



IFM IMMOBILIEN AG



Interim Report 2008

**Q1**

## ■ Key Figures for the IFM Group (IFRS)

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### Performance figures

<b>EUR m</b>	<b>Q1 2008</b>	<b>Q1 2007</b>
Revenues	3.43	1.72
Gain or loss on fair valuation of properties held as investment	2.19	0
Operating profit	0.62	-0.24
Profit after taxes and minority interests	0.55	-0.26
Earnings per share (basic, in EUR)	0.06	-0.03

### Key figures from balance sheet

<b>EUR m</b>	<b>March 31, 2008</b>	<b>Dec. 31, 2007</b>
Total assets	273.1	260.7
Non-current assets	243.0	233.6
- including: investment properties	141.0	138.8
- including: properties under development	88.0	80.6
Equity	94.9	94.2
- including: share capital	8.5	8.5
Equity ratio (in %)	35	36
Liabilities	178.3	166.5
- including: Financial liabilities	165.0	155.0

### Other key figures

<b>EUR m</b>	<b>Q1 2008</b>	<b>Q1 2007</b>
Cash flow from operating activities	-0.92	-0.37

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### 1. Summary

- IFM Immobilien Group continues positive performance in Q1 2008
- After-tax profit for quarter is EUR 0.55 million
- Consolidated revenues more than double to EUR 3.43 million

IFM Immobilien AG is an investor and project developer that is particularly engaged in commercial real estate, with an emphasis on office and downtown retail uses. It booked positive revenue and earnings performance in the first three months of 2008, continuing the trend from last year. Revenues were up significantly, as were profits, despite one-time expenses in preparation for the Company's change to the regulated market (Prime Standard segment) of the Frankfurt Stock Exchange. The Executive Board views these developments as promising indicators for 2008 as a whole.

### 2. Condition of the Group

#### 2.1. The IFM Group at a glance

IFM Immobilien AG is an investor and project developer that is particularly engaged in commercial real estate, with an emphasis on office and downtown retail uses.

In addition to new construction and conventional project development, its business activities also include

- Redevelopment (e.g., structural alterations, structural restoration)
- Restructuring (e.g., revision of tenancy structure), and
- Repositioning of commercial properties (e.g., with innovative marketing and leasing concepts).

Geographically, IFM's operations particularly focus on the Rhine-Neckar metropolitan region, the Rhine-Main region, and Berlin (central).

IFM selects properties on the basis of a number of key criteria. These include whether the Company finds an attractive risk/opportunity profile in a property and foresees extensive potential for development and appreciation in a preferred location.

IFM Immobilien AG acts as the ultimate parent company of its corporate group. It has the responsibility for the Group's strategic management. Normally properties are held through individual project companies that are subsidiaries of IFM Immobilien AG. Business operations for the Group are handled by IFM Asset Management GmbH, a wholly owned subsidiary of IFM Immobilien AG.

## 2.2. The economic environment in Germany

The growth of the German economy will slow in 2008, according to the spring assessment by the country's leading economic research institutes, released in April. Gross domestic product (GDP), which had risen 2.5% in 2007, is expected to rise only 1.8% this year. This represents a downward revision from the experts' 2.2% projection of last fall. However, the German economy proved to be in robust shape in the first quarter of 2008.

Several factors will be responsible for the slowdown. High prices for raw materials and energy, the crisis in the U.S. mortgage market, and the resulting upheavals in the international capital and finance markets have hindered the economy's growth. These conditions have led to corrections in the stock markets that have had repercussions for the financial and real estate sectors as well.

While the U.S. Federal Reserve Bank has lowered interest rates several times over the past few months, the European Central Bank (ECB) has kept its key lending rate at 4% to counteract inflation.

## 2.3. Performance of the commercial real estate market

The office rental market in Germany showed few effects from the turbulence in the financial markets during the first quarter of 2008. Demand for office space, especially in the largest German real estate markets (Berlin, Düsseldorf, Frankfurt, Hamburg, Munich and Stuttgart), remained stable because of a substantial increase in employment.

According to a Jones Lang LaSalle study, this strong demand also caused vacancy rates to decline in Germany's six leading urban areas. Total vacancies decreased slightly in the first three months. The average vacancy rate was 9.1%, compared to 9.7% at the end of 2007.

At the same time, a large percentage of properties had high-quality appointments. In contrast to the heavy demand, building completions decreased by more than half against the same quarter of last year. And because much of the new space had been pre-leased already, only about 45% of the completed space actually reached the market.

## 2.4. Principal events of the period

### 2.4.1 Nomination for the MIPIM Award

Early in 2008, IFM Immobilien AG was nominated for the real estate industry's renowned MIPIM Award in the "Refurbished Office Building" category. The nomination was for the revitalization of the "westendFirst" office high-rise in Frankfurt am Main. MIPIM, held in Cannes, France, is considered the real estate industry's leading international forum. The Executive Board views the nomination as confirmation that IFM's business model has also impressed international experts.

## ■ IFM Immobilien AG - Interim Report as at March 31, 2008

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### 2.4.2. Preparation for change of segment

In the first quarter of 2008, IFM Immobilien AG continued its intensive preparations to move the Company to the regulated market (Prime Standard segment) of the Frankfurt Stock Exchange. Changing segments is intended to increase IFM's recognition in the capital market and make IFM stock even more attractive, especially to international investors, because of the more rigorous transparency requirements involved.

IFM Immobilien AG stock began trading on the regulated market (Prime Standard segment) of the Frankfurt Stock Exchange on April 30, 2008.

### 2.5. Revenue and earnings performance

In the first three months of 2008, IFM generated consolidated revenues of EUR 3.43 million, doubling the figure from the same quarter of last year (EUR 1.72 million). The increase derived especially from additional rental income from several properties acquired in 2007 – "Maxxon" in Eschborn, "Kureck" in Wiesbaden, and the "Office Tower" in Darmstadt – as well as the advancement of the leasing process at the "GutenbergPark" property in Mainz.

Other own work capitalized increased to EUR 0.45 million (Q1 2007: EUR 0.16 million). Most of the figure came from capitalized interest expenses from the "Romeo & Julia" project under development in Frankfurt am Main.

The gain on the fair valuation of investment properties was EUR 2.19 million (March 31, 2007: EUR 0), and reflects the appreciation of the "Kureck" property in Wiesbaden.

The cost of goods sold, which particularly includes costs for maintenance and management, increased to EUR 0.67 million because of the expansion of the property portfolio, compared to EUR 0.29 million for the same quarter last year.

Personnel expenses came to EUR 0.58 million, compared to EUR 0.37 million, reflecting an expansion of the workforce to handle the Company's growth. As of March 31, 2008, the Group had 27 employees.

Other operating expenses rose to EUR 1.31 million, compared to 0.75 million for the first quarter of 2007. Of this increase, EUR 0.4 million came primarily from recognition of a large fraction of the cost of changing IFM to the regulated market (Prime Standard segment) of the Frankfurt Stock Exchange as of April 30, 2008.

Interest and similar expenses were EUR 2.22 million (Q1 2007: EUR 0.68 million), because of financing for properties acquired in 2007, and the progress of construction at the "Romeo & Julia" project. The loss on the fair valuation of derivatives used to hedge interest rates was EUR 1.06 million (Q1 2007: EUR 0.17 million).

The IFM Immobilien Group showed an operating profit (earnings before taxes) of EUR 0.62 million for the first three months of 2008, compared to a loss of EUR 0.24 million for the same period the year before. The consolidated result after taxes rose from a loss of EUR 0.24 to a profit of EUR 0.55 million. After minority interests, the consolidated after-tax profit had improved to EUR 0.55 million (compared to a loss of EUR 0.26 million in Q1 2007). This is equivalent to earnings per share of EUR 0.06 (same quarter of 2007: loss of EUR 0.03).

## 2.6. Net assets

The net assets of the IFM Immobilien Group had not changed significantly at March 31, 2008, against the end of fiscal 2007. The Group's total assets at the end of the first three months came to EUR 273.1 million, up 4.8% from the figure at December 31, 2007 (EUR 260.7 million).

Non-current assets were EUR 243.0 million at March 31, 2008, up 4.0% from the comparable figure at the end of 2007 (EUR 233.6 million). The value of investment property increased to EUR 141.0 million as a consequence of appreciation at the "Kureck" property in Wiesbaden (December 31, 2007: EUR 138.8 million). The recognized value of property under development rose to EUR 88.0 million because of the progress of construction work at the "Romeo & Julia" property in Frankfurt am Main (December 31, 2007 EUR 80.6 million; +9.2%).

Current assets as of March 31, 2008, came to EUR 30.1 million (December 31, 2007: EUR 27.1 million). Cash and cash equivalents increased EUR 1.5 million, to EUR 19.2 million.

## 2.7. Financial position

The Group's equity increased from EUR 94.2 million at the end of 2007 to EUR 94.9 million at the end of March 2008. The equity ratio, at 35%, remained solid (December 31, 2007: 36%).

Long-term borrowings increased from EUR 157.3 million to EUR 165.4 million. Most of this figure is liabilities to banks, which increased from EUR 153.8 million to EUR 161.6 million because of advancing project developments.

Short-term borrowings increased from EUR 9.3 million to EUR 12.8 million. An important component of this growth was the increase in liabilities to banks, from EUR 1.3 million to EUR 3.4 million.

The cash flow from operating activities at March 31, 2008 was EUR -0.9 million, compared to EUR -0.4 million a year earlier. The decrease resulted from one-time expenses associated with the change of stock-market segment as well as the developmental increase of receivables and liabilities.

The cash flow from investing activities, including cash investments in property, plant and equipment, came to EUR - 7.5 million for the first quarter of 2008. Higher acquisitions made the comparable figure from the same period last year EUR -16.4 million.

The cash flow from financing operations as of March 31, 2008, increased from EUR 8.5 million to EUR 10 million against the comparable period last year. This figure likewise reflects progress of construction work of "Romeo & Julia".

### 3. Risk report

The risk and chance profile of the IFM Immobilien Group did not change significantly at March 31, 2008, against the information provided in the management report for fiscal 2007. For that reason, we refer the reader to the 2007 annual report.

### 4. Events after the reporting date

As of April 30, 2008, IFM Immobilien AG stock began trading on the regulated market (Prime Standard segment) of the Frankfurt Stock Exchange. The change of segment will subject the Company to more stringent transparency and reporting obligations under international standards. IFM Immobilien AG had been listed since May 19, 2006, in the open market (Entry Standard segment) of the Frankfurt Stock Exchange.

### 5. Outlook

The IFM Group is off to a successful start in 2008. Performance for the first three months has provided a good foundation for further business development. For that reason, the Executive Board assumes that consolidated revenues will continue to grow in 2008.

Management has reconfirmed its aim of growing the Group further. The project development business in particular is to expand. In this connection, the Executive Board expects the "Romeo & Julia" high-rise project to be completed by the end of 2008.

The existing portfolio, including ongoing project developments, is expected to increase to about EUR 500 million within the medium term.

Additionally, the Executive Board is actively exploring the market for ways of realizing the appreciation of the existing portfolio through sales. It is not out of the question that some properties might be sold as early as this year.

Barring unforeseen adverse events that have a material impact on IFM Immobilien AG, the Executive Board believes the Group as a whole is well equipped to continue its dynamic growth into the future.

Heidelberg, May 19, 2008

The Executive Board

Interim Consolidated  
Financial Statements (IFRS)

## ■ Interim Consolidated Financial Statements (IFRS)

Group interim Balance Sheet as at March 31, 2008

<b>Assets</b>	03/31/08 EUR 000	12/31/07 EUR 000
<b>Non-current assets</b>		
Investment properties	140,969	138,752
Properties under development	88,023	80,594
Land and buildings	8,627	0
Advance payments made on property, plant and equipment	0	8,666
Office and other equipment	483	497
Goodwill	389	389
Other intangible assets	186	185
Derivative financial instruments	1,372	1,907
Deferred tax assets	2,984	2,585
<b>Total non-current assets</b>	<b>243,033</b>	<b>233,575</b>
<b>Current assets</b>		
Trade accounts receivable	1,502	1,457
Other current assets and expenses paid in advance	4,390	3,050
Securities	5,056	5,003
Cash and cash equivalents	19,151	17,622
<b>Total current assets</b>	<b>30,099</b>	<b>27,132</b>
<b>Total assets</b>	<b>273,132</b>	<b>260,707</b>

# Interim Consolidated Financial Statements (IFRS) ■

Group interim Balance Sheet as at March 31, 2008

	03/31/08 EUR 000	12/31/07 EUR 000
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Issued capital	8,500	8,500
Additional paid-in capital	69,560	69,439
Other reserves	9,724	9,716
Distributable profit	6,063	5,515
<b>Equity attributable to Group shareholders</b>	<b>93,847</b>	<b>93,170</b>
Minority interests	1,017	1,016
<b>Total equity</b>	<b>94,864</b>	<b>94,186</b>
<b>Long-term liabilities</b>		
Liabilities to banks	161,569	153,774
Trade accounts payable	0	13
Deferred tax liabilities	3,867	3,489
<b>Total long-term liabilities</b>	<b>165,436</b>	<b>157,276</b>
<b>Short-term liabilities</b>		
Tax provisions	281	239
Other provisions	2,613	1,661
Liabilities to banks	3,404	1,247
Trade accounts payable	3,860	3,510
Other short-term liabilities and deferred expenses	2,674	2,588
<b>Total short-term liabilities</b>	<b>12,832</b>	<b>9,245</b>
<b>Total equity and liabilities</b>	<b>273,132</b>	<b>260,707</b>

## ■ Interim Consolidated Financial Statements (IFRS)

Group interim Profit and Loss Statement for the Period from January 1 to March 31, 2008

<b>Consolidated Income Statement</b>	Q1 2008 EUR 000	Q1 2007 EUR 000
1. Revenues	3,430	1,721
2. Other own work capitalized	445	163
3. Other operating income	212	29
4. Gain on fair valuation of investment properties	2,185	0
5. Cost of goods sold	-665	-288
6. Personnel expenses	-577	-372
7. Depreciation and amortization	-93	-44
8. Other operating expenses	-1,312	-753
9. Other interest and similar income	274	158
10. Interest and similar expenses	-2,224	-684
11. Gain or loss on fair valuation of derivatives	-1,056	-167
<b>12. Operating profit</b>	<b>619</b>	<b>-237</b>
13. Income taxes (including: deferred taxes)	-72 (-30)	-1 (-1)
14. Other taxes	0	-3
<b>15. Consolidated profit (loss)</b>	<b>547</b>	<b>-241</b>
16. Minority interests	-1	21
<b>17. Consolidated profit (loss) after minority interests</b>	<b>548</b>	<b>-262</b>
18. Carried forward from previous period	5,515	439
<b>19. Consolidated distributable profit (loss)</b>	<b>6,063</b>	<b>177</b>
20. Basic earnings per share (in EUR)	0.06	-0.03
21. Diluted earnings per share (in EUR)	0.06	-0.03

# Interim Consolidated Financial Statements (IFRS) ■

Group interim Cash Flow Statement for the Period from January 1 to March 31, 2008

<b>Consolidated Cash Flow Statement</b>	Q1 2008 EUR 000	Q1 2007 EUR 000
1. Consolidated profit (loss)	547	-241
2. + Depreciation and amortization of non-current assets	93	45
3. -/+ Other noncash income / expenses	-1,024	117
4. - Increase / + Decrease in inventories, trade accounts receivable, and other assets	-1,791	-832
5. - Decrease / + Increase in trade accounts payable and other liabilities	1,255	538
<b>6. = Cash flow from operating activities</b>	<b>-920</b>	<b>-373</b>
7. - Cash paid for investments in properties held as investments	-32	-14,667
8. - Cash paid for investments in properties under development	-7,429	-1,591
9. - Cash paid for investments in intangible assets and property, plant and equipment	-42	-106
10. + Proceeds from investments in intangible assets and property, plant and equipment	0	0
11. - Cash paid for investments in securities	0	0
12. - Cash paid for the acquisition of consolidated companies	0	-11
<b>13. = Cash flow from investing activities</b>	<b>-7,503</b>	<b>-16,375</b>
14. + Cash received from the issuance of shares	0	0
15. - Cash paid to raise equity capital	0	0
16. + Proceeds from bank loans	11,234	9,291
17. - Cash repayments of bank loans and other loans	-1,282	-125
18. + Other cash received from financing activity	0	385
19. - Other cash paid from financing activity	0	-1,048
<b>20. = Cash flow from financing activities</b>	<b>9,952</b>	<b>8,503</b>
21. Cash changes in cash and cash equivalents	1,529	-8,245
22. + Cash and cash equivalents at beginning of period	17,622	29,470
<b>23. = Cash and cash equivalents at end of period</b>	<b>19,151</b>	<b>21,225</b>

## ■ Interim Consolidated Financial Statements (IFRS)

Group interim Changes in Equity for the Period from January 1 to March 31, 2008

	Issued capital	Reserves	
		Additional paid-in capital	Other reserves
		EUR 000	EUR 000
<b>Status at Jan. 1, 2007</b>	<b>8,500</b>	<b>69,797</b>	<b>9,484</b>
Change in scope of consolidation	0	0	0
Tax rate adjustments	0	-450	0
Stock option plans	0	92	0
Cash flow hedges	0	0	232
Profit (loss) for period	0	0	0
<b>Status at Dec. 31, 2007</b>	<b>8,500</b>	<b>69,439</b>	<b>9,716</b>
Change in scope of consolidation	0	0	0
Stock option plans	0	121	0
Cash flow hedges	0	0	8
Profit (loss) for period	0	0	0
<b>Status at March 31, 2008</b>	<b>8,500</b>	<b>69,560</b>	<b>9,724</b>

## Interim Consolidated Financial Statements (IFRS) ■

Group interim Changes in Equity for the Period from January 1 to March 31, 2008

Distributable loss (profit)	Equity attributable to Group shareholders	Minority interests	Total equity
EUR 000	EUR 000	EUR 000	EUR 000
<b>439</b>	<b>88,220</b>	<b>673</b>	<b>88,893</b>
0	0	171	171
0	-450	0	-450
0	92	0	92
0	232	11	243
5,076	5,076	161	5,237
<b>5,515</b>	<b>93,170</b>	<b>1,016</b>	<b>94,186</b>
0	0	0	0
0	121	0	121
0	8	2	10
548	548	-1	547
<b>6,063</b>	<b>93,847</b>	<b>1,017</b>	<b>94,864</b>

Notes to the interim  
Financial Statements

## A General Information

IFM Immobilien AG (also "IFM," "IFM AG," or the "parent company") has its registered office and principal place of business in Heidelberg. The fiscal year is the same as the calendar year at all Group companies.

The preparation date for the consolidated interim financial statements as of March 31, 2008, was May 19, 2008, the date on which the Executive Board of IFM AG approved the unaudited and unreviewed consolidated interim financial statements for release. The consolidated interim financial statements have been prepared in euros (EUR), and all figures are indicated in thousands of euros (EUR 000).

The consolidated interim financial statements of IFM AG have been drawn up in conformity with the International Financial Reporting Standards approved by the EU Commission and applicable for the reporting period.

## B Summary of Material Accounting Principles

### Consolidated accounting principles

#### Presentation principles

The consolidated interim financial statements have the following components:

- A condensed balance sheet
- A condensed income statement
- A list of all changes in equity (statement of changes in equity)
- A condensed cash flow statement, and
- Selected explanatory notes.

The interim report of IFM AG complies in full with the requirements of IAS 34.

The consolidated interim financial statements do not include all explanatory notes of annual financial statements and should be interpreted in conjunction with the consolidated annual financial statements as of December 31, 2007.

The consolidated interim financial statements include each of the line items from the balance sheet that appeared as headings and subtotals in the most recent annual financial statements, at December 31, 2007.

## ■ Interim Consolidated Financial Statements (IFRS)

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Notes to the interim Financial Statements as at March 31, 2008

The Group's income statement has been prepared using the "nature of expense" method. The consolidated interim financial statements were prepared uniformly for the periods shown here, in conformity with the following consolidation, reporting and measurement principles.

### Scope of consolidation

The consolidated interim financial statements include not only IFM AG, but all the subsidiaries that were already included in the consolidated financial statements at December 31, 2007, all of which have their registered offices in Germany. There have been no changes.

No additional companies had been formed or acquired up to March 31, 2008, and there had been no material changes in the composition of the entity.

### Consolidation principles

The IFM AG Group applies uniform reporting principles for its Group companies and the consolidated interim financial statements. The consolidation principles were not changed for the consolidated interim financial statements.

### General accounting principles

The same accounting policies and methods of computation were followed in the interim financial statements as in the most recent annual financial statements at December 31, 2007.

No unusual matters arose with any material effects on the interim financial statements, nor were there any effects from the seasonal or cyclical nature of business.

### Material assumptions and estimates

The consolidated interim financial statements have adopted no material changes against the assumptions and estimates used in the financial statements for the prior year.

The value of investment properties is assessed in appraisals prepared by independent, external expert appraisers. These appraisals are based on the income capitalization approach. Underlying assumptions and estimates in these cases particularly relate to sustainable annual net income and property yields. Like the resulting fair values, they may fluctuate greatly over time, and affect profits accordingly.

C Explanatory Notes to the Consolidated Interim Financial Statements

1 Explanatory notes to the consolidated interim balance sheet

Investment properties

The line item for investment properties represents properties held to generate rental income and/or for capital appreciation.

In conformity with IAS 40, investment properties are measured at fair value. Changes in fair value are credited or charged to the income statement.

	12/31/2007 EUR 000	Additions EUR 000	Changes in fair value EUR 000	03/31/2008 EUR 000
"Das Carré", Heidelberg	30,000	0	0	30,000
"westendFirst", Frankfurt	55,000	0	0	55,000
"Feldbergstraße", Frankfurt	3,437	0	0	3,437
"GutenbergPark", Mainz	19,000	32	0	19,032
"Kureck", Wiesbaden	31,315	0	2,185	33,500
	138,752	32	2,185	140,969

## ■ Interim Consolidated Financial Statements (IFRS)

Notes to the interim Financial Statements as at March 31, 2008

### Properties under development

In accordance with IAS 16, properties in the course of construction or development are recognized as part of property, plant and equipment, and measured using the cost model. Borrowing costs directly attributable to the acquisition or production of assets in the course of the construction or development of real estate projects are capitalized as part of the cost of the asset, in accordance with IAS 23.

The carrying amounts of properties under development changed as shown below. Additions refer to acquisition costs, incidental acquisition costs, and costs of creation incurred up to the reporting date for the indicated real estate projects. There were no impairments or reversals of impairments per IAS 34.17b during the first quarter.

	12/31/2007 T-EUR	Additions / Reclassifications T-EUR	03/31/2008 T-EUR
„Romeo & Julia“, Frankfurt am Main	38,624	6,698	45,322
„Office Tower“, Darmstadt	10,788	260	11,048
„Zimmerstraße“, Berlin	560	-118	442
„Mauerstraße“, Berlin	4,069	145	4,214
„Maxxon“, Eschborn-Süd	26,553	444	26,997
	<u>80,594</u>	<u>7,429</u>	<u>88,023</u>

### Property, plant and equipment

Effective January 1, 2008, the „Ulmenstrasse 22“ property in Frankfurt was transferred to IFM AG. It is recognized as part of property, plant and equipment, per IAS 16. Advance payments of EUR 8,666 thousand were made in the prior year. The property is measured at amortized cost per IAS 16, since a significant portion has been retained for the Company's own use. After deduction of amortization, the carrying value is EUR 8,627 thousand.

A land charge of EUR 6,770 thousand was registered in favor of the financing bank (interest rate on land charge: 16%).

## Contingent liabilities and other financial liabilities

There were no contingent liabilities in 2007. There were no changes in contingent liabilities as of the date of the consolidated interim financial statements.

Commitments under current investment and ordering obligations came to EUR 21,897 thousand at March 31, 2008 (December 31, 2007: EUR 8,481 thousand).

Additionally, IFM Property Project Zimmerstrasse GmbH has undertaken to pay the purchase price of EUR 10,530 thousand for the property at Zimmerstrasse 92-93, 94. The payment will be made in two installments, the first of which is due on September 30, 2008, and the second on March 31, 2009.

## 2 Explanatory notes to the consolidated income statement

### Gain on fair valuation of investment properties

The fair valuation of investment properties in accordance with IAS 40 yielded a gain of EUR 2,185 thousand for 2008 (comparison period: EUR 0 thousand). This income was generated from the market valuation of the "Kureck" property in Wiesbaden.

## 3 Noteworthy events after the reporting date

As of April 30, 2008, IFM Immobilien AG stock began trading on the regulated market (Prime Standard segment) of the Frankfurt Stock Exchange.

## 4 Segment reporting

No segment report in accordance with IAS 14 was prepared for fiscal 2007 or the comparison period, since the Group companies operate in a single business segment and in only one geographical segment. For that reason, no segment revenues or segment profits are reported.

## ■ Interim Consolidated Financial Statements (IFRS)

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Notes to the interim Financial Statements as at March 31, 2008

### 5 Supervisory Board and Executive Board

#### Supervisory Board

There haven't been any changes concerning the constitution of the Supervisory Board of IFM AG:

#### Executive Board

The Executive Board of IFM AG has the following members:

- Georg Glatzel (CEO), graduate economist and real estate economist (EBS), Heidelberg
- Marcus Schmitz (CFO, since April 1, 2007), graduate in business administration (Fachhochschule), Frankfurt
- Bernd Michael Weber (CFO, to March 31, 2007), graduate in business, Frankfurt

In 2006, two Tranches have been issued in line with the stock option program (SOP 2006 A = Tranche 1 and SOP 2006 B = Tranche 2) that could not expire right from the beginning and are therefore directly posted as expenses with a correlative increase in capital. Within the scope of the stock option program SOP 2007 a further tranche (Tranche 3) has been issued. Additionally, a further tranche (Tranche 4) was issued under the 2007 stock option plan in February 2008.

According to IFRS 2 the Tranches are as follows:

Nature of agreement	Stock-based compensation for Executive Board			
<b>Tranche</b>	<b>Tranche 1</b>	<b>Tranche 2</b>	<b>Tranche 3</b>	<b>Tranche 4</b>
Grant date	10/6/2006	10/6/2006	9/13/2007	2/19/2008
Options granted	60,000	60,000	292,000	292,000
Maximum term (years)	5	5	5	5
Strike price (€)	5	5	10.94	9.28
Options outstanding at start of 2008 reporting period (Jan. 1, 2008)	60,000	60,000	292,000	0
Options granted during the 2008 reporting period	0	0	0	292,000
Options forfeited during the 2008 reporting period	0	0	0	0
Options exercised during the 2008 reporting period	0	0	0	0
Options expired during the 2008 reporting period	0	0	0	0
Options outstanding at end of 2008 reporting period (Dec. 31, 2008)	60,000	60,000	292,000	292,000
Options eligible for exercise at end of 2008 reporting period (Dec. 31, 2008)	60,000	60,000	0	0

During the reporting period an amount of EUR 121 thousand (comparison period: EUR 92 thousand) has been accounted under personnel expenses.

## ■ Interim Consolidated Financial Statements (IFRS)

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Notes to the interim Financial Statements as at March 31, 2008

### 6 Related party transactions

The following disclosure obligations arise for IFM AG for Q1 2008:

Essentially, related parties to be considered connected with the IFM AG Group are the members of the Executive Board and Supervisory Board, their immediate families, and entities they control. This includes IFM Immobilien-Finanz-Management GmbH, which is held by a member of the Executive Board (Georg Glatzel).

During the first quarter of 2008, transactions for a total of EUR 0 thousand (vs. EUR 1 thousand) were undertaken by IFM AG and its subsidiaries with IFM Immobilien-Finanz-Management GmbH in the course of normal business activities. These primarily concerned services provided by IFM Immobilien-Finanz-Management GmbH, particularly in project management.

Revenues include EUR 19 thousand (vs. EUR 78 thousand) in revenues from services performed for IFM Immobilien-Finanz-Management GmbH.

As of March 31, 2008, the Group had receivables of EUR 129 thousand from IFM Immobilien-Finanz-Management GmbH (prior year: EUR 140 thousand).

IFM AG invests some of its liquid funds in the ETHNA Bond Premium. The company that administers the ETHNA Bond Premium is LRI Invest S.A., of Munsbach, Luxembourg. It has appointed ETHNA Capital Partners S.A., of Wollerau, Switzerland, as an investment counselor, of which Luca Pesarini, the Chairman of the Company's Supervisory Board, is the managing partner. IFM AG invested EUR 5,003 thousand in the fund in fiscal 2007.

Heidelberg, May 19, 2008



Georg Glatzel



Marcus Schmitz

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#### Forward-Looking Statements and Information Obtained from Third Parties

This interim report contains certain forward-looking statements. Forward-looking statements are any statements that are not about historical facts and events. Such statements appear at numerous points in this annual report, particularly where information is given about the Company's intentions, beliefs or current expectations in regard to its future financial earnings, plans, liquidity, outlook, growth, strategy and profitability, as well as the economic conditions to which it may be exposed. Such statements are based on the Company's current estimates, arrived at to the best of the Company's knowledge, but they are subject to risks and uncertainties, inasmuch as they refer to events and are based on assumptions that may not bear out in the future. For that reason they cannot constitute a warranty for future developments. In view of the risks, uncertainties and assumptions involved, the future events mentioned in this interim report may also not come to pass, and certain assumptions may prove inaccurate.

The business activities of IFM Immobilien AG are subject to a number of risks that may likewise render a forward-looking statement, estimate or prediction inaccurate, and that may cause the business performance as well as the asset position, financial position and results of operations of IFM Immobilien AG to deviate from projections. Such deviations may be negative or substantial in nature. The most important factors that may result in such deviations include the regulatory environment of the real estate market, measures taken by regulatory and permit-issuing authorities, the permit environment, and changes in the real estate industry in those states and regions where IFM Immobilien AG does business. Other uncertainty factors include acceptance of and demand for real estate, competitors' behavior, uncertainties as to whether developed properties can be let at the expected prices, and changes in legislation, particularly changes regarding taxes. Additional risk factors and events published in annual reports and other declarations by IFM Immobilien AG must also be taken into account.

This interim report includes information about the market and the real estate sector, as well as other statistical data and predictions about the markets that are of relevance for IFM Immobilien AG. This information is based on market statistics and industry reports, as well as other information available to the public, as well as estimates by IFM Immobilien AG, which in turn are (generally) based on published data or figures from sources available to the public. The Company itself has not separately checked the information taken or derived from market and industry publications or other third-party studies and reproduced in this annual report. For that reason it assumes no liability or warranty as to the accuracy of such information contained in this annual report. The reader should note that certain estimates on the part of the Company are based on such third-party studies. These estimates by the Company have not been checked by independent experts. Other parties may arrive at other conclusions by applying other methods for the collection, analysis or calculation of market data. Therefore, for all third-party publications relating to the market and industry and referred to in this annual report, it must be understood that the Company believes that the information they contain is reliable, but cannot guarantee the correctness or completeness of that information. Such market and industry studies are often based on information and assumptions that may be neither accurate nor appropriate to the circumstances, and their methods by their nature are often prospective and speculative.

Neither IFM Immobilien AG nor its Executive Board offers any guarantee that the opinions expressed in this interim report will prove to be correct, or that projected developments will actually occur. The Company assumes no obligation to amend forward-looking statements or revise them in light of future events or developments, or to update them in any other way.



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## **Financial Calendar 2008**

Annual Meeting	July 18, 2008
SCC Small Cap Conference, Frankfurt	25.-27. August 2008
Release First-Half Report	August 2008
Expo Real, Munich	06.- 08. October 2008
Initiative Immobilien Aktie, Frankfurt	20.-21. October 2008
German Equity Capital Forum, Frankfurt	10.-12. November 2008
Release Q3 Report	November 2008



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