmbH & Co. Bonn II - Objekt Dusseldorf, Kanzlerstraße 8 - KG, Bonn	75.00	Germany	14,742	-301	5)
IVG Immobilien-Management GmbH & Co. Bonn III - Objekt Dusseldorf, Kanzlerstraße 8a - KG, Bonn	75.00	Germany	6,891	-617	5)
IVG Immobilien-Management GmbH & Co. Bonn IV - Objekt Dusseldorf, Am Wehrhahn - KG, Bonn	75.00	Germany	4,434	-271	5)
IVG Immobilien-Management GmbH & Co. Bonn V - Objekt Dusseldorf, Friedrich-Ebert-Straße - KG, Bonn	75.00	Germany	3,780	-346	5)
IVG Immobilien-Management GmbH & Co. Bonn VI - Objekt Dusseldorf, Immermannstraße/Karlstraße - KG, Bonn	98.73	Germany	-1,674	-179	5)
IVG Immobilien-Management GmbH & Co. Frankfurt I - Objekt Lahnstraße- KG, Bonn	75.00	Germany	11,053	-1,066	5)
IVG Immobilien-Management GmbH & Co. Frankfurt II - Objekt Heddernheim- KG, Bonn	75.00	Germany	57,291	-3,733	5)
IVG Immobilien-Management GmbH & Co. Frankfurt III - Objekt Neu-Isenburg - KG, Bonn	98.73	Germany	-3,498	-436	5)
IVG Immobilien-Management GmbH & Co. Frankfurt IV - Objekt Mannheim, Schildkrötstraße - KG, Bonn	75.00	Germany	21,894	-38	5)
IVG Immobilien-Management GmbH & Co. Frankfurt V - Objekt Mannheim, High-Tech-Park II - KG, Bonn	75.00	Germany	13,479	-304	5)
IVG Immobilien-Management GmbH & Co. Hamburg II - Objekt Heidenkampsweg 44/46 - KG, Bonn	75.00	Germany	4,891	-751	5)
IVG Immobilien-Management GmbH & Co. Hamburg III - Objekt Altonaer Poststrasse - KG, Bonn	75.00	Germany	11,158	370	5)
IVG Immobilien-Management GmbH & Co. Hamburg IV - Objekt Rödingsmarkt - KG, Bonn	75.00	Germany	15,749	-603	5)
IVG Immobilien-Management GmbH & Co. Hamburg IX - Objekt Spiegelinsel - KG, Bonn	75.00	Germany	-33,521	-10,736	5)
IVG Immobilien-Management GmbH & Co. Hamburg V - Objekt Ludwig-Erhard-Strasse - KG, Bonn	75.00	Germany	-1,624	-40	5)
IVG Immobilien-Management GmbH & Co. Hamburg VI - Objekt Van-der-Smissen-Straße-KG, Bonn	75.00	Germany	30,180	845	5)
IVG Immobilien-Management GmbH & Co. Hamburg VIII - Objekt Mittelweg - KG, Bonn	75.00	Germany	41,927	-2,813	5)
IVG Immobilien-Management GmbH & Co. Hamburg X - Objekt Channel 9-11 - KG, Bonn	98.73	Germany	-1,038	-900	5)
IVG Immobilien-Management GmbH & Co. Hamburg XiV-Objekt Globushof-KG	75.00	Germany	0	0	5)
IVG Immobilien-Management GmbH & Co. Munich I - Objekt Sendlinger-Tor-Platz - KG, Bonn	75.00	Germany	9,588	-1,693	5)
IVG Immobilien-Management GmbH & Co. Munich II - Objekt Fritz-Schäffer-Straße - KG, Bonn	71.48	Germany	207,121	9,176	5)
IVG Immobilien-Management GmbH & Co.Berlin V - Objekt Kurfürstendamm Bayerhaus - KG, Bonn	75.00	Germany	3	105	5)
IVG Immobilien-Management GmbH & Co.Bonn IX - Objekt Krefeld, Ostwall - KG, Bonn	75.00	Germany	2,058	-893	5)
IVG Immobilien-Management GmbH & Co.Bonn VII - Objekt Dusseldorf, Willstätterstraße - KG, Bonn	98.73	Germany	-181	-352	5)
IVG Immobilien-Management GmbH & Co.Bonn VIII - Objekt Cologne, Neue Weyerstraße - KG, Bonn	75.00	Germany	8,236	221	5)
IVG Immobilien-Management GmbH & Co.Bonn X - Objekt Dusseldorf, Eduard-Schulte-Straße - KG, Bonn	75.00	Germany	17,973	242	5)
IVG Immobilien-Management GmbH & Co.Hamburg I - Objekt Baumwall KG, Bonn	75.00	Germany	40,635	-1,591	5)
IVG Immobilien-Management GmbH, Bonn	100.00	Germany	147	251	
IVG Immobilienverwaltung Bonn GmbH & Co. - Objekt Langen - KG, Bonn	100.00	Germany	376	-87	5)
IVG Immobilière SAS, Paris	100.00	France	287,433	128,999	
IVG Institutional Funds GmbH, Wiesbaden	94.00	Germany	19,636	525	4)
IVG Investment GmbH, Bonn	100.00	Germany	131,734	-3,469	4)

Company	Group share %	Country	Equity € '000	Net profit for the year € '000	
IVG Investments Ltd, Malta	100.00	Malta	1,622	401	
IVG Italia S.r.l., Mailand	100.00	Italien	610	-3,790	
IVG Italy s.r.l.; Mailand	100.00	Italien	487	-75	
IVG Kavernen Informationszentrum Etzel GmbH & Co. KG, Friedeburg	100.00	Germany	-642	-294	5)
IVG Kavernenbetriebsführungsgesellschaft mbH, Friedeburg	100.00	Germany	-89	-46	4)
IVG Logistics Holding S.A ., Luxembourg	100.00	Luxembourg	5,836	2,578	
IVG Luxembourg S.à.r.l.	94.00	Luxembourg	878	62	
IVG Mahlerstrasse 13 GmbH, Vienna	100.00	Austria	54	-41	
IVG Malta Ltd, Malta	100.00	Malta	689	-26	
IVG Management GmbH & Co. - Officeportfolio I - KG, Bonn	100.00	Germany	-6,553	511	5)
IVG Management GmbH & Co. - Officeportfolio II - KG, Bonn	100.00	Germany	-1,438	2,810	5)
IVG Management GmbH & Co. - Officeportfolio III - KG, Bonn	98.75	Germany	11,395	1,400	5)
IVG Management GmbH & Co. - Officeportfolio IV - KG, Bonn	91.90	Germany	-23,937	3,788	5)
IVG Management GmbH & Co. Berlin XI - Objekt Gravensteinstraße - KG, Bonn	100.00	Germany	1,118	59	5)
IVG Management GmbH & Co. Berlin XIV - Objekt Taubenstraße - KG, Bonn	100.00	Germany	-352	-619	5)
IVG Management GmbH & Co. Bonn III - Objekt Neuss - KG, Bonn	100.00	Germany	20,419	2,871	5)
IVG Management GmbH & Co. Bonn XV Objekt - Zanderstr.1 und 3 - KG, Bonn	100.00	Germany	-79	-20	5)
IVG Management GmbH & Co. Bonn XVI Objekt Dusseldorf Redlichstrasse KG, Bonn	100.00	Germany	-11,086	-274	5)
IVG Management GmbH & Co. Hamburg III - Objekt Hannover - KG, Bonn	100.00	Germany	3,658	-193	5)
IVG Management GmbH & Co. Hamburg VII - Objekt Spaldingstraße - KG, Bonn	100.00	Germany	88	-5	5)
IVG Management GmbH & Co. Hamburg X - Objekt Heidenkampsweg - KG, Bonn	100.00	Germany	5,144	811	5)
IVG Management GmbH & Co. Hamburg XI - Objekt Christoph-Probst-Weg . KG, Bonn	100.00	Germany	7,860	3,461	5)
IVG Management GmbH & Co. Hamburg XII Objekte Channel Karnapp/Schellerdamm KG, Bonn	100.00	Germany	-12,239	-110	5)
IVG Management GmbH & Co. Hamburg XIII Objekte Channel Harburger Schloßstraße KG, Bonn	100.00	Germany	-3,709	2,068	5)
IVG Management GmbH & Co. Liebenau IX - Objekt Clausthal - KG, Bonn	100.00	Germany	-4,419	-78	5)
IVG Management GmbH & Co. Liebenau VIII - Objekt Bomlitz - KG, Bonn	100.00	Germany	920	94	5)
IVG Management GmbH & Co. Liebenau X - Objekt Hessisch-Lichtenau - KG, Bonn	100.00	Germany	12	-33	5)
IVG Management GmbH & Co. Liebenau XI - Objekt Lippoldsberg - KG, Bonn	100.00	Germany	1,469	97	5)
IVG Management GmbH & Co. Liebenau XII - Objekt Fienerode - KG, Bonn	100.00	Germany	1,672	24	5)
IVG Management GmbH & Co. Munich XIII - Objekt Leopoldstraße 157 - KG, Bonn	100.00	Germany	-704	-13	5)
IVG Management GmbH & Co. Munich XVII - Objekt Heinrich Kley Straße - KG, Bonn	100.00	Germany	8,111	2,201	5)
IVG Management GmbH & Co. Munich XVIII - Objekt Landsberger Straße - KG, Bonn	100.00	Germany	-9,397	-45	5)
IVG Management GmbH & Co. Munich XX . Objekt Nymphenburger Straße - KG, Bonn	100.00	Germany	-9,790	191	5)
IVG Management GmbH & Co. Munich XXI - Objekt St. Martin Straße - KG, Bonn	100.00	Germany	3,367	4,536	5)
IVG Management GmbH & Co.Munich XIX - Objekt Schwabing Leopoldstraße 236 - 238 - KG, Bonn	100.00	Germany	-7,599	-1,996	5)
IVG Media Works Munich Vermietungsgesellschaft mbH, Bonn	100.00	Germany	-2,972	817	4) 6)
IVG Netherlands BV	100.00	Netherlands	-1,076	-2,197	
IVG Nordostpark I GmbH & Co. KG, Bonn	100.00	Germany	170	28	5)
IVG Nordostpark II GmbH & Co. KG, Bonn	100.00	Germany	6,450	744	5)
IVG Nordostpark III GmbH & Co. KG, Bonn	100.00	Germany	663	70	5)
IVG Nordostpark IV GmbH & Co. KG, Bonn	100.00	Germany	753	-91	5)
IVG Nordostpark V GmbH & Co. KG, Berlin	5.98	Germany	12,193	832	5)

Company	Group share %	Country	Equity € '000	Net profit for the year € '000	
IVG Nordostpark VI GmbH & Co. KG, Bonn	100.00	Germany	1,796	147	5)
IVG Nordostpark VIII GmbH & Co. KG, Bonn	100.00	Germany	-1,115	-1,191	5)
IVG Pegarino GmbH & Co. Bonn I - Objekt Dusseldorf Erkrath - KG, Bonn	100.00	Germany	-989	-72	5)
IVG Pegarino GmbH & Co. Bonn II Dortmund, Otto-Hahn-Straße - KG, Bonn	100.00	Germany	-56	-5	5)
IVG Pegarino GmbH & Co. Bonn III - Objekt Dortmund, Mart.-Schmeisser-Weg - KG, Bonn	100.00	Germany	-618	-81	5)
IVG Pegarino GmbH & Co. Bonn IV - Objekt Porz - KG, Bonn	100.00	Germany	-2,827	86	5)
IVG Pegarino GmbH & Co. Frankfurt I - Objekt Bad Homburg - KG, Bonn	100.00	Germany	-1,292	66	5)
IVG Pegarino GmbH & Co. Frankfurt II - Objekt Neu-Isenburg, Dornhofstraße - KG, Bonn	100.00	Germany	-2,367	-196	5)
IVG Pegarino GmbH & Co. Frankfurt IV - Objekt Bad Homburg, Im Atzelnest 5 - KG, Bonn	100.00	Germany	-1,603	337	5)
IVG Pegarino GmbH & Co. Frankfurt V - Objekt Dreireich-Sprendlingen - KG, Bonn	100.00	Germany	-274	-176	5)
IVG Pegarino GmbH & Co. Hamburg - Objekt Hannover, Freundallee - KG, Bonn	100.00	Germany	-504	209	5)
IVG Pegarino Holding GmbH & Co. KG, Bonn	100.00	Germany	-4,540	50	5)
IVG Poland Sp. z o.o.,Warsaw	100.00	Poland	744	343	
IVG Polar Oy, Helsinki	100.00	Finland	402,361	13,312	
IVG Private Funds Beteiligungs- und Verwaltungsgesellschaft mbH, Berlin	100.00	Germany	798	-3	
IVG Private Funds GmbH, Bonn	100.00	Germany	6,614	11,359	4)
IVG Private Funds Management GmbH, Berlin	100.00	Germany	1,754	1,313	
IVG Real Estate Belgium SA, Brussels	100.00	Belgium	464	-22,250	
IVG Regium Park Krefeld GmbH, Bonn	100.00	Germany	1,932	110	
IVG Service GmbH & Co. Berlin - Objekt Großziethen - KG, Bonn	100.00	Germany	748	-195	5)
IVG Service GmbH & Co. Berlin - Objekt Potsdam - KG, Bonn	100.00	Germany	370	-21	5)
IVG Service GmbH & Co. Berlin - Objekt Teltow - KG, Bonn	100.00	Germany	458	14	5)
IVG Società di Gestione del Risparmio S.p.A., Mailand	95.00	Italien	1,030	-255	
IVG Spree-Speicher GmbH & Co. KG , Bonn	100.00	Germany	11,876	1,037	5)
IVG Sweden AB, Stockholm	100.00	Sweden	447	592	
IVG THE SQUAIRE Parking GmbH & Co. KG, Frankfurt	100.00	Germany	2,887	2,847	5)
IVG UK Ltd., London	100.00	UK	3,011	-1,227	
IVG-Immobilien-GmbH & Co. Berlin II - Objekt Streitstraße - KG, Bonn	100.00	Germany	692	3,515	5)
IVG-Immobilien-GmbH & Co. Berlin V - Objekt Freiheit - KG, Bonn	100.00	Germany	6,002	723	5)
IVG-Immobilien-GmbH & Co. Bonn IV - Objekt Dusseldorf, Hohenzollernwerk - KG, Bonn	100.00	Germany	32	-18	5)
IVG-Immobilien-GmbH & Co. Bonn V - Objekt Homburg/Saar - KG, Bonn	100.00	Germany	49	-11	5)
IVG-Immobilien-GmbH & Co. Kassel IX - Objekt Waldau - KG, Bonn	100.00	Germany	298	1,958	5)
IVG-Immobilien-GmbH & Co. Liebenau II - Objekt Dörverden - KG, Bonn	100.00	Germany	-5,159	-1,055	5)
IVG-Immobilien-GmbH & Co. Liebenau III - Objekt Liebenau - KG, Bonn	100.00	Germany	9,773	259	5)
IVG-Immobilien-GmbH & Co. Liebenau IV - Objekt Dragahn - KG, Bonn	100.00	Germany	3,911	2,163	5)
IVG-Immobilien-GmbH & Co. Munich II - Objekt Unterpfaffenhofen - KG, Bonn	100.00	Germany	401	660	5)
IVG-Immobilien-GmbH & Co. Munich III - Objekt Ottobrunn - KG, Bonn	100.00	Germany	10,056	2,005	5)
Johs. Uckermann GmbH & Co. Grundstücksentwicklung KG, Bonn	92.50	Germany	410	0	5)
Kiinteistö Oy Helsingin Elimäenkatu 26	100.00	Germany	3,842	-6,230	
Kiiskinkatu 5 Koy, Helsinki	100.00	Finland	2,134	-220	
Kilometri Koy, Espoo	100.00	Finland	51	0	
Kilon Helmi Koy, Espoo	100.00	Finland	3,612	109	
Kilon Timantti Koy, Espoo	100.00	Finland	3,812	-120	

Company	Group share %	Country	Equity € '000	Net profit for the year € '000	
Kirkonkyläntie 3 Koy, Helsinki	100.00	Finland	-181	67	
Kornetintie 6 Koy, Helsinki	100.00	Finland	-529	-309	
Kribus Kft, Budapest	100.00	Hungary	4,152	31	
Kumpulantie 3 Koy, Helsinki	100.00	Finland	15,176	782	
Kuopion Satama 4 Koy, Kuopio	100.00	Finland	1,422	-250	
Kutomotie 6 Koy, Helsinki	100.00	Finland	2,245	-199	
Madou Plaza SA, Brussels	100.00	Belgium	499,269	127,335	
Malmin Kauppatie 8 Koy, Helsinki	100.00	Finland	3,872	360	
Molenveld SA, Brussels	100.00	Belgium	411	-31	
Niittylänpolku 16 Koy, Helsinki	100.00	Finland	2,163	66	
Niittymäenpolku 9 Koy, Espoo	100.00	Finland	5,073	504	
OPUS 2 investment Sp. z o.o., Warsaw	100.00	Poland	-16,590	-2,612	
Opus 2 S.à r.l. ,Luxembourg	100.00	Luxembourg	-129	-19	
Pakkalan Kartannnkoski 3 Koy, Vantaa	100.00	Finland	17,433	517	
Pakkalan Kartanonkoski 12 Koy (Leija), Vantaa	100.00	Finland	1,439	544	
Pasilanraitio 5 Koy, Helsinki	91.60	Finland	8,168	-838	
Pfäffikon Beteiligungs- und Verwaltungs GmbH, Bonn	100.00	Germany	88	4	4)
Pitkänsillankatu 1-3 Koy, Kokkola	100.00	Finland	615	-28	
Plaza Forte Koy, Vantaa	100.00	Finland	11,506	-1,055	
Praten SA, Brussels	100.00	Belgium	2,834	1,621	
Property Management Gesellschaft mbH, Wiesbaden	100.00	Germany	181	14	
Property Security Belgium SA, Brussels	100.00	Belgium	17,431	-488	
REM Gesellschaft für Stadtbildpflege und Denkmalschutz mbH, Berlin	100.00	Germany	-355	649	
Satomalmi Koy, Helsinki	90.40	Finland	3,109	-99	
Scifin Alfa Koy, Espoo	100.00	Finland	3,071	550	
Sinimäentie 10 Koy, Espoo	92.37	Finland	-963	-973	
Spoor SA, Brussels	100.00	Belgium	5,923	-2,608	
Stefánia Park Kft., Budapest	100.00	Hungary	-711	756	
Stodiek Beteiligungs I Sarl, Luxembourg	100.00	Luxembourg	7,944	-45	
Stodiek Beteiligungs II Sarl, Luxembourg	100.00	Luxembourg	1,279	-3,609	
Stodiek ESPANA SA, Madrid	100.00	Spanien	11,151	145	
Stodiek Inmobiliaria SA, Madrid	100.00	Spanien	-3,002	-1,748	
Stodiek Italia S.r.l., Mailand	100.00	Italien	879	-3,141	
Stodiek Wohnpark Kaarst GmbH & Co. KG, Bonn	100.00	Germany	-118	-78	5)
Svanen SA, Brussels	100.00	Belgium	-23,467	-7,451	
Tapiontuuli Koy, Espoo	100.00	Finland	328	-625	
Tardis Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Munich	0.034	Germany	6,306	2,615	3) 5)
TERCON Immobilien Projektentwicklungsgesellschaft mbH, Bonn	100.00	Germany	-4,302	-114	
THE SQUAIRE GmbH & Co. KG, Frankfurt	66.66	Germany	-477,937	-54,952	5)
THE SQUAIRE Standortmanagment GmbH, Frankfurt	100.00	Germany	-3,618	-3,953	4)
Valen SA, Brussels	100.00	Belgium	1,066	-1,635	
Vanha Talvitie 11 Koy, Helsinki	100.00	Finland	-579	-336	
Ykkösseppän Koy, Helsinki	100.00	Finland	2,463	-8	

Company	Group share %	Country	Equity € '000	Net profit for the year € '000
II. Anteile an at equity bewerteten assoziierten Beteiligungen[2) 7)]				
FDV II Venture SA, Luxembourg	21.17	Luxembourg	235	4,210
FDV Venture SA, Luxembourg	24.22	Luxembourg	1,840	-60
Frankonia Eurobau Parkstadt Schwabing GmbH, Nettetal	33.33	Germany	-5,580	-2,320
Greater London Trust, Jersey	50.00	UK	-6,570	-13,540
HIPPON Verwaltungsgesellschaft mbH & Co. Salzufer I Vermietungs KG, Berlin	50.00	Germany	2,600	50
HIPPON Verwaltungsgesellschaft mbH & Co. Salzufer II Vermietungs KG, Berlin	50.00	Germany	-21,140	-1,090
IVG Italy Office Fund GmbH & Co.KG., Bonn	38.67	Germany	8,840	-2,570
IVG Protect Fund	20.00	Germany	138,150	4,310
Objekt Niederlehme Verwaltungsgesellschaft mbh & Co. Grundstücks-KG, Duisburg	49.00	Germany	5,750	-150
Objektgesellschaft Moosacher Straße mbH & Co. KG, Munich	50.00	Germany	2,550	-700
Petrarca Fondo comune di investimento imobiliare	15.00	Italien	41,720	-11,070
Premium Green Fund	16.64	Germany	160,080	9,730
Rantasarfvik Oy, Helsinki	50.00	Finland	0	0
Real Estate Capital Partners, N.Y.	28.01	USA	35,350	1,390

1) Values are in accordance with the Financial Statements based on International Financial Reporting Standards (IFRS) and in some cases are influenced by the recognition of consolidated costs of acquisition for assets transferred within the Group
2) Section 264b HGB
3) Special purpose entity (SPE) companies pursuant to SIC 12
4) Profit and loss transfer agreement exists/transfer of losses
5) § 264 b HGB
6) § 264 Abs. 3 HGB
7) With regard to significant influence on equity investments, please refer to section 3 (b) of the notes

Group Advisory Committee of the IVG Immobilien AG

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.

Member of Advisory Committee

As at 31 December 2012

Dr Patrick Adenauer
Managing Partner Bauwens GmbH & Co. KG

Hermann Aukamp
CIO Real Estate Nordrheinische Ärzteversorgung

Prof. Dr Wilhelm Bender
Chairman of the Supervisory Board of Bombardier Transportation GmbH and Bombardier Transportation Global Holding SE

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

Dr Ralf Bethke (until 31.12.2012)
Chairman of the Supervisory Board K+S Aktiengesellschaft

Rolf Eckrodt (until 31.12.2012)
Chairman of the Board of Directors Leclanché SA

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

Dr Michael Fuchs MdB
Deputy Chairman of the CDU/CSU parliamentary group in the 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
Chief Executive Officer LVM Versicherung

Daniel F. Just
Chairman of the Management Board LVM Versicherungen

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

Dr Johannes Ludewig
Chairman of the German National Regulatory Control Council of the Federal Chancellery

Adriaan A. Mast, M.Sc. FRICS
MACRE B.V.
Masters Airport City Real Estate Consultancy

Dr Dirk Matthey
Former CFO IVG Immobilien AG

Dr Gerhard Niesslein
Chief Executive Officer Orascom Development Holding AG

Dr Klaus Rauscher
Former Chairman of the Management Board Vattenfall Europe AG

Christian Ulbrich
Chief Executive Officer EMEA Jones Lang LaSalle Europe Ltd.

Dirk van den Broeck
Exectutive chairman Patrimmonia Fund Europe S.A.

Nicolaas J. M. van Ommen
Mitglied des Aufsichtsrats IMMOFINANZ AG

Claus Wisser (until 31.12.2012)
Member of the Supervisory Board IMMOFINANZ AG

Glossary

A

Actual rent
Rent as stated in the income statement and calculated in accordance with the International Financial Reporting Standards.

Alignment of interest
Refers to matching the interests of a principal and its agents.

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.

B

BaFin
Bundesanstalt für Finanzdienstleistungsaufsicht, German Federal Financial Supervisory Authority

Basel III
Refers to a reform package intended to supplement the Basel II banking regulations for banks and financial service providers in the European Union with stricter capital requirements.

C

Capital expenditures (capex)
Investments in assets.

Capitalisation interest rate
Discount factor corresponding to the annuity.

Carve-out debt
External funds that are not taken into account when calculating the level of debt on account of their nature and/or their collateral.

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.

Cash flow hedges
Instrument for hedging against fluctuations in payments.

Cash pool
A cash pool is a means of balancing out liquidity within a group using central financial management.

Caverns
Underground storage space for storing liquids or gases, particularly crude oil and natural gas.

CGU (cash-generating unit)
Cash-generating units are formed at the level of legal units or groups of units, but at segment level at most, for example for impairment tests.

Change of control
Change of control over a company.

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.

Co-investment strategy
Minority investment by the company in fund structures to generate sustainable income while at the same time improving the risk/return profile.

Collar
In finance, a collar is a trading strategy limiting both positive and negative fluctuations in the value of an underlying transaction.

Commercial mortgage-backed securities (CMBS)
Bonds whose cash flows are backed by interest and redemption payments of mortgages, commonly on commercial real estate.

Commercial paper programme
Money market instruments with non-standardised terms for short-term capital raising.

Compliance
Measures taken within the company to comply with laws and regulations which are designed to ensure internal rules are observed and in order to prevent legal or regulatory sanctions, financial loss or damage to reputation.

Compound annual growth rate (CAGR)
Average annual growth rate over a pre-determined period.

Contract rent
The rent excluding ancillary costs paid by the tenant.

Core/Core+ properties
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.

CSR/corporate social responsibility
Sum of all measures to fulfil the social, ecological and economic responsibility of a company.

Cost to complete
In the development sector, the term is used for future 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.

D

DCF method
Under the discounted cash flow method, the future cash flows in connection with a property are discounted to the current date in order to calculate the net present value of the property.

Designated sponsor
Financial service providers commissioned by the company to ensure liquidity in the share.

Discount rate
Interest rate used to calculate the present value of an investment. In addition to a risk-free component that is measured based on a benchmark interest rate (usually the rate for long-term government bonds), the discount rate also includes a risk-adjusted component.

E

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 companies 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.

EPRA gross rental income
Rental income for the period from let properties reported under IFRS, after taking into account the net effects of straight-lining for lease incentives, including rent free periods. Gross rental income will include, where relevant, turnover-based rents, surrender premiums, car parking income, key money received, and interest receivable on finance leases.

EPRA vacancy rate
Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.

EPRA market rent
The estimated rental value at which space would be let in the market conditions prevailing at the date of valuation (normally the balance sheet date).

EPRA net initial yield
Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.

EPRA net rental income
Gross rental income for the period less ground rents payable, service charge expenses and other non-recoverable property operating expenses such as insurance, real estate taxes, marketing and other vacant property costs.

EPRA "topped-up" net initial yield
This measure incorporates an adjustment to the EPRA net initial yield in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).

Equity method
Accounting method for the recognition of equity investments in companies representing an ownership interest of more than 20 % and less than 50 %.

EURIBOR/LIBOR
Benchmark interest rate for trading deposits between banks.

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

F

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.

G

Global Reporting Initiative (GRI)
The Global Reporting Initiative develops globally recognised guidelines for sustainability reporting, with the involvement of a wide range of stakeholders.

H

Hedge accounting
Refers to the accounting treatment (directly in equity, at least in net terms) of opposite changes in value of hedges and hedged items for derivative financial instruments used for hedging purposes.

Hybrid bond/hybrid capital
A mezzanine form of corporate finance, also referred to as a perpetual. A hybrid bond is a bond that is subordinated and therefore has the nature of both equity and debt capital.

I

IASB
International Accounting Standards Board; the body that deals with the formulation and further development of the International Accounting Standards.

Impairment
Amortisation of intangible assets without a fixed useful life and of goodwill.

Interest cap
Hedging instrument that grants the holder of the cap a payment if the benchmark interest rate at the effective date is higher than the contractually agreed interest rate.

Interest floor
Hedging instrument that grants the holder of the floor a payment if the benchmark interest rate at the effective date is lower than the contractually agreed interest rate.

Interest swap
Financial market instrument whereby the parties to the contract agree in advance on an exchange of interest flows. Usually one party bears the variable interest rate risk, while the other party must pay fixed interest.

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.

J

Joint venture
Co-operation between two legally and economically separate entities.

K

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.

L

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.

LTI (long-term incentives)
To increase the loyalty of key high performers in the long term, they are offered a long-term participation in the company as part of the Performance Cash Plan.

M

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

N

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 investment hedges
Hedging instrument for equity investments in foreign currencies.

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.

O

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.

OECD
Organisation for Economic Co-operation and Development.

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

P

Payer swap
Party to an interest swap that limits its interest rate risk by exchanging its variable payable interest for a fixed interest payment.

Performance Cash Plan
Long-term participation instrument for managers, based on the achievement of performance indicators that are key to the company.

PIIGS countries
Refers to Portugal, Italy, Ireland, Greece and Spain.

Potential rent
This is derived from the contract rent plus the achievable annualised rent for vacant space. The achievable rent for vacant space is calculated based on the current market rent.

Prime yield
Key performance figure which indicates the net initial yield of an investment in a property in a prime location. It compares the net rent to the purchase price.

Promote structure
Contractual agreement granting one party a right to rectification in the event that certain conditions arise. The type of rectification may take the form of a cash payment, for example.

R

Recurring income
Refers to consistent income from operating activities

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

RSU (restricted stock units)
Restricted share acquisition rights that are granted to the Management Board and managers for the achievement of key Group targets.

S

Senior debt
Prior-ranking debt that is backed directly via the remaining assets in the event of insolvency.

Short-selling
Refers to financial market transactions whereby speculators borrow shares in a company on the capital market in order to sell them – even though they do not own them. The speculators' intention is an expected decline in the share price. If this occurs, the share is bought back at a later time at the new, lower price and returned to the lender.

Specialised real estate fund
A special type of open property fund in Germany with fixed, mostly institutional investors.

Stakeholder
Refers to all people/bodies associated with the company who have an interest in its business activities and continued existence.

STI (short-term incentives)
Variable remuneration component that depends on the achievement of internally agreed corporate and individual targets.

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

Speciality funds
Funds that place a focus on particular regions, property classes or topics (e. g. sustainability) when selecting the allocated assets.

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.

Syndicated loan
Provision of credit facilities by a banking syndicate led by the lead manager.

T

Total investment costs
In the development sector, 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.

U

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

V

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.).

W

WACC (weighted average cost of capital)
The weighted average cost of capital is used as an indicator when making investment decisions.

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.

Y

Yield on cost
Planned net rent in relation to total investment cost. Describes the level of the yield.

5-Year Overview

in € m	2008	2009	2010	2011	2012
Revenue	608.6	838.8	821.8	517.6	437.5
EBIT	-98.6	64.1	256.2	43.3	144.7
Consolidated net profit	-451.7	-158.0	23.2	-126.0	-98.7
Total assets	7,875.5	7,393.4	7,292.4	6,904.2	6,130.8
Equity (carrying amounts)	1,390.9	1,265.1	1,286.1	1,386.3	1,275.6
Equity ratio at carrying amounts in %	17.7	17.1	17.6	20.1	20.8
Basic earnings per share in €	-4.18	-1.61	-0.07	-1.11	-0.44
Dividend per share in €	0.00	0.00	0.00	0.00	0.00
Employees (end of financial year)[1)]	672	654	616	613	575

1) Incl. 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

27.03.2013	Press conference/Analysts' conference/Publication of financial statements for financial year 2012
08.05.2013	Publication of interim report 1st quarter 2013
July/Aug. 2013	General Meeting for financial year 2012
09.08.2013	Publication of interim report 2nd quarter 2013
08.11.2013	Publication of interim report 3rd quarter 2013
28.05.2014	General Meeting for financial year 2013

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 refl ect 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 fulfi lled. The Annual Report has also been generated using references. These references have been carefully selected and have been taken from credible sources. We nevertheless point out that IVG has not examined the veracity of the sources.

Imprint

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