IVG IMMOBILIEN

Half-yearly Report
Interim Report for the 2nd Quarter 2005

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Bonn, 11 August 2005

Half-yearly report
Interim report for the 2nd Quarter 2005

- **Operating Earnings (EBIT) increases from €65.3 million to € 87.5 million**
- **Earnings after interest and tax doubles to € 24.8 million**
- **2005 forecast: earnings and net asset value above previous year**
- **Caverns fully let**
- **Funds business still on success track**

1. Overview

Dear shareholders, ladies and gentlemen,

IVG remains on course for success at the end of the half-year.

- Earnings after tax increased significantly from €11.5 million to €24.8 million.
- IVG let more than 320,000 m² in the first six months of the year.
- In the cavern business, the conclusion of very long-term lease contracts with E.ON Ruhrgas and Statoil saw the development of further growth potential in the attractive energy storage market.
- Successful continuation of the buy-and-sell programme: purchases of real estate - including London, Paris and Wilhelmshaven (caverns) - were counterbalanced by sales in Brussels, Milan, Geneva, Munich and Paris.
- With €113 million equity of Euroselect funds placed in the private investor sector, at the half-year stage IVG has already surpassed the volume for the whole of the previous year.
- The volume of managed properties for institutional investors increased by €800 million in the first half-year.

2. Macro-economic Development and Property Markets

Economic researchers currently forecast average growth of 1.8% for 2005 for the euro zone. Growth rates for Germany are put at between 0.6 and 1.0%.

In the European investment market for office property, yields have continued to fall, and therefore prices have again risen. The top yields for European high-quality property were

down 0.2% on the first quarter of 2005, and stand at 5.7%. The average yield was also down in the second quarter - by 0.3% to 6.5%. In the five major German office markets of Berlin, Frankfurt, Hamburg, Munich und Düsseldorf, top yields continue to waver between 5.25% and 6%. Yields in Warsaw, Prague and Budapest have declined slightly, and are currently between 7.25% and 7.8%.
The rental markets remain stable in almost all of the important European office locations. The only significant movements were in Paris and Rome, where average rents were up 24% and 13% respectively on the previous quarter.

3. Income Statement

€ m	Half year 2005	Half year 2004	Q 2 2005	Q 2 2004
Turnover	211.2	213.2	116.0	113.3
Other operating income	35.6	11.5	27.6	6.4
Change in inventories of finished goods and production of own fixed assets	-0.5	4.1	-1.0	8.0
Total operating performance	**246.3**	**228.8**	**142.6**	**127.7**
Material expenses	-31.6	-60.6	-22.6	-48.2
Personnel expenses	-34.2	-25.0	-17.5	-11.1
Depreciation of intangible assets, property, plant and equipment, and investment properties	-22.5	-28.0	-11.1	-15.7
Investment property expenses	-28.3	-23.6	-16.0	-9.6
Other operating expenses	-46.7	-36.6	-20.1	-14.5
Income from at-equity associated companies	3.8	9.4	4.9	-0.5
Income from participations	0.7	0.9	0.5	0.9
Other interest and investment income	-54.5	-53.1	-31.6	-19.9
Earnings before income tax	**33.0**	**12.2**	**29.1**	**9.1**
Income tax	-8.2	-0.7	-7.0	0.1
Quarterly net profit	**24.8**	**11.5**	**22.1**	**9.2**
Attributable to Group shareholders	20.5	10.6	19.8	10.0
Minority interests	4.3	0.9	2.3	-0.8
Earnings per share in € due to the shareholders				
Undiluted	0.18	0.09	0.17	0.08
Diluted	0.18	0.09	0.17	0.08
Operating Cash Flow (EBITDA)	**110,0**	**93.3**	**71.8**	**44.7**
Operating Earnings (EBIT)	**87.5**	**65.3**	**60.7**	**29.0**

Number of outstanding shares: 116 million

The slight decline in turnover is attributable to the fact that in the past year, amongst other things, the project development of Nordbahnhof has been calculated using the percentage of completion method. The gross rental income contained in the turnover increased from €116.4 million to €118.9 million following the acquisition of the Federal caverns.
Personnel expenses rose as a result of the inclusion of the 240 OIK staff, though this was offset to some extent by reductions in other areas of the company. The increase in investment property-related expenses came about as a result of the first-time inclusion of the Federal caverns acquired, and from non-capitalised maintenance investments.

The increase in other operating expenses belongs to the outsourcing of the data processing activities. Otherwise there is a decrease in other expense items. Earnings from associated companies valued at equity fell following the impact in the previous year of the sale of the Périsud project developed jointly with AXA REIM.

Financial income was down slightly on the previous year as a result of the purchase price of financing for the former Federal caverns.

4. Balance Sheet

A s s e t s

€ millions	**30.06.2005**	**31.12.2004**
Non-current assets		
Intangible assets	131.3	131.6
Investment properties	2,271.2	2,398.6
Other property, plant and equipment	368.8	172.2
Financial assets	120.6	124.7
Shares in associated companies accounted for using the equity method	36.1	32.0
Derivative financial instruments	12.8	15.3
Deferred tax assets	50.1	49.9
Receivables and other assets	72.0	76.5
Deferred income	5,0	4,9
Total non-current assets	**3,067.9**	**3,005.7**
Current assets		
Inventories	69.0	73.2
Receivables and other assets	230.8	406.2
Income tax receivables	10.0	11.2
Current asset securities	36.8	37.3
Cash at bank and in hand	99.0	74.5
Deferred income	6.4	5.2
Total current assets	**452.0**	**607.6**
Total assets	**3,519.9**	**3,613.3**

L I A B I L I T I E S A N D E Q U I T Y

€ millions	30.06.2005	31.12.2004
Equity		
Subscribed capital	116.0	116.0
Additional paid-in capital	459.7	459,7
Own shares	-0.2	-0.2
Other reserves	-1.7	-6.4
Revenue reserves	270.8	292.2
Equity attributable to Group shareholders	**844.6**	**861.3**
Minority interests	-2.0	-2.3
Total equity	**842.6**	**859.0**
Liabilities		
Non-current liabilities		
Financial liabilities	1,952.4	1,906.2
Derivative financial instruments	42.6	31.4
Deferred tax liabilities	138.5	143.0
Pension provisions	25.0	23.6
Other provisions	33.6	33.6
Accounts payable	39.0	40.9
Deferred income	7.6	8.2
Total non-current liabilities	**2,238.7**	**2,186.9**
Current liabilities		
Financial liabilities	111.5	272.4
Derivative financial instruments	0.0	1.4
Other provisions	32.2	40.3
Accounts payable	271.4	229.2
Income tax liabilities	11.5	11.2
Deferred income	12.0	12.9
Total current liabilities	**438.6**	**567.4**
Total liabilities and equity	**3,519.9**	**3,613.3**

Other property, plant and equipment increased because of the progress of construction work in project developments. The transfer of the project Nordbahnhof in Berlin induced a substantial decrease in receivables and short-term financial liabilities. The financial liabilities in general could be reduced despite of the acquisition of the federal caverns.

5. Financing

The use of long-term interest rate hedging transactions meant that average interest rates for group liabilities remained at under 5.0% in the second quarter.

In the second quarter, IVG continued to make specific use of the Commercial Paper Programme (€200 million limit), drawing €85 million with a maximum term of 3 months. IVG obtained further commitments from banks by 30 June, affording it open money-market lines to banks and providing liquidity more than €700 million.

At the end of July, IVG issued a new €750 million five-year term syndicated loan at attractive conditions. The loan was very well received on the market, being substantially oversubscribed. The new loan sees IVG clearing its existing syndicated loan (current volume: €345 million with a term to November 2006) and creating additional liquidity reserves for potential portfolio acquisitions.

6. Statement of Changes in Equity

				Other reserves				
€ m	Subscribed Capital	Additional Paid-in Capital	Own Share	Translation differences	Other reserves	Revenue reserves	Minorities	Equity
Per 31 12 2003	**116.0**	**459.2**	**-0.3**	**-10.9**	**-0.9**	**255.9**	**26.6**	**845.6**
Earnings directly recognised in equity:								
- Change in participation quota and consolidation							-34.2	
- Translation differences								
- Securities and ownership available for sale and hedges								
Total				0.0	0.0	0.0	-34.2	
Distribution						-39.4	-1.9	
Quarterly net profit						10.6	0.9	
Per 30 06 2004	**116.0**	**459.2**	**-0.3**	**-10.9**	**-0.9**	**227.1**	**-6.7**	**783.5**
Per 31 12 2004	**116.0**	**459.7**	**-0.2**	**-8.9**	**2.5**	**292.2**	**-2.3**	**859.0**
Earnings directly recognised in equity:								
- Change in participation quota and consolidation						-1.3	-0.2	
- Translation differences				7.9				
- Securities and ownership available for sale and hedges					-3.2		-2.7	
Total				7.9	-3.2	-1.3	-2.9	
Distribution						-40.6	-1.1	
Quarterly net profit						20.5	4.3	
Per 30 06 2005	**116.0**	**459.7**	**-0.2**	**-1.0**	**-0.7**	**270.8**	**-2.0**	**842.6**

Book equity increased in the first six month compared to the last year on account of higher revenue reserves. Since end of 2004 book equity was slightly lower due to the dividend payment (0.35 € per share) in June.

7. Investments

	Half year		2nd quarter	
€ m	2005	2004	2005	2004
Portfolio management	180.1	24.0	151.2	0.1
Project development	48.8	23.1	26.6	12.6
Funds	7.4	0.0	6.1	0.0
Corporate Functions	0.8	1.5	0.7	0.0
Non-core business	0.0	0.2	0,0	0.0
Group	**237.1**	**48.8**	**184.6**	**12,7**

Investments increases significantly to €237 million in the first six months compared to the previous year. Larger single investments was the acquisition of the former federal caverns for €132 million in the segment portfolio management. Further investments in the segment portfolio management was the acquisition of the project Parc Avenue in Paris and the extension of the German business parks. The investments in the project development segment belonged mainly to Madou Tower in Brussels, Lombard Street and Caxton Hall in London, Jumbo II in Helsinki and the third phase of construction of the Global Gate in Dusseldorf.

8. Cash Flow Statement

€ m	01 01 – 30 06 2005	01 01 – 30 06 2004
Quartely net profit	24.8	11.5
+/- depreciation / apprecation on fixed assets	22.5	28.0
+/- other non-cash items	5.1	-3.7
+/- profits from the disposal of fixed assets	-24.6	-5.3
Change in receivables and other assets (+ decrease / - increase)	135.4	-30.8
Change in liabilities and accruals (+ increase / - decrease)	53.2	-16.3
Cash provided by/used for operating activities	**216.4**	**-16.6**
Cash provided by/used for investing activities	**-120.5**	**29.1**
Cash provided by/used for financing activities	**-71.4**	**-6.0**
Net change in cash and cash equivalents	24.5	6.5
Cash and cash equivalents at the beginning of the period	74.5	62.8
Cash and cash equivalents at the end of the period	**99.0**	**69.3**

Because of the transfer of the project development Nordbahnhof the receivables of production orders could be reduced, the cash provided by operating activities increased significantly and furthermore short-term financial liabilities could be redeemed. In total cash at the end of the second quarter increased to nearly €100 million.

9. Notes

The quarterly financial statements have been drawn up in accordance with the provisions of the International Financial Reporting Standards (IFRS). The quarterly financial statements of the companies included are based on uniform reporting and valuation principles. Methods of consolidation, currency translation, reporting and valuation remain unchanged as against the consolidated financial statements for 2004 and are presented in the IVG Annual Report on pages 79 ff.

For details of subscription rights under share option plans, please see page 128 ff of the Annual Report 2004.

As at 30 June 2005, IVG held 21,351 own shares, which equates to 0.018 % of the share capital. No own shares were acquired in the first and second quarters. Please refer to page 102 f of the IVG Annual Report 2004 on this topic.

10. Segment Reporting

€ m	Turnover Half year		Turnover 2nd Quarter	
	2005	2004	2005	2004
Portfolio management	144.0	150.9	75.0	81.4
Project development	26.7	57.8	15.7	33.7
Funds	45.0	7.8	28.0	5.9
Corporate Functions	-4.7	-7.5	-2.8	-7.8
Non-core business	0.2	4.2	0.1	0.1
Group	**211.2**	**213.2**	**116.0**	**113.3**

€ m	Operating Earnings (EBIT) Half Year		Operating Earnings (EBIT) 2nd Quarter	
	2005	2004	2005	2004
Portfolio management	85.4	63.9	55.7	30.3
Project development	-5.4	9.4	-5.9	3.5
Funds	25.3	3.3	20.4	0.9
Corporate Functions	-18.4	-10.5	-10.1	-5.0
Non-core business	0.6	-0.8	0.6	-0.7
Group	**87.5**	**65.3**	**60.7**	**29.0**

Portfolio management

With a property portfolio of around €3.3 billion in European cities, IVG ranks as one of Europe’s major listed property companies. In its portfolio management, IVG pursues the goal of increasing the value and yields of the portfolio on a sustained basis and of realising attractive, regular capital gains thanks to an active buy-and-sell strategy.

The major events of the first half of the year were the acquisition of the Federal caverns complex, the conclusion of further long-term lease contracts with tenants who have a first-class credit rating in the caverns business, the purchase of the Paris property "Parc Avenue", and the successful continuation of the sales programme.

- In the spring, IVG acquired the Federal oil and gas caverns in Etzel near Wilhelmshaven for €132 million. The transaction was reflected in the balance sheet at the beginning of the second quarter. The cavern complex comprises 33 caverns for storage of crude oil and natural gas. Caverns are subterranean cavities in salt mines, providing an environmentally friendly and safe storage facility for large volumes of natural gas and crude oil. IVG set up the complex as early as the mid 1970s and has managed them in trust for the Federal government since. Together with its own seven caverns with long-term rental arrangements, IVG now has nine gas and 31 oil caverns at this location. The total rent volume is currently more than €45 million p.a. and is set to increase substantially.

  The acquisition represents IVG's expansion of its position in the strategically significant business area of logistics properties. Right from the outset the acquisition makes a positive contribution to the Group's net income. In the past, IVG has already generated stable and long-term cash flow revenues of well over 10% p.a. with the cavern business.

  The oil caverns contain parts of the legally specified strategic reserves held by the organisations for crude oil stocks of the Federal Republic of Germany, the Netherlands and Portugal. There is also a long-term lease contract with the Etzel Gas Store Group, the majority shareholders of which are E.ON Ruhrgas AG and the Norwegian Statoil. Long-term rental to business partners with a first-class credit rating means that the transaction can be financed favourably.

  At the time of the acquisition 12 oil caverns were empty. At the end of May, IVG entered into a contract with E.ON Ruhrgas AG on the use of up to 11 caverns for the storage of gas in the Etzel salt mine. The conversion from oil to gas storage will be realised until 2010. The contract has a maturity at least until 2035.

  In addition, an existing permission-for-use contract governing nine caverns for the storage of gas with Statoil ASA, Norway was extended early at the end of May. The extended contract also applies until at least 2035.

  The caverns in Etzel are connected to the most important international natural gas pipeline systems and are an energy hub for imported natural gas and crude oil. The oil pipelines lead to the refinery centres of Hamburg and Rhine-Ruhr. The gas pipelines connect the location with the West European natural gas alliance. When there is sufficient demand IVG can at least double the cavern capacity at this location in the future. Currently negotiations are held.

- In the first six months of the year, IVG acquired the Paris property "Parc Avenue". The seven-storey office and commercial property, with 15,300 m² letting space, will be ready by the start of 2007. The purchase price of around €90 million will be due pro rate temporis. It is located in the "Paris Rive Gauche" district at Avenue de France 82-90 to the east of the Gare d´Austerlitz and near to the future sites of the Denis Diderot University as well as the national law court Tribunal de Grande Instance.

  We anticipate an increase in demand for office space and a stable investment market there over the next few years.

  In 2005 IVG is also continuing its strategy of selling, at an attractive profit, property whose value has increased systematically through renovation and the conclusion of new lease contracts.

  In Milan, IVG sold a property on Piazzale Lodi with 22,000 m² of letting space. The buyer was the Antares property fund of the Italian insurance group RAS.

  In Geneva, IVG sold the property "Rue de Lausanne" to a private investor for in excess of €61 million, achieving a tax-free profit of €4 million. Rue de Lausanne is a 10-storey office building with 13,400 m² of rental space in the centre of the Swiss metropolis. IVG was able to acquire the property in 2001 through the assumption of bank debts. In 2004, the building was completely renovated for rental, whilst the rental ratio was increased to 95%.

  In Finland, IVG sold three properties worth €35 million in total - at a profit of more than €10 million.

  - In Helsinki, IVG has sold the Elimaenkatu office building with its 12,100 m² of rental space to the German firm LB Immo Invest. By selling the property, IVG has benefited from the sharp rise in international investor interest in the Finnish capital as an attractive office market.
  - In Hollola, 100 km to the north of Helsinki, the British property investment company Rockspring acquired a shopping centre with 5,800 m² of letting space from IVG.
  - In the Helsinki metropolitan area, IVG sold a 75,000 m² area of residential land to the Finnish building firm Lujatalo.

Following the sales, more than 95% of IVG's Finnish assets are now in the capital Helsinki.

IVG also enjoyed success in the rental business. With more than 131,000 m², the company again achieved good rental earnings with its property portfolio.

Rentals	**m²**
Berlin	17,459
Hamburg	2,147
Düsseldorf	2,340
Munich	16,000
Brussels	6,878
Budapest	3,524
Lisbon	26,561
Helsinki	40,519
Other	15,835
Total	**131,263**

The economic rental ratio for the IVG portfolio is expected to improve in 2005 - from 92.7% to 93.5%.

Turnover remained virtually unchanged in the first six months. The operating result improved on the back of sales profits that were up on the previous year.

Project development

In conjunction with well-known partners, IVG is developing office property in major European cities and growth centres. IVG's pro rata project development volume is around €1.3 billion. Around €400 million is invested at this time. Pre-rental of projects currently averages 32%.

In a joint venture with AXA REIM, IVG has sold a further office project in Paris for €63 million. The new owner of the property, which contains 14.000 m² of letting space, is the investment trust company KanAm Grund Spezialfondsgesellschaft. Two other buildings in the office complex had already been sold to KanAm by IVG/AXA in December 2004. The building tenants are the British insurance group Aviva. IVG’s share of the sales profit will be allowed in 2005.

Following the success of the first Paris project development joint venture, IVG and AXA have a successor in place. This second project development fund will also see the development of commercial property projects in the Paris area worth a total of €1.2 billion. Equity of €405 million has already been placed in full with institutional investors.

In terms of project developments, IVG let more than 78,000 m² in the first six months. Of this, 61,700 m² belong to the projects with AXA in Paris. Additional 9.300 m² was to the Infopark in Budapest and 2,600 m² to the second-largest shopping centre in Finland, Jumbo II in Helsinki. Both projects are therefore fully let. IVG is currently negotiating the sale of Jumbo II.

However, project developments are not allowed for in turnover and earnings before being completed, sold and handed over to the investor. Only in case of contract manufacture a pro rata realisation of earnings occurs according to the percentage of completion-method. In the first six months, turnover and earnings within the segment were down on the previous year because, in contrast to the previous year, despite the fact that front-end costs have been incurred, no major projects have yet been included in the final accounts or affected earnings in accordance with percentage of completion.

In order to streamline the project development business still further, as of 1 July 2005 IVG will be increasing its existing 83 per cent stake in Tercon Immobilien Projektentwicklungs-GmbH to 100%. To this end, former managing partners Dr. Dierk Ernst and Horst Lieder sold their shares in IVG. The company is moving its head office from Munich to Bonn. The full integration of Tercon means that, in addition to portfolio management, the funds business and international project development, the German development projects will now be controlled centrally. By dealing directly with the German branches, interesting projects can be identified at an early stage and realised efficiently.

Horst Lieder and Frank Strothe continue as the managing directors. In an amicable agreement, Dr Dierk Ernst resigned from his position on Tercon's board of management and as owner as of 31 July 2005 to concentrate on the rapidly expanding Hannover Leasing (IVG share 25%) where he is a managing partner. Dr Dierk Ernst will continue to maintain close links with IVG - most notably in the large-scale Airrail project. Ernst has been a key figure in shaping the project which involves the building of a superstructure above the main line station at Frankfurt airport. The board offers its express thanks to Dr Dierk Ernst for his outstanding contribution to project development at IVG.

Funds

In the Funds segment, IVG offers private and institutional investors interesting opportunities regarding indirect property investments. Management of the properties contained in the portfolios of institutional investors completes the range of services.

- Oppenheim Immobilien Kapitalanlagegesellschaft mbH (OIK), in which a majority interest was acquired last year, is the market leader in special funds and currently manages property assets of €9.6 billion for institutional investors in 28 special funds. In the first six months of the year, OIK has already invested more than €620 million in acquiring property throughout Europe.

- With the EuroSelect property funds, IVG enables private investors to invest in high-quality property in Europe managed by local IVG branches. After the "EuroSelect 08" with the One Neathouse Place property in London’s West End was placed successfully by IVG after just a short time in the spring, the "EuroSelect 09" launched in March has already been fully placed. Private investors therefore have a participation in the fully-let Riverside House office property development in London's South Bank. The architecturally outstanding building is located right by the Thames opposite the City of London. IVG acquired the property, which contains renting space of 15,900 m², for a converted figure of €156 million. The initial distribution is approximately 6.5% per year and, on account of British tax laws, is largely tax exempt up to an investment of €75,000 per person. The fund has been classified by the independent rating agencies Feri and Scope as "very good".

  "EuroSelect 10" is another property fund that is now being successfully marketed. The office property - a long-term let to DHL - is situated in Amersfoort in the Dutch region of Randstad. More than half of the fund has already been placed after a few weeks.

  "EuroSelect 11" is another London fund at the preparatory stage.

  IVG has already placed significantly more equity (€113 million) in the first six months than in the whole of 2004 (€88 million).

In addition to property in funds, IVG also manages portfolios directly for institutional investors. At the beginning of the year, IVG received a commission to manage the €170 million property portfolio of a professional welfare provider in Berlin with ten German office properties. The first successes from rentals have already been seen by using the IVG branches. The award of this contract has a pilot effect for a business area which IVG, with its know-how, is in an ideal position to build on.

In the funds business IVG were able to let 110,900 m².

Turnover and earnings in this segment increased mainly due to the successful placing of the EuroSelect funds and the inclusion of OIK in which IVG did not have a stake in the previous year's quarter.

11. Staff

Number at the end of the quarter	**30.03.2005**	**31.12.2004**
Portfolio management	359	364
Project development	92	122
Funds	280	300
Corporate functions	131	144
Group	**862**	**930**

The decline in employee numbers is due mainly to the retirement of members of staff in the project development segment and the outsourcing of IT services in the Corporate Functions segment.

12. Addition to the Board of Management/Changes in the Supervisory Board

The IVG Supervisory Board has appointed Dr. Georg Reul (38) as a deputy member of the Board of Management. Georg Reul's main area of responsibility will be the funds business which he has been involved in developing and which he has led in his capacity as executive manager. The management contracts of Dr. Bernd Kottmann and Dr. Dirk Matthey have each been extended by five years.

The IVG annual general meeting held on the 31 May confirmed the membership of the supervisory board - elected by the shareholders - for a further four years. Because of the age

limit imposed by the German Corporate Governance Code, Dr. Manfred Lennings was unable to stand as a candidate for the supervisory board on this occasion. His place will be taken by Dr. Gert Haller, Chairman of the Board of Management of Wüstenrot & Württembergische AG, who was elected to the committee by the AGM. Dr. Lennings has been a committed member of the supervisory board at IVG for over 20 years, most of which has been in his capacity as Chairman. He was actively involved in the privatisation and repositioning of IVG as a property company - exhibiting both courage and an ability to make decisions - for which the Supervisory Board and Board of Management offers him sincere thanks.
The Supervisory Board unanimously confirmed Mr Detlef Bierbaum as his Chairman, and Mr Peter Rieck as his Deputy.

13. IVG Share

As in 2004, so too since the beginning of this year the IVG share, at + 47%, has again performed better than DAX (+16%), MDAX (+25%) and other European property shares (EPRA Index: +17%). Further upside potential offer the clear strategic positioning as European investment house for real estate, the expected increase in earnings and net asset value, the on-going recovery of the European real estate markets, the extension of the caverns business and the fast growth in the funds business. The further dynamic sampling of the German real estate markets like the introduction of Real Estate Investment Trusts (REITs) offer additional opportunities for profitable growth.

The Federal Ministry of Finance (BMF) announced in the spring that it was prepared in principle to launch the REIT in Germany. We expect the launch of REITs to follow quickly in the wake of September's elections to the German Bundestag. The political parties in Germany have made noises to this effect. The coming legislative process will concentrate fundamentally on creating a flexible and competitive REIT in Germany with a sufficient taxation. Germany can become a leading investment and capital market for property. Public households, investors, property management, and thus the economic and working location of Germany would all benefit. This has been confirmed by many examples abroad.

14. Outlook

A moderate economic upturn for the euro zone is beginning to emerge. Coupled with a limited offer of new space, this will lead to a further recovery in the European rental markets.

IVG will benefit especially from the lively markets in London and Paris in terms of its own portfolio and from the project development activities.

The investment markets are likely to remain stable against the background of unbroken interest in property investments. The German market in particular is currently continuing to enjoy a high degree of acquisition interest - especially from foreign investors.

The acquisition of entire portfolios continues to be of great importance for IVG. The potential for value increases will be systematically developed via rentals, optimisation of the tenant structure and refurbishments.

In the funds business, IVG anticipates a doubling of the distributed equity of closed-end funds. In special funds, OIK is also continuously expanding the property assets it manages. There are also interesting structural investment opportunities for institutional investors.

IVG is strategically well placed as a European investment company for property investments. We expect earnings and net asset value to increase further in the current year. The continuing recovery in the European property markets, the sales programme, the acquisition of the 33 Federal caverns and the rapidly expanding funds business will all play their part in this respect.

Eckart John von Freyend   Bernd Kottmann   Dirk Matthey   Georg Reul

15. IVG Financial Calendar

Interim Report: 1 January to 30 June 2005	11.08.2005
Interim Report: 1 January to 30 September 2005	15.11.2005
Analysts Conference	15.11.2005

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