

IVG Immobilien AG

Annual Press Conference

Bonn, March 18, 2008

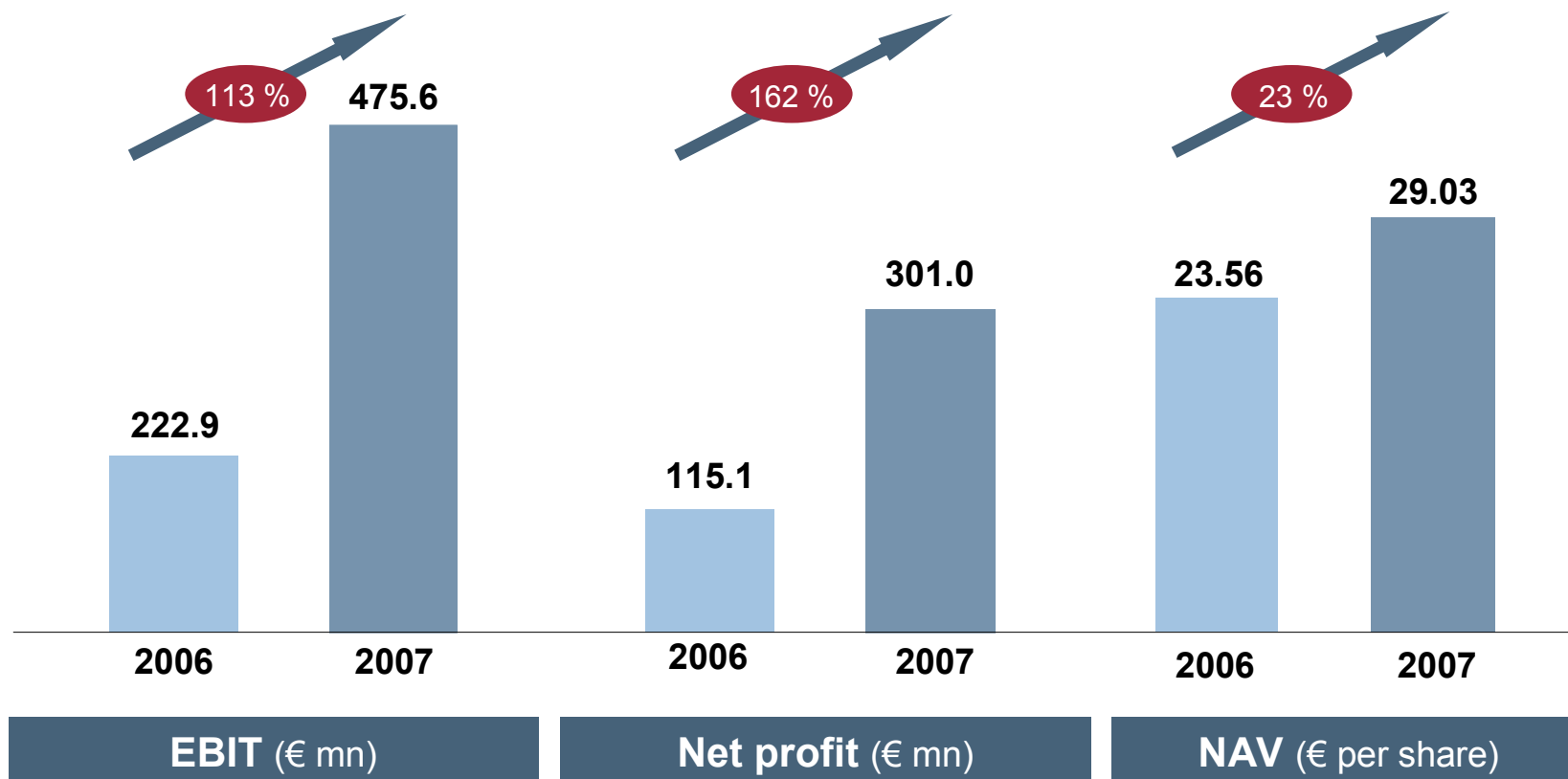
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Successful Financial Year 2007



Strategic Targets 2007 Achieved

Focus	Growth	Transparency
<ul style="list-style-type: none"> ▪ Focus on office buildings and caverns ▪ Focus on key investment regions ▪ Disposal of non-core assets ▪ Disposal of tank farm business 	<ul style="list-style-type: none"> ▪ Investment: Portfolio volume + 94 % ▪ Funds: Equity placed + 70 % ▪ Development: Pipeline + 83 % ▪ Caverns: Expansion potential + 38 % 	<ul style="list-style-type: none"> ▪ IFRS fair-value accounting ▪ Profit centre structure ▪ Value-based management ▪ Cost of capital for each division

Four Divisions

IVG Immobilien AG

IVG Investment



Purchase, optimisation and sale of office properties (mainly Germany, France, UK)

IVG Funds



Design, marketing and management of real estate funds for private and institutional investors

IVG Development



Development of office properties in European growth centres

IVG Caverns



Development of underground gas and oil storage facilities

5.0

14.0

0.8

1.4

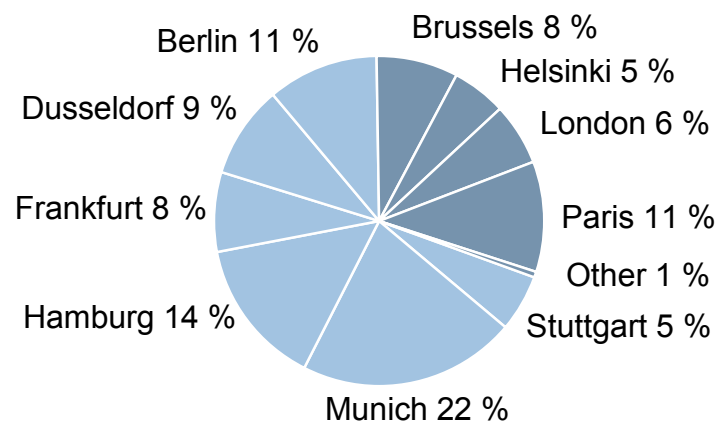
(€ bn)

Assets under Management > € 21 bn

IVG Investment 2007 – Strong Growth

Germany 69 %

Abroad 31 %

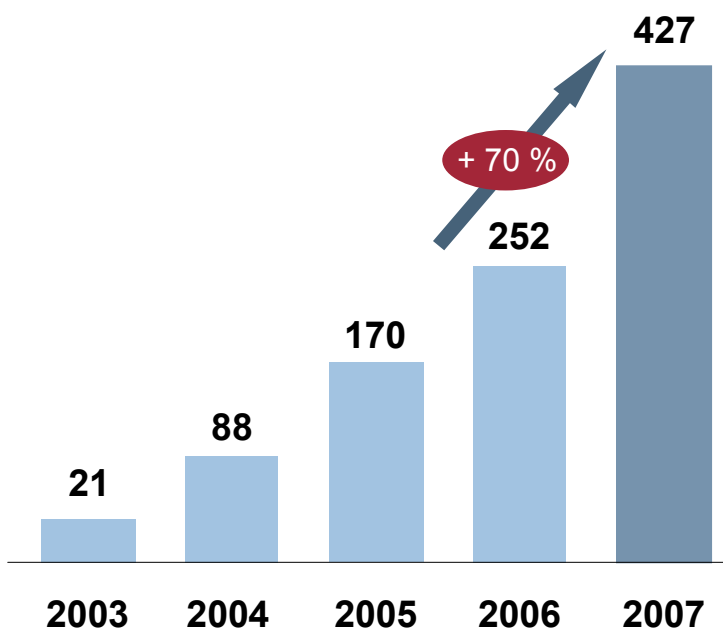


Total volume: € 5.0 bn (+ 94 %)

- Purchase of € 2.5 bn
 - Disposal of € 341 mn
 - Germany with 69 % (2006: 40 %) of overall portfolio
 - Office buildings: 92 % of overall portfolio
 - Pre-REIT installed; IPO will depend on capital market environment
-
- ROIC: 6.7 %
 - WACC: 6.0 %
 - EBIT: € 244.8 mn (2006: € 231.5 mn; + 5.7 %)

IVG Funds 2007 – Market Leader

€ mn



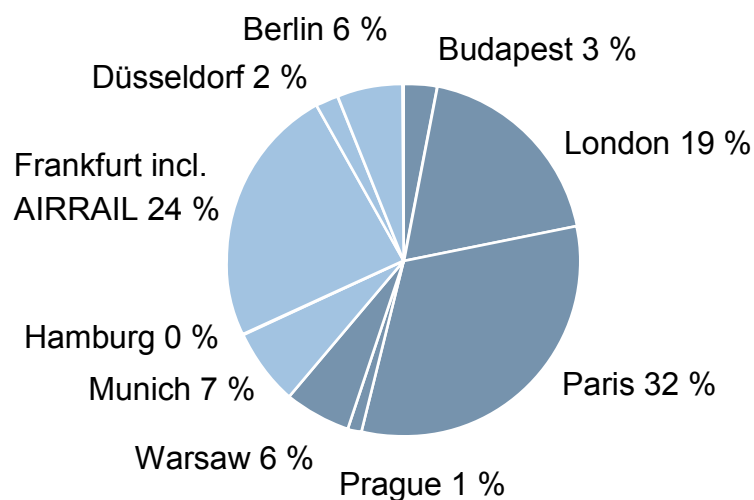
**Equity placed for private investors
+ 70 %**

- Increase in equity placed for private investors + 70 %
 - EuroSelect Balanced Portfolio UK and EuroSelect 14 The Gherkin placed
 - Purchases of € 2.2 bn
 - Disposals of € 1.0 bn
 - Assets under management: € 14.0 bn (private: € 3.7 bn; institutional: € 10.3 bn)
-
- ROIC: 11.8 %
 - WACC: 7.5 %
 - EBIT: € 81.0 mn (2006: € 43.4 mn; + 86.6 %)

IVG Development 2007 – Realignment Completed

Germany 39 %

Abroad 61 %



Project pipeline*: € 2.5 bn (+ 83 %)

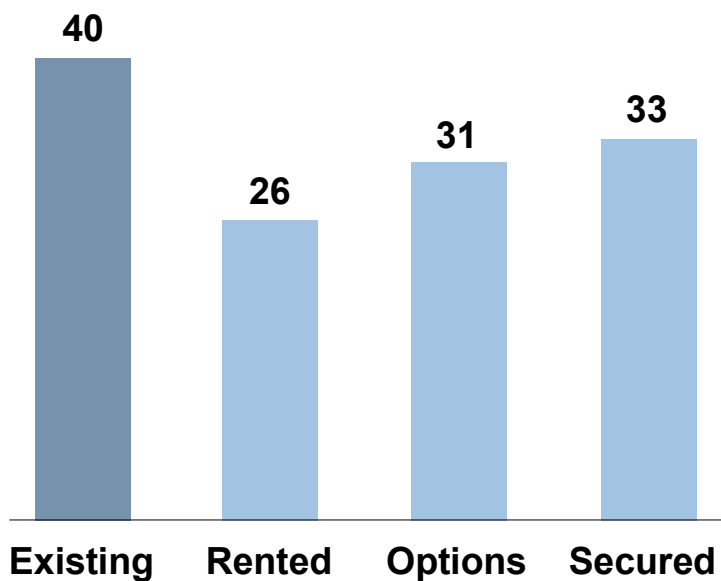
- 20 new projects: total volume of € 1.1 bn
- Sale of 8 projects**: total volume of € 274 mn*; investors yield: 5.6 %
- Invested capital: € 0.8 bn
- Pre-letting rate: 75 % for developments which will be sold in 2008

- ROIC: 13.2%
- WACC: 10.0%
- EBIT: € 80.5 mn (2006: € 17.1 mn)

*IVG share

**including 3 joint ventures

IVG Caverns 2007 – Strong Demand



Project status: 130 caverns

- 6 converted caverns handed over to client
- 21 new rental contracts
- 25 new development caverns secured
- 20 caverns under construction, of which 5 caverns are in leaching process

- ROIC: 19.7 %
- WACC: 5.5 %
- EBIT: € 124.0 mn (2006: € 26.8 mn)

Basis Layed For Successful Development

FOCUS

- Focus on core business
 - Concentration on office properties
 - Disposal of non-core assets

GROWTH

- Strong growth in all 4 divisions
- Market position improved, e.g. IVG Funds and IVG Development

TRANSPARENCY

- Increase in transparency due to
 - IFRS fair-value accounting
 - Value-based management

**Record profit
in 2007
up more than 160 %**

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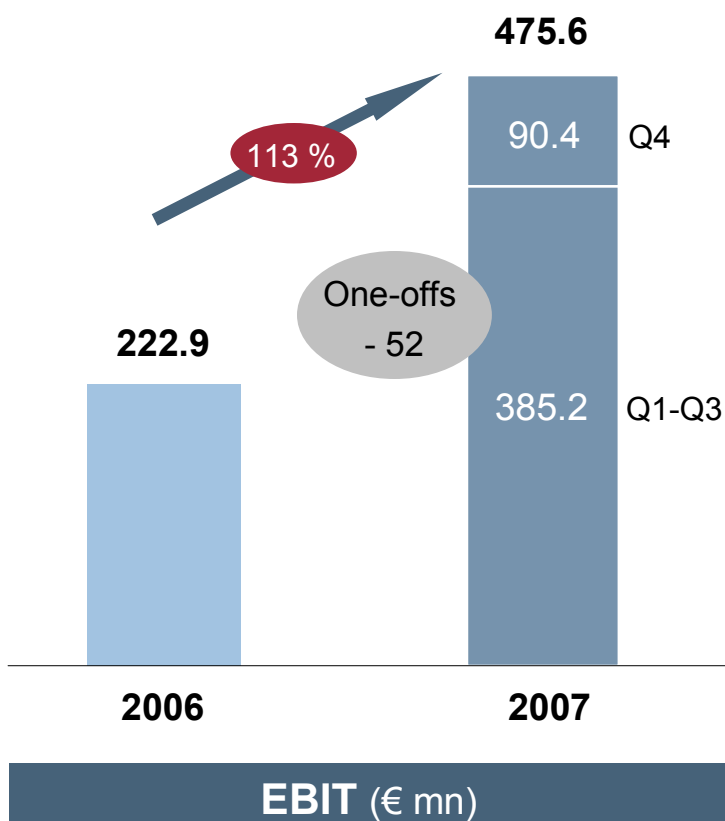
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Key Financials FY 2007

EBIT	€ 475.6 mn	+ 113 %
EBIT adj.	€ 512.6 mn	n/a
Net profit	€ 301.0 mn	+ 162 %
Earnings per share	€ 2.34	+ 163 %
Dividend per share	€ 0.70*	+ 40 %
NAV per share	€ 29.03	+ 23 %

* proposed

EBIT More Than Doubled



- **Total operating performance** significantly increased to € 1,187.5 mn (+ 79 %)
 - Primarily due to market value changes and disposal gains
 - Increase in net rents, own work capitalised in project developments, increase in placed equity
- **Expenses** increased
 - Higher volume of project developments (cost of materials)
 - One-off effects on other operating expenses
- Contributions of all **business divisions**:
 - IVG Investment: € 244.8 mn + 6 %
 - IVG Funds: € 81.0 mn + 87 %
 - IVG Development: € 80.5 mn > 100 %
 - IVG Caverns: € 124.0 mn > 100 %

2007 Performance Dominated by Market Value Changes

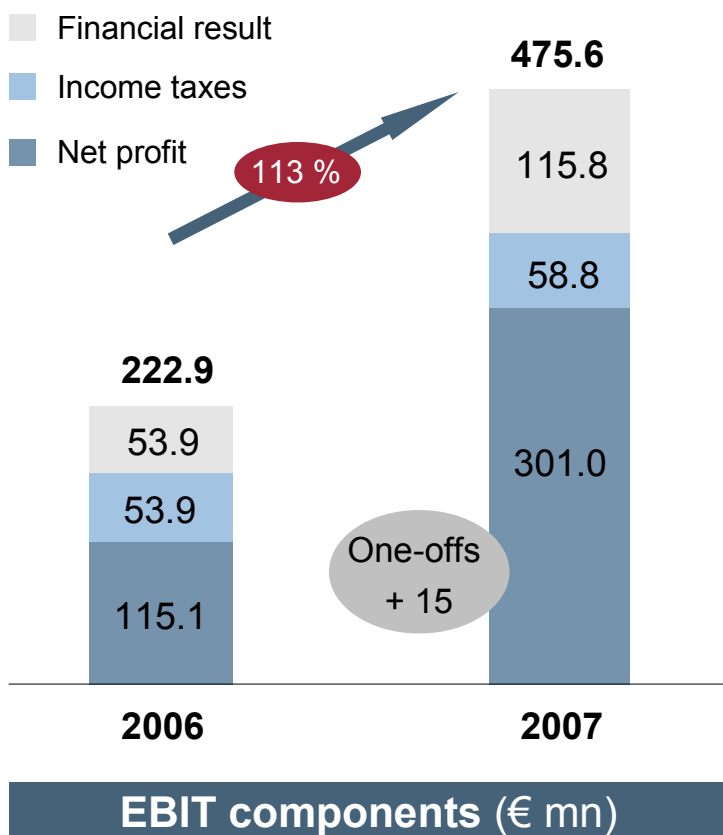
	2007	2006
Investment	66.0	20.1
Funds	9.7	-6.9
Development	2.7	3.4
Caverns	93.6	10.6
Total	172.0	27.2

**Unrealised market value
changes (€ mn)**

	2007	2006
Investment	69.2	61.8
Funds	1.3	0.0
Development	67.3	42.9
Caverns	-	-
Total	137.8	104.6

**Realised market value
changes (€ mn)**

Record Performance in 2007



- **Net profit** up by 162 % (€ 115.1 mn to € 301.0 mn)
- **EBIT** increase by 113 % (€ 222.9 mn to € 475.6 mn)
- **Financial result:** down by 114.8 % (€ -53.9 mn to € -115.8 mn)
 - Higher interest expenses due to additional investment volume of € 2.5 bn in portfolio acquisitions
- **Income taxes**
 - Tax rate: 16.3 % (2006: 31.9 %)
 - Cash tax rate: 10.8 % (2006: 12.1 %)
 - Deferred taxes decreased significantly due to corporate tax reform 2008

Value-Based Management Implemented

	Investment	Funds	Development	Caverns	IVG
EBIT (€ mn)	244.8	81.0	80.5	124.0	475.6
EBIT adj. (€ mn)	263.7	71.4	89.7	124.0	512.6
ROIC in %	6.7	11.8	13.2	19.7	8.5
WACC in %	6.0	7.5	10.0	5.5	6.5
Value added (€ mn)	25.9	26.2	21.6	89.3	120.6

Positive value added of all divisions

Successful Finance Events 2007

<ul style="list-style-type: none"> Corporate Financing 		
Syndicated loan (margin 50-60 bps)	1.3	
New bilateral credit lines	0.3	
Hybrid bond increased by	0.2	
Convertible bond	0.4	<u>2.2</u>
<ul style="list-style-type: none"> Non-Recourse Financing 		
Investment (Core)	1.2	
Funds (e.g. The Gherkin)	1.8	
Development (e.g. AIRRAIL)	0.7	<u>3.7</u>
<ul style="list-style-type: none"> Total Financing 		<u>5.9</u>

All figures in € bn

Solid Financing – Current Status

- **Attractive cost of debt finance**

Average interest rate 5.06 % (as of 03/14/2008) / 5.11 % (as of 12/31/2007)

- **Long-term maturities profile**

37 % of all financial liabilities with maturity over 5 years (as of 12/31/2007)

- **Constant use of CP programme**

CP lines drawn in 2007 with average margin of 40 bps (2008: 42 bps)

As of 03/14/2008, usage of € 359.7 mn (€ 90.6 mn above 12/31/2007)

- **Free credit lines allow IVG to respond flexibly**

Undrawn credit lines as of 03/14/2008: € 1.3 bn

Finance 2008 – Liquidity Secured

▪ Undrawn credit lines as of 12/31/2007:	2.0
<hr/>	
New credit lines until 03/14/2008:	+ 0.6
<hr/>	
Expiring credit lines until 03/14/2008:	- 0.3
<hr/>	
New drawings (net) until 03/14/2008:	- 1.0
<hr/>	
▪ Undrawn credit lines as of 03/14/2008:	= 1.3

All figures in € bn

End of 2008, free credit lines of more than € 1 bn expected

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Outlook 2008 – Market And Environment

Macroeconomic developments

- Despite subprime crisis, OECD expects moderate economic growth in Europe (+ 1.9 %) and in Germany (+ 1.8 %)

Rental Market

- Researchers expect continuing growth of European office property market and rising demand for additional office space
 - Germany: slower decrease of vacancies but rising rents in premium segments
 - London: uncertainty in financial sector; rental markets cooling down
 - Paris: stable real estate market

Investment Market

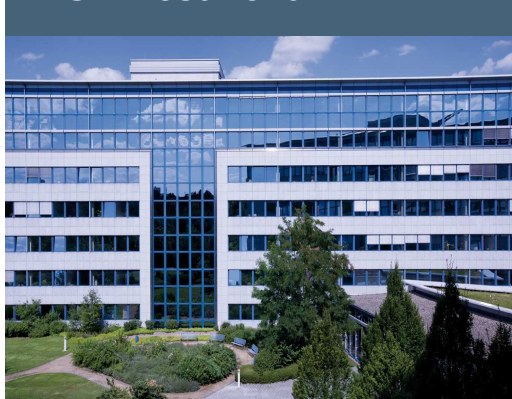
- Subprime crisis will continue to impact European investment market
 - Germany: slow-down of investment activities and rising initial yields
 - London: strong impact of subprime crisis with dynamic downward trend
 - Paris: moderate slow-down due to restrictive allocation of credits

Conclusion

- Financial market turbulences have a strong impact on IVG's performance
- A reliable outlook on financial results is therefore not possible

Outlook 2008 - Divisions (1/2)

IVG Investment



- Moderate growth (€ 1 bn signed in 2007, completion in 2008)
- Strong increase in net rents
- Improvement in operational performance
- REIT IPO will depend on capital market environment
- No gains from realised and unrealised valuation changes
- EBIT adj. significantly lower than in previous year

IVG Funds



- Stabilisation of market leadership
- Further increase in equity placed by private investors
- Expansion of assets under management
- New products (e.g. Balanced Portfolio Asia)
- New regions (Luxembourg, Milan)
- EBIT adj. at previous year's level expected (excl. rents and revaluation gains)

Outlook 2008 - Divisions (2/2)

IVG Development



- Stabilisation of position in target markets
- Sale of 12 projects with total volume of € 470 mn
- First project already sold: Global Gate Düsseldorf, project volume of € 37 mn, investor yield 5.8 %
- Selective value-based acquisitions
- Stabilisation of recurrent earnings
- EBIT adj. at previous year's level expected

IVG Caverns



- Acceleration of construction work (11 caverns in leaching process in Q1 2008)
- Further rental contracts and options for new caverns
- Establishment of fair value for caverns in the market place

IVG Caverns – Strategic Analysis

- High degree of uncertainty about caverns valuation
- Caverns business is a development business for IVG

Assumptions:

- 40 caverns have already been let to tenants
 - ➔ Ready for sale!
- 26 pre-let caverns are under construction
 - ➔ Forward sale?
- 64 development caverns in pipeline (31 options, 33 building permits)
 - ➔ Forward sale?

How can value creation be maximised ?

IVG Caverns – Strategic Options

- **Monetise 40 existing caverns**
 - Sale or placement in IVG fund
 - Development and sale of further caverns in the future

- **Sale of 40 existing caverns and 26 development caverns under construction**
 - Sale or placement in IVG fund
 - IVG realising upside potential of development caverns

- **Sale of entire IVG Caverns division**
 - Full concentration on real estate

IVG Caverns – Next Steps

- Market value to be determined in structured sales process
- All strategic options must be considered:
IVG fund / partial sale / sale
- Investment bank already mandated
- Way forward will depend on:
 - Attractiveness of offers
 - In particular: to what degree upside potential of development caverns can be realised
- Process to be finished in second half of 2008

Outlook 2008 – IVG Immobilien AG

IVG Immobilien AG

IVG Investment



IVG Funds



IVG Development



IVG Caverns



- Earnings from operations expected to surpass 2007
- 2007 disposal and revaluation gains will not recur in 2008
- Overall, 2008 net profit is expected to be significantly lower than “record performance” 2007

Outlook does not reflect potential effects from monetarisation of caverns

Thank you very much for your attention!

iVG



Disclaimer

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Should one or more of these risks or uncertainties materialise or should underlying assumptions prove incorrect, actual results may vary materially, either positively or negatively, from those described in the relevant forward-looking statement as expected, anticipated, intended, planned, believed, projected or estimated. IVG does not intend or assume any obligation to update or revise these forward-looking statements in light of developments which differ from those anticipated.