

IMW Immobilien Aktiengesellschaft, Berlin

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Report of the period 04/01 – 12/31/2008

(2. interim report of the business year 2008/2009)

The global finance crisis shows strong impacts on the economic systems worldwide. In all segments in all over the world there are decreases, fear of recessions and losses. Even in Germany the economic development of the year 2009 will be very bad.

The activities in the real estate markets are falling dramatically. In Germany the transaction amount of € 25.9 billion was 60 % under the track record of the year 2007. In the fourth quarter 2008 there were only few transactions with swept to sole transactions. The prices of properties were going slowly.

The IMW-Group could continue its consolidation process consequently. By the end of 2008 seven properties with a market value of € 18.5 million were sold. The properties were located in Hamburg and Hanover and were rent to commercial tenants mostly. For the rental income there was no impact so far because the properties were accounted to group properties until end of 2008.

In addition notary contracts were signed for additional properties with a market value of € 15.9 million and for another three commercial buildings leasehold contracts were closed.

As mentioned in the 1. interim report 2008/2009 we were in negotiations with Wachovia Bank about defaults of covenants. Wachovia had refused the payment of outstanding loans in the portfolio VRE 7 and gave noticed to the loan agreement in the portfolio VRE 10.

These procedures are not correctable and understandable from our point of view. We estimated that it will be useful for the bank due to the umbrellas installed by the government. On the legal basis the involved companies have to declare insolvency. As mentioned in several reports we brought in the whole properties in spvs (special purpose vehicle). These avoid impacts of problems which may occur in one portfolio by going insolvency to the other portfolios of the group.

The property assets of the IMW-Group after the transactions content the PRIMA GmbH in Berlin-Lichtenberg with 27 properties and approx. 4.450 residential units, the portfolios "Austerlitz" (properties in Hamburg) and "Falcon Crest" (properties in Berlin, Hannover and Munich), such as one smaller properties in Hamburg-Wandsbek. Additional parts of the property assets are the "Valbonne" portfolios with more than 7,700 residential units in Berlin and North Rhine-Westphalia.

The value of all properties of IMW-Group as of December 31, 2008, exceeds € 825 million (prev. years: € 890 million) and the total rental space contents more than 920,000

sqm and 13,000 units. The main focus of the properties is concentrated in Berlin. More than 84 % of the rental income allots on residential space.

Consolidation

In the two past years the volume of the properties increased significantly. Due to the planned consolidation process the rental income for the first nine months of the business year 2008/2009 increased to € 45.3 million including rental guarantees (prior year: approx. € 43.5 million without guarantees). The balance of the allocation of allocatable revenues and costs increased to - € 2.0 million. The non-allocatable property costs were € 9.0 million (prev. year: € 9.3 million).

The personnel expenses added up to € 3.4 million (prior year: € 3.3 million). The head count of the group per 12/31/2008 lies at 88 employees, while it were 92 one year earlier.

Depreciation was approx. € 0.9 million (€ 0.7million for good will depreciation). The other operating expenses amounted to approx. 5.8 million € (prior year: € 9.7 million). A big portion of these expenses are due to the legal, fiscal and economical advice, adjustments and office expenses. In the previous year the costs of the preparation of the prospectus were shown under this item.

The operative result according to IFRS without any influence of the enhancement or depreciation in value for property assets and financing € 26.4 million (previous year: € 21.8 million).

In order to finance the purchase of properties loans are taken out. The portfolio increase of previous years effect the interest expenses, which in the reporting period amounted to € 26.5 million in comparison with € 26.1 million in the prior year. In previous year the interest expenses of the Valbonne-deal had an impact, in the current period increases in interest rates influenced the result.

Due to this the fair values of derivatives decreased and contributed an amount of - € 13.0 million (prior year: + € 4.0 million) to the group income before tax.

According to IAS 40 properties are to be valued on a fair value basis. This was done by neutral appraiser at 30. September 2008 and which showed dramatic decreases. In the meantime the management had no reason to revalue the portfolios once again. For the situation in the portfolio VRE 10 there was made an additional decrease of € 10 million. For the period ending March 2009 it is intend to revalue all properties by neutral experts.

The total decrease for the period ending December 2008 was - € 84.8 million. The group income after tax decreased to - € 84.1 million (prior year: € 17.6 million).

The corporation's balance sheet showed no impacts due to the passage of ownerships on January 1, 2009, or later. The corporation's assets amounted to € 881 million in comparison to € 976 million previous year. This is a result of the devaluation of the properties by - € 84.8 million, a decrease of financial derivatives - € 20.5 million and the deconsolidation of VRE 7 portfolio. The financial liabilities amounted to € 609 million

(previous year: € 624 million). € 11 million are due to the deconsolidation of VRE 7. The group loss led to a reduced deferred tax item of € 34 million (previous year: € 48 million).

Future perspective

The IMW-Group will continue the consolidated course. The management estimates that the signed properties contracts at the amount of € 16 million will be closed until end of March 2009.

In addition the negotiations about the sale of additional properties or portfolios are in a strong phase, therefore the management board expects additional transactions until end of business year 2008/2009. The mentioned disinvestments should provide liquidity which is needed for yield oriented development of the properties or reducing the gearing.

As mentioned above the subprime crisis had declined the transaction business significantly. In the last few months we recognized a small readiness of financial institutes to provide loans to the property market.

Besides the sale efforts the income and cost structure will be matched with the changed market conditions. The management installed a cost cut program which led to significant cost reductions in several segments. Mr. Maic Schäfer resigned from his duties as board member. On the other hand rent increase potential could be raised. By this measure we expect a rent increase by T€ 600 p.a.

We are in negotiations to renew parts of the loans or conditions to the market conditions.

Furthermore possibilities to improve optimization for the property asset, in the frame of asset management are being sought. New strategic options will be analyzed to ensure more growth potential to the IMW group.

Berlin, February 2009

IMW AG

Board of Directors