

IVG Immobilien AG

Press conference - FY 2009

Frankfurt/Main, 25 March 2010



Agenda

Introduction – Dr Gerhard Niesslein

Annual results 2009 – Dr Wolfgang Schäfers

Outlook 2010 – Dr Gerhard Niesslein

Achievements 2009

Financial restructuring completed

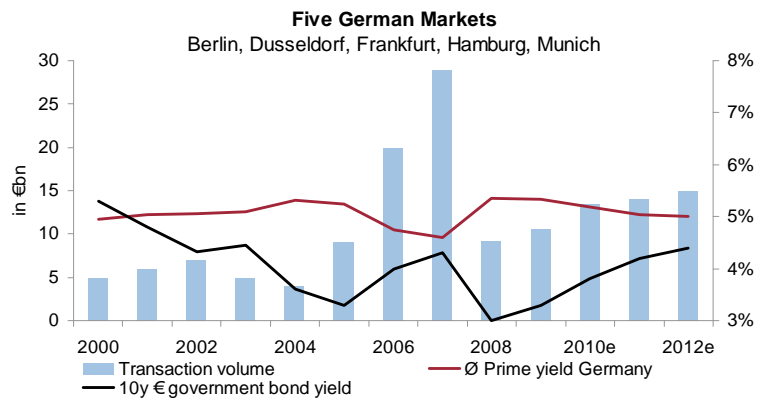
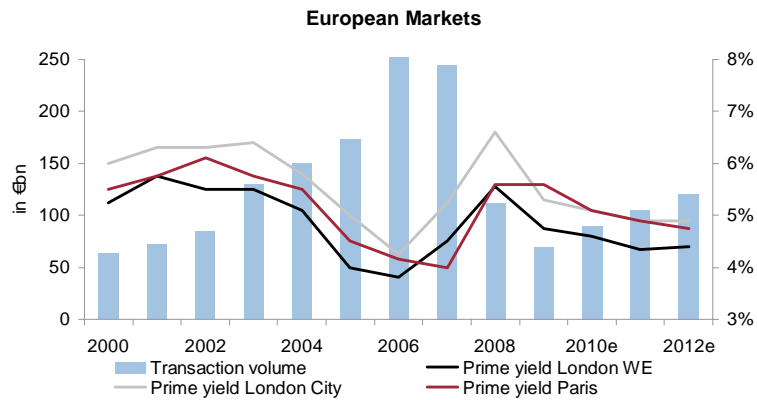
- Successful **restructuring of financial liabilities** in 1H09 ✓
- **Liquidity secured** by sales program (1Q09 to 3Q09) ✓
- **Reduction of debt position** initiated (repayment of bank liabilities of c€200m) ✓
- **Reduction of interest rate risks** (reduction of variable portion of bank liabilities from 41% to 33%) ✓

Operational restructuring initiated

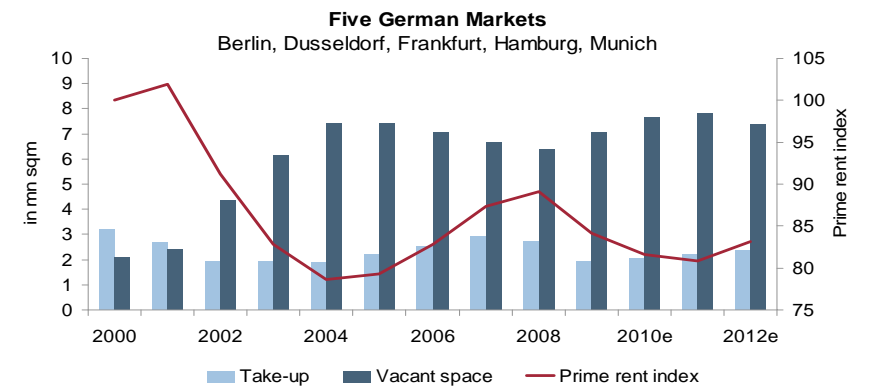
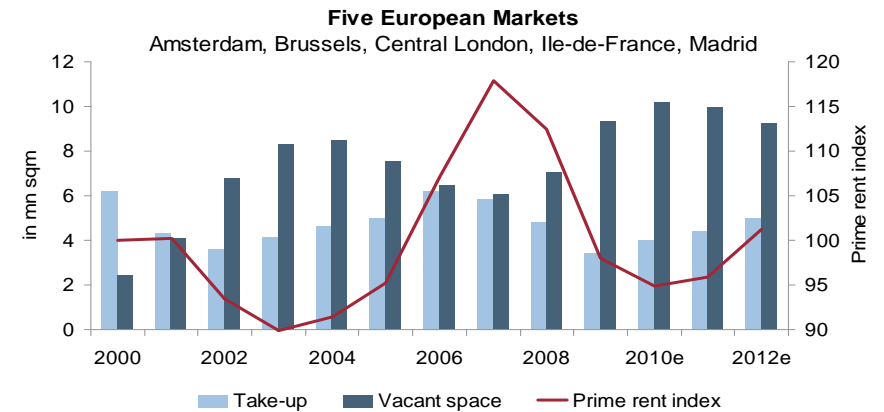
- Thorough cost analysis and **decisive cost cutting** (other operating expenses **-€41m**) ✓
- Schedule for **further cost cutting** published (**-36%** from 2008 to 2012) ✓
- Start of a **transparency offensive** (FFO, EPRA Best Practice Recommendations) ✓
- **Reduction of risks** associated with oversized **development pipeline** initiated ✓
- **Optimization of business processes** initiated (implementation of planning and management tools) ✓

Markets 2010

Development of investment markets



Development of letting markets



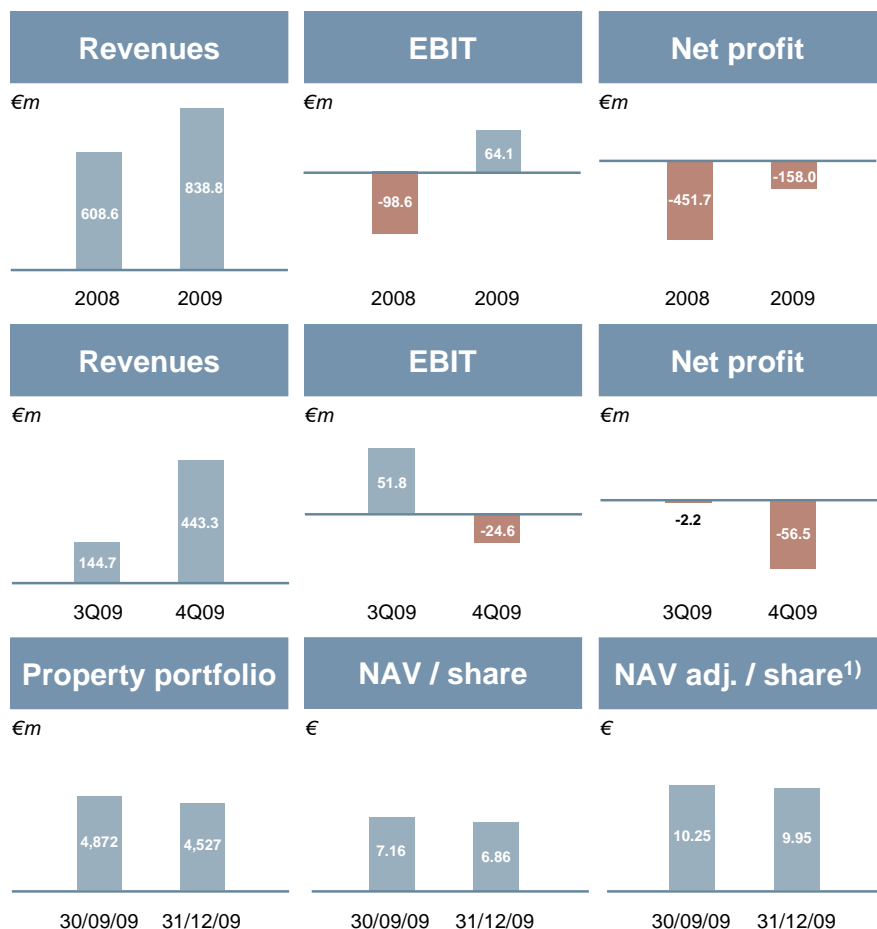
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IVG Group Highlights FY09 / 4Q09



Comment

- Highlights in 2009: Successful restructuring initiated**
 - Debt restructured and no major prolongations short-term
 - Liquidity ensured by asset sale program, **cash of >€250m**
 - Cost cutting program initiated, 2009 guidance **achieved**
- Net loss reduced to €158.0m in 2009 – 4 major one-offs:**
 - €194.2m unrealised changes in market value of IP*
 - €166.9m unrealised changes in value of developments (Airrail)
 - +€197.0m unrealised changes in value of caverns at fair value
 - +€43.1m turnover from fair value of promote structure (caverns)
- Pressure on rents but yields stable, positive FFO**
 - Occupancy down to **90.4%** (2008: 92.5%)
 - NRI yield stable at **5.5%** and NOI yield stable at **5.1%**
 - Like-for-like rents down 4.3% yoy, adjusted for re-lettings 2.9%
 - Recurring **FFO** at **€36.6m** in 2009
- NAV adjusted and LTV stable in 4Q09 despite net loss**
 - NAV adj. at **€9.95** per share stable (adjusted for increased number of shares) due to successful pre-letting of six future caverns during 4Q09
 - LTV (Banks definition) stable at **68%**

* IP = Investment property

1) Including DCF value of cavern business

IVG Group Profit and loss account FY09 (1)

in €m	2008			2009		
	Before changes in value	Unrealised changes in value	Total	Before changes in value	Unrealised changes in value	Total
Revenues	608.6		608.6	① 838.8		838.8
Changes in inventories and other own work capitalized	452.7		452.7	② 97.9		97.9
Unrealised changes in market value of investment property		-583.3	-583.3		2.8	③ 2.8
Realised changes in market value of investment property	171.1		171.1	-64.1		④ -64.1
Other operating income	290.3		290.3	63.6	16.9	80.5
Material expenses	-475.6	-217.0	-692.6	-421.5	⑤ -166.9	-588.4
Personnel expenses	-68.8		-68.8	-73.7		-73.7
Depreciation and amortisation of intangible assets, property, plant and equipment	-5.4	-12.5	-17.9	-6.2	-5.6	-11.8
Expenses from investment property	-81.7		-81.7	-69.7		-69.7
Other operating expenses	-170.8	-7.8	-178.6	-137.4		⑥ -137.4
Gains/loss from associated companies accounted for using the equity method	2.0		2.0	-12.2		-12.2
Income from equity investments	-0.4		-0.4	1.3		1.3
EBIT	722.0	-820.6	-98.6	216.9	-152.8	64.1
Financial income	42.8	159.8	202.6	25.2	95.9	121.1
Financial expenses	-317.5	-283.6	-601.1	-255.9	-118.6	-374.5
Financial result	-274.7	-123.8	-398.5	-230.7	-22.7	-253.4
Net profit before income taxes	447.3	-944.4	-497.1	-13.8	-175.4	-189.3
Income taxes			45.4			31.3
Consolidated net profit			-451.7			-158.0

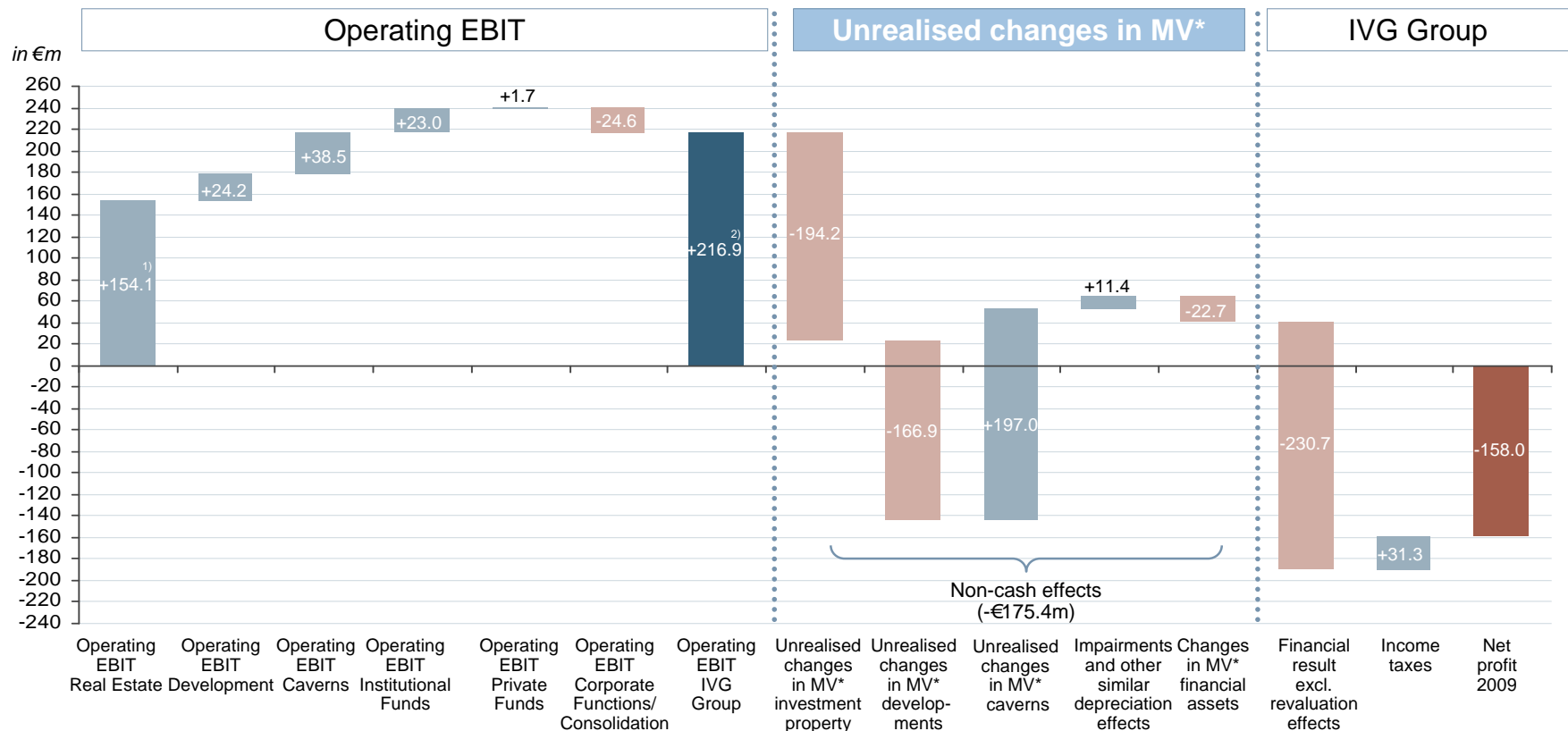
IVG Group Profit and loss account FY09 (2)

- 1 ▪ **Revenues increased from €608.6m in 2008 by €230.2m or 37.8% to €838.8m in 2009**
 - Increase mainly driven by **asset sales** in segment Investment (**Real Estate**) with gross proceeds of €297.5m and by proceeds of €43.1m via **promote structure** in segment Investment (**Caverns**)
 - **Net rents decreased** from €399.5m in 2008 to €310.3m in 2009, mainly due to **sale of caverns** in 2008 (-€49.8m net rents in segment Investment (Caverns)), **asset sales** and lower **like-for-like** net rents in segment Investment (**Real Estate**) and Funds (**Private Funds**) (-€39.4m; includes like-for-like net rents adjusted for already contracted re-lettings down 2.9% yoy, unadjusted down 4.3%); **occupancy rate** stands at **90.4%** (2008: 92.5%)
- 2 ▪ **Changes in inventories significantly down yoy from €452.7m in 2008 to €97.9m in 2009**
 - Driven by **asset sales** in segment Investment (**Real Estate**) in 4Q09
- 3 ▪ **Unrealised changes in market values of IP* increase significantly from -€583.3m in 2008 to €2.8m in 2009**
 - **Devaluation** of real estate IP* with -€194.2m in 2009 (-€671.2m in 2008) equivalent to **3.7%** of the total IP* portfolio
 - **Unrealised changes in market values of caverns IP*** of €197.0m due to **fair value accounting of 13 caverns**
- 4 ▪ **Negative realised changes in market values of IP*** due to **asset sales (€32.7m volume)** in segment Investment (**Real Estate**) below fair market value to generate liquidity; **total number of -64.1m** for 2009 associated with the sales program reflects **c6.7%** of negative changes in market value in spite of challenging market conditions throughout 2009
- 5 ▪ **Unrealised changes in value of material expenses of -€166.9m**, mainly due to project **Airrail** (-€149.0m)
- 6 ▪ **Other operating expenses down** from €178.6m to **€137.4m yoy** due to first results from cost-saving initiatives (€41.2m cost-savings)

* IP = Investment Property

IVG Group Profit and loss account FY09 (3)

From operating EBIT to Net profit 2009



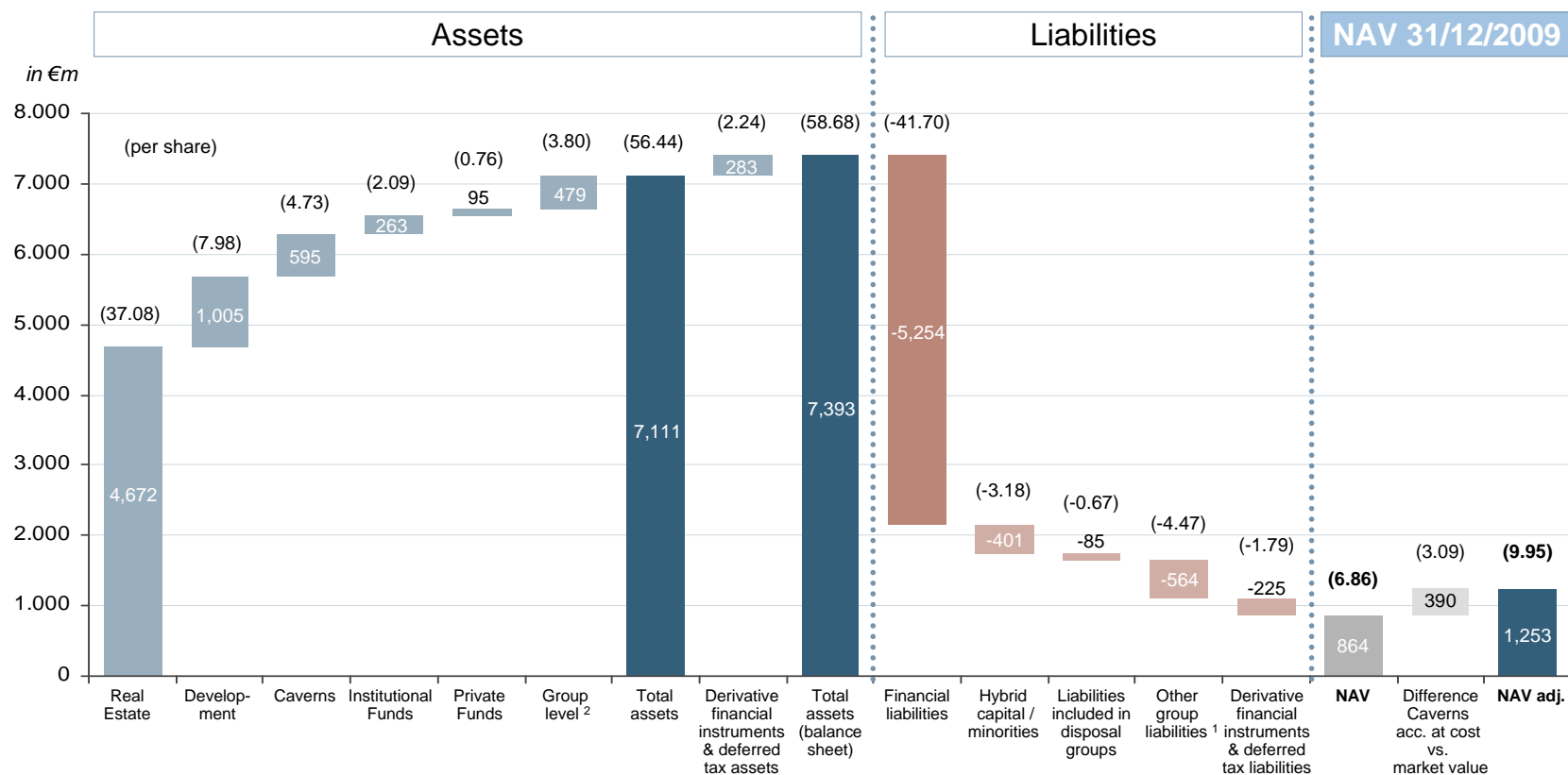
* MV = Market value/Value

1) Operating EBIT Real Estate adjusted for realised changes in market values of -€63.6m: +€217.7m

2) Operating EBIT IVG Group adjusted for realised changes in market values of -€64.1m: +€281.0m

IVG Group NAV FY09

NAV bridge – Based on shareholders equity (as per end of 2009)



1) Pension provisions; Other long term and Other short term provisions; Other long term and Other short term liabilities including accrued interest, payables and other obligations; Tax liabilities
 2) thereof among others cash and cash equivalents €267m, financial assets €212m

IVG Group Portfolio

Key portfolio figures per 31/12/2009

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

as of Q4 2009

Net Rental Income (NRI) = Net rent less property related costs

Net Operating Income (NOI) = Net rent less property related costs, maintenance, marketing, leasing related refurbishment costs (except capitalised maintenance capex)

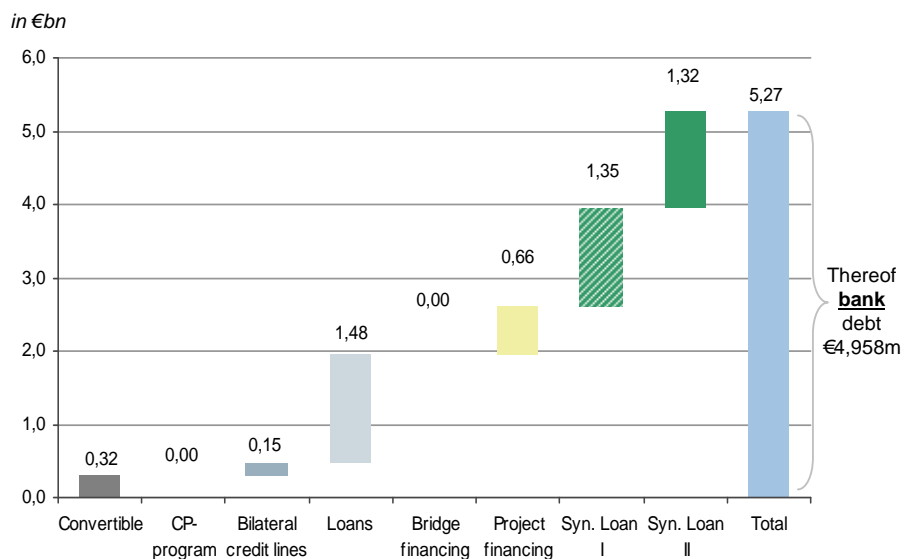
Gross Rental Income (GRI) Yield = Gross rent divided by market value (assumes full occupancy)

1) Includes vacancy costs, ongoing maintenance, other property related costs not passed on to tenants

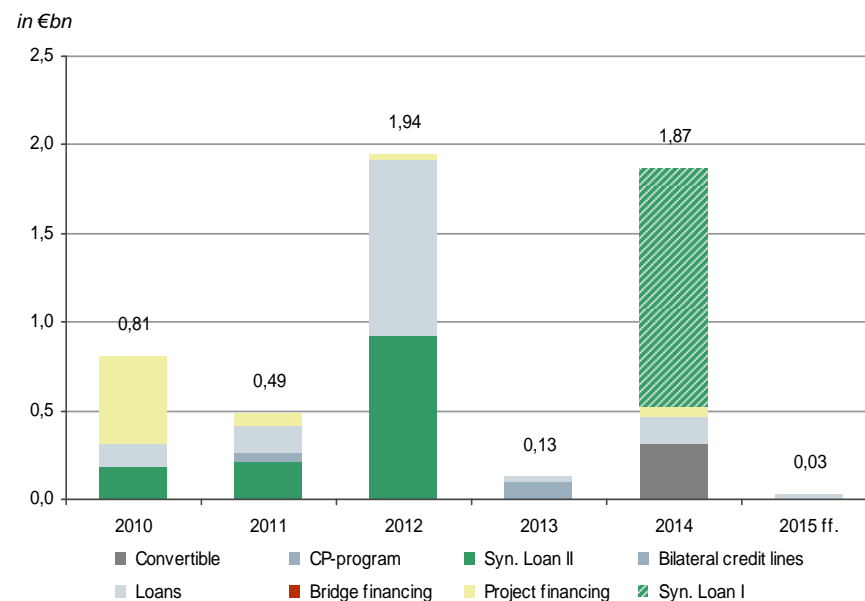
2) per 31 December 2009

IVG Group Financing

Total debt¹⁾ composition as of Dec. 31, 2009



Maturity profile as of Dec. 31, 2009



- **Indebtedness** as of Dec. 31, 2009 of **€5,273m¹⁾**, thereof **€4,958m bank debt**
- **Average interest rate 4.04%**
- **No major maturities** in the next years until **2012** with **exception** of planned maturities of **project financing**
- **Cash per 31/12/09** of more than **€250m** and **project-related credit lines** not yet drawn of **c€440m**

1) Financial liabilities (€5,255m) + bank liabilities associated with non-current assets held for sale (€80m) - Other financial liabilities (€102m) + accruals and netting (€40m)

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IVG Group Business model



- **Reduction** in the number of **corporate divisions from four to two** with **Asset Management** as **central service unit**
- **Integration** of **development activities (Development)** in **IVG Asset Management**
- Alignment of **IVG** as a real estate **investment platform** with an integrated value chain
- **"Alignment of Interest"**: IVG as a **co-investor in selected product innovations of the fund business**

IVG Konzern Outlook 2010 (1)

Example 1: Project “FUTURE”

- **Project “FUTURE“** aims at **transforming IVG Asset Management into a world class asset manager**
- Focus of IVG on **value enhancing asset management activities** in order to improve property performance
 - Transactions
 - Letting
 - Key account management to tenants
 - (Re)-Development/ Refurbishment
- **Outsourcing of low margin property management activities** to external service providers
 - Realisation as per 1st Jan 2010
 - 35 staff to transfer
 - Up to €1m cost reduction p.a.

Example 2: Project “REBOOT”

- Significant **improvements** of IVG’s IT world and processes
- Creating a complete **new IT world**
 - Harmonise SAP systems, controlling and accounting processes
 - Create world-class MIS system* for ongoing analysis and monitoring of IVG, its segments and all single assets
- Integrated planning system based on real time data on all with harmonised and integrated reports on cash flow, P&L, Balance Sheet information
- Creates **higher efficiency within IVG** and paves the way for further **cost optimisation**, risk-return valuation of activities as well as performance measurement

* MIS-system = Management Information System

IVG Konzern Outlook 2010 (2)

Real Estate

- Focus on **Asset Management** to **stabilize** and **strengthen letting efforts**
- Target: **Increase of NOI yield** above **5.1%**
- **Sharpen portfolio profile** through selective **selling** of non-strategic **properties** from segment „Workout“

Development

- Project **Airrail: Successful completion** and **hand over of letting space** to KPMG and Hilton „on time“
- Further **risk reduction** and **decrease of development pipeline** with anticipated **sales** of up to **€700m**

Caverns

- First-time **fair value accounting** of up to **4 caverns under construction**
- **Disposal** of at least **4 completed caverns** to cavern fund
- **Conclusion** of further **rental contracts** for fund caverns and future caverns

Funds

- **Institutional Funds:** Further **increase of Assets under Management** via **innovative products** (e.g. „Premium Green“ Fund)
- **Private Funds:** Successful **placement** of up to **3 new funds** for private investors with an **equity volume of more than €200m**

Thank you very much for your attention!

