

## Interim Report (1 January – 31 March 2002)

- Post-tax earnings rise by 10.8%
- The year has started successfully with attractive project developments
- Another increase in earnings expected for 2002

IVG has started successfully into the financial year 2002. Post-tax earnings rose by 10.8%, with earnings before taxes raised by 25.0%. This increase is based mainly on the letting business and earnings achieved in project developments. The sale of the project development on Gresham Street in London to Lloyds Bank can be considered as the outstanding deal of the first quarter that, however, will not be allowed for before the handover in the third quarter.

### Group profit-and-loss account

<b>Profit-and-loss account in € thousand</b>	<b>1 Jan – 31 March 02</b>	<b>1 Jan – 31 March 01</b>
Turnover	77,078	65,948
Total operating performance	93,067	75,934
Material expenses	-24,521	-8,535
Personnel expenses	-11,406	-10,916
Depreciations	-11,118	-11,870
Other earnings	3,075	1,164
Other expenses	-37,237	-36,290
Net income from ordinary activities	11,860	9,487
Taxes	-5,310	-3,573
Surplus of the quarter	6,550	5,914
Operating earnings	29,711	24,097
Earnings per share (€)	0.06	0.05

As in the annual accounts 2001 – the properties owned by the Stodiek Group were consolidated.

## Segment reporting

€ m	Turnover		Operating earnings	
	March 2002	March 2001	March 2002	March 2001
Group	77.1	65.9	29.7	24.1
Real-estate portfolio management	65.1	55.9	32.9	27.7
Real-estate project development	5.5	2.4	0.8	-1.8
Non-core business	6.3	6.3	1.4	1.5
Holding / Consolidation	0.2	1.3	-5.3	-3.3

€ m	Investments		Personnel	
	March 2002	March 2001	March 2002	March 2001
Group	72.2	42.6	724	730
Real-estate portfolio management	55.3	30.8	374	382
Real-estate project development	6.3	10.7	117	123
Non-core business	0.0	0.2	137	139
Holding / Consolidation	10.5	0.9	96	86

### Real-estate portfolio management

Present IVG market values are amounting to approximately € 3.3 bn, with the annual income from rents of about € 223 m made from this. The economic letting rate comes to 98%.

Compared with the previous year, both turnover and operating earnings rose by 16.5% and 18.8% in the first quarter. Apart from the consolidation of Stodiek that was made for the first time, this increase results primarily from the higher income from rents. Successful new lettings and the acquisition of a property in Milan were the outstanding marks of the first quarter. In the Italian metropolis it was for € 35 m that IVG acquired an attractive and fully-let office property on Piazzale Lodi. This four-storey building is situated on the city ring, with letting space totalling about 20,000 m<sup>2</sup>. The ABB-Group is the main tenant. Acquisitions of further interesting high-quality properties are under preparation.

According to plan, IVG did not sell any properties in the first quarter. In March IVG concluded a contract on the sale of part of the Media-Works-Munich complex (20,000 m<sup>2</sup> of a total of 120,000 m<sup>2</sup>). This yield will be allowed for parallel to the handover that is scheduled for the second half of the year.

## **Real-estate project development**

IVG takes advantage of special chances to gain yields from project developments in the growth markets throughout Europe in connection with a consistent restriction of risks. IVG participates in development projects with renowned partners, with about € 1 bn of the total volume of approximately € 1.8 bn allotted to IVG. The currently invested capital is about € 400 m - approximately 12% of the real-estate portfolio – and this will be the dimension of the next few years. About 50% of the capital that is being invested is used for projects that were already sold. The resulting earnings will not be allowed for before these projects are completed and handed over.

In the first quarter, both turnover and earnings of the segment project development progressed according to plan. In March IVG succeeded in selling one of its latest project developments, an office building on Gresham Street in the heart of the London bank district (10,200 m<sup>2</sup>) that was presented with an award and sold to Lloyds Bank. The bank intends to move its headquarters into the building, the completion of which is scheduled for the autumn months. The yield achieved from this project development will thus be allowed for by the end of this year – on final acceptance - and lead to a clear increase in turnover and earnings of this segment. Simultaneously IVG acquired the headquarters of Lloyds Bank on 71 Lombard Street in the immediate vicinity of the Bank of England. It is there, where another significant project (14,900 m<sup>2</sup>) is to be developed.

In the next few years, it is jointly with AXA Real Estate that IVG intends to develop several major projects in Paris. At present, four projects are under construction. The first one, "Perisud", an office building with 33,500 square metres situated on the périphérique could be let in its entirety to an international group already in January 2002, before the construction had even been started. Another project in Bois Colombes with letting space amounting to approximately 9,100 m<sup>2</sup> was also fully let to another world-wide active company before the construction had been started.

The project development "AIRRAIL" at Frankfurt Airport is making good progress. A consortium led by IVG is erecting about 116,000 m<sup>2</sup> of rentable space for first-rate offices, hotels and shops at one of Europe's hubs. 30% of the space have already been let before the start of the construction. With the hotel group Le Méridien, IVG was able to win a well-established tenant for the 33,000 m<sup>2</sup> of hotel space on a long-term basis.

## Balance (€ thousand)

Assets	31 March 2002	31 Dec 2001
Fixed assets and immaterial assets	2,264,206	2,219,293
Financial assets	235,243	222,251
Cash flow	31,087	20,187
Other current assets and RAP	502,003	560,210
	3,032,539	3,021,941

Equity and Liabilities	31 March 2002	31 Dec 2001
Subscribed capital	116,000	116,000
Reserves	568,601	574,758
Quarterly earnings / Group net earnings	45,990	39,440
Outside interests of balance	27,090	28,154
Exceptional items including reserves	20,902	20,917
Allocations to reserves	138,437	152,70
Liabilities and RAP	2,115,519	2,090,602
	3,032,539	3,021,941

Investments made in fixed and financial assets led to a slight increase in total assets. Quarterly earnings as at 31 March 2002 still include the net profit for the year as at 31 December 2001, as the Annual General Meeting on 23 May 2002 has to decide on the dividend.

Cash flow / funds statement (€ m)	1 Jan – 31 March 2002	1 Jan - 31 March 2001
Inflow/outflow of funds from current business operations	10.0	-6.1
Outflow of funds from investments	-21.3	-42.3
Inflow of funds from financing activities	22.2	52.1
Payment-effective change in capital funds	10.9	3.7
Capital funds at the beginning of the accounting period	20.2	39.8
Capital funds at the end of the accounting period	31.1	43.5

The quarterly account has been made out according to the regulations of the German commercial code, the German Companies Act and the rules of orderly bookkeeping. The

quarterly accounts of incorporated companies are based on standardised accounting and valuation principles. Compared with the annual accounts of 2001, the consolidation methods, currency conversions as well as accounting and valuation principles apply unchanged and are depicted in the IVG annual report 2002 on the pages 87 ff.

## **Outlook**

For 2002 we expect another increase in earnings. Significant earnings will result particularly from our letting activities - in a time when considerable difficulties have to be faced in the markets IVG has been able to let more than 88,000 m<sup>2</sup> - and from sales of project developments.

Also in the course of this year, IVG intends to acquire further first-rate properties in European growth markets. Furthermore, we will invest in the considerable development reserves of our own portfolio. Even in Germany alone, IVG owns development reserves that can be used to double the letting volume in the country.

## **Investor Relations**

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## ***IVG Financial Calender 2002***

<i>Annual General Meeting</i>	<i>23 May 2002</i>
<i>10.00 a.m. International Congress Center Bundeshaus Bonn</i>	
<i>Interim report for January - June 2002</i>	<i>15 August 2002</i>
<i>Interim report for January - September 2002</i>	<i>20 November 2002</i>
<i>Analysts´ conference (DVFA)</i>	<i>20 November 2002</i>