Check against delivery!

Embargo: Beginning of speech

Dr Gerhard Niesslein
Spokesman of the Board of Management
IVG Immobilien AG

Annual General Meeting of IVG Immobilien AG
held on 20 May 2010 in Bonn

Dear Shareholders,
Ladies and Gentlemen,

On behalf of the Board of Management, I would like to welcome you very warmly to the 2010 Annual General Meeting of IVG Immobilien AG.

In the past year, the effects of the financial and economic crisis were clearly felt in the real estate markets – and hence also by IVG.

Real estate markets

The real estate investment markets were characterised – in particular in the first half of the year – by a wait-and-see attitude on the part of nervous investors and by a restrictive lending policy with regard to new real estate loans. Since relatively few properties were bought and sold in the investment markets, real estate prices fell once again across the board, compared with the previous year.

In crisis-ridden years 2008 and 2009, the transaction volume amounted to an average of just € 92 billion per year. This means that it decreased substantially, compared not only with the boom years 2006 and 2007, when average transaction volumes amounted to € 243 billion, but also compared with the relatively normal years from 2000 to 2005, when annual investments amounted to an average of € 112 billion.

Due to the severe recession, demand also dropped sharply in the real estate rental markets last year. Consequently, the vacancy rate increased continuously to an average of 10 per cent in the 20 most important European cities and in the five major German markets. Because of the excess supply, rents for prime office properties fell by an average of 8.7 per cent in Europe and by about 5 per cent in the five major German markets.

In the past few months, the sentiment among the key players in the investment and rental markets has improved in the wake of the stabilisation of the economy. Recently, however, new turmoil has emerged in the financial markets due to the government debt crisis in some Southern European countries. This raises the question of whether a sustainable economic upswing will prevail in the next few months.

IVG still reports Consolidated Net Loss, but much better performance

Dear Shareholders,

On its balance sheet, IVG reports the so-called “fair value” as defined in the “International Financial Reporting Standards” (IFRS). In fair value accounting, the market prices of properties are reflected one-to-one on the consolidated balance sheet, both when they go up and when they come down. Fair value accounting leads to much more volatile figures. This became particularly and painfully clear in the transition from the boom years in 2006 and 2007 to the two years of crisis in 2008 and 2009.

Overall, fair value accounting led to a total of € 361 million in negative unrealised value changes in 2009, of which € 194 million affected properties in our own portfolio reported as “Investment Property”, while € 167 million affected the development projects. On the other hand, there were positive unrealised value changes of € 197 million in our caverns business, due to the fact that 13 caverns, which are currently under construction and which reached a storage capacity of 300,000 cubic metres, can be reported at a fair value which is much higher than the cost of production.

On balance, the negative and positive non-cash valuation effects amounted to € -175 million.
IVG’s operational performance – measured in terms of EBIT before value changes – amounts to € 217 million. This includes € 64 million in realised negative changes in market value from the real estate sales programme. These resulted from the fact that we had to sell properties below fair value to safeguard our liquidity.

If one looks at the business model in a normalised environment, it is appropriate to subtract these realised negative market value changes. Such a conceptually modified operational EBIT would amount to € 281 million, while the Financial Result amounted to € -231 million.

I mention this because it shows that IVG’s business model is essentially viable – despite all the changes and improvements that will still have to be made. This is also reflected by the positive value of approx. € 37 million in “Funds from Operations” (FFO I). FFO is the commonly used international indicator of the cash flow generated from regular business operations. You can read about the details of this calculation on p. 31 of the Annual Report, and you will find additional explanations on p. 26. From now on, we will regularly publish this financial indicator.

After valuation effects, the Financial Result and the Tax Result, the operational EBIT of € 217 million unfortunately still turned into a Consolidated Net Loss of

€ 158 million in 2009. However, compared with the previous year's Consolidated Net Loss of € 452 million, this shows that IVG has achieved the turnaround.

At the end of 2009, IVG's Net Asset Value (NAV) amounted to € 6.86 per share. In addition, we report an adjusted NAV. The purpose of the adjustment is to include a particularly relevant and predictable variable in the NAV, which is the present value of the cavern assets currently under development. Since the expansion of the system of caverns is highly predictable, we think that it is not only justified to include this future variable but that it is also necessary in the interest of a "true and fair view". At the end of 2009, the adjusted NAV per share amounted to € 9.95.

I would now like to address the individual accounts of IVG Immobilien AG and the dividend.

In its individual accounts for the fiscal year 2009, the Company recognized a Net Loss of € 552.5 million for the year. I have explained the reasons for this net loss in connection with the figures of the Consolidated Financial Statements. This net loss for the year was balanced out by offsetting it against the profit carried forward from the previous year and by reversing reserves. As a result, IVG recognised a net profit or net loss of zero in its accounts. For this reason, the Board of Management will not submit any proposal, and the Annual General Meeting will not adopt any resolution, on the appropriation of net earnings this year. A dividend can therefore not be distributed.

Ladies and Gentlemen,

Last year, the Supervisory Board responded to the new conditions created by the Act on the Appropriateness of Board Compensation (VorstAG) and by the relevant recommendations of the German Corporate Governance Code. The Chairman of the Supervisory Board will address the new remuneration system for the Board of Management later on. This new system – which, in addition to a fixed salary, also includes compensation elements with a sustainable incentive effect - also applies to certain managers below the level of the Board of Management. Consequently, the remuneration will be focused more strongly and more consistently on the Company's long-term performance.

At this point, I would like to refer you to the Group Management Report on pages 59 to 68 of the Annual Report, as well as to the Management Report for the Company on pages 11 to 19, for more information on the remuneration of board members, human resources matters, as well as statements pursuant to Section 289(4) and (5) and Section 315(2) clause 5 and (2) of the German Commercial Code (HGB), e.g. concerning the structure of capital. I would also like to refer you to the detailed description of opportunities and risks, including risk management targets and methods, on pages 69 to 78 of the Annual Report and on pages 19 to 27 of the Management Report for the Company. And finally, I would like to refer you to the Corporate Governance Statement on pages 28 to 30 of the Management Report for the Company.

The media has already reported on IVG's new major shareholder which joined the company in March this year. Mann Immobilien-Verwaltung AG, which is based in Karlsruhe, Germany, now holds 20.75 per cent of the Company's voting rights. For the Board of Management, the entry of this new investor with considerable real estate experience is a sign of great confidence in IVG's new strategic direction. In the course of today's Annual General Meeting, two representatives of the new major shareholder will stand for election to the Supervisory Board.

Restructuring process is well on track

Ladies and Gentlemen,

Both 2009 and 2010 were characterised by IVG's financial and operational restructuring process and by our Company's recovery. As the figures already indicated, we have now achieved the turnaround, although we still have quite a long stretch of rough road ahead of us.

Many of the things we have done and will still do are useful and necessary *per se*. However, due to the crisis, measures had to be adopted faster, and they had to be more fundamental than may have been the case under more normal conditions. This provides the frequently cited opportunity to emerge from a crisis stronger than before. I would like to give you a brief review of the steps taken by IVG to date.

The first step was to restructure the Company's financial liabilities. This step was imposed on us from outside at the beginning of 2009 due to a failure of the financial markets on a scale unprecedented in recent years. As you know, we succeeded in combining several bilateral credit lines in a new syndicated loan. This new so-called "SynLoan II" with a volume of € 1.3 billion will extend until the end of 2012. The important point at the time was to move the wide variety of individual credit maturities as far away as possible from the turmoil of the crisis, so that we would not have to renegotiate loans every few months because, at the beginning of last year, it was not at all clear how the financial markets would develop. Consequently, the negotiations for the loan were quite challenging, but in the second quarter of 2009, the set of agreements was all settled.

After stabilising our debt, the second step we took was to improve our liquidity position by means of internal financing measures. To this end, we launched a sales programme of approx. € 1 billion, which initially was expected to extend until 2010. The period of time that we had scheduled for the implementation of this programme, shows that this was not a drastic sell-out to be completed overnight at any price – also referred to as a "fire sale" in the real estate sector. Nevertheless, the sale of the properties was liquidity-driven and non-scheduled, so that we had to be prepared to make price concessions – which is referred to as "forced selling". The realised negative market value changes of € 64 million that I already explained were due to this constellation.

Without rushing, we reached the planned sales volume as early as in the third quarter 2009. This was primarily due to three factors: major efforts made by all the parties involved; the intensive cooperation between our two divisions Investment and Funds; and of course, last but not least, the slight improvement of the real estate investment markets as of the middle of 2009.

As a result of these measures, IVG's liquidity was on much more solid ground. However, what the two measures – the SynLoan II and the sales programme – have mainly shown is that IVG can make systematic headway, event when the Company is under considerable pressure and if the road ahead is rough. This certainly did not go unnoticed outside the company – i.e. among banks and in the capital market.

In October last year, we used this growing foundation of trust and a temporary capital market window for a minor capital increase from authorised capital. The gross proceeds from this transaction amounted to approx. € 72 million. Of course, any capital increase is systematically prepared. Nevertheless, it is always exciting to see if the number of incoming orders in the first few hours of trading is actually sufficient. The capital increase confirmed the impression that we had obtained – also during road shows – that the market believed that IVG was able to achieve the turnaround: The issue was oversubscribed by a factor of 2.3.

Ladies and Gentlemen,

The financial and economic crisis has not only led to temporary distortions in the markets. For years to come, risk perception and risk assessment will also be more conservative. We have responded to these new conditions by streamlining and modifying our business model. The kick-off for this modified business model was in March 2009, as I already told you at the last Annual General Meeting. Simplifying our Group's organizational structure, reducing our risks and strengthening our asset management – these are the principles that have guided us in the reorganization of IVG.

The Company is now made up of two core divisions: IVG Investment and IVG Funds. Both divisions cooperate closely and, using the services of IVG Asset

Management, they will position themselves as an integrated platform for real estate investments.

In this business model, we will be fully focused on the value-adding functions of asset management. For this reason, we have outsourced property management – i.e. activities such as facility services and billing of incidental rental expenses – to two strategic partners. These partners assumed operational responsibility for property management in January this year. Our experience to date has been very promising.

As part of our efforts to strengthen asset management, we decided to eliminate the previous duplicity of branch offices for Asset Management and for Development. Now there is only one IVG branch office at each of our locations – in the interest of showing “one face to the customer”.

In our investment platform model, we combine our expertise in the investment and funds business with the asset management know-how that we have acquired over many years and the market proximity of our own European branches. In our previous business model, we either made investments on our own for our own portfolio, or we acted – exclusively for the account of third parties – as a service provider in the Funds Division. In future, we will gradually merge these two lines of business and make most of our investments together with third parties. With IVG’s investment share, we will participate in income-generating and value-adding opportunities, and we will generate recurring income from asset and fund management fees.

In hindsight, it has therefore proven to be a particularly lucky coincidence that, in addition to its own traditional portfolio business, IVG began early on to gain a foothold in the funds business. This now enables us to concentrate on systematically dovetailing these two lines of business to form the new business model. Because of the extremely difficult current market situation, this option would otherwise simply be blocked for us.

The new business model takes into consideration the scarcity of the factor “equity” and the capital market’s expectation that more so-called “recurring income” should be generated. In addition, the overriding conceptual objective of the co-investment approach is an “alignment of interest”. This means that we do not recommend investments merely from a manager’s or agent’s perspective. Instead, we take a well calculated risk and invest our own money side by side with our investors and thus create an unconditional identity of interests with our partners. In talks with selected investors, this concept met with great approval.

The performance of IVG’s Divisions

Ladies and Gentlemen,

I would now like to briefly explain the performance of our two divisions.

IVG Investment

IVG’s Investment Division is made up of three segments: Real Estate, Development and Caverns. Within the framework of the co-investment model, IVG Investment is responsible for the investments made with IVG’s own capital in real estate and caverns.

At the end of 2009, the Real Estate segment managed properties with a market value of approx. € 4.5 billion. The decline by more than € 900 million compared with the previous year is mainly due to the early implementation of the sales programme. The single largest sale was executed in Milan: the Maciachini property generated proceeds of nearly € 300 million.

Strategically, we concentrate on Core and Core Plus properties in our portfolio; these are properties with a reliable income base and low risks at good locations. At the end of 2009, such properties accounted for a share of 78 per cent of our portfolio. In future, we will further increase this share by selling off properties that do not fit our strategy. In 2009, the earlier mentioned pressure on rental markets led to a reduced occupancy rate of 90.4 per cent. In 2010, IVG's efforts will be focused on improving this indicator by launching a quality and letting initiative.

You will find an overview of the Real Estate Segment including a commentary on pages 32 to 34 of the Annual Report, and you will find a detailed list of properties on pages 148 to 161.

In the Development Segment, we develop office properties in select European cities. In the course of IVG's strategic reorientation, we will discontinue speculative project development activities. This will considerably reduce IVG's risk profile. The purpose of the current Development Segment is to work off the remaining project pipeline as planned. In 2009, we sold three development projects, despite a difficult market environment. In future, project development services required for our own assets and fund assets will be provided by the corporate Asset Management Service Unit. In real estate jargon, this means that IVG will switch from being a "trader developer" to becoming an "investor developer".

IVG's biggest project is the Airrail Center at the Rhine-Main Airport in Frankfurt. This project will be completed this year. The local project management has already moved into the first offices in the Airrail Center. After completion, the space available will be progressively handed over to the two anchor tenants KPMG and Hilton and to other tenants. At the end of 2009, the pre-letting rate amounted to nearly 60 per cent. A recently formed, highly professional team will market the remaining space this year and next year.

Ladies and Gentlemen,

You have heard about the Airrail project at IVG's Annual General Meetings for quite some time now. It would certainly be unrealistic to expect that a project of this size, complexity and exposure can be completed without delays, frictions and sometimes headlines. In 2009, we once again had to take impairment charges of

€ 149 million in connection with this project. And it is obvious that, after the adoption of our new strategic orientation, we would no longer tackle a project of this magnitude in this manner.

Nevertheless, we are convinced that we will be able to bring the project to a successful conclusion. With the combination of a high-quality location with mobility, the Airrail Center is not just in keeping with a modernistic zeitgeist. Living and working in a high-quality property in the heart of Europe with the best possible connections to the power centres of this world is neither a fashion, nor is it an excessively bold vision; instead, it will become a very concrete reality, bit by bit, in the next 10 years. And the Airrail Center will provide the necessary infrastructure at the mobility hub of Frankfurt. We are so convinced of the Airrail Center that we will open another IVG office there at the end of this year, in which IVG's units that are close to the market will be represented. We expect that this will further improve the quality of our contacts with German customers, and even more so, with our international customers.

You will find an overview of the Development Segment including a commentary on pages 35 and 36 of the Annual Report, and you will find a detailed list of projects on pages 164 and 165.

The Caverns Segment builds, lets, operates and sells crude oil and natural gas storage cavities in an underground salt dome. Our field of caverns is located near Etzel in the vicinity of Wilhelmshaven and very close to international gas and oil pipelines. The situation prevailing in the international energy markets suggests that the demand for this storage capacity will continue to grow in the long term. IVG Caverns is one of the very few providers of storage capacity who are independent, i.e. who do not belong to one of the big energy corporations. This is an important competitive advantage in this market.

In 2008, 70 caverns were sold to IVG's Caverns Fund. A total of 40 caverns, which had already been completed, were transferred to the Fund in 2008; another cavern was handed over in 2009. The remaining 29 caverns will be successively completed in the next few years. IVG will retain its role as the operator of these caverns. This will create a steady flow of management fees that are predictable in the long term. In 2009, the Segment continued its preparations as planned for the construction of IVG's remaining 60 potential caverns. A total of 6 of these 60 caverns have already been pre-let on the basis of firm agreements, and there are tenant options for 27 caverns.

Caverns provide a very steady, long-term business with customers of top credit standing. In addition, caverns develop independently as specific infrastructure assets. In statistical terms, their correlation with other asset classes – including office properties – is limited. The caverns business is therefore ideally suited to add stability to and reduce the risks in IVG's corporate profile.

You will find an overview of the Caverns Segment including a commentary on pages 37 to 39 of the Annual Report.

IVG Funds

I would now like to address IVG's second corporate Division. The Funds Division designs, markets and manages property funds for institutional and private investors. The Division manages specialised funds for institutional investors as well as closed-end funds, primarily for private investors. At the end of 2009, the Funds Division managed real estate assets worth a total of nearly € 16 billion. Within the framework of the co-investment approach, IVG will in future invest more capital of its own in the funds. As mentioned earlier, IVG Investment, IVG Funds and the internal service provider IVG Asset Management will form IVG's integrated investment platform.
In the Institutional Investors Segment, we managed € 12.7 billion in 2009 – in particular for insurance companies, company pension plans and pension funds. In 2009, investors showed particularly keen interest in IVG's Protect Fund with an investment volume of € 300 million. By acquiring a share of 20 per cent in the fund's equity and by giving the fund an innovative structure, we provided

institutional co-investors with the opportunity to bet on an upswing in the real estate markets at an early point while protecting themselves against risks.

In the Private Investors Segment, we managed € 3.2 billion at the end of 2009. A Dutch fund with nearly € 100 million equity was fully placed within a period of six months in 2009. In November, we began to market a Belgian fund. After a period of only about four months, this fund was also fully placed. Preparations are being made for the marketing of other EuroSelect funds. In February this year, Feri – the renowned business and forecasting institute – gave an award to IVG Private Funds as the best initiator of international funds.

You will find an overview of the Funds Segment including a commentary on pages 39 to 41 of the Annual Report.

The IVG Share

Dear Shareholders,

I will now address the performance of IVG's share price. As this chart shows, the performance of IVG's share price was by and large characterised by a lateral movement in 2009. In the course of the year, this trend was accompanied by relatively strong swings – with a peak price of € 8.16. This high volatility also reflects the general uncertainty prevailing in the markets.

Towards the end of the year, IVG underperformed relative to the benchmark indexes. We believe that this was due to so-called "window dressing", which means that institutional investors sell poorly performing stocks – despite a positive outlook in the medium term – shortly before the balance sheet date, so that they will not have to report them. After the balance sheet date, these stocks will then be bought again for fundamental reasons. The drop in IVG's share price at the end of the year is an indication of such a technical reaction.

Once IVG had achieved the financial turnaround, IVG’s share price performance improved again in the current year, largely outperforming the benchmark indexes MDAX and EPRA. We hope that this trend will persist in 2010. We offer investors two fundamental reasons for a continuation of this trend:

- First of all, we have a new, but more conservative business model, which takes into account the changes that have occurred in the market environment in the “post-Lehman era” and which has efficiently positioned IVG for a recovery of the markets.
- And secondly, IVG’s unconditional objective is to achieve operational excellence and efficiency and the greatest possible transparency in its communication with the capital market.

A few days ago, IVG’s Investor Relations Manager received an award from *Deutscher Investor Relations-Kreis* (“DIRK”) for IVG’s communication with the capital market: IVG ranked first in the group of MDAX companies.

Start of the fiscal year 2010

Ladies and Gentlemen,

A few days ago, we closed the first quarter of 2010. In the first three months of 2010, IVG continued to operate under the difficult conditions of the international financial and economic crisis.

Nevertheless, IVG continued to improve its performance in the new fiscal year: In the first quarter of 2010, IVG reported its first Consolidated Net Profit of € 10.2 million after six quarters of losses. This was primarily due to a swing in unrealised market value changes of Investment Property. While this figure was still negative in the fourth quarter of 2009 (approx. € -56 million), it amounted to approx. € +8 million in the first quarter of 2010. This figure is made up of approx. € 26 million negative market value changes in the Real Estate Segment and approx. € 34 million positive market value changes in the Caverns Segment. In the first quarter of 2010, three caverns exceeded the cavity limit for fair value accounting. While it would certainly be too early to sound the all-clear signal, we assume that most of the negative valuation effects from the financial and economic crisis have now been worked off.

Despite the difficult rental market, the occupancy rate remained largely stable at 90.2 per cent. Funds From Operations (FFO I) continued to improve, currently amounting to approx. € 6 million, compared with approx. € 4 million in the fourth quarter.

IVG continues to focus on working off its project pipeline. Approx. 70 per cent of the project sales scheduled for 2010 had already been executed by mid-May this year, while some of the proceeds from the sale of the projects will be forthcoming in the course of the year. The pre-letting rate of our current projects amounted to approx. 67 per cent as of 31 March 2010.

On 1 May 2010, we had fully placed the Premium Green Fund, which is a prototypical example of our new business approach. Together with four institutional co-investors, IVG participates in the market potential for sustainable office buildings; and as a fund manager, IVG earns management fees. The properties, which came from our project pipeline, are energy efficient buildings with an internationally recognised “LEED Silver” sustainability certificate.
I already mentioned that the Belgian fund EuroSelect 20 was recently fully placed among private investors.

Outlook

Ladies and Gentlemen,

In the further course of the year 2010, operational excellence and efficiency will be at the very top of our agenda.

A project which we internally call "Reboot" will play a key role in this context. The purpose of this project is to improve the IVG Group's governance and to make it more consistent by using standardised and improved information technology. The objective is to systematise and automate the relevant management variables and to make them available across the entire Group: within a very short period of time for short-term management tasks, for the Medium-Term Plan and to be able to report to the capital market at any time.

Reducing costs will continue to be a top priority. In 2009, we reduced Other Operating Expenses, for instance, by more than € 40 million. The art is to spend money where it is necessary and to cut costs at the right places. I think that we have been quite successful in this field with the so-called "cost evidence centre", which we established at short notice last year. Our objective for 2010 is to continue to systematically reduce this cost item as well as others. One example is the reduction of space at IVG's headquarters in Bonn, which will take effect this year. By moving closer, we will not only improve the communication among IVG's employees, but we will also be able to vacate and sublet an adjacent building.

Ladies and Gentlemen,

In 2010, we are not yet able to present a reliable detailed forecast for the current fiscal year. There is still too much uncertainty in the real economy, with all the consequences for the real estate markets – especially after the debt crisis that has emerged in some southern European countries in the past few weeks. However, we are confident that, for the first time in two years, we will achieve a positive EBIT for the full year, assuming that our current portfolio will not be affected by any other valuation effects.

Now that I have worked at IVG for a full fiscal year, my impression has been confirmed:

IVG has a well established and well-know brand, a professional team and a decentralised structure that is close to the market with branch offices in the major European cities. The substance of this platform has not been damaged by the market turmoil in the past two years. It is on this platform that we will continue to build.

Ladies and Gentlemen,

Last year, I particularly thanked our financing partners at this point – and for a good reason. This year, I would like to use this opportunity to thank all our employees – the IVG team – very much and to express my great appreciation. Under extremely adverse conditions, they managed to implement this turnaround within a matter of 12 months. This has been an outstanding achievement.

Dear Shareholders,

On behalf of IVG's employees and the Board of Management, I promise you: We will keep up the pressure, and we will consistently pursue the path of repositioning that we have embarked upon. To use a maritime metaphor: We still have to sail around a few rocks, but the open sea is already in sight. And we are convinced that IVG will sail with the wind again in the not too distant future.

On behalf of the Board of Management, I would like to thank you for your confidence during a turbulent period of time.

We look forward to answering your questions.