Interim Financial Report

Passion for Real Assets

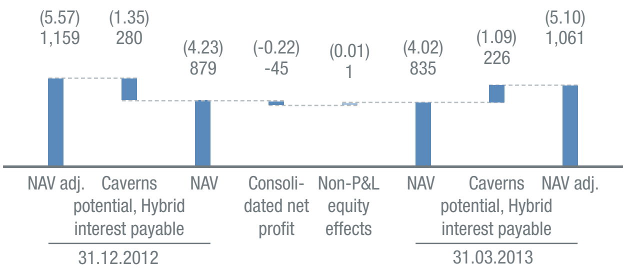
1st quarter 2013

Group key figures

Key operational figures (in € m)	1Q/2013	1Q/2012
Revenues	93.9	101.9
thereof net rents	*53.0*	*58.1*
thereof fees for fund and property management, development and sales	*18.0*	*19.8*
EBIT	-20.2	50.6
EBT	-47.3	-4.3
Consolidated net profit	-45.1	-4.6
thereof unrealised changes in value	*-42.5*	*17.5*
Funds from Operations I (FFO I)	7.7	2.9
Funds from Operations II (FFO II)	-0.4	-11.4
Key figures per share (in €)		
FFO I	0.04	0.01
FFO II	0.00	-0.05
Basic earnings	-0.18	-0.02
EPRA EPS	0.01	-0.06
Diluted earnings	-0.18	-0.02
Average number of shares	207.9	207.9

Key balance sheet figures (in € m)	31.03.2013	31.12.2012
Total assets	5,948.9	6,130.8
Equity (carrying amounts)	1,225.3	1,275.9
Equity ratio at carrying amounts in %	20.6	20.8
Net asset value (NAV)	835.1	878.8
NAV adj. (incl. value potential of caverns)	1,060.8	1,158.5
Equity ratio at NAV adj. in %	18.4	19.3
EPRA NAV	615.5	670.3
EPRA NNNAV	1,028.0	967.3
Key figures per share (in €)		
NAV	4.02	4.23
NAV adj.	5.10	5.57
EPRA NAV	2.96	3.22
EPRA NNNAV	4.95	4.65
Number of shares at closing	207.9	207.9
Employees (FTE)	537	551

NAV development in €m (€ per share)



Foreword

Dear shareholders,

Ladies and Gentlemen,

The fight for the financial stability of Europe continued in the first quarter of 2013. This time it was Cyprus to take the stage with its disproportionately large financial sector. The German economy also proved robust in the first quarter of 2013 compared to the rest of Europe, though it is still a long way from job-creating growth. In this scenario, German core properties are an in-demand investment class, even though the rental market for commercial property is showing little momentum. In this ambivalent market environment, IVG is continuing to pursue its course of repositioning.

The transaction volume on the commercial property investment markets of both Europe and Germany increased in the first quarter of 2013 as against the same quarter of the previous year; in Europe by around 11% to €29.4 billion and in Germany by around a third to €7.1 billion. In this environment, IVG conducted acquisitions and disposals with a total volume of €982 million for its own account and for third parties in the first quarter of 2013. One transaction of overriding importance was the purchase of a portfolio of three buildings in Frankfurt and Berlin with a total value of around €500 million ("Prime Portfolio").

Sales momentum on the office rental markets slowed as against the previous quarter due to the restrained general economic conditions. However, letting volumes in Europe and Germany specifically are still at an average level in a long-term analysis. While the vacancy rate on Europe's office rental markets stagnated at 9.3%, in Germany it declined by 20 basis points to 8.7%. Within our own property portfolio (Real Estate segment) and for third parties, we let new space or extended leases for a total of around 150,000 m² in the first quarter of 2013. The most significant transaction here was the long-term prolongation of a lease with Allianz for 51,000 m² in a building owned by IVG in Frankfurt. This had been prepared in the first quarter and was finalised at the start of the second. At 87.2% as at 31 March 2013, the economic occupancy rate of our property portfolio was virtually stable quarter on quarter (87.6%). The occupancy rate for the remaining development projects still being completed (Development segment) was 76.4% as at 31 March 2013. This was aided by the letting of around 3,700 m² and 60 parking spaces in the Front Office project in Asnières near Paris.

THE SQUAIRE at Frankfurt Airport beat out strong international competition to be named "Best Office & Business Development" at this year's international MIPIM property show in Cannes. This is a further milestone in the public perception of THE SQUAIRE as a landmark for Frankfurt's airport city. This positioning was no doubt aided by a further prize for the Hilton Hotel in THE SQUAIRE: It was crowned "Best Airport Hotel in the World" by a renowned business travel magazine.

The more efficient structuring of our branch network that we implemented at the start of the first quarter of 2013 had an internal effect on the company. In Germany, property management is handled by the three new regional divisions North, Central and South. The rest of Europe is divided into the new regional divisions UK, Poland, Benelux, North Europe, Southwest Europe and Southeast Europe. There will be no changes to the quality of management for our customers as a result. We are still covering the relevant markets and managing the property portfolio with our own local specialists. The latter is very important for the optimum support of tenants and investors.

In the first quarter of 2013, we again very successfully utilised our investment platform in the Institutional Funds segment. In addition to the Prime Portfolio mentioned above of €500 million, for example, we acquired a property in Bockenheimer Landstrasse in Frankfurt for a fund and provided the IVG Warsaw Fund with its fifth high quality property in the centre of Warsaw. Moreover, IVG continued the success of its first cavern fund and launched IVG Cavern Fund II for institutional investors at the start of 2013. Two completed and let caverns have already been sold to the fund for around €95 million. Five further pre-let caverns will be transferred to IVG Cavern Fund II in 2016 and 2017 after their completion for a price of around €180 million. The figures published by the VGF industry association in February 2013 for 2012, a difficult year for closed-end funds, ranked the Private Funds segment in pole position with €430 million in placed equity.

We have made progress in the energy turnaround with our many years of experience in saving energy. IVG Caverns is contributing its technical and financial support to a study on the development prospects for a wind-hydrogen market. This is because our cavern facility in Etzel especially meets the requirements of large volume wind-hydrogen storage. We intend to position Etzel as the number one name for the storage of conventional and renewable energies.

The consolidated net loss amounted to €45.1 million in the first quarter of 2013. Unrealised and realised changes in the market value of investment property totalling -€48.1 million made a very negative contribution to earnings with total revenues of €93.9 million. The operating ratios FFO I and FFO II amounted to €7.7 million and -€0.4 million respectively. Reported net asset value declined by 5.0% from €4.23 per share on 31 December 2012 to €4.02 per share on 31 March 2013. Net asset value including future cavern business (adjusted NAV) amounted to €5.10 per share as at 31 March 2013 as against €5.57 per share as at the end of 2012. Costs for other operating expenses declined significantly as against the previous quarter to €29.7 million in the first quarter of 2013. This interim report provides detailed information on the figures.

An issue of particular importance to IVG is the planning begun in the first quarter of 2013 for an holistic financing strategy covering all levels of capital. In doing so, the company is addressing challenges arising from business decisions made from 2006 to 2008 and responding to additional external challenges.

The comprehensive restructuring of IVG's business model that was launched in 2009 with the aim of ensuring the earnings potential of operating activities and, at the same time, systematically downsizing risky business activities and reducing debt and costs was a success in operational terms. The transformation from a speculative investor/developer into an integrated investment and asset management platform was completed successfully. The company's costs were also reduced significantly. However, the company's gearing was not lowered significantly as planned.

Since 2009, IVG has been repeatedly hit by unforeseeable setbacks that have their origins in business decisions made in earlier years. In addition to write-downs of €860 million in 2008, IVG was forced to make further corrections of €820 million by the end of 2012. This means total realised and unrealised changes in value of €1.7 billion. This expense was only partially cushioned by profits of €540 million in cavern business.

Furthermore, owing to unplanned cost overruns in its remaining project developments, such as THE SQUAIRE, and ongoing investments in its cavern business, IVG was forced to sell portfolio properties with a total value of €2.3 billion in the period from 2009 to 2012 in order to safeguard its liquidity. Given the related lack of rental income, this weighed heavily on the income statement, and the company was unable to match the amounts or speed in the reduction of its staff and non-staff operating costs.

In addition to the work to be done dating back to the years 2006 to 2008, IVG must also deal with new external challenges.

Firstly, IVG is being affected by the banking crisis: The Basel III funding regulations are influencing the banking sector and the property industry as a whole, and thereby our forthcoming financing negotiations as well. While these regulatory changes have been under discussion for some time, their real impact is only today becoming clear. Banks are pulling more strongly away from the financing of commercial property, and from corporate financing in particular. Individual international banking partners are also rethinking their Germany strategy. Furthermore, individual banks have begun to close as a result of their own challenges. This is particularly relevant to IVG as its Loan-To-Value (LTV) ratio is still above 70% on account of these setbacks and, given the current developments in the banking landscape, can no longer be described as adequate to market conditions.

The energy turnaround is causing great uncertainty and restraint regarding long-term agreements and investments among potential and existing tenants for caverns, the energy companies. With average leases in the gas sector of 20 to 30 years and a high level of investment by the tenants themselves, this is only understandable and is having the effect at IVG that cavern tenants have only utilised their letting options to a low extent in recent years. In addition, the latest technological developments are making their presence felt on the energy market: Fracking (hydraulic fracturing, a method of oil and gas extraction), which is already happening on a massive scale in the US, could further impact the gas market and gas storage requirements (gas glut). We are therefore assuming a change in demand trends for cavern business in the medium term.

Furthermore, the weaker economy and the jitters caused by the euro crisis on many sub-markets for commercial property are causing a growing downturn in demand. Moreover, the rental and investment markets are developing differently, which also has to be taken into account in our company's planning. For one thing, the letting rate planned for the sale of THE SQUAIRE of 90% has not yet been achieved, which could potentially delay its planned monetisation.

In particular, these additional challenges on top of the legacy issues entail risks to IVG on account of its high financing requirements and persistently high gearing. The Management Board had to counter these risks early on as a precaution. We are therefore now tackling the issue of financing holistically in order to adapt equity and liabilities to the restructured business model and place them on a sustainable footing. In this context, "holistically" means that we would like to incorporate all relevant capital levels (bank financing, bonds, equity) into a combined solution instead of looking for solutions sequentially.

Our goal in this is to restore IVG's capacity to act with these measures, and thereby ensure that it remains a viable player on the capital markets in the long term.

We are working intensively on a corresponding package of measures to deliver this. You can be sure that we will report to all stakeholders on the establishment of a financing plan – regularly, promptly and with the utmost possible transparency.

As part of the thorough preparation of the new financing strategy, the Management Board and the Supervisory Board have decided to postpone the Annual General Meeting of the company to 14 August 2013, and to present the financing concept to the shareholders as it stands at that time.

Bonn, May 2013

The Board of Management

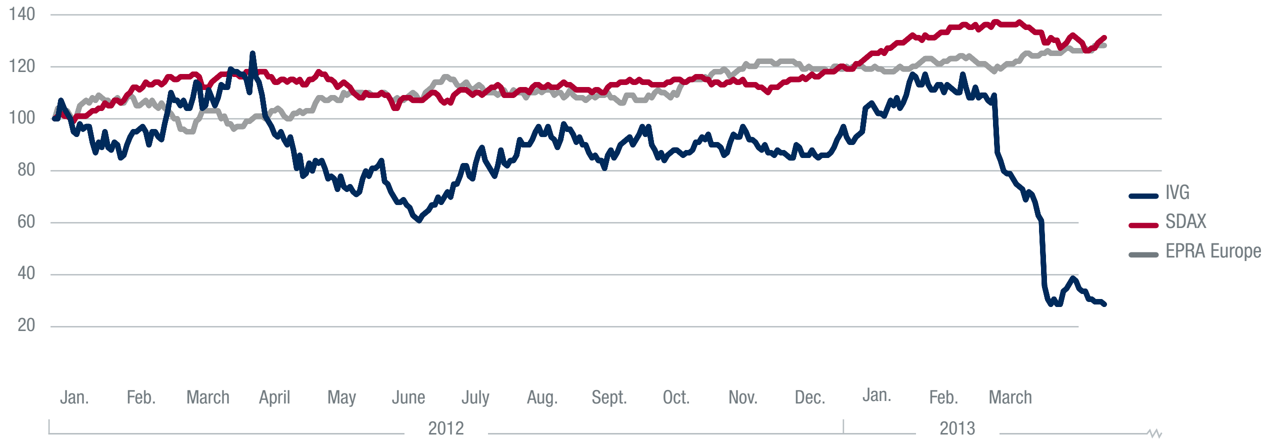
Passion for Real Assets

Investor Relations

(IVG shares)

IVG index comparison in %

indexed: 01.01.2012



Source: Bloomberg
Period shown: 31.12.2011 – 26.04.2013

The development of IVG shares in the first quarter of 2013 was characterised by the reports published by the company on 5 March 2013 on the preliminary figures for 2012, and also by the announcement of the postponement of the Annual General Meeting at the accounts press conference on 27 March 2013. Shortly before the end of the first quarter, this meant a slump in the share price to €0.65 as at 31 March 2013. This marks a 66% loss of value since the start of the year. IVG's benchmark index, the FTSE EPRA/NAREIT Developed Europe, rose by 4% over the same period. The price of IVG shares had also not recovered by the time of going to press on 26 April 2013, and was 69% below its level on 31 December 2012 at €0.59. The FTSE EPRA/NAREIT Developed Europe Index climbed by 6% in the same period.

IVG is currently being tracked by 16 analysts. In their current reports, one analyst recommends buying IVG shares, seven recommend holding them and eight recommend selling them. The average upside target was €1.25 per share.

IVG's shareholder structure was unchanged as at 31 March 2013 as follows: Mann Unternehmensbeteiligungen GmbH holds 20.00%, Santo Holding AG 10.00%, Goldsmith Capital Partners 4.94% and Universal-Investment-Gesellschaft mbH 4.64%. The free float is 60.42%. Recent changes in the shareholder structure after the balance sheet date and information on IVG's shares can be found in the "Investor Relations" section of the company's website at http://www.ivg.de.

News from IVG is also available on Twitter at http://twitter.com/IVG_Immobilien.

IVG shares – key data

WKN/ISIN	620570/DE0006205701
Code IVG	IVG
Stock exchanges	Frankfurt a. M., Dusseldorf, Stuttgart, Munich, Berlin, Hamburg, Hanover, Xetra
Market 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
Market capitalisation (31.03.2013)	€ 135 million
Free float market capitalisation (70.00 %) (31.03.2013)*	€ 95 million
Number of shares (31.03.2013)	208 million
Share price (31.03.2013)	€ 0.65
First listed	01.10.1986
Last capital increase	December 2011

* Free float definition Deutsche Börse

Interim Management Report

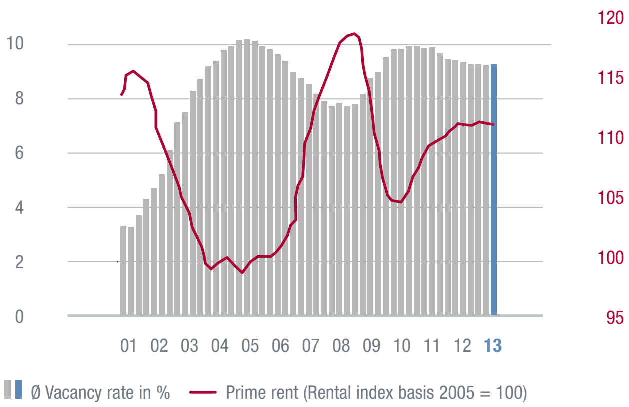
1st quarter 2013

Macroeconomic trends and real estate markets

The recession continued in the euro zone in the first quarter of 2013, not least on account of the uncertainty among consumers and companies caused by the election results in Italy and the flaring of the Cyprus problem. However, there was no renewed turbulence on the capital markets despite this harassing fire: The announcement by the European Central Bank in autumn that it would buy up the bonds of crisis nations under certain conditions helped to restore a sense of calm. In light of this, most economic forecasts are predicting that the economy in the euro area will recover over the second half of 2013. The inflation rate declined to 1.7% in recent months and is expected to remain beneath the ECB's target of almost 2% both this year and next.

Not least as a result of the slow economy, letting activities on the twenty most important European office markets remained muted in the first quarter of 2013, even in the office strongholds of Germany. Take-up was relatively weak in the greater Paris area, in Amsterdam, Frankfurt and Milan, while Berlin and Stockholm stood out positively.

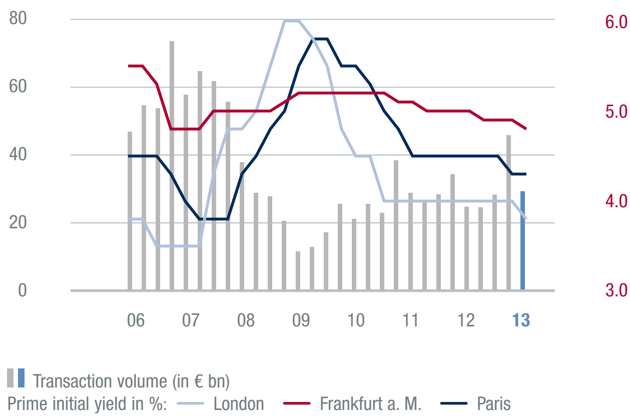
Development of vacancy rate and prime rent in Europe



Quelle: IVG Research using data from Cushman & Wakefield

The European vacancy rate has been largely stable since mid-2012 at 9.3%: Recently, the reduction in vacancies at the five major German office locations (average vacancy share: 8.7%) was offset by a rise in the supply of space available at short notice in Prague and Amsterdam. Prime rents maintained the level at the start of the year in most office locations in Europe. The main exceptions were Madrid and Milan, where prime rents tended downwards in the first quarter of 2013 as well.

Development of investment volume and yields



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

On the European Investment market, commercial property worth €29.4 billion changed hands in the first quarter of 2013. The increase of 11% as against the same quarter of the previous year was due not least to a surge in acquisition activity in the crisis nations of Ireland, Portugal and Spain. However, events on the investment market were once again dominated by acquisitions in the UK and Germany, which together accounted for 57% of transactions. Prime initial yields were recently tending down again on several major European markets. Prime yields recently stabilised in many euro zone crisis nations.

Profitability

The information below provides an overview of the development of the results of the individual segments in the first quarter of 2013. The Group's result of operations is commented on afterwards, taking into account the financial result and the tax position.

Profitability in the segments

IVG Investment – Real Estate (in € m)

	1Q/2013	1Q/2012
Total revenues	57.8	69.0
thereof net rents	*46.3*	*55.6*
thereof service charges	*11.3*	*12.9*
thereof project sales	*0.0*	*0.2*
thereof other revenues	*0.2*	*0.3*
Changes in inventories	0.1	-0.1
Unrealised changes in market value of investment property	-40.2	-25.1
Realised changes in market value of investment property	-0.7	-1.7
Other operating income	1.8	6.8
Material expenses	-0.1	-0.3
Personnel expenses	-0.6	-0.6
Depreciation and amortisation of intangible assets, property, plant and equipment	-0.1	-0.3
Expenses from investment property	-18.2	-21.0
Other operating expenses	-8.1	-10.1
Gains/losses from associated participations accounted for using the equity method	-0.3	-1.2
Income from equity investments	0.8	0.0
EBIT	**-7.8**	**15.4**
thereof unrealised changes in value	*-40.2*	*-25.3*
EBIT before changes in value	**32.4**	**40.7**

In the Real Estate segment, revenues declined by €11.2 million, from €69.0 million in the first quarter of 2012 to €57.8 million in the first quarter of the current year. As against the first quarter of the previous year, the net rents included in this item decreased by €9.3 million. This was primarily as a result of the loss of net rent from investment property sold in Munich, Helsinki, Berlin, Paris, Luxembourg and Frankfurt. On a like-for-like basis, net rents dropped by 2.0% in the past three months as against the fourth quarter of 2012.

Unrealised changes in the market value of investment property changed by €15.1 million, from -€25.1 million in the first quarter of 2012 to -€40.2 million in the period under review. A significant portion of the unrealised changes in market value resulted from the long-term prolongation of an existing lease for a property in Frankfurt at standard market conditions in the first quarter of 2013. In connection with this, this major tenant's short-term termination options (flex lease) for two other properties in Stuttgart were finally ruled out. Additional notable effects related to a further property in Frankfurt, a property close to Düsseldorf, three properties in Hamburg and a property in Munich. Overall, the property portfolio experienced a negative change in value of 1.3% as at 31 March 2013.

At -€0.7 million, realised changes in market value from sales of investment property were slightly above the previous year's level (-€1.7 million).

Other operating expenses fell by €5.0 million as against the first quarter of 2012 to €1.8 million. €3.5 million of this decline was due to an extraordinary effect in the 2012 comparative period – the settlement payment by a tenant for the early termination of its lease in the first quarter of 2012.

Investment property expenses improved by €2.8 million to €18.2 million in the period under review. At €2.3 million, the decline was essentially caused by an extraordinary effect in the first quarter of 2012 for maintenance to a property in Munich.

Other operating expenses fell by €2.0 million as against the first quarter of 2012 to €8.1 million. This was essentially as a result of a €0.5 million decline in expenses for brokers and a €0.3 million drop in other taxes.

EBIT before changes in market value in the Real Estate segment decreased by €8.3 million from €40.7 million to €32.4 million in the first three months of 2013. Including negative unrealised changes in market value, EBIT after changes in market value fell by €23.2 million from €15.4 million in the previous year to -€7.8 million in the first quarter of 2013.

IVG Investment – Development (in € m)

	1Q/2013	1Q/2012
Total revenues	17.1	12.0
thereof net rents	*7.2*	*2.6*
thereof service charges	*1.9*	*1.7*
thereof project sales	*0.0*	*1.2*
thereof transactions, concepts and sales	*0.0*	*0.3*
thereof other revenues	*8.1*	*6.1*
Changes in inventories	1.0	9.6
Other operating income	0.7	0.5
Material expenses	-4.6	-13.2
Personnel expenses	-0.1	-0.3
Depreciation and amortisation of intangible assets, property, plant and equipment	-1.0	-0.6
Other operating expenses	-15,8	14,3
Gains/losses from associated participations accounted for using the equity method	-0,1	-0,1
EBIT	**-3.0**	**-6.3**
thereof unrealised changes in value	*0,0*	*0,0*
EBIT before changes in value	**-3.0**	**-6.3**

Development projects being wound up are recognised in the Development segment. Revenues climbed by a total of €5.1 million from €12.0 million in the first quarter of 2012 to €17.1 million in the reporting period. In particular, net rents rose by €4.6 million to €7.2 million, largely as a result of letting business for the major project THE SQUAIRE at Frankfurt Airport. Furthermore, other revenues those resulting from the Hilton Hotels in THE SQUAIRE – increased by €2.0 million from €6.1 million in the same period of the previous year to €8.1 million in the first quarter of 2013. There were no project sales in the reporting period. The revenues from project sales in the first quarter of 2012 related to a subsequent purchase price adjustment of €1.2 million for a project disposal in 2011.

Portfolio changes declined from €9.6 million in the same period of the previous year to €1.0 million in the first quarter of 2013. They include investments capitalised in line with project progress and reported under costs of materials.

Material expenses fell by €8.6 million year on year, from €13.2 million to €4.6 million in the reporting period due to the lower project volume. There were no unrealised changes in the value of development projects in the first quarter of 2013 or the prior-year period.

The other operating expenses rose by €1.5 million as against the same period of the previous year to €15.8 million, particularly as a result of the ongoing operating costs in connection with THE SQUAIRE.

EBIT improved by €3.3 million overall from -€6.3 million in the prior-year period to -€3.0 million in the first quarter of 2013.

IVG Investment – Caverns (in € m)

	1Q/2013	1Q/2012
Total revenues	4.3	4.4
thereof net rents	*0.6*	*0.9*
thereof project sales	*0.0*	*0.2*
thereof management fees	*2.4*	*2.3*
thereof other revenues	*1.3*	*1.0*
Changes in inventories	2.1	1.9
Unrealised changes in market value of investment property	-7.0	40.3
Realised changes in market value of investment property	-0.1	0.0
Other operating income	0.2	3.2
Material expenses	-0.5	-2.2
Personnel expenses	-2.0	-1.9
Depreciation and amortisation of intangible assets, property, plant and equipment	-1.9	-1.5
Other operating expenses	-1.6	-1.3
EBIT	**-6.5**	**42.9**
thereof unrealised changes in value	*-7.0*	*40.3*
EBIT before changes in value	**0.5**	**2.6**

Revenues in the Caverns segment remained virtually stable year on year in the first quarter of 2013 at a total of €4.3 million. The slight decline in net rents was almost offset by the rise in revenues from management and other revenues.

Since the beginning of 2009, caverns under construction are recognised at fair value in accordance with IAS 40 (2008) provided that their fair value can be reliably determined. In the first quarter of 2013, there were no further caverns that would have met the threshold size set for this of 300,000 m³. Two caverns rose above this threshold in the same period of the previous year. A slight rise in risks in cavern construction resulted in a measurement adjustment, giving rise to unrealised changes in market value of -€7.0 million in the reporting period. In the first quarter of 2012 there had been total unrealised changes in market value of €40.3 million.

The realised changes in market value of -€0.1 million in the reporting period result from the sale and transfer of two caverns to IVG Cavern Fund II, launched at the start of 2013.

The €3.0 million drop in other operating income from €3.2 million in the prior-year period to €0.2 million in the first quarter of 2013 is due in particular to electricity tax reimbursements of €2.8 million recognised in the first quarter of 2012 in connection with caverns already sold.

The decline in material expenses of €1.7 million from €2.2 million in the first quarter of 2012 to €0.5 million was essentially as a result of the smaller scope of purchase services in connection with customer orders.

EBIT declined by €49.4 million overall from €42.9 million in the prior-year period to -€6.5 million in the first quarter of 2013, largely as a result of unrealised changes in market value. EBIT before unrealised changes in value fell by €2.1 million from €2.6 million to €0.5 million in the reporting period.

IVG Funds – Institutional Funds (in € m)

	1Q/2013	1Q/2012
Total revenues	13.7	15.8
thereof management fees	*11.9*	*13.6*
thereof transaction fees	*1.8*	*2.2*
Other operating income	0.1	0.1
Material expenses	0.0	0.0
Personnel expenses	-3.0	-3.3
Other operating expenses	-7.0	-7.5
Gains/losses from associated participations accounted for using the equity method	-0.1	0.0
EBIT	**3.8**	**5.0**
thereof unrealised changes in value	*0.0*	*0.0*
EBIT before changes in value	**3.8**	**5.0**

At €13.7 million, revenues in the Institutional Funds segment were down €2.1 million year on year in the first quarter of 2013. In particular, this resulted from lower fees for fund management of €1.7 million.

Staff costs are down slightly on the previous year's level at €3.0 million.

Other operating expenses primarily include internal asset management fees, other fees from internal cost allocation and third-party staff and service costs. The improvement of €0.5 million to €7.0 million in the reporting period is chiefly attributable to reduced internal asset management fees and third-party service costs.

EBIT fell by €1.2 million from €5.0 million in the first quarter of 2012 to €3.8 million in the reporting period.

IVG Funds – Private Funds (in € m)

	1Q/2013	1Q/2012
Total revenues	1.3	1.0
thereof structuring fees	*0.0*	*0.0*
thereof management fees	*1.3*	*1.0*
Other operating income	0.0	0.1
Material expenses	0.0	-0.1
Personnel expenses	-0.8	-1.0
Other operating expenses	-2.1	-1.2
EBIT	**-1.5**	**-1.2**
thereof unrealised changes in value	*0.0*	*0.0*
EBIT before changes in value	**-1.5**	**-1.2**

Fund management revenues in the Private Funds segment climbed by €0.3 million from €1.0 million in the same period of the previous year to €1.3 million in the first quarter of 2013.

Staff costs decreased slightly by €0.2 million to €0.8 million in the period under review.

Other operating expenses climbed by €0.9 million to €2.1 million in the first quarter of 2013, particularly on account of provisions related to old funds.

Given a lack of placement volume, negative EBIT of €1.5 million was generated in the first quarter of 2013.

Profitability in the Group

Consolidated EBIT declined significantly by €70.8 million year on year to -€20.2 million.

This is primarily due to a drop in the unrealised changes in value contained in this figure, which decreased by €62.3 million from €15.1 million in the same period of the previous year to -€47.2 million in the first quarter of 2013. €14.9 million of the change of -€62.3 million relates to the Real Estate segment (from -€25.3 million to -€40.2 million) and -€47.3 million relates to the Caverns segment (from €40.3 million to -€7.0 million).

Before unrealised changes in value, EBIT declined by €8.5 million from €35.5 million in the prior-year period to €27.0 million in the first quarter of 2013. The loss of net rents caused by the extensive sales in the Real Estate segment was not sufficiently offset by additional income from the Development segment (in particular from the start of operations at THE SQUAIRE).

Net finance costs improved significantly by €27.7 million to -€27.1 million in the period under review. In particular, this is due to a significant reduction in net interest income of €23.1 million as against the same period of the previous year to -€29.1 million. In addition to the decline in bank interest rates, this was caused by extensive repayments and a positive effect from the interest-related adjustment of long-term obligations. A further improvement in the financial result in the reporting period was caused by an improvement in net income from the remeasurement of financial assets (€6.1 million), which was essentially the result of positive effects in connection with the sale of units in IVG Cavern Fund.

EBT deteriorated by €43.0 million overall to -€47.3 million in the first quarter of 2013.

Income taxes changed slightly by €2.5 million to €2.2 million in the period under review.

The consolidated net loss fell by €40.5 million overall from -€4.6 million in the same period of the previous year to -€45.1 million in the period under review.

Profitability in the Group (in €m)

	1Q/2013			1Q/2012		
	Before changes in value	Unrealised changes in value	Total	Before changes in value	Unrealised changes in value	Total
IVG Investment – Real Estate	32.4	-40.2	-7.8	40.7	-25.3	15.4
IVG Investment – Development	-3.0	0.0	-3.0	-6.3	0.0	-6.3
IVG Investment – Caverns	0.5	-7.0	-6.5	2.6	40.3	42.9
IVG Funds – Institutional Funds	3.8	0.0	3.8	5.0	0.0	5.0
IVG Funds – Private Funds	-1.5	0.0	-1.5	-1.2	0.0	-1.2
IVG Coorporate Functions	-5.2	0.0	-5.2	-5.3	0.0	-5.3
Consolidated net profit before interest and taxes (EBIT)	**27.0**	**-47.2**	**-20.2**	**35.5**	**15.1**	**50.6**
Result from currency effects	0.0	0.0	0.0	0.0	2.3	2.3
Net interest result	-29.1	0.0	-29.1	-52.2	0.0	-52.2
Hedging result	0.0	-1.4	-1.4	0.0	0.2	0.2
Changes in market value of financial assets	0.0	6.1	6.1	0.0	0.0	0.0
Result from valuation of minorities	-2.1	0.0	-2.1	-3.2	0.0	-3.2
Other net financial expenses	-0.7	0.0	-0.7	-1.9	0.0	-1.9
Financial result	**-31.8**	**4.7**	**-27.1**	**-57.3**	**2.5**	**-54.8**
Net profit before income taxes	**-4.8**	**-42.5**	**-47.3**	**-21.8**	**17.5**	**-4.3**
Income taxes			2.2			-0.3
Consolidated net profit			**-45.1**			**-4.6**

Financial position

Financing

As at 31 March 2013, liabilities due to banks (not including the convertible bond or deferred items) had the following maturities:

in € m	Total nominal	thereof reduction by project sale	property sale	caverns sale	repay-ment	thereof planned prolonga-tions
2013	912	495	0	128	50	239
2014	2,133	6	50	172	35	1,870
2015	570	42	19	0	22	487
2016	48	0	0	0	6	42
2017	5	0	0	0	5	0
2018ff	124	0	0	0	18	106
Total	**3,792**	**543**	**69**	**300**	**136**	**2,744**

In the first three months of 2013, amounts due to banks declined by around €58 million. The change was the result of the agreed repayment of property and project loans (€17 million) and repayments in the context of sales of properties and caverns (€41 million).

Financing for project development is scheduled to be repaid from the sales proceeds when the relevant projects are completed and sold. Project financing is to be prolonged if any completed projects remain with IVG. The largest item is the financing for THE SQUAIRE (€495 million), which matures as at 31 December 2013.

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

The disposals due to sales in the Caverns segment relate to repayments already agreed in the context of the syndicated loan from 2009 and financed from cavern sales to the IVG Cavern Fund. 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 €136 million will be made by 2021 in the form of annuity and amortising loans. €50 million of this figure relates to the "CORE" financing for the Allianz portfolio.

The Pegasus financing is intended for prolongation in 2013 (€140 million at end of 2013). In the event of the company not effecting an exit from the project THE SQUAIRE before 31 December 2013, its financing will also be scheduled for prolongation. A bilateral facility of €99 million with bullet maturity in December 2013 together with the syndicated loans from 2007 and 2009 maturing in September 2014 (€1,325 million and €540 million in the third quarter of 2014) and the convertible bond and the hybrid bond in 2013 will be addressed as part of a holistic package of measures for the sustainable financing of IVG. Material financing maturing from 2015 is the "CORE" financing (€469 million at the end of 2015).

At 3.26%, the average interest rate for all financial liabilities (including interest rate hedges) as at 31 March 2013 was essentially unchanged as against 31 December 2012 (3.24%).

Regular testing did not identify any breaches of covenants in the first quarter of 2013. For risks in connection with covenants please see the risk report in the management report of 31 December 2012.

Liquidity

As at 31 March 2013, the total liquidity available to IVG (not including CP lines and assigned or project-related cash reserves) totalled €240 million:

in € m	31.03.2013
Unused non-project-related credit lines	0
Surplus capacity on current accounts	35
Cash reserves	203
Sight deposits and current securities	2
Derivatives with positive market values	0
Total	**240**

The consolidated statement of cash flows prepared in accordance with EPRA's "Best Practices Policy Recommendations" is shown below:

in € m	1Q/2013	1Q/2012
Cash flow from current activities	9,5	16.6
Cash flow for short-/midterm investments from operational divisions	-0.9	-9.1
Net interest payments	-27,3	-45.4
Net tax payments	-1.4	-1.9
Cash flow from operating activities	**-20,1**	**-39.8**
Cash flow from/for investing activities	**183.9**	**-72.5**
Cash flow from financing activities	**-73.8**	**-13.3**
Change in cash and cash equivalents*	**90,0**	**-125.6**
Cash and cash equivalents at closing date	205,0	112.2

* exclusive changes due to exchange rate movements

Cash flow from operating activities improved by €19.7 million year on year from -€39.8 million to -€20.1 million. The -€7.1 million change in cash flow from operating activities from €16.6 million to €9.5 million, due in part to the decline in net rents, was essentially more than compensated by the €8.2 million improvement in cash flow from investments and the €18.1 million drop in net interest payments as against the same period of the previous year.

Passion for Real Assets

The cash flow from investing activities changed by €256.4 million from -€72.5 million to €183.9 million, and in the reporting period was largely dominated by income from sales of caverns and other investment property, the disposal of units in IVG Cavern Fund and the recognition of the promote structure agreed with IVG Cavern Fund. This was countered by ongoing investments in caverns and other investment property.

The cash flow from financing activities changed by €60.5 million from -€13.3 million to -€73.8 million in the reporting period, essentially as a result of the repayment of bank loans by a total of €58.2 million.

Net assets (in € m)

	31.03.2013	31.12.2012
Total assets	5,948.9	6,130.8
Non-current assets	4,548.7	4,708.7
Current assets	1,400.1	1,422.1
Equity	1,225.3	1,275.9
Equity ratio in %	20.6	20.8
Non-current liabilities	3,461.1	3,449.7
Current liabilities	1,262.4	1,405.2
Financial liabilities	**4,277.8**	**4,326.0**
Financial liabilities in %	71.9	70.6

Non-current assets decreased by €160.0 million as against 31 December 2012 to €4.5 billion. This was essentially due to the €111.9 million reduction in investment property and the €47.3 million decline in financial assets. In addition to the transfer of one cavern to IVG Cavern Fund II (€48.9 million) and the negative unrealised changes in market value (€47.2 million), the reduction in investment property was also caused by the reclassification of property in Berlin (€30.7 million), Hamburg (€4.7 million) and Munich (€3.0 million) to current assets on account of their planned disposal. This was offset by current investments in caverns (€12.8 million) and in other investment property (€2.4 million). At €49.6 million, the reduction in financial assets was essentially as a result of the disposal of units in IVG Cavern Fund.

Current assets declined by €22.0 million in the first three months of 2013 to €1.4 billion. In addition to the decline in receivables and other assets at €59.3 million – essentially caused by the recognition in February of the promote structure agreed with IVG Cavern Fund (€46.5 million) – this was due to the €26.6 million reduction in securities. The latter was caused by the transfer in the first quarter of the remaining units in IVG EuroSelect 21 Munich held for resale in the near future. Non-current assets available for sale were also in decline on account of the disposals in the first quarter of a further cavern to IVG Cavern Fund II and further investment property of the Real Estate segment (total market value of €58.1 million) and reclassifications from investment property (€30.7 million). This was offset by the €90.9 million increase in cash and cash equivalents.

Total assets declined by €181.9 million to €5.9 billion in the first quarter of 2013 as a result of the effects described.

Equity decreased by €50.6 million as against 31 December 2012 to €1.2 billion. At €45.1 million, this decline was essentially as a result of the net loss for the first three months of 2013. The equity ratio dipped by 0.2 percentage points to 20.6%.

Liabilities decreased by €131.3 million as against 31 December 2012. This was caused by repayments in connection with disposals of property and caverns (€41.0 million) and scheduled repayment of property and project loans (€17.0 million). Furthermore, the decline results from the recognition of an advance payment received (€26.3 million) and the repayment of a further liability (€13.7 million).

NAV (net asset value) declined by €0.21 per share as against 31 December 2012 (€4.23 per share) to €4.02 per share as at 31 March 2013. Adjusted for the non-capitalised components of the market value of caverns and for the pro rata interest on the hybrid bond, adjusted NAV decreased by 8.4%, from €5.57 per share as at 31 December 2012 to €5.10 per share as at 31 March 2013.

Risk report

As a component of an interim management report, this risk report builds on the Group management report for the 2012 financial year (see section 6 of the management report, “Risk management”). This report will describe the developments in general conditions during the year to date and the changes in material risks and opportunities. Material risks and opportunities are described separately in this risk report. Information on a potential threat to the company as a going concern is also presented here.

For further information on the structure of risk and opportunity management and the accounting-related internal control system, please see the Group management report for the 2012 financial year.

As at the end of the first quarter of 2013, there are the following opportunities and risks for IVG Immobilien AG.

Business and market environment

The political uncertainty in Italy, the bailout of the Cypriot financial system and the recent ruling by the constitutional court in Portugal have shown that the phase of economic uncertainty in Europe in the wake of the debt crisis is not over yet. A further sharp slump or a long phase of economic stagnation with negative consequences for the rental and investment markets for commercial property can therefore still not be ruled out. In this scenario, badly positioned properties include those with problems in terms of their location or the quality of their features, as these are not the properties that tenants and investors are focusing on.

The debt crisis could also mean opportunities: The expansive monetary policy of the central bank could imply inflationary price increases in the long term, which will carry over as long-term rent increases for commercial properties in the event of a rent index adjustment.

The risks on the supply side of the rental market are currently somewhat low at most European locations as the number of new speculative construction projects is low given the restrictive financing conditions and the economic risks. Modern space is therefore expected to remain in short supply for the foreseeable future, which can mean investment opportunities in the form of refurbishment and modernisation work.

On the investment side, the biggest risks currently relate to financing: As banks are gradually pulling out of property financing on account of the Basel III regulations, there is still the risk of a bottleneck in commercial property financing. This risk applies in particular to properties with a high letting and investment risk in the medium to long term; in case of doubt, these can only be sold on the market at heavy discounts. At the same time, the restrictive financing conditions also offer opportunities, namely for alternative providers of property financing, such as insurance companies and credit funds, and for opportunistic investors hoping for distress sales.

In the long term, there is the risk of rising interest rates on bonds and loans and therefore higher opportunity and financing costs for property investments. A rise in interest rates would imply calls for higher initial yields on properties, which could entail value losses.

These risks to IVG result from changing market conditions and additional external challenges.

Real Estate segment

In response to the uncertainty caused by the euro crisis and a weaker economy, slowing demand is anticipated in the field of commercial property. There could also be additional risks of changes in value in the Real Estate segment on top of the standard market and business risks of changes in value. As at 31 March 2013, there is a risk of value changes in the property portfolio before deduction of transaction costs of around €150 million, including nine properties with a possible risk of value changes of €5.0 million or more. Further risks have been diminished with the successful prolongation of the Allianz lease for the Theodor-Stern-Kai property in Frankfurt.

There are also the usual vacancy and letting risks in the context of portfolio management. Please see the Group management report for the 2012 financial year for information on sensitivity analyses for discounting and the capitalisation rate, tenant structure and the lease expiry and vacancy analysis.

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. The standard is to be adopted prospectively. The standard has room for interpretation in calculating fair value as regards the inclusion of transaction costs. A conclusive opinion has not yet been formed. The method used by the company is one of those possible, hence it is not currently advised or necessary to change this method, and there will be no effect on the net assets, financial position and results of operations of the Group. If a prevalent opinion is established in future and this is not consistent with the company’s interpretation, net income could be affected by a subsequent negative adjustment of the recognised fair value of investment properties of around €100 million.

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 possible 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

The five projects still remaining in the portfolio from IVG AG’s development activities will be gradually sold off. These planned sales could be negatively affected by the overall economic environment.

Regarding the monetisation of the major project THE SQUAIRE at Frankfurt Airport, there is the risk that this cannot be implemented, can only be implemented with a delay or cannot be implemented in full. The monetisation would clear a project financing volume of around €500 million. This would have a significant impact on the further optimisation of the financing structure and debt reduction of the company.

If the planned monetisation cannot be successfully implemented as currently planned by the end of 2013 and an alternative path must be taken for THE SQUAIRE, a possible change in value cannot be ruled out on account of the current occupancy rate of just under 85.6% and the present stagnation in demand for rental space owing to the state of the economy. If THE SQUAIRE is to be added to the portfolio in the long term, there is also the risk of a change in value on its reclassification to investment property on account of its remeasurement at fair value. A potential measurement effect in connection with IFRS 13 should also be noted here. In addition, there is the prolongation risk of the loan agreement of around €500.0 million expiring at the end of 2013.

Furthermore, cost increases in the Development segment in connection with the final invoicing for the property THE SQUAIRE cannot be ruled out. The cost risks are accompanied in part by opportunities in the form of potential reductions in the context of project invoicing.

There are liquidity and earnings risks in connection with a previously unrecognised joint venture in Munich in the event that the joint venture is not continued or that IVG’s shares in it cannot be disposed of without affecting earnings and liquidity.

Caverns segment

The Caverns segment is heavily influenced by the energy turnaround. The energy turnaround is causing great uncertainty and restraint as regards long-term agreements and investments among potential and existing tenants for caverns. The current developments in the field of energy demand and raw material extraction give reason to anticipate a sharp decline in demand for cavern business in the medium term. If this trend in demand continues and there is no recovery in the cavern rental market in the short to medium term, there is the risk that write-downs already reversed and investments for unlet caverns will have to be written down. If caverns are not constructed or delivered as specified in the lease, there is the risk that they will not be accepted by the tenant and therefore the risk of a possible rescission of the lease and the purchase and transfer agreement, which could have a considerable impact on earnings and liquidity. Moreover, there are also the typical scheduling, geological and technical risks in the construction process in the Caverns segment and the risk of a breach of the obligation to ensure on-schedule completion with the correct volume as agreed with tenants and funds.

Scheduling risks may arise from the duration of the detailed permit processes for cavern construction. These risks have been countered to date by forward-looking and integrated planning and intensive cooperation with public authorities. Following the elections in Lower Saxony, there has been a change in the government of that state, which is of relevance to IVG's cavern business. The new government's position on the permit status of our cavern field is not yet known. If further permits are not granted, this would result in an earnings risk up to a maximum of the corresponding carrying amounts.

Cavern activities can also result in subsidence affecting the use of land, possibly requiring additional hydraulic engineering work in future. Effects on buildings in the area of the subsidence are not anticipated, but also cannot be completely ruled out. Additional investigations are currently being performed for risk management purposes in order to forecast the effects in detail and adapt the minimisation measures exactly to requirements.

Institutional Funds and Private Funds segments

In the Funds business area there are risks that the number or size of newly placed fund products will be lower than planned, that the investment rate for the existing special funds could slow down or that the sale of closed-end funds that are in the placement process cannot be completed as planned or that the volume of funds under management declines for other reasons, such as a negative development in fair value or a lack of customer confidence regarding unit certificates being returned. If these risks were to occur, this could have an adverse effect on non-recurring and recurring income and the corresponding value of goodwill. The reasons for this could include a lack of investment opportunities on the real estate markets, an unfavourable change in the legal framework – such as in connection with the draft version of the German Capital Investment Code (KAGB-E) – or the general uncertainty on the part of potential investors with regard to the future development of the markets. 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 affect their satisfaction and IVG's reputation as a provider of newly placed funds.

There can be measurement risks for IVG in the event 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. Regarding IVG's exposure in EuroSelect 14 "The Gherkin", this risk amounts to approximately €40 million.

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.

Furthermore, possible effects of the restructuring programme on the Private Funds segment cannot be ruled out.

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. Please see the general comments in the Group management report for the 2012 financial year.

Liquidity risks arise from loans that are expiring and intended for prolongation. In particular, this will affect two syndicated loans that will expire and are due for prolongation 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 put option in favour of the bearer in March 2014. Details of the maturity profile of liabilities to banks can be found in the section "Financial position" in this interim management report.

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 facility are identical, which would make further negative changes in market value in IVG properties of €140 million 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 light of the rapidly changing markets for commercial property and caverns and other challenges to IVG arising from the stricter own funds regulations prescribed for banks by Basel III, the Management Board has decided to devise a new, holistic financing strategy in the interests of all stakeholders. There are potentially persistently high capital requirements as a result of bullet maturities on financing and repayments in 2013 and 2014, relating in part to the put option of the bearers of the IVG convertible bond in March 2014. Key factors will be achieving an appropriate financing structure and ensuring the company's long-term viability on the capital market.

Other risks

Please see the comments in the Group management report for the 2012 financial year on legal, environmental, damages and tax risks.

In the consolidated financial statements, deferred taxes assets are recognised on loss and interest carryforwards and temporary differences. Depending on the future development in taxable income, there is the risk that some deferred tax assets will not retain their value.

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.

Overall assessment of risks and opportunities

In particular, risks to Group earnings relate to the prospects for cavern development, a possible change in the value of portfolio property, a possible increase in interest on financing and the possible negative development in new fund business or write-downs on receivables from funds already placed coupled with the risk of goodwill impairment in the Private and Institutional Funds segments.

The overall 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 in order to make repayments. If this does not occur to the planned extent, this could pose a threat to the company as a going concern. In terms of bank financing, the company expects the loans or follow-up financing to be prolonged. If this does not occur at the planned level, this fact could also threaten the company as a going concern. This potential threat to the company as a going concern can be prevented if the holistic restructuring of equity and liabilities currently being designed can be successfully implemented.

Supplementary report

In accordance with section 21(1) WpHG (WpHG – German Securities Trading Act), Santo Holding AG, Zurich, Switzerland, notified us on 30 April 2013 that its share of voting rights in IVG Immobilien AG, Bonn, fell below the 10% threshold on 22 April 2013 and amounted to 9.83% on this date.

In accordance with section 21(1) sentence 1 WpHG, Blacksmith Fund Limited, Grand Cayman, Cayman Islands, notified us on 30 April 2013 that its share of voting rights in IVG Immobilien AG, Bonn, fell below the 3% threshold on 25 April 2013 and amounted to 0.51% on this date.

In accordance with section 21(1) sentence 1 WpHG, NHH Norddeutsche Handels Holding GmbH, Hamburg, notified us on 1 May 2013 that its share of voting rights in IVG Immobilien AG fell below the 3% threshold on 25 April 2013 and amounted to 0.96% on this date.

The full voting right notifications can be found on the Internet in the "Investor Relations" section under:
http://www.ivg.de/de/investor-relations/news/stimmrechtsmitteilungen/

Furthermore, the company has learned that considerable portions of the syndicated loans from 2007 in particular have been sold to third parties by the banks that held them.

Forecast

Economic environment

Overall economic expectation

The forecasts by most research institutes and economists point to the economy in the euro zone gradually recovering over the course of the second half of 2013 with positive economic growth being generated again in 2014. As recent events have shown (political uncertainty in Italy, Cyprus bailout), however, the process of recovery will still be prone to uncertainty. The stabilisation on the European labour market, a key factor driving demand on the office market, is now expected to be more drawn out. Given the weak economic environment, the European Central Bank is expected to cut interest rates yet again in the coming months from currently 0.75%, especially as the rate of inflation for this year and the next will be below the ECB's target of almost 2%. The economy will continue to be marked by a rough north/south divide: The economies of southern Europe will lag behind the northern European nations owing to their less pronounced international competitive capability, the need for reform and government austerity measures.

Real estate rental markets
In view of the weak economic indicators, rentals in the coming quarters will be dominated more by changes of office premises rather than the need for additional office space. Nonetheless, clear growth in vacancies is not expected: Firstly because new speculative construction activity is still limited at most locations (exceptions: Warsaw and London) owing to restrictive lending policies. Secondly, it is anticipated that the process of converting office space that no longer satisfies market standards to other types of use in cities that, like Amsterdam and Frankfurt, are confronted with a high surplus supply, will continue. Against this backdrop, modern office space will remain in short supply. Prime rents will therefore remain largely stable in the northern office locations of Europe, while further rent adjustments are expected in the southern crisis nations owing to the weak economy.

Real estate investment markets
The uncertainty regarding economic recovery and low interest rates mean that the strong interest among investors in property as an asset class is expected to continue in the coming quarters, and that the transaction volume on the European investment market for commercial property will at least be as high as last year. As a turnaround in interest rates is not expected in the next twelve months, there could be further temporary compression of prime initial yields at core locations over the next twelve months. In the event of an economic recovery, yields in the crisis nations will at least stabilise, especially as investor risk propensity is rising further on account of the high prices on the core markets and low vacancies in modern space. Outside the core segment, however, there is still the threat of a financing bottleneck as banks are continuing to withdraw from property financing business in the face of Basel III regulations.

Forecast development at IVG
The Real Estate segment is aiming for a sales volume of €80 million in 2013 with a focus on streamlining the portfolio. Over the same period, investments of approximately €40 million are expected, comprising capital expenditure on the portfolio and new co-investments. Revenues from the property portfolio are forecast at around €220 million 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. No disposals are anticipated in this segment in 2013. The sales of around €70 million will primarily be generated by property business.

In the Caverns segment, given the indications of delays in the conversion of options, no new caverns are expected to be recognised at fair value for the first time as a result of exceeding the IFRS threshold of 300,000 m³ in 2013. Positive remeasurement effects are forecast on the basis of anticipated leases. The sales volume for 2013 will be approximately €240 million in funds managed by IVG. The syndicated loan from 2009 will be repaid in line with planning. Investments in leased caverns and infrastructure are estimated at around €60 million in 2013.

In the Institutional Funds segment, the focus is still on reorganising the portfolio by expanding co-investment products to stabilise the assets under management of around €12 billion. The sales forecast for 2013 is around €60 million. Owing to delays in investment decisions, earnings are expected to be down on the previous year at around €15 million.

Following the successful sale in the previous year of the closed-end property fund IVG EuroSelect 21 Munich with a building complex from IVG's own portfolio, the Private Funds segment is facing the challenge of marketing THE SQUAIRE in Frankfurt in 2013/2014. The segment expects to end 2013 with income of around €5 million and slightly negative EBIT owing to the upfront costs for the above marketing.

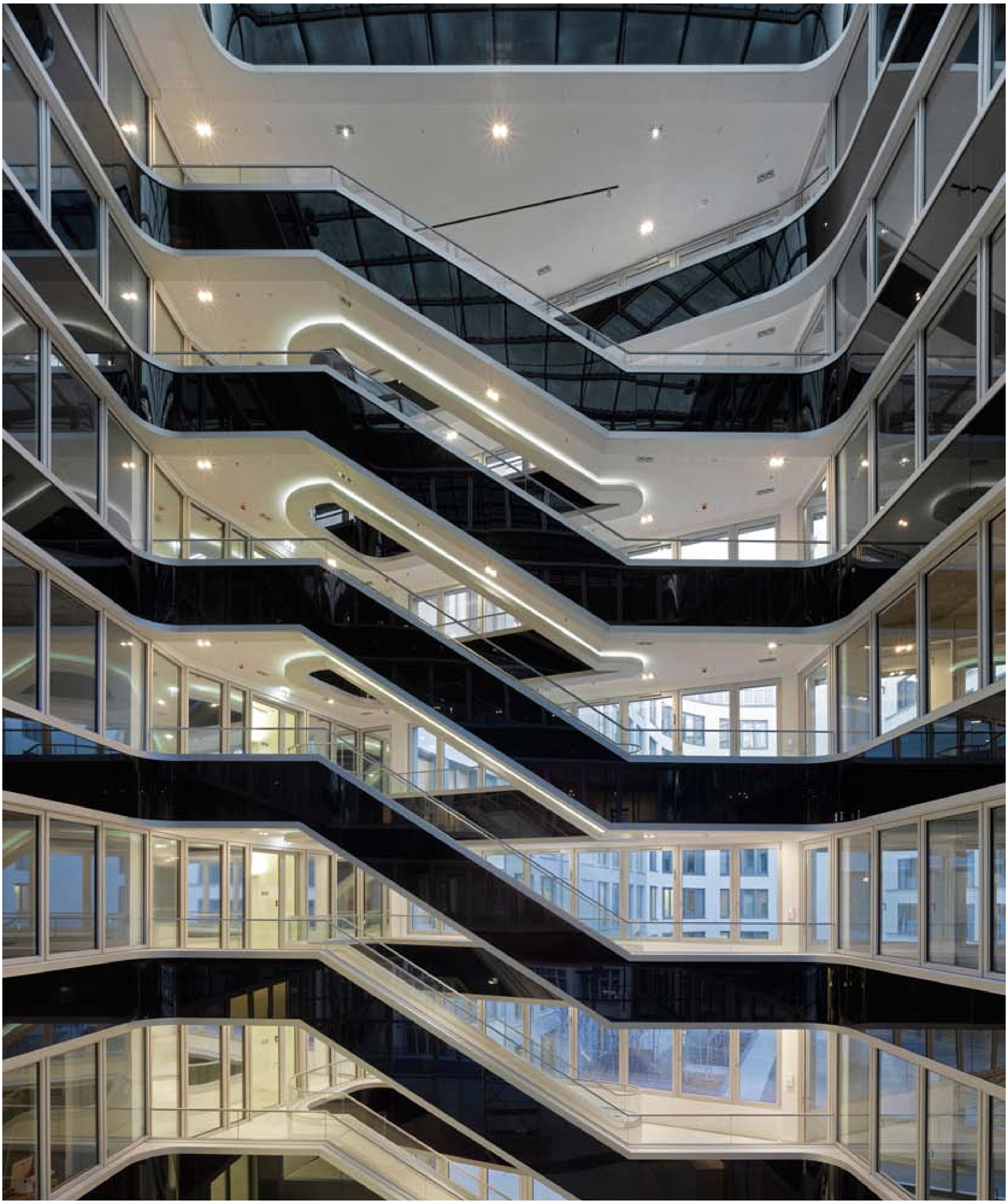
The influence of net finance costs on consolidated earnings will diminish slightly in 2013.

Regardless of the above forecasts in the segments, the further development of IVG will be dominated by the restructuring activities described. IVG does not feel that it is able to give a forecast for its earnings development at this time, as the process of designing the holistic restructuring concept is still ongoing and substantial decisions lie outside IVG's control. Please also see the report on risks and opportunities.

This management report contains forward-looking statements and information. Such statements are based on current expectations and certain assumptions. They therefore entail a range of risks and uncertainties. A number of factors, many of which are outside IVG's control, affect the operations, performance, corporate strategy and results of IVG. These factors can lead to the actual results, performance and success of IVG differing considerably from these statements. If one or more of these risks or uncertainties materialise, or if the assumptions turn out to be incorrect, actual earnings may differ considerably either positively or negatively from the results indicated in the forward-looking statements as expected, anticipated, intended, planned, believed, projected or estimated earnings. IVG accepts no responsibility for this and does not intend to update these forward-looking statements or to correct them if a different development is expected.

Interim Financial Statements

as at 31 March 2013



Consolidated income statement for the first three months

	1Q/2013			1Q/2012		
in € m	Before changes in value	unrealised changes in value [1]	Total	Before changes in value	unrealised changes in value [1]	Total
Revenues	93.9		93.9	101.9		101.9
Changes in inventories and other own work capitalized	3.1		3.1	11.4		11.4
Unrealised changes in market value of investment property	0.0	-47.2	-47.2	0.0	15.3	15.3
Realised changes in market value of investment property	-0.9		-0.9	-1.7		-1.7
Other operating income	3.3	0.0	3.3	10.9	0.0	10.9
Material expenses	-5.6	0.0	-5.6	-15.9	0.0	-15.9
Personnel expenses	-15.8		-15.8	-17.1		-17.1
Depreciation and amortisation of intangible assets, property, plant and equipment	-3.4	0.0	-3.4	-2.6	-0.2	-2.8
Expenses from investment property	-18.2		-18.2	-20.9		-20.9
Other operating expenses	-29.7	0.0	-29.7	-29.2	0.0	-29.2
Gains/losses from associated participations accounted for using the equity method	-0.6		-0.6	-1.3		-1.3
Income from equity investments	0.8		0.8	0.0		0.0
Earnings before interest and taxes (EBIT)	**27.0**	**-47.2**	**-20.2**	**35.5**	**15.1**	**50.6**
Financial income	7.8	13.0	20.8	11.2	13.6	24.8
Financial expenses	-39.6	-8.2	-47.9	-68.5	-11.1	-79.6
Financial result	**-31.8**	**4.7**	**-27.1**	**-57.3**	**2.5**	**-54.8**
Net profit before income taxes	**-4.8**	**-42.5**	**-47.3**	**-21.8**	**17.5**	**-4.3**
Income taxes			2.2			-0.3
Consolidated net profit			**-45.1**			**-4.6**
Share attributable to Group shareholders			*-37.7*			*-4.6*
Share attributable to hybrid capital providers			*0.0*			*0.0*
Share attributable to third parties			*-7.5*			*0.0*
Undiluted earnings per share in €			-0.18			-0.02
Diluted earnings per share in €			-0.18			-0.02

* Change in figures for comparative period due to retrospective adoption of revised version of IAS 19 Employee Benefits. See notes on changes in accounting policies.

Condensed consolidated statement of comprehensive income for the three months

in € m	1Q/2013	1Q/2012
Consolidated net profit	**-45.1**	**-4.6**
Items that will not be reclassified to profit or loss		
Actuarial earnings and losses from performance-based pension plans and similar obligations	0.0	-0.3
Deferred taxes on value adjustments set off directly against equity	0.0	0.1
Items that may be reclassified subsequently to profit or loss		
Market valuation available-for-sale securities	-8.9	1.1
Market valuation of hedging instruments	10.3	0.8
Adjustment for currency translation of foreign subsidiaries	-1.7	0.9
Deferred taxes on value adjustments set off directly against equity	0.4	0.9
Income and expenses recognised in equity	**0.0**	**3.5**
Total comprehensive income	**-45.1**	**-1.1**
Share attributable to Group shareholders	*-38.2*	*-1.1*
Share attributable to hybrid capital providers	*0.0*	*0.0*
Share attributable to third parties	*-6.9*	*0.0*

Consolidated statement of financial position

Assets

in € m	31.03.2013	31.12.2012
Non-current assets		
Intangible assets	253.4	253.6
Investment property	3,542.2	3,654.1
Property, plant and equipment	186.6	189.9
Financial assets	126.3	173.6
Investments in associated participations accounted for using the equity method	84.9	84.5
Deferred tax assets	336.0	336.1
Receivables and other assets	19.4	16.7
Total non-current assets	**4,548.7**	**4,708.7**
Current assets		
Inventories	997.2	996.3
Receivables and other assets	130.2	189.5
Income tax receivables	6.8	7.4
Securities and equity investments (current)	1.9	28.5
Cash and cash equivalents	233.3	142.4
	1,369.4	**1,364.1**
Non-current assets held for sale	30.7	58.0
Total current assets	**1,400.1**	**1,422.1**
Total assets	**5,948.9**	**6,130.8**

Equity and liabilities

in €m	31.03.2013	31.12.2012
Equity		
Subscribed capital	207.9	207.9
Capital reserve	765.3	764.7
Treasury shares	-0.5	-0.5
Other reserves	-64.2	-63.7
Retained earnings	-73.4	-29.5
Equity attributable to Group shareholders	**835.1**	**878.8**
Hybrid capital	400.9	400.9
Non-controlling interests	-10.7	-3.8
Total equity	**1,225.3**	**1,275.9**
Liabilities		
Non-current liabilities		
Financial liabilities	3,262.9	3,237.4
Derivative financial instruments	56.2	66.6
Deferred tax liabilities	42.0	43.6
Pension provisions	32.7	32.4
Other provisions	32.2	33.7
Liabilities	35.1	36.0
Total non-current liabilities	**3,461.1**	**3,449.7**
Current liabilities		
Financial liabilities	1,014.9	1,088.6
Derivative financial instruments	18.1	17.4
Other provisions	77.2	82.8
Liabilities	119.1	182.5
Income tax liabilities	33.1	33.9
Total current liabilities	**1,262.4**	**1,405.2**
Total equity and liabilities	**5,948.9**	**6,130.8**

Consolidated statement of changes in equity

in € m	Subscribed capital	Capital reserve	Treasury shares	Other reserves: Market valuation avail.-for-sale securities	Other reserves: Market valuation hedging instruments	Other reserves: Hedge of net investment	Other reserves: Adjustments for currency translation	Retained earnings	Equity attributable to Group shareholders	Hybrid capital	Non-controlling interests	Total equity
Balance at 01.01.2012	**207.9**	**762.8**	**-0.5**	**8.1**	**-52.1**	**12.9**	**-33.8**	**80.2**	**985.5**	**400.9**	**0.0**	**1,386.5**
Consolidated net profit								-4.5	-4.5	0.0	0.0	-4.5
Earnings recognised directly in equity				0.8	2.0		0.9	-0.2	3.5			3.5
Total comprehensive income	**0.0**	**0.0**	**0.0**	**0.8**	**2.0**	**0.0**	**0.9**	**-4.8**	**-1.1**	**0.0**	**0.0**	**-1.1**
Accrual on profit distribution for hybrid capital								20.9	20.9			20.9
Capital increase	0.0	0.0							0.0			0.0
Share-based payment		0.0							0.0			0.0
Changes to group of consolidated companies / others		-0.5[1]							-0.5			-0.5
Balance at 31.03.2012	**207.9**	**762.3**	**-0.5**	**8.9**	**-50.1**	**12.9**	**-32.9**	**96.2**	**1,004.7**	**400.9**	**0.0**	**1,405.7**
Balance at 01.01.2013	**207.9**	**764.7**	**-0.5**	**11.4**	**-49.1**	**6.9**	**-32.8**	**-29.5**	**879.0**	**400.9**	**-3.8**	**1,275.9**
Consolidated net profit								-37.7	-37.7	0.0	-7.5	-45.1
Earnings recognised directly in equity				-6.1	7.3	0.0	-1.7	0.0	-0.6		0.6	0.0
Total comprehensive income	**0.0**	**0.0**	**0.0**	**-6.1**	**7.3**	**0.0**	**-1.7**	**-37.7**	**-38.2**	**0.0**	**-6.9**	**-45.1**
Deferred taxes on accrued profit distribution for hybrid capital								-2.2	-2.2			-2.2
Capital increase	0.0	0.0							0.0			0.0
Share-based payment		0.6							0.6			0.6
Changes to group of consolidated companies / others		0.0						-3.9	-3.9			-3.9
Balance at 31.03.2013	**207.9**	**765.3**	**-0.5**	**5.2**	**-41.9**	**6.9**	**-34.4**	**-73.4**	**835.1**	**400.9**	**-10.7**	**1,225.3**

[1] Subsequently incurred costs of the past capital increase of December 2011 in the amount of €0.6 million

Consolidated statement of cash flows

in € m	1Q/2013	1Q/2012
Earnings before interest and taxes (EBIT)	**-20.2**	**50.6**
Unrealised changes in market value of investment property	47.2	-15.3
Realised changes in market value of investment property	0.9	1.7
Depreciation and appreciation of intangible assets and property, plant and equipment	3.4	2.8
Proceeds from disposal of intangible assets and property, plant and equipment	0.3	0.0
Other non-cash income and expenses	-4.3	-3.4
Changes in receivables, inventories of other segments (not including Development, Real Estateand Private Funds) and securities in current assets	7.9	-9.5
Changes in liabilities and provisions	-26.0	-11.5
Non-distributed earnings from participations accounted for using the equity method	0.3	1.2
Dividends received	0.0	0.0
Cash flow from current activities	**9.5**	**16.6**
Changes in inventories for developing of real estate in Development, Real Estate and Private Funds segments including sale of real estate and project development companies[1)]	-0.9	-9.1
Cash flow from short/mid-term investments in operating activities	**-0.9**	**-9.1**
Cash flow from operating activities before interest and taxes	**8.6**	**7.5**
Net interest payments	-27.3	-45.4
Net tax payments	-1.4	-1.9
Cash flow from operating activities	**-20.1**	**-39.8**
Cash flow from investing activities	**183.9**	**-72.5**
Cash flow from financing activities	**-73.8**	**-13.3**
Net change in cash and cash equivalents from operations	90.0	-125.6
Cash and cash equivalents as of 01.01.	**115.0**	**237.9**
Changes in cash and cash equivalents due to exchange rate movements	0.0	-0.1
Cash and cash equivalents as of 31.03.	**205.0**	**112.2**
plus restricted cash and cash equivalents	*28.3*	*0.0*
Cash and cash equivalents reported on the balance sheet	233.3	112.2

![IVG Passion for Real Assets]

Notes

Segment reporting for the first three months of 2013

1Q/2013	Investment									Funds										
in € m	Real Estate			Development			Caverns			Institutional Funds			Private Funds				Consolidation			Group		
	Before changes in value	Unrealis. changes in value	Total	Before changes in value	Unrealis. changes in value	Total	Before changes in value	Unrealis. changes in value	Total	Before changes in value	Unrealis. changes in value	Total	Before changes in value	Unrealis. changes in value	Total	IVG Corporate functions	Before changes in value	Unrealis. changes in value	Total	Before changes in value	Unrealis. changes in value	Total
External revenues	57.2		57.2	16.3		16.3	4.3		4.3	13.6		13.6	1.3		1.3	1.1	0.0		0.0	93.9	0.0	93.9
Internal revenues	0.6		0.6	0.8		0.8	0.0		0.0	0.1		0.1	0.0		0.0	6.4	-8.0		-8.0	0.0	0.0	0.0
Total revenues	**57.8**	**0.0**	**57.8**	**17.1**	**0.0**	**17.1**	**4.3**	**0.0**	**4.3**	**13.7**	**0.0**	**13.7**	**1.3**	**0.0**	**1.3**	**7.5**	**-8.0**	**0.0**	**-8.0**	**93.9**	**0.0**	**93.9**
Net rents from Investment Property	45.6		45.6	0.0		0.0	0.6		0.6	0.0		0.0	0.0		0.0	0.0	-0.1		-0.1	46.1	0.0	46.1
Other net rents	0.7		0.7	7.2		7.2	0.0		0.0	0.0		0.0	0.0		0.0	0.1	-1.1		-1.1	6.9	0.0	6.9
Income from service charges	11.3		11.3	1.9		1.9	0.0		0.0	0.0		0.0	0.0		0.0	0.0	-0.2		-0.2	13.1	0.0	13.1
Income from project disposals	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0	0.0
Income from construction contracts	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0	0.0
Income from transactions, concepts and sales	0.0		0.0	0.0		0.0	0.0		0.0	1.8		1.8	0.0		0.0	0.0	0.0		0.0	1.8	0.0	1.8
Income from fund and property management	0.0		0.0	0.0		0.0	2.4		2.4	11.9		11.9	1.3		1.3	0.8	-0.2		-0.2	16.2	0.0	16.2
Other revenues	0.2		0.2	8.1		8.1	1.3		1.3	0.0		0.0	0.0		0.0	6.6	-6.4		-6.4	9.8	0.0	9.8
Changes in inventories and other own work capitalised	0.1		0.1	1.0		1.0	2.1		2.1	0.0		0.0	0.0		0.0	0.0	0.0		0.0	3.1	0.0	3.1
Unrealised changes in market value of investment property	0.0	-40.2	-40.2	0.0		0.0	0.0	-7.0	-7.0	0.0		0.0	0.0		0.0	0.0	0.0		0.0	0.0	-47.2	-47.2
Realised changes in market value of investment property	-0.7		-0.7	0.0		0.0	-0.1		-0.1	0.0		0.0	0.0		0.0	0.0	0.0		0.0	-0.9	0.0	-0.9
Other operating income	1.8		1.8	0.7		0.7	0.2		0.2	0.1		0.1	0.0		0.0	4.8	-4.4		-4.4	3.3	0.0	3.3
Material expenses	-0.1	0.0	-0.1	-4.6	0.0	-4.6	-0.5		-0.5	0.0		0.0	0.0		0.0	-0.6	0.2		0.2	-5.6	0.0	-5.6
Personnel expenses	-0.6		-0.6	-0.1		-0.1	-2.0		-2.0	-3.0		-3.0	-0.8		-0.8	-9.4	0.0		0.0	-15.8	0.0	-15.8
Depreciation and amortisation of intangible assets and property, plant and equipment	-0.1	0.0	-0.1	-1.0		-1.0	-1.9		-1.9	0.0		0.0	0.0		0.0	-0.3	0.0		0.0	-3.4	0.0	-3.4
Expenses from investment property	-18.2		-18.2	-0.1		-0.1	0.0		0.0	0.0		0.0	0.0		0.0	0.0	0.1		0.1	-18.2	0.0	-18.2
Other operating expenses	-8.1		-8.1	-15.8		-15.8	-1.6		-1.6	-7.0		-7.0	-2.1		-2.1	-7.3	12.2		12.2	-29.7	0.0	-29.7
Gains/loss from associated participations accounted for using the equity method	-0.3		-0.3	-0.1		-0.1	0.0		0.0	-0.1		-0.1	0.0		0.0	0.0	0.0		0.0	-0.6	0.0	-0.6
Income from equity investments	0.8		0.8	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0	0.0	0.0		0.0	0.8	0.0	0.8
Segment result (EBIT)	**32.4**	**-40.2**	**-7.8**	**-3.0**	**0.0**	**-3.0**	**0.5**	**-7.0**	**-6.5**	**3.8**	**0.0**	**3.8**	**-1.5**	**0.0**	**-1.5**	**-5.2**	**0.0**	**0.0**	**0.0**	**27.0**	**-47.2**	**-20.2**
Financial result																				-31.8	4.7	-27.1
Net profit before tax																				**-4.8**	**-42.5**	**-47.3**
Income taxes																						2.2
Consolidated net profit																						**-45.1**
Segment assets			**3.325.7**			**995.9**			**654.4**			**273.1**			**13.4**	**350.5**			**-0.2**			**5,612.9**
thereof Investments in associated participations accounted for using the equity method			*68.2*			*1.6*			*0.0*			*15.1*			*0.0*	*0.0*			*0.0*			*84.9*
Investments			**8.3**			**0.0**			**12.6**			**0.0**			**0.0**	**1.9**			**0.0**			**22.9**

Segment reporting for the first three months of 2012

1Q/2012	Investment									Funds									
in €m	Real Estate			Development			Caverns			Institutional Funds			Private Funds				Consolidation			Group		
	Before changes in value	Unrealis. changes in value	Total	Before changes in value	Unrealis. changes in value	Total	Before changes in value	Unrealis. changes in value	Total	Before changes in value	Unrealis. changes in value	Total	Before changes in value	Unrealis. changes in value	Total	IVG Corporate functions	Before changes in value	Unrealis. changes in value	Total	Before changes in value	Unrealis. changes in value	Total
External revenues	68.4		68.4	11.3		11.3	4.4		4.4	15.6		15.6	1.0		1.0	1.1	0.0		0.0	101.9	0.0	101.9
Internal revenues	0.6		0.6	0.6		0.6	0.0		0.0	0.1		0.1	0.0		0.0	7.9	-9.3		-9.3	0.0	0.0	0.0
Total revenues	**69.0**	**0.0**	**69.0**	**12.0**	**0.0**	**12.0**	**4.4**	**0.0**	**4.4**	**15.8**	**0.0**	**15.8**	**1.0**	**0.0**	**1.0**	**9.0**	**-9.3**	**0.0**	**-9.3**	**101.9**	**0.0**	**101.9**
Net rents from Investment Property	54.7		54.7	0.0		0.0	0.9		0.9	0.0		0.0	0.0		0.0	0.0	-0.2		-0.2	55.5	0.0	55.5
Other net rents	0.9		0.9	2.6		2.6	0.0		0.0	0.0		0.0	0.0		0.0	0.1	-1.0		-1.0	2.6	0.0	2.6
Income from service charges	12.9		12.9	1.7		1.7	0.0		0.0	0.0		0.0	0.0		0.0	0.0	-0.1		-0.1	14.5	0.0	14.5
Income from project disposals	0.2		0.2	1.2		1.2	0.2		0.2	0.0		0.0	0.0		0.0	0.0	0.0		0.0	1.6	0.0	1.6
Income from construction contracts	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0	0.0
Income from transactions, concepts and sales	0.0		0.0	0.3		0.3	0.0		0.0	2.2		2.2	0.0		0.0	0.0	0.0		0.0	2.5	0.0	2.5
Income from fund and property management	0.0		0.0	0.0		0.0	2.3		2.3	13.6		13.6	1.0		1.0	0.4	-0.1		-0.1	17.3	0.0	17.3
Other revenues	0.3		0.3	6.1		6.1	1.0		1.0	0.0		0.0	0.0		0.0	8.4	-8.0		-8.0	7.9	0.0	7.9
Changes in inventories and other own work capitalised	-0.1		-0.1	9.6		9.6	1.9		1.9	0.0		0.0	0.0		0.0	0.0	0.0		0.0	11.4	0.0	11.4
Unrealised changes in market value of investment property	0.0	-25.1	-25.1	0.0		0.0	0.0	40.3	40.3	0.0		0.0	0.0		0.0	0.0	0.0		0.0	0.0	15.3	15.3
Realised changes in market value of investment property	-1.7		-1.7	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0	0.0	0.0		0.0	-1.7	0.0	-1.7
Other operating income	6.8		6.8	0.5		0.5	3.2		3.2	0.1		0.1	0.1		0.1	4.9	-4.6		-4.6	10.9	0.0	10.9
Material expenses	-0.3	0.0	-0.3	-13.2	0.0	-13.2	-2.2		-2.2	0.0		0.0	-0.1		-0.1	-0.3	0.1		0.1	-15.9	0.0	-15.9
Personnel expenses	-0.6		-0.6	-0.3		-0.3	-1.9		-1.9	-3.3		-3.3	-1.0		-1.0	-9.9	0.0		0.0	-17.1	0.0	-17.1
Depreciation and amortisation of intangible assets and property, plant and equipment	-0.1	-0.2	-0.3	-0.6		-0.6	-1.5		-1.5	0.0		0.0	0.0		0.0	-0.3	0.0		0.0	-2.6	-0.2	-2.8
Expenses from investment property	-21.0		-21.0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0	0.0	0.1		0.1	-20.9	0.0	-20.9
Other operating expenses	-10.1		-10.1	-14.3		-14.3	-1.3		-1.3	-7.5		-7.5	-1.2		-1.2	-8.6	13.7		13.7	-29.2	0.0	-29.2
Gains/loss from associated participations accounted for using the equity method	-1.2		-1.2	-0.1		-0.1	0.0		0.0	0.0		0.0	0.0		0.0	0.0	0.0		0.0	-1.3	0.0	-1.3
Income from equity investments	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0	0.0
Segment result (EBIT)	**40.7**	**-25.3**	**15.4**	**-6.3**	**0.0**	**-6.3**	**2.6**	**40.3**	**42.9**	**5.0**	**0.0**	**5.0**	**-1.2**	**0.0**	**-1.2**	**-5.3**	**0.0**	**0.0**	**0.0**	**35.5**	**15.1**	**50.6**
Financial result																				-57.3	2.5	-54.8
Net profit before tax																				**-21.8**	**17.5**	**-4.3**
Income taxes																						-0.3
Consolidated net profit																						**-4.6**
Segment assets			**3.968.3**			**1.032.6**			**888.1**			**275.2**			**14.0**	**273.2**			**-0.1**			**6,451.4**
thereof Investments in associated participations accounted for using the equity method			*70.0*			*1.8*			*0.0*			*14.8*			*0.0*	*0.0*			*0.0*			*86.6*
Investments			**35.7**			**0.6**			**29.2**			**0.1**			**0.0**	**2.4**			**0.0**			**68.0**

Selected explanatory notes

This interim financial report has been prepared in accordance with the provisions of the International Financial Reporting Standards (IFRS) as applicable within the European Union. The interim financial statements of the consolidated companies are based on uniform accounting policies.

In accordance with IAS 34, IVG has elected to prepare condensed reporting compared to the annual financial statements for the presentation of the consolidated interim financial report of IVG Immobilien AG for the period ended 31 March 2013. Except for the amendments and new regulations specified below, IVG has applied the same accounting policies in preparing the interim financial statements as in the consolidated financial statements for the 2012 financial year. For further information, please refer to the consolidated financial statements as at 31 December 2012.

In the income statement and segment reporting, unrealised measurement effects resulting from the write-down of and the reversal of write-downs on inventories (IAS 2), changes in exchange rates (IAS 21), impairment losses and reversals of impairments losses (IAS 36), the fair value measurement of financial instruments (IAS 39) and the fair value measurement of investment property (IAS 40) (not including tax effects) are reported in the separate column "Unrealised changes in value". 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 condensed interim financial statements and the interim financial report as at 31 March 2013 have been neither audited nor reviewed by an auditor.

Changes to accounting policies

The following new or amended standards and interpretations were adopted for the first time from 1 January 2013:

- 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. The standard is to be adopted prospectively. The standard has room for interpretation in calculating fair value as regards the inclusion of transaction costs. A conclusive opinion has not yet been formed. The method used by the company is one of those possible, hence it is not currently advised or necessary to change this method, and there will be no effect on the net assets, financial position and results of operations of the Group. If a prevalent opinion is established in future and this is not consistent with the company's interpretation, net income could be affected by a subsequent negative adjustment of the recognised fair value of investment properties of around €100 million.
- 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, future reclassifications to profit or loss ("recycling") will be recognised separately. First-time adoption must be applied retrospectively.
- 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 abolished. The expected return on plan assets and interest expenses from defined benefit obligations will be replaced with uniform net interest income based on the interest rate. Past service cost will in future be recognised in full in the period of the plan amendment from 1 January 2013. Additional disclosures in the notes are also required. The change of the standard is to be adopted retrospectively. The retrospective adoption of the revised version of IAS 19 lead to an adjustment of comparative figures for the same period of the previous year. However, this had no material impact on the net assets, financial positions or results of the Group.
- Amendments to IFRS 1: "First-time Adoption of International Financial Reporting Standards" – Regulations on hyperinflation
- Amendments to IFRS 1: "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
- Improvements to IFRSs 2011: "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.

The regulations applied for the first time from 1 January 2013 had no material effect on the interim financial report of the IVG Group as at 31 March 2013.

Material transactions in the reporting period

- At €11.2 million, the reduction in revenues of €8.0 million was essentially due to the loss of net rent from investment property sold in the Real Estate segment. This decline was partially offset by a rise in net rent in the Development segment – largely the letting of the major project THE SQUAIRE at Frankfurt Airport.
- The changes in inventories primarily relate to the capitalised investments for THE SQUAIRE at Frankfurt Airport.
- The changes in the market value of investment property expenses deteriorated by -€61.6 million as against the same period of the previous year to -€48.1 million. In particular, this was caused by unrealised changes in market value, which dropped by €62.5 million to -€47.2 million. €15.1 million of the change relates to the Real Estate segment (from -€25.1 million to -€40.2 million) and €47.3 million relates to the Caverns segment (from €40.3 million to -€7.0 million). At -€0.8 million, negative realised changes in market value were slightly above the previous year's level (-€1.7 million).

- The €7.6 million decline in other operating income was primarily due to extraordinary effects in the 2012 period – the settlement payment by a tenant in the Real Estate segment for the early termination of its lease in the first quarter of 2012 (€3.5 million) and the electricity tax reimbursements, also recognised in the first quarter of 2012, in connection with caverns already sold (€2.8 million).
- The cost of materials fell significantly by €10.3 million year-on-year to €5.6 million on account of the lower project volume.
- Financial result improved significantly by €27.7 million to €27.1 million, particularly as a result of the substantial reduction in net interest income of €23.1 million as against the same period of the previous year to -€29.1 million. This was caused by the decline in bank interest rates due to the extensive repayments and the interest-related adjustment of non-current obligations.
- Cash and cash equivalents climbed by €90.9 million, largely as a result of the disposals in the first quarter.
- Planned sale of two completed caverns to IVG Cavern Fund II and sale of units in IVG Cavern Fund for €49.6 million.
- Repayments of property and project loans (€17 million) and repayments in the context of sales of properties and caverns (€41 million).

Treasury shares

IVG held 32,229 treasury shares as at 31 March 2013. This corresponds to 0.0155% of IVG's share capital or €32,229.00.

Significant transactions with related parties

As described in the notes to the 2012 consolidated financial statements, there are business relationships with unconsolidated subsidiaries, companies accounted for using the equity method and their unconsolidated subsidiaries.

Events after the end of the reporting period

In accordance with section 21(1) WpHG (WpHG – German Securities Trading Act), Santo Holding AG, Zurich, Switzerland, notified us on 30 April 2013 that its share of voting rights in IVG Immobilien AG, Bonn, fell below the 10% threshold on 22 April 2013 and amounted to 9.83% on this date.

In accordance with section 21(1) sentence 1 WpHG, Blacksmith Fund Limited, Grand Cayman, Cayman Islands, notified us on 30 April 2013 that its share of voting rights in IVG Immobilien AG, Bonn, fell below the 3% threshold on 25 April 2013 and amounted to 0.51% on this date.

In accordance with section 21(1) sentence 1 WpHG, NHH Norddeutsche Handels Holding GmbH, Hamburg, notified us on 1 May 2013 that its share of voting rights in IVG Immobilien AG fell below the 3% threshold on 25 April 2013 and amounted to 0.96 % on this date.

The full voting right notifications can be found on the Internet in the "Investor Relations" section under:
http://www.ivg.de/de/investor-relations/news/stimmrechtsmitteilungen/

Furthermore, the company has learned that considerable portions of the syndicated loans from 2007 in particular have been sold to third parties by the banks that held them.

Responsibility statement

"To the best of our knowledge, and in accordance with applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the net assets, financial position and profitability of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the rest of the financial year."

Bonn, 7 May 2013

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Note

The interim report is published in German and English. The German version is always the authoritative text.

Slight differences may arise when adding up individual figures in the tables and graphics in this interim financial report. This is due to figures being rounded up or down. Relative changes of less/more than 100% are not disclosed.

Forward-looking statements

This interim report of IVG Immobilien AG (IVG) contains statements on future developments. They reflect the current view of the management of IVG and are based on appropriate estimates and expectations. These statements are not intended as guarantees that these expectations will be fulfilled. The interim report has also been generated using references. These references have been carefully selected and have been taken from credible sources. We nevertheless advise readers that IVG has not examined the veracity of the sources.

Imprint

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Financial calendar 2013

Date	Organizer	Event	Location
14.08.2013	IVG	Annual General Meeting	Bonn
09.08.2013	IVG	Publication of the interim report 2Q/2013	
08.11.2013	IVG	Publication of the interim report 3Q/2013	