

Annual Report 2010

IC

IC Immobilien Holding AG

IC Real Estate Group at a glance

Key indicators

Key indicators in accordance with IFRS

		2010	2009	Change in %
Revenue	in € '000	11,218	12,615	(11.1)
Gross profit	in € '000	2,526	3,170	(20.3)
Profit (loss) from operations	in € '000	(1,550)	(55)	n/a
Consolidated net profit/(loss) for the year	in € '000	(2,471)	12	n/a
Net change in cash and cash equivalents	in € '000	(412)	(1,161)	n/a
Total assets	in € '000	39,654	40,977	(3.2)
Equity	in € 'w000	8,833	10,817	(18.3)
Equity ratio	in %	22.3	26.4	(15.5)
Cash and cash equivalents	in € '000	188	600	(69)
Employees (annual average)		145	170	(14.7)
Earnings per share (basic/diluted)	in € '000	(0.87)	0.00	n/a
Dividend per share	in € '000	-	-	n/a
Investment volume under management	in € million	7,800	5,000	56

Company profile

The IC Real Estate Group is one of the leading providers of asset and property management services. With around 200 employees at present and approximately € 8.5 billion in real estate assets currently under management, IC particularly specializes in managing larger-scale properties and projects for domestic and foreign real estate owners.

Compliance with complex reporting requirements and knowledge of the regulatory requirements applicable to its real estate investors come just as easily to the IC Real Estate Group as comprehensive property management and technical services in respect of individual properties.

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Foreword of the Executive Board

Dear shareholders and friends of the IC Real Estate Group,

We came to the conclusion almost ten years ago that closed-end common real estate funds using capital raised from the public (Publikums-Immobilienfonds) would lose their appeal as a form of investment. When the tax breaks associated with this type of investment were largely wound back, it was our prediction that its limited fungibility would become increasingly apparent in the medium term.

We decided to realign the IC Real Estate Group, relinquishing our role as the initiator of common real estate funds using capital raised from the public and turning towards the provision of real estate services for private and institutional investors, and in the years that followed our assets under management grew from 1 billion to around 5 billion (before the acquisition of PropertyOne). At the same time, however, we were gradually forced to accept that competition among real estate service providers in Germany was becoming extremely tough, and with margins continuing to fall, the only way of ensuring solid future prospects for our Company was to offer international investors in particular a unique partnership opportunity by means of a nationwide branch network on the one hand, and a seamless and comprehensive range of services on the other.

As a result of our realignment, we have invested significant amounts in our IT infrastructure over the last four years, and at the same time established a nationwide branch network throughout Germany. This made us attractive to our customers on the one hand, but also gave rise to additional costs and thus created a burden on results. We therefore came to the conclusion over a year ago that the Group could only return to its previous levels of profitability through even more intensive growth. We therefore consistently publicized our goal of achieving assets under management of approximately 10 billion by the end of 2011. Today we stand before you with the firm conviction that we will achieve this target by the end of the year.

Developments of this nature understandably leave their mark. We would like to take this opportunity to thank all of our employees for their patience, commitment and a great deal of hard work over the last few years to help us implement this strategic shift. This also applies to our business associates and banks that have assisted us along the way.

Our change in strategy has also left its mark on our results. In the first half of 2010 we still believed that we would be able to end 2010 with a profit. Unfortunately we were wrong. Our operating income fell into negative figures as a result of growth in the second half of the year. This was triggered by the necessary migration of the newly acquired portfolios to our IT system, which involved a great deal of work, only part of which could be billed.

This stripped almost half a million euros from last year's result. In addition to that, our investment business, i.e. the purchase and sale of real estate for our customers, fell far behind the apparent market trend in the second half of the year, contrary to expectations. The problem was that despite very positive market sentiment generally, all investors were focusing on what is known as »core real estate«, i.e. real estate in prime locations subject to long-term leases, which was very hard to come by. High demand and low availability led to extraordinary price movements in this segment. Investors did not start looking around more broadly, including at properties with varying risk/reward profiles, until this year.

To come to the point: we failed to achieve our targets last year. We have achieved great things in 2011, boosted since the beginning of the second quarter by the expertise of our new colleague, Hans Volkert Volckens. After achieving growth of approximately 2.5 billion last year, so almost 50%, we have already gained an additional 2 billion in the first two quarters of this year, although our results may not reflect this until the second half of the year and the following year. This year we will therefore again have to battle with the phenomenon that growth is initially detrimental to the generation of income.



Oliver Priggemeyer | Executive Board member
Dr. Oscar Kienzle | Chief Executive Officer
Dr. Hans Volkert Volckens | Executive Board member

With regard to our earlier activities as fund initiator, we have set aside provisions for losses on outstanding fees. This stripped a good € 1 million from our results, which had not been envisaged in our budgeting for 2010. It remains to be seen whether these losses will be permanent.

Our deliberations on the common fund business and the lack of liquidity associated with this type of investment prompted us in 2007 to list Fair Value Reit-AG on the stock exchange. We still maintain that this idea deserved greater success than it actually achieved. Last year was the first time that we saw lasting indications of a significant revival. Last year we were able to reverse some of the recognized impairment losses and have, for the first time, preserved a dividend this year, albeit a modest 10 cents per share. Share price performance continued to be pleasing right up until the middle of the year. In light of the 40% discount to the net asset value, the share price still has the potential to go up.

We are pleased to report that our results have improved as the months go by this year, even if the investment business still falls far short of our expectations. We are, however, close to the point where our income will cover our ongoing costs and additional income, particularly from the investment business, will go towards Company profit. We sincerely regret that we have not always delivered as much as we would have liked to over the last few years. But we look to the future with the goal of finalizing the permanent strategic realignment of our Company with a new and improved team, updated strategies and a sense of optimism.

Kind regards

Dr. Oscar Kienzle

Oliver Priggemeyer

Dr. Hans Volkert Volckens

Supervisory Board report

Ladies and Gentlemen,

Medium-sized enterprises like the IC Real Estate Group have faced new challenges since the last financial market crisis. Apart from fierce competition, these days investments necessary for the business often have to be financed from internal resources, since financial markets are still suffering their ups and downs. The willingness of lenders to extend business loans to small enterprises has diminished right across the board, although thankfully there have been some exceptions. A key aspect of all Supervisory Board meetings has therefore been the issue of how to generally renew refinancing for the Group, as well as the Group's corporate strategy.

During fiscal year 2010, the Supervisory Board of IC Immobilien Holding AG monitored the Company's management and regularly obtained detailed and timely information on the Company's performance and all material transactions on the basis of written and oral reports of the Executive Board. It convened for a total of four ordinary meetings in the year under review.

At these meetings, current business performance was discussed with the Executive Board and analyzed in detail. Individual transactions that required Supervisory Board approval due to legal provisions or requirements laid down in the Articles of Incorporation were examined, discussed, and a resolution was passed on them.

The deliberations covered the financial position of IC Immobilien Holding AG and its subsidiaries, the current and longer-term development of the individual business segments, and the product, sales, and marketing strategy. As part of its activities, the Supervisory Board also dealt intensively with proposals of the Executive Board on medium-term business policy and on this basis reached agreement on future strategic alignment.

In addition, the Supervisory Board obtained regular updates in particular about the performance of Fair Value REIT-AG. Moreover, the Executive Board informed the Chairman of the Supervisory Board at least monthly about the development of business.

The Supervisory Board has currently not formed any committees. Dr. Hans Volkert Volckens was appointed to the Executive Board effective April 1, 2011.

Following proper procedure, the Supervisory Board awarded the engagement for auditing the annual financial statements and the consolidated financial statements of the current fiscal year to the auditors chosen by the General Shareholders' Meeting, Dr. Kleeberg und Partner GmbH, Munich. The annual financial statements and the consolidated financial statements as of December 31, 2010 as well as the management report and Group management report were audited, with reference to the bookkeeping system, by the external auditors, Dr. Kleeberg und Partner GmbH, Munich. The auditors issued an unqualified audit opinion. The audit report was submitted to the Supervisory Board and personally explained to the members of the Supervisory Board and Executive Board by the auditor responsible for conducting the audit.

The Supervisory Board examined the report in detail. It concurs with the result of the audit and approves the annual financial statements and the consolidated financial statements, thereby adopting the annual financial statements presented.



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At its meetings, the Supervisory Board regularly discussed the further development of the corporate governance principles and their application in the Company. Further information on corporate governance in the Company can be found in the corporate governance report, which the Executive Board and Supervisory Board have made available as part of this Annual Report. There were no conflicts of interest as defined in section 5.5.3 of the German Corporate Governance Code in the year under review.

The Supervisory Board would like to thank the Executive Board and in particular the employees of IC Immobilien Holding AG for their committed contribution and the work they did in the past fiscal year. The restructuring measures initiated in the new fiscal year will put the Company back on track.

Unterschleißheim, May 31, 2011

Supervisory Board
Professor Hans-Dieter Kalscheuer
Chairman

Corporate governance report

Corporate governance generally comprises the totality of all international and national values and principles for good corporate management. Good corporate governance guarantees responsible, professional, and transparent corporate management that is focused on the long-term success of the Company. We are committed to good corporate governance. This entails not only compliance with the relevant legislation, but also general observance of generally accepted standards and recommendations.

Corporate Governance Code

In April 2007, the Executive Board of IC Immobilien Holding AG resolved the following corporate governance principles:

Transparent management principles

The German Corporate Governance Code adopted in February 2002, in the version applicable in April 2007 dated July 24, 2006, contains recommendations and suggestions for the management and monitoring of German listed companies in relation to the shareholders and the General Shareholders' Meeting, the Executive and Supervisory Boards, transparency, accounting, and auditing. There is no obligation to comply with the recommendations or suggestions of the Code. German stock corporation law merely requires the Executive and Supervisory Boards of a company listed on the Regulated Market or on the Official Market to declare each year which recommendations were or are complied with and which recommendations were or are not complied with. Since IC Immobilien Holding AG is not listed on the Regulated Market or Official Market, our Company is not subject to any of the stock corporation law provisions relating to the Corporate Governance Code. However, we have voluntarily opted to make the relevant declarations in order to give shareholders a better idea of the management principles of the stock corporation (AG). The declaration of conformity with the German Corporate Governance Code is made permanently accessible to shareholders on the Internet. Similar to the Offering Memorandum, this Annual Report discloses Executive Board compensation on an individual basis. No compensation was paid to members of the Supervisory Board for consulting and service contracts.

High value focus

Responsible corporate management

For IC Immobilien Holding AG, corporate governance means responsible and transparent management and control of the Company with a view to achieving a sustainable increase in enterprise value. For our Executive and Supervisory Boards, values such as sustainability, transparency, and value focus are at the forefront of good corporate management. In accordance with section 3.10 of the German Corporate Governance Code, the corporate governance report of IC Immobilien Holding AG was issued jointly by the Executive Board and Supervisory Board. It describes the principles of the management and control structure and the material rights of the shareholders of IC Immobilien Holding AG. Declarations of conformity relating to the last five years can be viewed at IC Immobilien Holding AG's website.

Responsible management culture

Management and control structure

IC Immobilien Holding AG is subject to German stock corporation law. The two-tiered system of corporate management and control by the Executive Board and the Supervisory Board forms the basis for responsible corporate governance. The Company is managed by the Executive Board of IC Immobilien Holding AG, which has comprised three members since April 1, 2011. The Executive Board acts exclusively in the interests of IC Immobilien Holding AG, in other words having regard to the interests of its shareholders, employees and the other stakeholders associated with the Company, and is committed to achieving a sustainable increase in enterprise value. It provides regular, timely, and comprehensive reports to the Supervisory Board on corporate planning, strategic developments, and the current situation of business, in-

cluding the risk situation. The Supervisory Board of IC Immobilien Holding AG currently has three members. It deliberates and monitors the corporate management performed by the Executive Board. The members of the Supervisory Board consult and agree with the Executive Board on corporate strategy and its implementation. In addition, the Supervisory Board discusses the interim reports and examines and approves the annual financial statements of IC Immobilien Holding AG. Material decisions of corporate management require the approval of the Supervisory Board; examples include the setup and closure of branch offices, the acquisition or sale of land or equity investments with a purchase price of more than € 500,000, and the appointment or dismissal of Executive Board members. The Executive Board and the Supervisory Board ensure the Company's continued existence and the sustained adding of value in accordance with social market economy principles.

General Shareholders' Meeting

The shareholders of IC Immobilien Holding AG exercise their rights at the General Shareholders' Meeting, where they use their voting rights. Each shareholder is invited to attend the General Shareholders' Meeting. The General Shareholders' Meeting passes resolutions on topics including ratification of the acts of the Executive and Supervisory Boards, election of the auditors, amendments to the Articles of Incorporation, and capital management. To ensure good corporate governance, German law requires that all capital management measures be approved by the shareholders. The report to the shareholders on business development and the net assets, financial condition, and results of operations of the Company is presented twice a year according to a fixed financial calendar.

General Shareholders' Meeting

Open and transparent communication

To ensure transparent communication with the capital markets, IC Immobilien Holding AG informs shareholders, analysts, and journalists according to standard criteria. Corporate news and press releases are published promptly on IC Immobilien Holding AG's website. As a result of the decision to list in the Premium Capital Port Segment in the over-the-counter market on the Hamburg Stock Exchange, IC Immobilien Holding AG has voluntarily undertaken to comply with the extended transparency and communication requirements, which can be read in the OTC regulations of the Hamburg Stock Exchange. They include a requirement to present an interim report after the end of the first six months of each fiscal year. In addition, IC has undertaken to publish facts that could influence the share price without delay. Apart from the Company's website, these reports are published as corporate news items through an agency recognized for the dissemination of corporate information.

Effective communication

Risk management

The elementary tasks of good corporate governance include careful and responsible treatment of risk. IC Immobilien Holding AG uses systematic risk management to detect and minimize potential risks in a timely manner. This system is continuously developed and updated and adapted to the respective conditions. Detailed information on our risk management system can be found in the risk report beginning on page 45. In addition, information on Group accounting can be found beginning on page 59.

Minimization of potential risks

Auditors

The General Shareholders' Meeting of IC Immobilien Holding AG appointed the auditing firm Dr. Kleeberg & Partner GmbH, Munich, as auditors for fiscal year 2010. At no time did any business, financial, personal, or other relationships that could call the independence of the auditing firm into question exist between the auditing firm and its executive bodies and head auditors on the one hand and IC Immobilien Hold-



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ing AG and members of its executive bodies on the other. On the basis of the election of the auditors by the General Shareholders' Meeting, the Supervisory Board of IC Immobilien Holding AG awards the audit engagement to the auditors and agrees on the fee with them. The auditors take part, by teleconference if necessary, in the Supervisory Board's deliberations on the annual financial statements and consolidated financial statements and report on the material results of their audit.

Declaration of conformity in accordance with section 161 of the German Stock Corporation Act (Aktiengesetz – “AktG”)

On June 28, 2011, the Executive Board and the Supervisory Board of IC Immobilien Holding AG issued the following declaration of conformity with the German Corporate Governance Code in accordance with section 161 of the AktG:

The Executive Board and the Supervisory Board of IC Immobilien Holding AG welcome and support the German Corporate Governance Code and the objectives it pursues. For the period since the last declaration of conformity dated April 28, 2010 until July 1, 2010, the following declaration is based on the version of the Code dated June 18, 2009. Since July 2, 2010, the declaration is based on the requirements of the Code in its amended form dated May 26, 2010, which was published in the electronic Federal Gazette on July 2, 2010.

The Executive Board and Supervisory Board of IC Immobilien Holding AG declare that the recommendations of the German Corporate Governance Code have been complied with throughout, with the following variances, and will be complied with in the future, with the following exceptions:

- D+O policy: The D+O (directors' and officers' liability insurance) policy taken out for the Executive Board does not include a deductible until June 30, 2010 (section 3.8 (2)). Since enactment of the German Reasonableness of Management Remuneration Act (Gesetz über die Angemessenheit der Vorstandsvergütung), section 93 (2) sentence 3 AktG provides that a deductible be agreed when conclud-

ing D+O insurance for executive board members. IC Immobilien Holding AG amended its D+O insurance accordingly within the statutory transition period, and the amendment took effect on July 1, 2010. The D+O insurance does not provide for a corresponding deductible for Supervisory Board members. (Deviation from section 3.8 (3)). As was the case in the past, there is still a great deal of concern that agreeing to a deductible for Supervisory Board members could adversely affect the Company's goal of recruiting prominent persons with exceptional corporate experience to the Supervisory Board.

- Total compensation of members of the Executive Board: In addition to fixed and variable components, the total compensation of the Executive Board includes no long-term incentive or risk components, in particular no stock options or similar arrangements (section 4.2.3 (2)). The Executive Board and Supervisory Board believe that the contractually agreed fixed and variable compensation components are adequate and do not require any additional elements. IC Immobilien Holding AG discloses the total compensation of the Executive Board, divided into fixed and performance-related components, in the notes to the consolidated financial statements (section 4.2.4). For this reason, it does not prepare a separate compensation report (section 4.2.5). When new employment contracts are entered into, an upper limit for severance payments of one year's salary is agreed.
- Age limits for members of the Executive and Supervisory Boards: No age limit has been specified for members of the Executive and Supervisory Boards (sections 5.1.2 and 5.4.1). IC Immobilien Holding AG believes that an age limit would unnecessarily restrict the Supervisory Board and the shareholders in their choice of people eligible to become members of the Executive Board or Supervisory Board.
- Committees: In view of the small number of members (currently 3 shareholder representatives), the Supervisory Board has opted not to form committees with sufficient expertise (section 5.3.1), an audit committee (section 5.3.2), or a nomination committee (section 5.3.3).
- Supervisory Board compensation: The compensation of Supervisory Board members does not take into account any membership of Supervisory Board committees, because in view of its small number of members the Supervisory Board has opted not to form any committees (section 5.4.6 (1)). IC Immobilien Holding AG discloses the total compensation of the Supervisory Board in the notes to the consolidated financial statements. For this reason, it does not prepare a separate compensation report (section 5.4.6 (3)).
- Acquisitions and disposals: The shares of IC Immobilien Holding AG are only admitted for so-called over-the-counter trading. Members of its governing bodies and managers are therefore not subject to any statutory obligation to disclose to the Company acquisitions or disposals with a value in excess of € 5,000. For this reason, ownership of shares is not disclosed separately for the Executive Board and the Supervisory Board (section 6.6). In fiscal year 2010, the Executive and Supervisory Boards engaged in the transactions listed in the Annual Report and on the Company's website www.ic-group.de. The Executive and Supervisory Boards will continue in the future to notify IC Immobilien Holding AG voluntarily of any acquisition or disposal transactions exceeding € 5,000 so that this information can be published.

Unterschleißheim, June 28, 2011



Dr. Oscar Kienzle
Chief Executive Officer



Prof. Dr. Hans-Dieter Kalscheuer
Chairman of the Supervisory Board

Corporate social responsibility report

Corporate social responsibility (CSR) describes the role of the corporate sector in the development of the environment from ecological, economic, and social perspectives. Current developments are influenced by a special corporate responsibility triggered by a change in societal values, prompting companies – of their own volition and at their own risk – to base their actions on corporate responsibility criteria so as to ensure that their businesses contribute to a sustainable society. As a provider of the full range of real estate services, IC Immobilien Holding AG is also particularly committed to meeting the challenges associated with such a role. Its corporate goal as an investor, operator and service provider is to convey, together with users, a message of ecological and social responsibility and sustainability in the corporate environment.

A particular aspect of ecologically, economically and socially sustainable actions is energy generation. IC Immobilien Holding AG has particularly applied itself to this challenge and actively assists in the development of an investment project for a solar thermal power plant. The particular challenge of this investment lies in developing a technology that takes into account both energy generation and energy storage.

IC Immobilien Holding AG regards this project, aimed at ecological and socially sustainable energy generation and distribution, as an important corporate contribution towards the protection of societal interests. The current shift in public opinion with regard to environmentally-friendly, low-risk and ecologically responsible energy generation, which has been particularly enhanced by the reactor disaster in Fukushima and the associated shift in societal attitudes, is an endorsement of our business decision to pursue this project.

IC Immobilien Holding AG is also implementing other projects involving sustainable energy generation within the real estate portfolio under its management. For example, the roofs of managed properties in the portfolio are inspected to assess whether they may be suitable for the installation of a photovoltaic system to generate electricity. The first projects have already been completed on certain properties with suitable roofs. For example, photovoltaic systems capable of producing a total output of 2 MW were installed in Frechen and Kerpen. Over the coming years, IC intends to continue integrating photovoltaic systems in the real estate portfolio it manages.

One of IC's key roles as a service provider is to professionally present to investors and users the prospects of ecologically sustainable and resource-conserving energy generation and to competently assist with the necessary investment decisions.

Since 2009, energy consumption in managed properties has been analyzed on the basis of the »energy passports« issued for the entire real estate portfolio, but also based on targeted property benchmarking. The results of the analyses led to the immediate implementation of energy optimization measures, or the integration of such measures in maintenance and repair schedules. A particular priority is to exchange obsolete heating technology with modern, energy-saving and low-emission devices. The schedules for the next few years require the exchange, on a rolling basis, of the central heating boilers of many properties. This will contribute to substantial energy savings and reduce CO₂ emissions.

Other action plans relate to optimizing the electricity consumption of properties. Technological advancements in lighting offer huge opportunities to identify substantial potential to reduce energy consumption and hence also optimize energy consumption, thereby saving energy resources and reducing CO₂ emissions.

IC believes that socially responsible property management is not just about optimizing energy efficiency. There is huge potential for improvement with regard to water saving measures and the associated problem of wastewater disposal. For example, in the area of sanitation, faucets are being replaced in the course of maintenance work by devices that use water saving technology. The savings of valuable drinking water achieved are of direct benefit to property users. At the same time, the expense associated with wastewater treatment is significantly reduced because water is being used more sparingly, which in turn contributes to improving the quality of our environment.

As part of a systematic analysis of its building portfolio, the IC Real Estate Group also entered into a master agreement with an FM service provider, which included an obligation to analyze the entire real estate portfolio to assess the potential for energy savings and improving energy efficiency for almost all of the properties managed by IC. This project began in 2010 and will be continued in 2011. IC expects the results of this analysis to include property-specific energy optimization measures, which can then be progressively discussed and agreed with investors and implemented. Given the extensive real estate portfolio under its management, IC believes there is substantial potential for making an important contribution as part of its corporate responsibility towards sustainable and ecologically and socially responsible behavior for the benefit of our society and our environment. Conceptually, we see this as our contribution towards ecologically sustainable property management in that we base our activities around improving energy efficiency at our properties and reducing energy consumption and CO₂ emissions.

The idea behind it all is to start by recording and reviewing data on the condition of properties and to assess the feasibility of work on roofs, facades, building technology and in the area of energy management. These reviews are to culminate in an action plan for each property, which will then contribute to improving the energy balance sheet and, in the long-term, reduce the properties' energy costs.

Stage two will involve a comparative quality assessment of the individual property locations in order to develop benchmarks for the classification of each property. Classification criteria may include building quality, energy consumption, interior quality, waste management and resource consumption (water, wastewater). These recurring quality assessments are intended to facilitate property management measures targeted at improving the building portfolio in an ecologically sustainable manner, and thus contribute to the development of a more energy efficient real estate portfolio.

In the course of implementation, IC will also subject new properties to an energy efficiency analysis and, together with the property owners, plan specific measures for optimizing energy use. The portfolios are also intended to be integrated in a process of continual energy optimization.

IC shares

[Report on the stock exchange year](#)

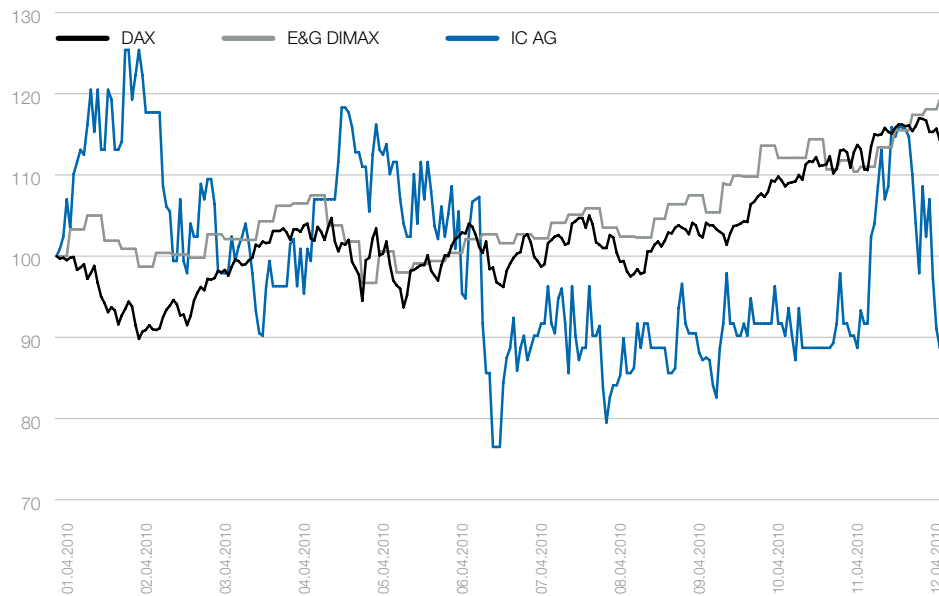
The year 2010 on the stock exchange

Despite the debt crises in the euro zone, 2010 was a successful year for the German share market. Large German conglomerates benefited from strong exports due to the global economic upturn and the low euro. In Germany itself, demand was boosted by growing consumption and an improved labor market environment. Low interest rates also allowed companies to borrow cheaply in order to make investments. Germany's leading index, the DAX, remained below 6,000 points for the majority of the first quarter of 2010, but rose steadily over the course of the year to close the year at almost 7,000 points. This was around 16% higher than its closing level the year before. The small-cap index, the SDAX, exceeded 5,000 points by the end of 2010, representing a 46% increase over its close in 2009.

German real estate shares continued to recover and benefited in 2010 from the improved capital market environment. As in the previous year, the DIMAX climbed around 19% over the course of 2010. The real estate share index therefore fared better than the DAX, even if the increase wasn't as dramatic as that of the SDAX.

[Share performance and share graph](#)

The shares of IC Immobilien Holding AG

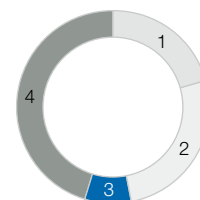


IC Immobilien Holding AG shares started the year well and considerably outperformed the DAX, the SDAX and the DIMAX. However the share price fell sharply in the middle of the year. It recovered again in the second half of the year and trended upwards. The share price fell once again just before the end of the year, closing 2010 at € 2.90, almost 11.3% lower than the opening price at the beginning of the year.

Key data at a glance as of December 31, 2010

Sector	Real estate
WKN	563216
ISIN	DE 000 5632160
Free float	44 %
Number of shares	2,800,000
Par value	No-par value shares
Share class	No-par value bearer shares
Designated sponsor	BankM – branch office of biw Bank für Investments und Wertpapiere AG
Stock exchange segment	OTC
Research	SES Research
Trading venues	Hamburg, Frankfurt, Berlin-Bremen, Munich, Stuttgart, XETRA trading

Shareholder structure as of the end of December 2010



1. SITQ	21 %
2. Management/employees	27 %
3. BBV Holding AG	8 %
4. Private and institutional investors/free float	44 %

Shareholder structure according to latest information available to the Company.

Strategy and positioning

IC – international asset and property managers and consultants for commercial real estate in Germany

Over the past 20 years, the IC Real Estate Group has established itself as a widely recognized real estate management and consulting group for commercial properties in Germany. The IC Group currently manages a total investment volume of approximately € 8.5 billion and serves roughly 15,000 investors in Germany and abroad.

The IC Group is the partner of choice for:

- private and institutional owners and investors;
- real estate investment funds;
- real estate investment trusts (REITs).

The IC Group currently employs approximately 200 real estate specialists in seven locations in Germany, and has long-standing partnerships with a host of experts, primarily in the field of property management. They manage over 700 properties with a total of around 4 million m² of leasable space.

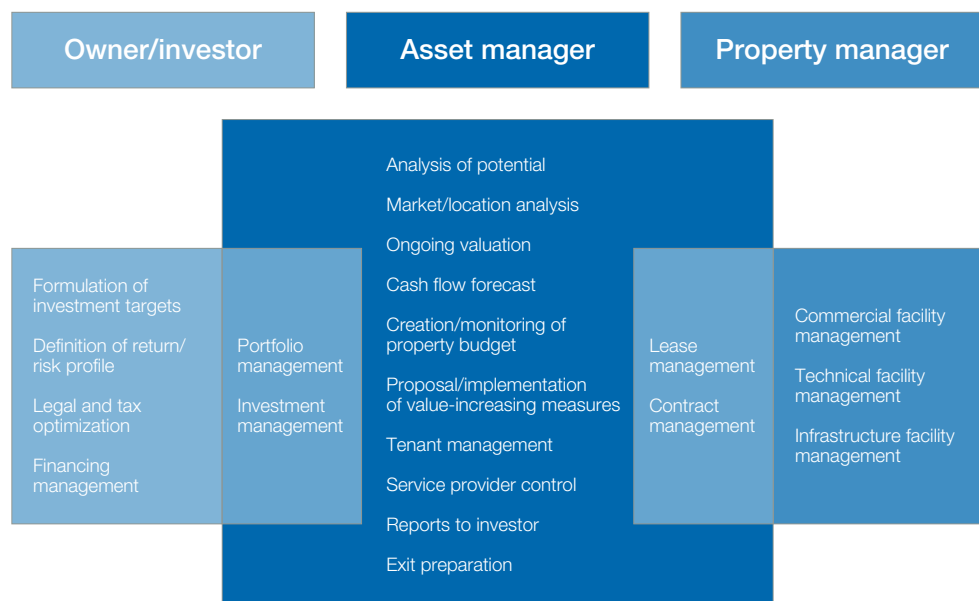
The IC Group's years of experience, qualified staff and moderate-sized structures enable it to take on all strategic and operating aspects of the property management business in Germany for property owners and investors, or to provide these services individually.

The IC Group sees itself as the agent of property owners with the aim of:

- maintaining the real estate assets it manages;
- restructuring them in order to increase their value; and
- advising owners on all questions concerning their real estate portfolio.

The Group's management and consulting services are geared towards the German commercial real estate market, with particular emphasis placed on office, logistics and retail properties.

IC – Asset und property managers



IC – Managers in touch with real estate

The IC Group's expertise in real estate and in-depth knowledge and understanding of the local markets enable it to guarantee professional asset and property management for commercial properties over the entire real estate life cycle – from the identification of suitable investment properties to their acquisition, ongoing management and revitalization through to their disposal.

Close link between asset and property management

The IC Group considers close contact with tenants to be a key success factor in real estate investment. Given the fact that expansive growth opportunities are limited in the German real estate markets and that quality as a distinguishing feature in the competition for tenants is gaining significance, serving and keeping existing tenants is constantly growing in importance. In light of this, the IC Group has set its sights on managing all properties from a branch office that is no more than an hour's travel away from the property. This strategy enables the Group to have closer contact with tenants and to react quickly to problems that arise.

Local expertise

A further core competency of IC is reporting that is tailored to suit the specific needs of institutional investors. In addition to planning, financial control and monthly reporting, this primarily involves the preparation of annual financial statements at the property and portfolio levels, as well as at the level of the real estate holding companies. The IC Group performs these services in accordance with German and international standards, and is thus qualified and ideally suited to meeting the modern asset management requirements of international investors.

Professional financial control and reporting

In addition to comprehensive real estate consulting and property management, the IC Group's extensive experience allows it to structure complex products, such as REITs, closed-end and open-ended real estate funds, and special real estate funds.

Structuring complex products

Another area in which the IC Group is proud to emphasize its track record is the redevelopment of distressed real estate investments. IC's services include analysis and consulting, as well as implementing the redevelopment, which is performed in cooperation with the investors and the lending banks.

Redevelopment consulting and redevelopment management

All the market and real estate expertise from a single source

The IC Group provides a broad range of real estate services in the following areas:

Property Services

- Asset management
- Property management
- Financial control and reporting
- Corporate management

Investor services

- Product structuring

Consulting and Transactions

- Leasing
- Consulting
- Investment services

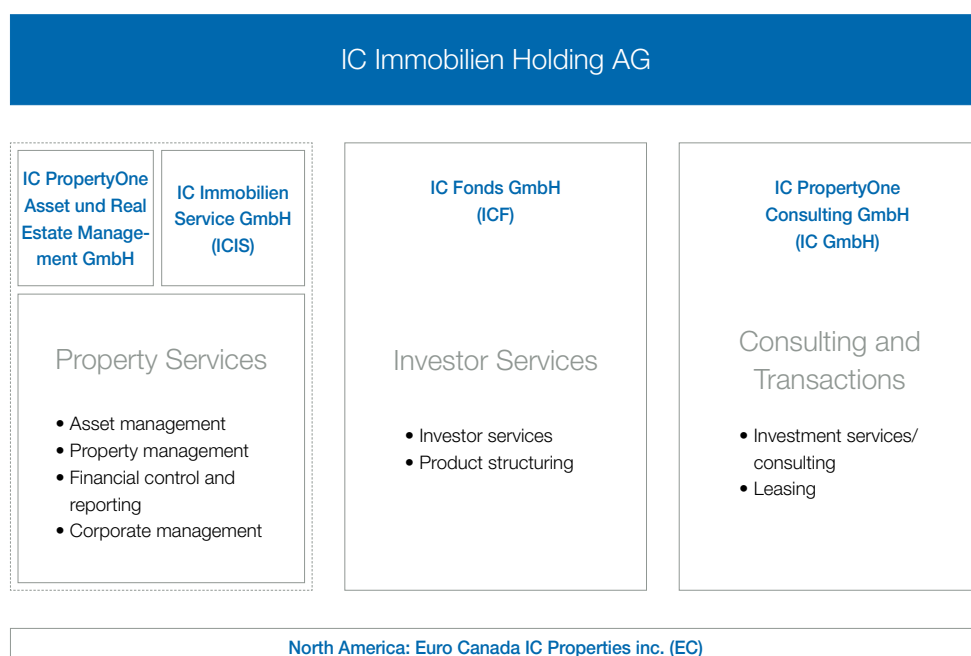
Core competencies of IC Real Estate Group

Three business segments and three operating companies

The IC Group operates in the following three business segments:

- Property Services
- Investor services
- Consulting and Transactions

The services offered by IC in the individual business segments are currently provided by four operating companies.



New responsibility and competency areas ensure specialization and transparency

The real estate world is always changing. As a medium-sized enterprise, the IC Real Estate Group has always adapted quickly to necessary changes and will continue to adjust in 2011 with a view to improving efficiency and risk management. There will be two key operating divisions in the future: Asset Management and Property Management. Support services will be integrated in IC AG. The IC technology department will also be established over the course of the year, where all of the Group's technical services will be combined.

The services in detail



Investor services

Investor services provides services to investors, particularly investors in closed-end real estate funds. The range of responsibilities includes documenting the investment for financial statement and tax purposes, dealing with inquiries and share transfers, tax management, payment of dividends, and organizing shareholders' meetings and advisory board meetings.

In order to deal with investor inquiries as efficiently as possible, each fund has been assigned a central contact person. To ensure that investors receive optimal support, the investor services division is integrated in Corporate management, in the customer teams of the respective asset managers. It works in close cooperation with the other business segments.



Asset management

As asset managers, the IC Group can look back on many years of successful cooperation with institutional and wealthy private real estate owners. In keeping with its understanding of the role of an asset manager, the IC Group functions as a central contact point for the owner, monitoring all other activities of the IC Group or third parties on behalf of the owner.

Asset management is aimed at maintaining the managed real estate, restructuring it if appropriate, and increasing its value during the entire lifecycle of a property, from purchase through ongoing management and further development to ultimate disposal.



In addition to their function as central points of contact for customers, asset managers are also internal customer-oriented team leaders for all services to be performed. It ensures that the team has, as members, employees who have the required real-estate-specific, financial, and geographical knowledge, and is responsible for the centralized management of the team.

»Theresie« | Munich

»Theresie« | Munich



The services in detail



Financial control/reporting

Asset management is supported by a modern IT-based, real-estate-specific financial control and reporting system that is compatible with the IC Group's clients' systems. In order to meet the objectives of professional asset management, the IC Group makes use of a database, from which the specific technical features and all commercially relevant data can be retrieved at property level and condensed at sub-portfolio or portfolio level. This is a prerequisite for detailed annual budgets, monthly reports, and the preparation of financial statements in accordance with HGB and international accounting standards.



Corporate management

All activities for reporting on the properties in the respective sets of accounts are pooled under Corporate management. Refinancing, in particular for investment funds and REITs, is also one of the IC Group's core competencies in this area.

The services range from budgeting income statements through preparing monthly and annual financial statements.



Investment services/consulting

This division of the IC Group covers all technical and financial issues relating to commercial real estate.

The IC Real Estate Group also acts as a transaction consultant. Its services include valuing real estate, compiling the documents necessary during the sales process and setting up a data room, identifying prospective purchasers, negotiating the necessary contracts and assisting with the transaction right up until the appointment with the conveyancing attorney (notary).

»Rostocker Hof« | Rostock



»Rostocker Hof« | Rostock

The services in detail



Hotel | Dresden



Bürogebäude | Teltow



»Niketown« | Berlin

Property management

While asset managers are primarily responsible for managing the assets from the owner's perspective, property managers have the know-how related to the property and act as the main interface between the owner or manager and the tenant.

Property managers have their offices at or near the property so that they can meet the commercial and technical property management tasks efficiently and with the necessary local presence. These tasks include the monitoring and processing of all property-related service components, such as the implementation of portfolio rent increases, receivables and operating cost management, property accounting, and the management of day-to-day payment transactions.

A key objective of property management is to guarantee the satisfaction of existing tenants, thus ensuring rental income.

In addition to commercial property management, IC considers technical property management to be one of the core components of good local property management. It includes the control of maintenance and upkeep services, the pursuit of warranty claims, procurement management, contracting, and energy efficiency optimization.

Product structuring

Through its product structuring division, IC provides all necessary services in connection with the design and structure of real estate investments and hence is responsible for the financial, legal, and fiscal structuring of real estate investment companies for private and institutional investors.

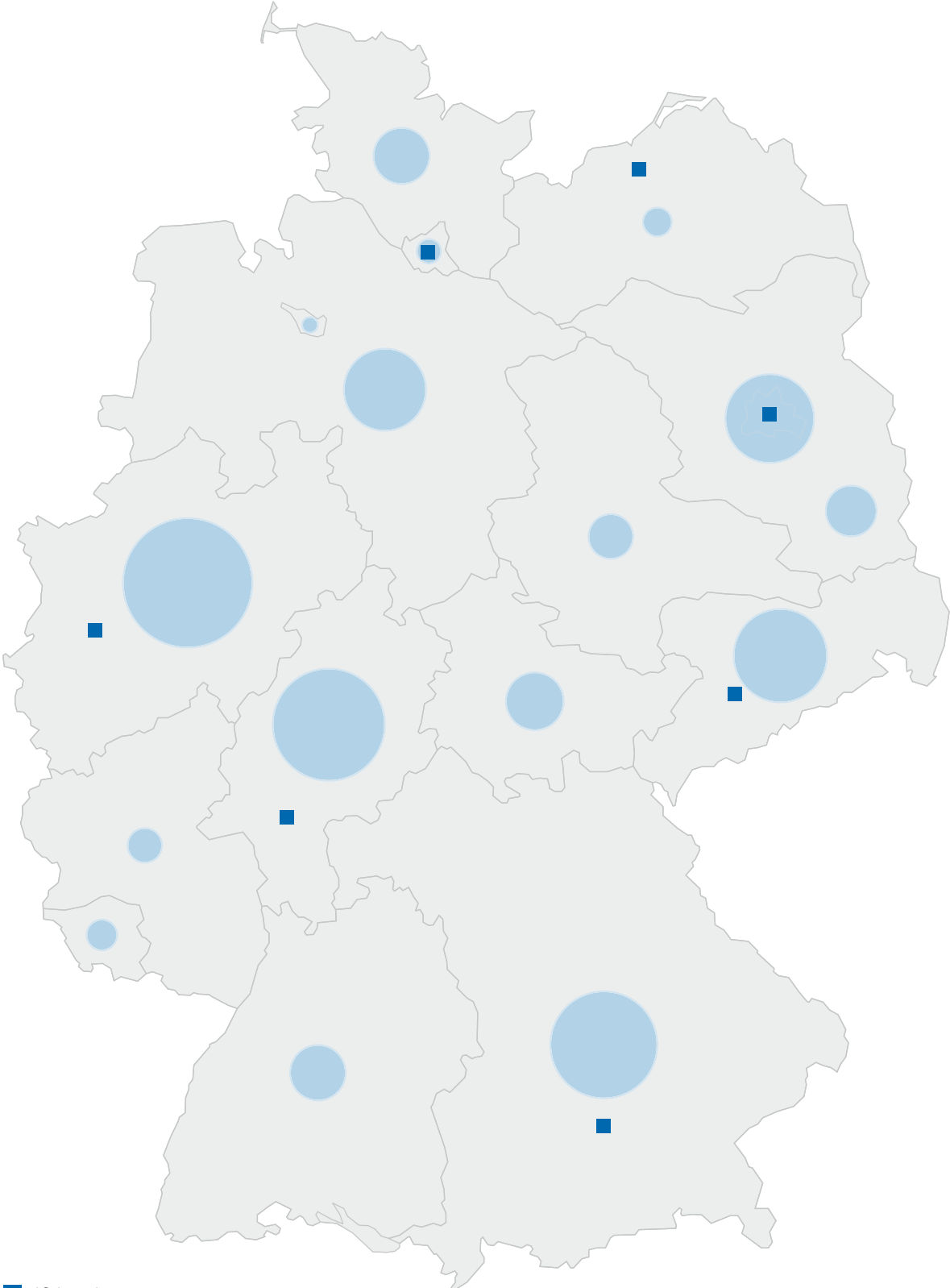
IC focuses here on private placements. The Group also provides these types of design services for third parties.

Leasing

A key role of service providers is to keep tenants happy and solicit new tenants to fill vacancies so as to ensure that the real estate portfolio entrusted to them continues to grow in value. To ensure this kind of value growth, it is important to be able to respond early to the needs of existing tenants, maintain close communication with tenants, and successfully position the real estate and its special features on the rental market.

IC performs this function with its nationwide, specialized leasing team and reports great success in extending existing leases and securing subsequent tenants for properties.

Total portfolio, Germany



■ IC locations



Group management report

1. The IC Real Estate Group

The IC Real Estate Group is an independent, international full-service provider in the real estate sector with over 20 years of experience in the markets it serves. The key to our Group's success is first and foremost the experience and expertise of our 200 or so employees based in 7 locations across Germany.

The following report is intended to provide readers with information that will allow them to develop an accurate view of the performance and condition of the individual companies and the Group. The management report also provides information on the key risks and opportunities expected to influence the Group's future business activities.

1.1. IC Immobilien Holding AG

Formed in 2001, IC Immobilien Holding AG is the parent company of the IC Real Estate Group. The Company does not conduct any business outside the Group. It acts as a central provider of the internal services necessary to the Group companies. The services staffed include IT, legal, accounting, taxation, human resources and organization, research, marketing and investor relations, financial control, finance and risk and investment management departments.

1.2. Structure of the IC Real Estate Group

Our operating activities are organized into four segments, which together with IC Immobilien AC are also referred to under the IC Real Estate Group banner.

Property and asset management

IC Immobilien Service GmbH (ICIS) is responsible for property and asset management. ICIS provides commercial and technical property and asset management services. We have also bundled the Group and customer accounting function within ICIS in order to limit the interfaces to Property and asset management to as few as possible. New to the segment as of October 1, 2010 was IC PropertyOne Asset und Real Estate Management GmbH (ICP1), which essentially provides similar services and is intended to be merged with ICIS in 2011.

ICIS also provides consulting services where needed in the context of technical due diligence examinations.

Brokerage and consulting

As the responsible transactions specialist, IC PropertyOne Consulting GmbH (IC GmbH) provides leasing and brokerage services. This involves the settlement of the purchase and sale of real estate for the Group's customers. The company also handles leasing for Group customers. IC GmbH also provides consulting services regarding investment and leasing.

Funds business

The entire funds business of the IC Real Estate Group is handled by IC Fonds GmbH (ICF) and its affiliate, IC Beteiligungs-Treuhand GmbH (ICBT). IC Fonds GmbH is the central point of contact for all sales partners and fund investors.

Moreover, it designs new real estate products in Germany and abroad for wealthy retail clients and institutional customers of the IC Real Estate Group. IC Beteiligungs-Treuhand GmbH does not conduct any commercial activities of its own; it is a trustee and limited partner.

The Real Estate segment comprises IC Grundbesitz Gesellschaft mbH & Co. Immobilien KG (ICGI) and IC Grundbesitz GmbH & Co. Bankgebäude Chemnitz KG (IC Bankgebäude Chemnitz), which hold real estate owned by the Group. The equity interest in Nymphenburger Grundstücksgesellschaft bR was dissolved following the sale of the real estate in 2010. As before, the real estate holding companies intend to gradually sell off their properties and streamline their structures.

Real estate

2. The global economy and the German real estate market

The global economy has continued its downward trend since the spring of 2010. However, differing trends have emerged in the individual economic areas. While growth in the emerging economies has been flat since the beginning of the year, it was not until the middle of the year that momentum in the industrialized countries started suffering. The slowdown in the emerging economies is particularly attributable to restrictive monetary and fiscal policies aimed at mitigating inflationary pressure and counteracting bubble effects on real estate and capital markets. Macroeconomic activity in industrialized countries is laboring under structural problems in the financial and real estate sector and strong pressure to consolidate as a result of high levels of private and public debt. Global financial markets are feeling the effects of the markedly increased budget deficits and debt ratios of the industrialized nations. This encourages doubt about the solvency of certain countries, particularly certain countries on the periphery of the Euro zone, whose government bonds continue to be traded subject to high risk premiums.

Economic growth is expected to decline globally in 2011. In countries where economic recovery has not been hindered by structural turmoil, the downturn brought on by the economic crisis has now largely been offset thanks to exceptionally high growth in the meantime. However, it is expected that development in those countries will slow down as a result of increasingly more restrictive economic policy. In countries burdened by structural problems, the options for stimulating growth through policy have largely been exhausted, so the necessary adjustment processes will lead to slower growth. Necessary consolidation efforts and associated budget restrictions in heavily indebted countries (particularly the USA, Japan and certain countries on the outskirts of Europe) will trigger a phase of weak economic development. Growth in global production is expected to be 3.6% in 2011 (2010: 4.7%). Risk factors particularly include the ongoing strained situation surrounding European government bonds and a potential adjustment of real estate prices in the USA and, increasingly, also in China.

Germany was able to break away from the global trend and continue its economic recovery at a solid rate last year. Gross domestic product (GDP) rose by 3.6% overall in 2010 (2009: -4.7%). Domestic activity was the primary driver of this result, with foreign trade accounting for only around a quarter of GDP growth. Key factors here were interest rates at record lows, encouraging investment, and a surge in domestic demand. This was buoyed by the wage restraint over the last decade, which enhanced Germany's competitiveness and appeal as a location and boosted demand for capital goods.

Economic growth is expected to be slower this year than it was in 2010. Global economic drivers will weaken and foreign trade will contribute even less to growth. Exports will continue to increase markedly, but imports are likely to rise just as quickly. Significant consolidation is on the cards for the federal budget thanks to subsidy cuts, reductions to social security benefits, an increase in indirect taxation and savings in the area of public health insurance. As stimulus packages will also be wound back, financial

policy's impact on growth will be far more reserved in 2011. Investment, particularly in the residential construction sector, will continue to increase this year thanks to an interest rate environment that continues to be favorable. Overall, the leading economic research institutes expect real GDP growth to average 2.5% in 2011, meaning that Germany would, for the second time in succession, exceed the growth rate of the entire Euro zone.

The average unemployment rate fell to 7.7% in 2010 (2009: 8.2%). Unemployment figures are likely to continue to improve on the back of solid economic development, positive business prospects and a favorable cost environment for companies. The average number of unemployed is likely to fall below the 3 million mark in 2011, giving rise to an unemployment rate of 7.0%.

Consumer prices have risen sharply since the beginning of 2010 as a result of positive economic performance (January 2010: 0.8%, January 2011: 2.0%); the average rise in 2010 as a whole was 1.1% (2009: 0.4%). This trend will continue this year, however the inflation rate is expected to remain at 1.6% on average in 2011 and thus below the target set by the ECB. Last year's budget deficit was 3.5%, and predictions for 2011 expect the deficit to fall to 2.3% based on a continuing solid economy, the consolidation measures under the federal government's »package for the future« (Zukunftspaket) and savings on public health insurance.

Rental market

German markets for office space performed considerably better in 2010 than was forecast even at the beginning of the year. Demand for office space was stimulated by the rapid economic recovery, associated positive developments on the labor market and the sustained positive sentiment among companies. In the nine German office locations surveyed (Berlin, Dresden, Düsseldorf, Frankfurt, Hamburg, Cologne, Leipzig, Munich and Stuttgart), total take-up was almost 3.10 million m² in 2010, up around one fifth from the previous year. This result is remarkable even when compared with the figures from the past several years and is more than 6% higher than the average of the past ten years. The share of total take-up represented by large-area leases increased significantly year-on-year, which was a key factor in the result. The strongest increases in take-up, not least due to such large-area leases, were recorded in Düsseldorf (+74%), Hamburg (+30%), Berlin (+24%) and Frankfurt (+22%). Leipzig was the only location to record a decline in take-up (-26%), however it should be noted that the previous year's figure was substantially influenced by a large-area lease to the city (42,000 m²).

Region	Take-up in 2010 (m ²)	Year-on-year change (%)	10-year average (m ²)
Berlin	512,000	23.7	442,200
Dresden	86,000	14.7	57,320
Düsseldorf	383,000	74.1	317,500
Frankfurt	516,000	22.3	567,900
Hamburg	505,000	29.5	431,700
Cologne	234,000	2.6	225,900
Leipzig	81,000	(26.4)	91,500
Munich	599,000	10.5	627,600
Stuttgart	181,000	7.1	153,400

Office space take-up in 2010, year-on-year change and ten-year average

Sources: BNP Paribas Real Estate, Dr. Lübke

Compared to the previous year, the total vacancy rate at all locations under review increased marginally by 0.7% to 9.29 million m². The vacancy rate in the individual cities varies considerably. While vacancy rates in Berlin, Dresden, Frankfurt, Cologne and Leipzig declined significantly in some cases, vacancy rates in Düsseldorf, Hamburg, Munich and Stuttgart rose by between 4% and 14%. Again in 2010, there was a sharp, disproportionate fall in vacancies among premises with modern fit-outs.

Region	Vacancies at end of 2010 (m ²)	Year-on-year change (%)	Vacancy rate at end of 2010 (%)
Berlin	1,340,000	(6.3)	7.1
Dresden	275,000	(12.1)	11.0
Düsseldorf	1,043,000	3.5	11.5
Frankfurt	2,064,000	(2.6)	13.3
Hamburg	1,082,000	10.3	8.0
Cologne	625,000	(6.0)	8.3
Leipzig	538,000	(3.9)	14.3
Munich	1,813,000	6.8	9.0
Stuttgart	512,000	14.0	7.0

Office vacancies in 2010 and change

Sources: BNP Paribas Real Estate, Dr. Lübke

Premises under construction increased marginally by a good 4% over the previous year to around 2.02 million m². 925,000 m² of this space is still available, meaning that approximately 54% of this space has been pre-let or constructed for owner-occupiers. The proportion of pre-let or owner-occupier space has remained high, which highlights the fact that demand is focused on modern and high-end office space. Around 44% of premises under construction will be completed over the course of 2011, with the rest to be completed in subsequent years.

Prime rents increased in Berlin (+6%), Leipzig (+5%), Düsseldorf (+2%) and Cologne (+1%), but remained at the previous year's level in Dresden and Frankfurt. By contrast, prime rents fell in Hamburg (-4%), Munich and Stuttgart (both -3%). With the rise of rents in many regions, the incentives granted to landlords are gradually being wound back. While prime and average rents for state-of-the-art office space are increasing in the majority of regions, rents for lower-end office space still show no notable signs of recovery.

Comparison of prime office rents in 2009/2010

Region	Prime rent at end of 2010 (€/m ²)	Prime rent at end of 2009 (€/m ²)	Year-on-year change (%)
Berlin	21.50	20.20	6.4
Dresden	10.00	10.00	no change
Düsseldorf	24.00	23.50	2.1
Frankfurt	35.00	35.00	no change
Hamburg	23.00	24.00	(4.2)
Cologne	21.60	21.40	0.9
Leipzig	11.50	11.00	4.5
Munich	30.00	31.00	(3.2)
Stuttgart	18.00	18.50	(2.7)

BNP Paribas Real Estate, Dr. Lübke

The outlook for the overall economy remains positive, and unemployment is likely to continue to fall, indicating that the positive trend on German office rental markets will continue. It appears realistic to assume that take-up will increase by up to 10% compared to 2010 and that vacancy rates will continue to decline, particularly among premises with a modern fit-out. Completion figures are predicted to fall while pre-letting rates are predicted to rise in 2011, which taken together will reduce the premises available on the rental market. The trend shift in prime and average rents for top quality office space is behind us now and rents are expected to increase in the current year. However, any increase is likely to be moderate given that the scale of incentives will also be considerably reduced.

Buoyed by positive consumer sentiment and the positive trend on the labor market, take-up in the retail rental market last year rose nominally by 1.8% (2009: -2.4%). In January 2011, after a brief breather in December 2010, the consumer confidence index published by the Gesellschaft für Konsumforschung (GfK) continued the climb it started in the middle of 2010. Growth of around 1.5% is forecast for 2011, dampened by increases in energy costs and contributions to public health insurance.

The retail rental market – at least in prime locations – proved stable in 2010 as well. Average rents in prime locations in 170 German towns remained almost unchanged (areas of between 80 and 120 m²: -0.13%; areas of between 300 and 500 m²: +0.20%). In Baden-Württemberg, Bavaria, Hesse, North Rhine-Westphalia, Rhineland-Palatinate and certain East German regions, retail rents remained unchanged, or in some cases even rose slightly, whereas rents in Northern Germany dropped by 0.61% on average. Rents remained unchanged in five of the nine locations under review, but increased by between 4% and 5% in Berlin, Düsseldorf, Frankfurt and Cologne. However, this only reflects developments in

prime locations where demand significantly exceeds supply. Landlords are increasingly having to deal with vacancies in second-rate locations, which put further pressure on rents.

Region	Prime rent at end of 2010 (€/m ²)	Prime rent at end of 2009 (€/m ²)	Year-on-year change (%)
Berlin	270	260	3.8
Dresden	110	110	no change
Düsseldorf	225	215	4.7
Frankfurt	240	230	4.3
Hamburg	245	245	no change
Cologne	260	250	4.0
Leipzig	115	115	no change
Munich	310	310	no change
Stuttgart	240	240	no change

Comparison of prime retail rents in 2009/2010

Sources: Comfort

A moderate increase in prime rents is forecast for 2011 given that the demand for prime locations continues to far outstrip supply, and positive consumer and retail sentiment will ensure that revenue and profit potential remain stable. On the other hand, vacancy issues in locations considered to be second rate will continue to put pressure on rents.

The transport and logistics sector kept pace with the overall economy, recovering quickly from the crisis in 2009, and grew by around 5% in 2010. The BVL/DIW logistics indicator climbed to 154.6 points in the final quarter last year and thus once again exceeded the pre-crisis levels of the first half of 2008. Lively foreign trade in particular has contributed to a very favorable estimate of order volume, and investor confidence remains high. Companies are already reporting a shortage of qualified staff, which has been exacerbated by staff cuts made during the financial crisis. The prospects for the current year are good, although apart from the shortage of qualified workers, stricter security requirements for air freight, if implemented, could pose a problem, as they would make supply chains slower and more expensive.

The unexpectedly strong upturn in the transport and logistics sector has triggered a boom on the market for warehouse space. More logistics space was taken up than ever before last year (nearly 1.8 million m²) in the big 5 urban centers of Berlin, Düsseldorf, Frankfurt (including Wiesbaden/Mainz), Hamburg and Munich. This represented a 39% increase on 2009 and a 37% increase on the average over the last five years. Düsseldorf was the only location to record a slight decline of almost 7%; the other four regions reported growth of between 18% and 65%. Take-up in the big five urban centers accounted for 42% of total take-up (2009: 40%).

Comparison of logistics space take-up in 2009/2010

Region	Take-up in 2010 (m ²)	Take-up in 2009 (m ²)	Year-on-year change (%)
Berlin	359,900	246,800	45.8
Düsseldorf	166,000	178,000	(6.7)
Frankfurt	326,400	275,700	18.4
Hamburg	616,300	373,500	65.0
Munich	326,700	222,100	47.1
Outside the big 5	2,523,100	1,955,200	29.0

Source: Jones Lang LaSalle

Leases in respect of areas of more than 5,000 m² exceeded the 1 million m² mark for the first time, representing a 39% increase on 2009. The strongest demand came from the transport sector, the warehousing sector (42%) and commercial enterprise (30%).

Prime rents remained largely stable, with changes reported only in Berlin (+€ 0.30/m²) and Munich (-€ 0.30/m²). Despite a slight decline in prime rents in Munich, it still reported the highest prime rents in Germany.

Comparison of prime rents for logistics space in 2009/2010

Region	Prime rent at end of 2010 (€/m ²)	Prime rent at end of 2009 (€/m ²)	Year-on-year change (%)
Berlin	5.80	5.50	5.5
Düsseldorf	5.60	5.60	no change
Frankfurt	6.00	6.00	no change
Hamburg	5.30	5.30	no change
Munich	6.00	6.30	(4.8)

Source: Jones Lang LaSalle

Outside the big 5 cities, take-up also increased considerably by 29% to around 2.5 million m² in total. This growth was primarily attributable to the increase in pure leases (+1 million m²), since owner-occupier take-up remained almost unchanged relative to 2009. The transport and warehousing sectors accounted for almost 50% of the demand, while industrial and commercial enterprises each accounted for half of the remaining take-up. The largest lease outside the big 5 cities was taken by Amazon in Werne bei Dortmund (60,000 m²).

Investment market

Since the turnaround in the middle of 2009, the German real estate market has improved dramatically, and reported a transaction volume of approximately € 19.3 billion. This represents an increase of 87% on 2009. Munich was the only city to report a slight decline of 8%, while all of the other regions reported growth of between 57% and 143%. In the fourth quarter alone, properties valued at almost € 5.8 billion were bought and sold across Germany, making the three months from October to December 2010 the strongest since the first quarter of 2008. Nine out of every ten transactions were lower than the 50 million mark, although property sales of over € 100 million accounted for approximately 40% of the total investment volume. Accordingly, average transaction size almost doubled from € 16 to

€ 31 million. The focus in 2010 shifted slightly away from the big 7 cities of Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Munich and Stuttgart, with the share of real estate traded outside these strongholds increasing from 42% in 2009 to 49%. Portfolio transactions acquired significance again last year, accounting for 24% of transactions (up from 14%).

Region	Transaction volume 2010 (€ m)	Transaction volume 2009 (€ m)	Year-on-year change (%)
Berlin	2,280	1,195	90.8
Düsseldorf	1,300	825	57.6
Frankfurt	1,800	740	143.2
Hamburg	1,980	1,265	56.5
Cologne	925	500	85.0
Munich	1,260	1,370	(8.0)
Stuttgart	330	160	106.3
Outside the big 7	9,427	4,290	119.7

Comparison of transaction volume in 2009/2010

Sources: Jones Lang LaSalle

The most active purchasers on the market were asset/fund managers and closed-end funds, each accounting for 18% of sales, followed by banks, insurance undertakings and pension funds (14%) and real estate corporations and REITs (13%). The lack of high-yield alternative investments and anxiety over inflation also prompted many private investors to buy real estate. They invested almost € 1 billion in total. Property developers were the largest group of sellers (36%), followed by asset/fund managers (16%) and companies whose core business did not include real estate (10%). Foreign buyers, who were somewhat restrained in 2009, made their presence felt on the market again, accounting for more than three times as many sales as in the previous year. Foreign investors bought property valued at almost € 7 billion, but also sold property valued at around the same amount, so their investment holdings as of year's end did not change substantially.

Broken down by type of use, office properties and retail properties accounted for almost the same share of total investment volume (40% and 39% respectively), with office properties just keeping their nose in front thanks to a few larger-scale transactions in the fourth quarter (the Opernturm, the Vodafone campus). The share of total investment volume represented by retail properties (39%) was a significant increase on 2009 (28%). Other types of use included hotels, land and special-purpose properties (12%), logistics and industrial properties (6%) and mixed-use properties (3%).

Prime yields fell significantly as a result of the strong focus on core real estate and inadequate availability in this segment. Prime yields for office properties were, on average, 5.07% or 36 basis points lower than in 2009. Apart from in the core segment, however, there was no significant price recovery. Prime yields for retail properties declined by between 6 (retail buildings) and 50 (shopping centers, retail parks) basis points on average, with only the prime yields for certain specialty stores remaining unchanged from 2009.

Comparison of prime yields in 2009/2010

Region	Prime yield at end of 2010 (%)	Prime yield at end of 2009 (%)	Year-on-year change (basis points)
Office	5.07	5.43	(36)
Shopping center	5.25	5.75	(50)
Retail parks	6.00	6.50	(50)
Individual specialty stores	7.00	7.00	no change
Retail buildings	4.19	4.25	(6)
Warehouse / logistics	7.10	7.45	(35)

Sources: Jones Lang LaSalle

The German real estate investment market was dictated last year by a combination of high demand and short supply in the core segment. Transaction volume will only grow in 2011 if investors change their highly risk-averse investment behavior and consider buying properties other than core and prime properties. The yields from properties in the prime segment will continue to fall this year, with a drop of 10 to 15 basis points being forecast for office properties, and a decline of up to 25 basis points expected for retail properties. These further price rises are already indicative of a turnaround: international investors are becoming noticeably more active on the market again and investment focus is moving upwards in the risk/reward spectrum. Positive trends in the overall economy and particularly in rental markets will increasingly encourage real estate buyers to exploit opportunities in connection with properties subject to shorter leases or in need of refurbishment. An increase in portfolio deals is also expected. Forecasts for fiscal year 2011 predict a transaction volume in excess of € 20 billion.

3. Earnings

3.1. The effects of the market environment on the IC Real Estate Group

Unfortunately, and contrary to our expectations, we were unable to convert the positive trend on the German real estate market into corresponding earnings. Earnings growth, particularly in the second half of 2010, was very disappointing due to the revaluation of certain real estate assets and older trade receivables as demanded by commercial prudence. Earnings were also burdened by one-off expansion and integration-related expenses.

The Brokerage and consulting segment particularly stood out in its failure to meet budget. The segment did not even come close to achieving the buy and sell volumes that had been budgeted, despite the positive market environment. As far as buy volumes were concerned, this failure was primarily due to the fact that client demand for core real estate simply could not be satisfied at all or within the desired price range because of a shortage of available properties. With regard to sales, the time periods between the decision to sell, the purchaser's decision to buy, and then settlement after securing financing are still significantly longer than they were in previous years. Only equity-funded transactions were able to be settled quickly. This development was otherwise due primarily to uncertainties surrounding future economic and thus rental market development as well as to the continuing tightened lending policies of banks.

in € '000	Third-party revenue		Inter-segment revenue		Total revenue	
	2010	2009	2010	2009	2010	2009
Property and asset management	8,262.3	8,746.8	860.8	787.6	9,123.1	9,534.4
Brokerage and consulting	0.0	56.9	148.9	39.9	148.9	96.8
Funds business	2,099.2	2,464.6	755.6	741.5	2,854.8	3,206.1
Real estate	856.1	856.7	0.0	0.0	856.1	856.7
Germany	11,217.6	12,125.0	1,765.3	1,569.0	12,982.9	13,694.0
North America	0.0	490.4	0.0	6.0	0.0	496.4
Holding company / other / consolidation	0.0	0.0	(1,765.3)	(1,575.0)	(1,765.3)	(1,575.0)
Segment revenue	11,217.6	12,615.4	0.0	0.0	11,217.6	12,615.4

Segment revenue

3.2. Development of Group income

The operating income of most Group companies was well below our planning and expectations. Nonetheless, with the exception of the performance of the Brokerage and consulting segment (IC GmbH), we are not completely dissatisfied.

The proposed large-scale business expansion in the Property and asset management segment did not take place within ICIS. We were, however, able to increase assets under management considerably (by approximately € 2.8 billion) through the acquisition of Property One GmbH (now IC Property One Asset and Real Estate Management GmbH). Notwithstanding that, however, the costs of integration, particularly the costs of migrating data on the newly acquired properties to our own computer systems, presented a significant burden in the last quarter and were still having an effect on earnings in the first quarter of 2011. These not insignificant costs – we estimate approximately equivalent to a quarter's worth of revenue – are necessarily borne by us in the event of a takeover and not by our clients, as in the case of ordinary new business. The flipside is, however, that free capacity will be generated in the medium term through process optimization and improved regional allocation. These effects will mostly be felt in the second half of 2011.

A reduction in revenue in 2010 compared to 2009 has pushed us into the red, despite savings in the cost of sales and administrative expenses. Apart from the poorer performance of the Property and asset management segment already mentioned, the main reason for this was the dismal performance of IC GmbH (Brokerage and consulting). After reporting a loss of € 400 thousand in 2008 and a loss of € 579 thousand in 2009, IC GmbH failed, contrary to all our expectations, to improve its earnings, and instead generated a loss – albeit significantly reduced – of € 198 thousand.

Earnings in the funds business were impaired by valuation allowances on receivables and loans, and the segment ended up reporting a loss. We do not expect any further impairments in the future.

In the real estate segment, minor deferrals were recorded in the valuation of residential construction properties, but they had no notable impact on earnings. Nevertheless, operating income was once again significantly impaired by noticeably higher maintenance and repair costs related to proposed sales.

With regard to our interest in BBV 08, we did not achieve the desired level of new leases until the end of the first quarter of 2011. The failure as yet to secure subsequent tenants for the properties in Herbolzheim and Querfurt led to significant write-downs as of December 31, 2010, which ultimately distorted the solid level of operating income reported.

Negotiations are underway for a subsequent lease of the Herbolzheim property, whereas it was not until 2011 that an extension of lease could be agreed for the Querfurt property; this is likely to have a positive impact on the valuation in 2011 and the proposed sale. New tenants still must be found to take over the property in Zittau (lease expiry in December 2014). The property in Radevormwald stabilized again during the fiscal year following extensive renovation work. A sale is currently being negotiated.

In addition, earnings suffered in particular due to refinancing costs for the REIT investment, which did not pay any dividends in 2010. We have acquired an 18% interest (approximately € 17 million) in one of the first REITs, which we structured. The acquisition price in 2007 was just over € 10 per share. We had written this equity investment down by approximately 55% overall in the consolidated financial statements. As of year's end, we were able to reverse 5% of the amount written down for the second time. It is our assumption that we will be able to recognize further reversals in the years to come due to the fact that Fair Value REIT AG's earnings have stabilized and that the environment for REITs has also improved. The company reports that its first dividend will be paid for 2010.

Segment results declined across the board and can be compared in the following table:

Fiscal year	2010 in € '000	2009 in € '000
Property and asset Management	(352.2)	98.9
Brokerage and consulting	(198.4)	(579.3)
Funds business	(560.7)	163.8
Real estate	(82.5)	508.7
North America	0.0	(113.2)
Holding company / Other / Consolidation	(355.7)	(134.2)
Segment results	(1,549.5)	(55.3)

3.3. Property and asset management segment

Property and asset management is our core business.

IC Immobilien Service GmbH has its registered office in Unterschleißheim and offices in Chemnitz, Frankfurt a.M., Düsseldorf, Regensburg, Neubrandenburg, Rostock, Hamburg and Berlin.

In total, ICIS and its affiliate ICP1 managed approximately 750 properties with a total area of 3.9 million m² and approximately 7,000 tenants in 2010.

With the exception of infrastructure services, the companies offer the entire service spectrum for the management of real estate companies from a single source. They are capable of providing these services as individual packages, depending on the needs of its customers: from the management of holding companies to individual aspects of property management, supported by an integrated IT system offering state-of-the-art, timely and tailored reporting.

With regard to asset management, the companies are responsible for representing the interests of property owners, including the development of real estate management and tax optimization strategies. These strategies are then implemented and their outcomes are recorded in a financial and property management reporting system. The companies' strengths lie in actively implementing its strategies, based on their decentralized presence, through to assuming active management duties.

A core competency is reporting and parallel financial accounting in accordance with customer desires and needs, the provisions of the German Commercial Code and International Financial Reporting Standards (IFRS). ICIS processes all property-related transactions using SAP ECC 7.0 (SAP ERP MySAP) and is thus able to capture and interpret all data on an ongoing basis in a single integrated system.

Our integrated commercial property management comprises property management and center management, as well as property bookkeeping and hence the monitoring and performance of all property-related contractual duties. This ties in directly with technical property management, which has assumed responsibility for technical control and monitoring now that facility management services have been outsourced to an external provider. Technical property management remains responsible for proposing energy management optimization solutions, as well as planning maintenance and repair work and warranty management services.

Earnings primarily reflect the fact that the contracts in this segment are mostly longer-term contracts. In 2010, revenue of € 9.1 million was generated, after € 9.5 million the year before. This income is primarily generated from ongoing management and administration services. In contrast to prior years, the company generated virtually no income from one-off business transactions, particularly the sale of properties, due to market conditions. Letting performance also remained slightly lower than expectations. We expect significant changes in the future and an improvement in earnings in this area.

[Business in 2010](#)

Medium and long term leases, which remained largely stable, significantly impact the order situation and revenue development.

Overall, we ended 2010 with a segment result of -€ 352.2 thousand (previous year: € 98.9 thousand).

ICIS employed an average of 96 employees in 2010 and had 98 employees at the end of the year, or 155 employees after factoring in ICP1. We expect further employee growth in our core competency areas of asset management and property management in light of the highly favorable order situation, and at the end of 2011 expect our assets under management to have reached our target of € 10 billion.

However, we expect the expense associated with this growth to temporarily burden earnings, but believe this will translate into a marked improvement in earnings beginning in the third quarter of 2011 as a result of economies of scale.

3.4. Brokerage and consulting segment

IC Immobilien Consulting- und Anlagegesellschaft mbH, which was incorporated under this old name in 2006, recommenced independent operations as of January 1, 2007, and now trades as IC PropertyOne Consulting GmbH. As previously mentioned, the company again closed the year with a loss. In spite of the good order situation, the divergent views of buyers and sellers with regard to appropriate prices led revenue to amount to only a fraction of the targeted figure. This was mostly due to the continued reticence showed by many investors in 2010 towards "value add" and "opportunistic properties". The fact that this trend generally reflects the investment market described above offers no consolation. The necessary cost cuts have been implemented. The average revenue generated by a single employee in 2010 was € 149 thousand compared to € 97 thousand in 2009. This helped to significantly reduce the loss from € 579 thousand to € 198 thousand. At the end of the first quarter of 2011, the number of employees was increased to three due to the noticeably increasing volume of business. In addition, the employees working in the leasing division of IC PropertyOne Asset und Real Estate Management GmbH and ICIS were integrated in IC PropertyOne Consulting GmbH.

3.5. Funds business segment

The companies and closed-end real estate funds managed by IC Fonds GmbH seized the financial market opportunities created by attractive interest rate levels to the extent permissible under the relevant contractual terms and fund rules. This resulted in a lighter burden on the companies and is likely also to have positive effects on the companies' debt and dividend situations in the years to come. However, this work is often covered by flat-rate management fees and therefore does not contribute to earnings, dispute the substantial effort involved in some cases.

The company plans not only to align its internal processes, but also to improve its service through greater use of the Internet, particularly for the purpose of providing information to investors and fund investors. This option is, however, somewhat limited given the increasing age of fund investors. Nevertheless, online participation in shareholders' meetings will be introduced in 2011.

IC Fonds GmbH, in conjunction with IC Beteiligungs-Treuhand GmbH, continues to perform investor services and fund design and controlling services for closed-end real estate funds. Additionally, IC Fonds GmbH manages real estate holding companies.

Leasing and investment division falls far short of expectations

The company currently provides active management services for approximately 15,000 investors who financed an original investment volume of approximately € 4.5 billion, € 3 billion of which in real estate. The leasing funds division, which originally accounted for approximately € 1.5 billion of the investment volume, fell to € 300 million in investment volume in 2009 due to the successive sale of leased properties, and has now dropped to zero. Even after the sale and up to the liquidation of the companies, the company advises investors, in particular with respect to tax issues. This activity arose from a change in fiscal policy regarding the tax treatment of profit from discontinued operations. This unforeseen activity has placed a not insubstantial burden on the segment, because no fee was envisaged for the service.

The company employed an average of 22 employees in 2010, one of which on a freelance basis.

Every employee remains responsible for providing comprehensive, autonomous and customer-oriented investor services for an allocated group of investment funds.

Investor services

In these customer-oriented teams, the Investor services unit works closely together with Asset management, Property management and Accounting and is jointly responsible for providing services to the investment funds assigned to it.

This division helped to structure a solar thermal power plant project in 2010. Since the approvals process was still underway for this project in 2010, the company's activities were limited to hammering out an investment memorandum and assisting in the arrangement of cash flows from providers of venture capital. The project has, however, made good progress and is attracting the interest of various investor groups. Contrary to plan, production approval could no longer be obtained in 2010 due to a legislative change. This also meant that no fee would be paid until 2011. This is one of the main reasons for ICF's budget variance in 2010. Production approval has now been obtained, and this will have a corresponding effect on earnings in 2011. Please see the report on post-balance sheet date events for more information on this. IC Fonds GmbH expects that its involvement in the early investment phase of this project may open the door to its structuring the project as a fund and continuing to work with the investors.

Fund design and sales

3.6. Real estate segment

After reporting a profit of € 0.5 million in 2009, the Real estate segment fell slightly back into the red in 2010. Apart from the impairments already mentioned, this was due to the maintenance costs associated with the proposed sale.

Slight measurement loss

We will take advantage of the favorable market environment and plan to dispose of our entire real estate portfolio in the next 12 months, with the exception of our strategic investment in Fair Value REIT-AG. We expect the proceeds to slightly exceed current valuations. This is due in particular to the rather high share of residential properties in the portfolio.

New partner for Regentor IC Properties Inc.

3.7. North America

Following an extensive sell-off of most North American properties in the middle of the last decade – which was a particular success for all investors involved – the volume of assets managed by the operating company Euro Canada IC Properties Inc., Toronto/Canada, declined to a level that was no longer sufficient. Due to the fact that German investor demand for North American properties was restrained, we had a look around the local market and accepted further partners in the company. We therefore now not only cover Montreal (as before) but also Toronto again, as we did in earlier times, and the southeastern coast of the United States. We also entered into a strategic partnership with a Canadian company domiciled in Toronto specializing in asset and property management in order to participate in the acquisition and management of Canadian real estate. The partnership was implemented through a joint venture company, Regentor IC Investments Inc., Toronto/Canada. As these entities are associates, independent segment revenue and results are no longer reported in 2010.

4. Net assets

4.1. Significant developments within the Group

Total assets	Note	31/12/2010 (€ '000)	31/12/2009 (€ '000)
Noncurrent assets			
Intangible assets	(1)	2,699.7	2,686.6
Property, plant, and equipment	(2)	505.4	550.6
Investment properties	(3)	0.0	10,980.0
Equity-accounted investments	(4)	17,247.6	17,220.9
Financial assets	(5)	2,138.3	3,436.0
Deferred tax assets	(22)	1,434.3	2,102.3
Total noncurrent assets		24,025.3	36,976.4
Current assets			
Noncurrent assets held for sale	(3)	9,756.0	0.0
Trade receivables	(6)	1,732.7	1,086.5
Current income taxes receivable		127.5	133.4
Other assets	(7)	3,824.3	2,180.5
Cash and cash equivalents		187.8	600.1
Total current assets		15,628.3	4,000.5
Total assets		39,653.6	40,976.9

Total equity and liabilities	Note	31/12/2010 (€ '000)	31/12/2009 (€ '000)
Equity	(8)		
Issued capital		2,800.0	2,800.0
Capital reserves		11,537.4	11,537.4
Contributions for implementation of an approved capital increase		514.0	0.0
Revaluation reserve		(1,036.7)	(985.0)
Translation reserve		8.7	(9.0)
Loss carryforward		(5,022.0)	(2,547.6)
Equity attributable to the shareholders of IC Immobilien Holding AG		8,801.4	10,795.8
Minority interest		31.4	21.5
Total equity		8,832.8	10,817.3
Noncurrent liabilities			
Pension provisions	(9)	790.1	604.2
Other provisions	(10)	568.3	531.0
Corporate income tax liability		19.8	23.7
Deferred tax liabilities	(22)	231.9	258.3
Minority interest in partnerships	(11)	37.7	57.9
Financial liabilities	(12)	15,096.2	5,434.3
Other liabilities		14.2	5.7
Total noncurrent liabilities		16,758.2	6,915.1
Current liabilities			
Other provisions	(10)	1,095.9	961.0
Current income taxes payable		69.1	90.1
Financial liabilities	(12)	11,220.8	20,799.2
Trade payables	(13)	829.8	565.8
Other liabilities	(14)	847.0	828.4
Total current liabilities		14,062.6	23,244.5
Total equity and liabilities		39,653.6	40,976.9

Noncurrent assets

We recognized the interests in Fair Value REIT-AG in the 2008 consolidated financial statements at € 4.00, the market price as of December 31, 2008. In 2009 we were able to increase the carrying amount for the first time to € 4.60, and in 2010 it was increased to € 4.80.

This relates to Fair Value REIT-AG's 1,701,476 shares. The acquisition costs in 2007 amounted to approximately € 10 per share and hence nearly € 17.3 million in total. On December 31, 2010, the market price was € 4.80, with fair value thus amounting to € 8.167 million in total. It was and is the Company's opinion that these write-downs will not be permanent, and will need to be reversed once the financial markets recover. Based on the properties it holds, Fair Value REIT-AG's current intrinsic value is approximately € 8 per share. The company, which has equity of roughly 49% pursuant to German law governing REITs and also claims to meet all requirements under German REIT law, has stated that it will distribute its first dividend in 2010. We expect its pleasing business performance to continue.

We have already reported on our equity interest in BBV 08.

The deferred tax assets primarily relate to tax loss carryforwards. We intend to carry these losses, which are attributable to several Group companies, forward five years against positive earnings generated primarily through operating activities, the sale of properties and new business. Since we currently do not expect to be able to realize these deferred tax assets in full, we have recognized an appropriate write-down on them. This item may be subject to change depending on whether our business expectations are met.

Current assets

The change in current assets is largely attributable to a fixed-term deposit which was pledged as security for a long-term loan, which is intended to be transferred to other real estate in 2011.

Noncurrent assets held for sale include the land and buildings in the Saxony and South Holstein portfolios (reported in 2009 under investment properties).

Equity

Particularly as a result of the write-downs mentioned above with regard to the equity investments in Fair Value REIT-AG and the valuation of properties, equity (including BBV 08 minority interest) had declined in the past from 32.4% to 23.5%. In 2010, equity unfortunately dropped to 22.3%, despite the repayment of debt capital. The equity attributable to the shareholders of IC Immobilien Holding AG declined to € 8.8 million because of the negative result.

Noncurrent liabilities

Under noncurrent liabilities, pension provisions increased to a somewhat greater extent than the fair value of plan assets. This is attributable to interest rate developments, which leads to lower income in connection with otherwise comprehensive reinsurance. The net obligation therefore increased from € 0.6 million to € 0.8 million. For further details, please refer to Note 13. Of other provisions, € 0.8 million are current (2009: € 1 million) and € 0.5 million are noncurrent (unchanged from 2009). Provisions for expected losses increased due to the surrender of the previous offices in Frankfurt. The office was given up and integrated in the IC Property One branch.

The liability to Westdeutsche ImmobilienBank (€ 12 million still outstanding) was reported under noncurrent liabilities because the loan was prolonged until January 2012. The Company intends to reduce its liabilities further by selling properties and equity interests, as mentioned above. The increase in bank liabilities is exclusively due to the acceptance of long-term financing, which is intended to be used to discharge other existing bank liabilities.

Current liabilities

Current liabilities decreased from € 23.2 million to € 14.0 million due to the aforementioned reclassification of a loan and through repayments.

Provisions for leasing guarantees and warranties declined as planned and lines of credit were repaid as they fell due.

4.2. Liquidity

In the past, liquid funds were used primarily to pay down debt. Although the Company's successful IPO in 2006 initially provided it with a comfortable liquidity base, its considerable investments in Fair Value [REIT-AG] and BBV 08 substantially adjusted this situation.

The deconsolidation of the interest in BBV 08 had already reduced the Company's liquidity in 2008 from € 3.7 million to € 1.8 million, and then to € 0.6 million in 2009.

In 2010, liquidity fell to € 0.2 million, an unsustainable level in the long term. This was due not only to the outflow of funds associated with the operating loss, but also in particular to the high – albeit planned – debt capital repayments of € 1.6 million, which were largely financed by the sale of properties and other noncurrent assets. Apart from the aforementioned sales, the measures introduced in order to secure liquidity are presented in the report on post-balance sheet date events.

The above development is also reflected in the Group's cash flow, which developed as shown below:

Group cash flow

Fiscal year	2010 in € '000	2009 in € '000
Net cash provided by operating activities		
Consolidated net profit/(loss) for the year	(2,471.4)	11.8
Income tax expense (refund)	649.0	382.6
Interest expense	1,451.7	1,609.2
Interest income	(250.2)	(306.6)
Amortization and depreciation	381.5	439.0
Measurement gains, net	110.1	(301.0)
Share of profit (loss) of equity-accounted investments	(936.8)	(1,692.1)
Distributions from equity-accounted investments	876.1	31.1
Impairment of noncurrent financial assets, reversals	232.1	(90.4)
Losses on the disposal of consolidated companies	0.0	(21.5)
Gains/(losses) on disposal of noncurrent assets	120.9	7.6
(Increase) decrease in trade receivables	(179.6)	2,372.2
Increase (decrease) in provisions	171.9	(405.5)
Increase (decrease) in trade payables	195.0	(657.4)
Changes in other assets and liabilities, excluding from investing and financing activities	(147.1)	2,961.5
Interest income	295.2	414.3
Interest expense	(1,464.3)	(1,623.6)
Income tax payments (refunds)	17.6	(16.0)
Net cash provided by (used in) operating activities	(948.3)	3,115.2
Net cash provided by investing activities		
Proceeds (expenses) from the acquisition or sale of companies		
– Absorption of cash and cash equivalents of PropertyOne GmbH, less purchase price	179.8	0.0
– Cash and cash equivalents used in the sale of Regentor IC Investment Inc.	0.0	(93.2)
Expense for other investments in		
– property, plant and equipment and software	(53.7)	(114.7)
– other equity interests	(69.2)	0.0
– loans granted to real estate funds	(6.0)	0.0
Proceeds from the disposal of		
– property, plant and equipment and software	43.4	15.4
– investment properties	955.3	0.0
– financial assets	671.9	246.5
– long-term loans to real estate funds (repayment)	0.0	162.0
– other noncurrent assets	430.0	95.8
Net cash provided by (used in) investing activities	2,151.5	311.8

Fiscal year	2010 in € '000	2009 in € '000
Net cash provided by financing activities		
Proceeds from bank borrowings	33.8	111.6
Repayment of bank loans	(1,540.5)	(3,145.8)
Proceeds from other financial liabilities	529.8	96.6
Repayment of other financial liabilities	(638.6)	(1,613.3)
Other	0.0	(56.0)
Net cash provided by (used in) financing activities	(1,615.5)	(4,606.9)
Effect of changes in exchange rates on cash and cash equivalents	0.0	19.0
Net change in cash and cash equivalents	(412.3)	(1,160.9)
Cash and cash equivalents at beginning of year	600.1	1,761.0
Cash and cash equivalents at end of year	187.8	600.1

5. Employees

The Company employed an average of 145 people in 2010 and 170 in the previous year. At the end of the year, the employee headcount was 192, mainly due to the inclusion of IC Property One GmbH. As before, the average age of our employees is below 40 and more than 60% of all employees have had vocational training in the field of real estate and 45% had completed a university education.

The remuneration structure is virtually identical for all companies, and – with the exception of brokerage commissions – includes a fixed annual salary plus a performance-based bonus. The Company does not intend to pay out any bonuses for 2010 due to poor earnings.

Please refer to the Notes for details on Executive Board remuneration. When drafting new employment agreements with Executive Board members, care is taken so that severance payments in the event of early termination do not exceed the amount of one year's salary (excluding bonus).

6. Report on post-balance sheet date events

The real estate market continued its recovery during the first quarter. Our assessment is corroborated by the studies of prominent international real estate consultants. Persistent instability on the financial markets continues to pose a risk to revenue development. Many acquisition deals take longer to close than in previous years due to the refinancing process: it takes significantly longer and is more difficult to obtain a binding financing commitment, which is now an absolute requirement.

As a result, the IC Real Estate Group's transactions business got off to a slow start during the year, despite the extremely positive order volume. As of the reporting date, the Group was negotiating sales of property worth roughly € 100 million.

By contrast, the Property and Asset Management division showed extremely encouraging development. Overall, this division generated several smaller deals during the first quarter, as well as deals concerning portfolios worth more than € 200 million. This puts us in a slightly better position than planned for 2011 overall.

In an effort to enhance efficiency, we decided in the first quarter to close the branch offices of ICIS and ICF in Regensburg after 23 years. This was not an easy decision for us, given that the IC Real Estate Group is firmly rooted in Regensburg. Nonetheless, fierce competition has forced us to maintain only those branches in locations that are vital and necessary to the management of our properties. We intend to bundle all core functions at our branch offices in Unterschleißheim, near Munich. We have offered all of our salaried employees jobs at other locations and also intend to take advantage of the opportunities offered by part-time home office work.

In order to reduce our dependence on bank loans which must constantly be extended, and to simultaneously improve our tight liquidity situation, we entered into negotiations in the first quarter of 2011 with our financing banks and a private asset management firm. Our objective is to roll our short-term loans over into long-term financing, with the exception of our operating lines of credit.

We successfully concluded these negotiations at the beginning of the second quarter of 2011. We replaced the € 12 million loan taken out to refinance our interest in Fair Value with a € 9.6 million corporate loan in conjunction with the proceeds from a small capital increase. Given our expectation that operating results will improve in the future, this refinancing measure generally made it possible to reinstitute dividend payments.

Furthermore, we are about to wrap up the sale of our interest in ICGI and have entered into initial negotiations regarding the sale of our stake in BBV 08. Our hope is that these transactions will enable us to finalize our transformation into a service provider and to look towards a future that is free of liquidity restrictions.

At the beginning of the second quarter, Dr. Hans Volkert Volckens joined ICAG's Executive Board. Dr. Volckens worked closely with the IC Group earlier in his function as an attorney and is well acquainted with the Company. He will gradually take over the divisions for which Dr. Oscar Kienzle was responsible. The latter's service agreement will end in December 2011 due to his reaching the age limit.

7. Risk report

IC AG's risk management process comprises five steps.

Transparent
risk management

1. Identification of risks
2. Analysis of risks
3. Evaluation of risks
4. Managing risks
5. Monitoring risks

The Group's risk position comprises the **primary risks** of the Group companies on the one hand, and **derivative risks** on the other, which originate at fund level and can have an impact at Group level.

Risk measurement tools are structured in proportion to the probability of occurrence of a risk. Precise risk measurement is required for risks with a high probability of occurrence that would significantly affect earnings. In other instances, the reverse is true.

Together with the funds' risk management divisions, the Group defines risk categories to be examined. We have added derivatives risk to this list of categories. The Group currently monitors the following **risk categories**:

- **Primary risks**
 - Operational risk
 - Market risk
 - Credit risk
 - Business risk
 - Liquidity risk
 - Investment risk
 - Risks specific to real estate
- **Derivatives risk**

These risk categories are further broken down into types of risk. Operational risks may include, for example, organizational, management, communications, IT, legal, reporting, and personnel risk. For example, the market risk category comprises interest rate risk, currency risk, and other risk types.

These risks have on several occasions been captured in a risk inventory in which risk managers are asked to assess the probability of occurrence and earnings impact of certain risk types.

The most recent risk inventory provided the following findings:

Risk inventory

The IC Group identified operational risks as significant in terms of impact on earnings and probability of occurrence. Risks were also deemed to arise in the valuation of subsidiaries. There were also potential risks in relation to the financing of investments and insufficient lines of credit. The failure to implement fund plans and the presence of products with insufficient contribution margins were also seen as risks.

In addition to these primary risks within the IC Group, there are also derivative risks in the form of potential losses in income due to existing contracts with fund companies (for example, vacancies/delays in adjusting indexed rents).

The IC Group's detailed risk situation

The IC Group's risk position continued to increase throughout the year. This applies in particular to liquidity risks, which will be addressed separately. To some extent, liquidity risks also result from the other risk categories.

The greatest risks are related to business risks. These primarily comprised risks relating to product structure, market position, financing structure, legal conditions and general business developments. Risk was measured here as the delta against the annual budget.

Significant negative developments occur as the result of the potential termination of service orders whereby it may not be possible to hire the necessary personnel or generate replacement orders in good time. Additionally, trade receivables which are no longer paid are at risk for default. The IC Group also is exposed to operating risks that could lead to direct loss as a result of the inappropriateness or failure of internal processes, human error, systems failure and external disruptions.

IT risk (operational risks)

To a certain extent, the IC Real Estate Group is dependent on a consistently functioning IT system.

Risks affecting IT systems – which include the telephone system, servers for SAP applications and operation of the network – can be identified using documented error messages. The frequency of observed incidents decreased further during the year. In 2008, we replaced our basic SAP software with an entirely new platform. We will only continue to run Release 4.6 C on a limited basis for investor services while a new system was concurrently launched under mySAP 2005. Additionally, we developed a written IT strategy to support business development using ordered IT systems. Contingency and correction plans round off the further strategic development aspects of the strategy and help to limit existing security risks. In 2009, the SAP systems were outsourced to a professional IT center in order to enhance reliability and security even further. In 2010, the e-mail server was outsourced. All servers are slated to be outsourced in 2011. Thus, all the necessary conditions for the management of investment companies have now been reached and maintained.

Investment risk (operational risks)

Investments in the IC Group are primarily composed of fund units which were generally acquired during the start-up phase, and the acquisition of other equity interests. IC Group companies acquired 1.701 million shares in Fair Value REIT-AG from its IPO. In the worst case, the development of the net asset value of Fair Value REIT-AG would mean that the investment in Fair Value could give rise to the risk that the share price will decline even further or that it will fail to recover due to the unfavorable capital market outlook. As of December 31, 2010, the share price had risen to € 4.80 per share. The price briefly fell to € 4.20 before climbing back up as of the reporting date. We expect it to appreciate over the medium to long term.

In contrast to Fair Value, BBV 08 intended to sell properties and investments. If, contrary to expectations, a sale were possible on a reduced basis only, this would bring down our earnings as much as any drop in prices in the Saxony or South Holstein portfolios (ICGI). However, given the current market situation, this development appears less likely.

Though the amounts drawn down on the credit lines fluctuated significantly, depending on the IC Group's liquidity requirements, the lines were usually fully utilized due to the aforementioned repayment of debt. Due to strong growth, among other factors, liquidity was again tight at the end of the year since a not inconsiderable amount of prepayments must be made with each new order. In contrast to the new orders registered in the first quarter of 2011, the acquisition of IC Property One was complicated by the fact that the necessary IT switchover was not covered by sufficient income. This – along with the payment of the purchase price – placed an additional burden on liquidity in the fourth quarter, as well as in the first quarter of 2011.

Liquidity risk
(operational risks)

Conditions on the capital market did not permit an expansion of lines of credit. This rendered it necessary at the end of the year to manage funds extremely carefully since the migration of accounting at the beginning of the year meant that delays in customer payments could be expected.

We continue to intend to reduce the amount of funds drawn down by us by quickly selling off properties held for sale. With the exception of the refinancing of our interest in Fair Value, we are in a position to pay down all liabilities upon the successful implementation of our sale processes. We are therefore focusing in particular on the sale of these properties and have introduced a monthly report on that process. Any significant delay in selling the properties held by BBV 08 or our interest in BBV 08 would also reduce our liquidity as much as a protracted sale of properties in the Saxony or South Holstein portfolios would (ICGI). Although the financing banks have signaled yet another prolongation of the debt taken on for the respective terms, at least a partial sale is crucial for the liquidity and equity ratio targets. For more detailed information on the measures taken to resolve the issues incurred in connection with the Fair Value refinancing, please refer to the report on post-balance sheet date events.

Market and default risks remained manageable. However, in keeping with the principle of prudence, we have written down trade receivables to the extent that it does not appear likely that these will be paid in the coming twelve months. We have also recognized write-downs on liquidity loans to fund companies if these are not sufficiently covered.

The Group's other risks

As an international group, the IC Group is exposed to exchange rate risks, which were almost exclusively attributable to positions in USD or CAD in 2009. The existence of open positions in each currency leads to potential risk. The IC Group forewent hedging of open currency positions due to magnitude. By the end of the year, these positions had been reduced to less than 1% of total assets.

Default risks have a largely derivative effect on the IC Group. Due to management agreements, tenant default translates into lower income. In addition to intra-Group loans, receivables from investors and investees are recognized. Additionally, current trade receivables are recognized for fund companies within the IC Group. There are additional receivables from the Euroval Group. The receivables from the EuroVal Group are collateralized. Since the collateral is also subject to market fluctuations, we asked the EuroVal

Group to keep us informed in future of their business development so that we will be in a better position to assess the risk. The Euroval Group's solar-thermal power plant project on Crete necessitated a temporary increase in the Euroval Group's lending. However, the loans made to the Euroval Group were repaid by the end of the first quarter of 2011. Given that the project was approved in February 2011, we expect the Euroval Group to repay all liabilities over the course of the next twelve months.

Derivative financial and forex transactions are rarely entered into, and when they are, only with financial institutions with a good credit rating.

The IC Group is exposed to structural interest rate risks through existing fixed interest liabilities if prepayment penalties must be factored in due to the sale of properties at the currently extremely low interest rates. The loans were used to finance existing equity investments and/or subsidiaries. Long-term loans are repaid on schedule and reduced accordingly. In addition, there are refinancing arrangements for our vehicle fleet, which are largely fixed interest in character. REIT units were financed by securing a variable rate loan. The BBV 08 shares were refinanced via a variable interest loan in order to enable us to react immediately to portfolio decisions.

Derivative risks from the funds business arise from the risks attached to the properties in each fund. Existing vacancies and the loss of expected rent payments led to lost income for the management companies. The sale of properties in some funds also led to shrinking income. With the aim of aligning our interests with customer interests our fees are performance based. Due to the current rental situation, we are not in a position to charge any property or fund management fees at one fund company for the next three years maximum. For four other fund companies, the situation is such that fees will not be as high as in earlier years, although it will cover costs. This temporarily reduces the Company's earnings potential.

Project and issuing risks were again of no relevance for the IC Group in 2010.

Management of derivative risks and risk management organization

On a quarterly basis, asset managers assess the risks of the properties of the individual funds by risk type and pass this information on to IC AG's risk management department, which then analyzes this risk in greater detail. Risk management integrates these derivative risks into the Group risk catalog and reports on a quarterly basis to the management of the IC Group. The management appoints a risk committee as the supreme decision-making body to manage the risks identified. This risk committee must ensure that effective risk limitation measures are implemented. A timetable for implementing these measures is defined in order to manage risk efficiently. Once the measures have been implemented, Group risk management controls and verifies the implementation of the risk limitation measures in a target/actual comparison.

A status report on this comparison is prepared on a quarterly basis.

8. Report on opportunities and expected developments

The economy will have a major influence on developments within the Group next year, and in the years to follow. The outlook is good for 2011 and 2012. Fluctuations on the real estate market will mirror economic development. The financial market remains mired in crisis and the impacts of the earthquake in Japan have yet to be fully understood. This means that despite the positive outlook, the future of the economy is far from certain. In that vein, the current situation is a balance between the generally very positive economic outlook on the one hand and the fact that real estate lending remains restrictive on the other. While low interest rates have had a stabilizing effect until now, they have bottomed out and government bond yields – which have been extremely low over the long run – have risen not only for the higher-risk countries.

However, in view of the persistently high risk of inflation, we consider a risk premium of between 1% and 2% to be appropriate for the real estate asset class. Yet this would mean that a clear resistance level for core properties will be close to 5%, or 20 times greater than annual rent, whereas the large part of the properties are between 6% and 6.5% due to solid demand, ushering in 13 to 14 times the annual rent.

An earnings forecast for 2011 and 2012 depends on three developments, which are correlated to a certain extent. Our current asset and property management administrative income is stable and easy to forecast. It generally makes up about 75% of our revenue and 20% of our profit. The results from the previous year are not indicative here, since the acquisition and integration of Property One dragged on earnings more severely than expected.

Transaction income accounted for 25% of our revenue and 80% of profit. The past three years saw considerable profit risk in this area.

Earnings and fluctuations in the value of equity interests were extremely detrimental in the past but are not expected to erode profits in the future thanks to sufficient risk provisioning.

As a service provider, we always experience the effects of market developments to a limited extent and with a certain time lag. Nevertheless, our performance-based bonuses generally give rise to a staggered correlation between market developments and earnings performance.

Since the IC Real Estate Group is a service provider, its activities are not very capital-intensive. Its capitalization is generally sufficient for its purpose. However, the capital market situation has resulted in it becoming impossible to obtain pure-play operating lines of credit. The necessary repayment of loans has severely eroded our liquidity in the past two years. We have therefore negotiated bond financing to replace the Fair Value loan in order to pay off all bank liabilities, and have launched a capital increase. In addition, we intend to part with all non-essential properties and non-strategic equity investments.

Loans will be used primarily to secure and increase earnings, and no longer to acquire properties. It will only be used to purchase equity interests in properties. Acquisitions are always made at fair value or less, generally with a short- to medium-term investment horizon. The Company rules out any further long-term capital commitment in properties.

Capital management

Overall, the Group intends for these measures to result in an equity ratio of no less than 35% of total assets.

Satisfied employees
are the key to success

The IC Real Estate Group's greatest asset is its staff. The IC Real Estate Group will continue to commit itself to the professional development of its employees – as demonstrated by the vocational training and continuing education opportunities offered by the IC Academy. All offices and work areas are smoke-free. In recent years, employee absenteeism figures have consistently been below the national average. At approximately 4.1% of workdays lost due to illness, this average has remained virtually constant Group-wide in recent years.

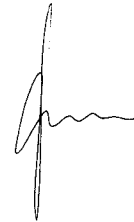
Unterschleißheim, June 17, 2011



Dr. Oscar Kienzle



Oliver Priggemeyer



Dr. Hans Volkert Volckens

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Consolidated statement of financial position

Assets

in € '000	Note	December 31	
		2010	2009
Noncurrent assets			
Intangible assets	(1)	2,699.7	2,686.6
Property, plant, and equipment	(2)	505.4	550.6
Investment properties	(3)	0.0	10,980.0
Equity-accounted investments	(4)	17,247.6	17,220.9
Financial assets	(5)	2,138.3	3,436.0
Deferred tax assets	(22)	1,434.3	2,102.3
Total non-current assets		24,025.3	36,976.4
Current assets			
Noncurrent assets held for sale	(3)	9,756.0	0.0
Trade receivables	(6)	1,732.7	1,086.5
Current income taxes receivable		127.5	133.4
Other assets	(7)	3,824.3	2,180.5
Cash and cash equivalents		187.8	600.1
Total current assets		15,628.3	4,000.5
Total assets		39,653.6	40,976.9

Equity and liabilities

in € '000	Note	December 31	
		2010	2009
Equity	(8)		
Issued capital		2,800.0	2,800.0
Capital reserves		11,537.4	11,537.4
Contributions for implementation of an approved capital increase		514.0	0.0
Revaluation reserve		(1,036.7)	(985.0)
Translation reserve		8.7	(9.0)
Loss carryforward		(5,022.0)	(2,547.6)
Equity attributable to the shareholders of IC Immobilien Holding AG		8,801.4	10,795.8
Minority interest		31.4	21.5
Total equity		8,832.8	10,817.3
Non-current liabilities			
Pension provisions	(9)	790.1	604.2
Other provisions	(10)	568.3	531.0
Corporate income tax liability		19.8	23.7
Deferred tax liabilities	(22)	231.9	258.3
Minority interests in partnerships	(11)	37.7	57.9
Financial liabilities	(12)	15,096.2	5,434.3
Other liabilities		14.2	5.7
Total noncurrent liabilities		16,758.2	6,915.1
Current liabilities			
Other provisions	(10)	1,095.9	961.0
Current income taxes payable		69.1	90.1
Financial liabilities	(12)	11,220.8	20,799.2
Trade payables	(13)	829.8	565.8
Other liabilities	(14)	847.0	828.4
Total current liabilities		14,062.6	23,244.5
Total equity and liabilities		39,653.6	40,976.9

Consolidated income statement

in € '000	Note	2010	2009
Revenue	(27)	11,217.6	12,615.4
Cost of sales	(15)	(8,692.1)	(9,445.6)
Gross profit		2,525.5	3,169.8
Selling expenses		(9.3)	(4.6)
General and administrative expenses	(16)	(3,213.0)	(3,667.7)
Measurement gains, net	(18)	(110.1)	301.0
Other operating income	(19)	240.5	399.7
Other operating expenses	(20)	(983.1)	(253.5)
Profit (loss) from operations		(1,549.5)	(55.3)
Share of profit (loss) of equity-accounted investments	(4)	936.8	1,692.2
Other income (cost) of other investments	(21)	(28.4)	66.0
Income (cost) of other investments		908.4	1,758.2
Result attributable to minority interests (limited partnerships)	(11)	20.2	(5.9)
Interest income		262.3	306.6
Interest expense		(1,463.8)	(1,609.2)
Net finance cost		(1,181.3)	(1,308.5)
Profit (loss) before taxes on income		(1,822.4)	394.4
Income taxes	(22)	(649.0)	(382.6)
Consolidated net profit/(loss) for the year		(2,471.4)	11.8
Of which attributable to:			
Shareholders of IC Immobilien Holding AG		(2,474.4)	6.4
Minority interest		3.0	5.4
Earnings per share (diluted/basic) in €	(25)	(0.87)	0.00

Consolidated statement of comprehensive income

in € '000	2010	2009
Consolidated net profit/(loss) for the year	(2,471.4)	11.8
Other profit/loss		
Foreign currency translation		
– Currency translation difference	17.7	84.2
– reclassifications in the income statement (due to removal of North America segment)	0.0	(28.8)
	17.7	55.4
Changes in cash flow hedges for associated companies	(51.7)	(157.5)
	(34.0)	(102.1)
Total	(2,505.4)	(90.3)
Of which attributable to:		
Shareholders of IC Immobilien Holding AG	(2,508.4)	(101.7)
Minority interest	3.0	11.4

Consolidated statement of changes in equity

in € '000	Equity attributable to shareholders of IC AG						Minority interest	Total equity
	Issued capital	Capital reserves	Contributions for implementation of an approved capital increase	Re-valuation reserve	Translation reserve	Loss carry-forward		
Balance as of Jan. 1, 2009	2,800.0	11,537.4	0.0	(827.5)	(58.4)	(2,554.0)	85.9	10,983.4
Consolidated net profit for the period	0.0	0.0	0.0	0.0	0.0	6.4	5.4	11.8
Foreign currency translation	0.0	0.0	0.0	0.0	49.4	0.0	6.0	55.4
Change from cash flow hedge	0.0	0.0	0.0	(157.5)	0.0	0.0	0.0	(157.5)
Other profit/loss	0.0	0.0	0.0	(157.5)	49.4	0.0	6.0	(102.1)
Total	0.0	0.0	0.0	(157.5)	49.4	6.4	11.4	(90.3)
Retirements	0.0	0.0	0.0	0.0	0.0	0.0	(75.8)	(75.8)
Balance as of Dec. 31, 2009	2,800.0	11,537.4	0.0	(985.0)	(9.0)	(2,547.6)	21.5	10,817.3
Consolidated net loss for the year	0.0	0.0	0.0	0.0	0.0	(2,474.4)	3.0	(2,471.4)
Foreign currency translation	0.0	0.0	0.0	0.0	17.7	0.0	0.0	17.7
Change from cash flow hedge	0.0	0.0	0.0	(51.7)	0.0	0.0	0.0	(51.7)
Other profit/loss	0.0	0.0	0.0	(51.7)	17.7	0.0	0.0	(34.0)
Total	0.0	0.0	0.0	(51.7)	17.7	(2,474.4)	3.0	(2,505.4)
Contributions	0.0	0.0	514.0	0.0	0.0	0.0	0.0	514.0
Additions	0.0	0.0	0.0	0.0	0.0	0.0	6.9	6.9
Balance as of Dec. 31, 2010	2,800.0	11,537.4	514.0	(1,036.7)	8.7	(5,022.0)	31.4	8,832.8

Consolidated statement of cash flows

in € '000	2010	2009
Net cash provided by operating activities		
Consolidated net profit/(loss) for the year	(2,471.4)	11.8
Income tax expense (refund)	649.0	382.6
Interest expense	1,451.7	1,609.2
Interest income	(250.2)	(306.6)
Amortization and depreciation	381.5	439.0
Measurement gains, net	110.1	(301.0)
Share of profit (loss) of equity-accounted investments	(936.8)	(1,692.1)
Dividends paid by equity-accounted investments	876.1	31.1
Impairment of noncurrent financial assets, reversals	232.1	(90.4)
Gains/losses on the disposal of consolidated companies	0.0	(21.5)
Gains/losses on disposal of noncurrent assets	120.9	7.6
(Increase) decrease in trade receivables	(179.6)	2,372.2
Increase (decrease) in provisions	171.9	(405.5)
Increase (decrease) in trade payables	195.0	(657.4)
Changes in other assets and liabilities, excluding from investing and financing activities	(147.1)	2,961.5
Interest income	295.2	414.3
Interest expense	(1,464.3)	(1,623.6)
Income tax payments (refunds)	17.6	(16.0)
Net cash provided by (used in) operating activities	(948.3)	3,115.2
Net cash provided by investing activities		
Proceeds (expense) from the acquisition or sale of companies		
– Absorption of cash and cash equivalents of PropertyOne GmbH, less purchase price	179.8	0.0
– Cash and cash equivalents used in the sale of Regentor IC Investment Inc.	0.0	(93.2)
Expense for other investments in		
– property, plant and equipment and software	(53.7)	(114.7)
– other equity interests	(69.2)	0.0
– Loans granted to real estate funds	(6.0)	0.0
Proceeds from the disposal of		
– property, plant and equipment and software	43.4	15.4
– investment properties	955.3	0.0
– financial assets	671.9	246.5
– long-term loans to real estate funds (repayment)	0.0	162.0
– other noncurrent assets	430.0	95.8
Net cash provided by (used in) investing activities	2,151.5	311.8

Consolidated statement of cash flows (continued)

in € '000	2010	2009
Net cash provided by financing activities		
Proceeds from bank borrowings	33.8	111.6
Repayment of bank loans	(1,540.5)	(3,145.8)
Proceeds from other financial liabilities	529.8	96.6
Repayment of other financial liabilities	(638.6)	(1,613.3)
Other	0.0	(56.0)
Net cash provided by (used in) financing activities	(1,615.5)	(4,606.9)
Effect of changes in exchange rates on cash and cash equivalents	0.0	19.0
Net change in cash and cash equivalents	(412.3)	(1,160.9)
Cash and cash equivalents at beginning of year	600.1	1,761.0
Cash and cash equivalents at end of year	187.8	600.1

Notes to the consolidated financial statements

Nature of business

The Group is a real estate service provider with national and international activities in the Services, Consulting, and Fund Business divisions. The Group also manages its own real estate, which is slated to be sold during 2011.

[General information about the Group](#)

Domicile

The Company's domicile and business address is Ohmstraße 4, 85716 Unterschleißheim near Munich, Germany.

Publication

The consolidated financial statements for fiscal year 2010 were approved for publication by resolution of the Executive Board on May 31, 2011. The consolidated financial statements and Group management report will be submitted to the operator of the electronic Federal Gazette.

Basis of preparation

The consolidated financial statements of IC Immobilien Holding A G as of December 31, 2010 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) in force and applicable as of the reporting date.

[Accounting policies applied](#)

The consolidated financial statements are presented in euros (€), because this is the currency in which most of the Group's transactions are denominated (presentation currency). Unless stated otherwise, all amounts are given in thousands of euros (€ thousand). Rounding may result in differences.

The income statement has been prepared according to the function of expense method.

In the application of accounting policies, the preparation of the consolidated financial statements in accordance with IFRS requires the use of estimates and discretion by the Company's management. "Accounting estimates and use of discretion" explains those areas that are especially complex or allow a higher degree of discretion or areas where assumptions and estimates are material for the consolidated financial statements.

The accounting policies applied in fiscal year 2010 are generally the same as those applied in the previous year. The following Standards and Interpretations have changed since they were applied the consolidated financial statements as of December 31, 2009, or had to be applied for the first time due to their transposition into EU law or to their entry into effect.

New standards and interpretations to be applied

The following standards and interpretations became binding for the first time in fiscal year 2010:

- Revised IFRS 3 "Business Combinations" and amendment to IAS 27 "Consolidated and Separate Financial Statements in accordance with IFRSs"
- Amendments to IAS 27 "Consolidated and Separate Financial Statements"
- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement"
- IFRIC 16 "Hedges of Net Investments in a Foreign Operation"
- IFRIC 17 "Distribution of Non-cash Assets to Owners"

- IFRIC 18 "Transfers of Assets from Customers"
- Improvements to IFRSs 2009

These new policies had no material effect on the consolidated financial statements.

Published standards and interpretations that have not yet been applied

At the time these consolidated financial statements were released for publication, the following standards and interpretations had already been published, but were not yet mandatory:

- Amendments to IAS 12 – Realization of underlying assets (applicable for fiscal years beginning on or after January 1, 2012)
- IAS 24 (revised) – Related Party Disclosures (applicable for fiscal years beginning on or after January 1, 2011)
- Amendment to IAS 32 Financial Instruments: Presentation: Classification of Rights Issues (applicable for fiscal years beginning on or after February 1, 2010)
- Amendments to IFRS 1 – Limited Exemption from Comparative IFRS 7 – Disclosures for First-time Adopters (applicable for fiscal years beginning on or after July 1, 2010)
- Amendments to IFRS 7 – Transfer of financial assets (applicable for fiscal years beginning on or after July 1, 2012)
- IFRS 9 – Financial Instruments – replaces IAS 39 (applicable for fiscal years beginning on or after January 1, 2013)
- Amendment to IFRIC 14 – Prepayments of a Minimum Funding Requirement (applicable for fiscal years beginning on or after January 1, 2011)
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments (applicable for fiscal years beginning on or after July 1, 2010)
- Omnibus Standard on amendments to various Standards (AIP 2009-2010 – applicable for fiscal years beginning on or after July 1, 2010 and January 1, 2011)

The Executive Board is reviewing the above Standards, Interpretations and Amendments in order to assess their impact on the consolidated financial statements. It is not expected that profit or loss or equity will be materially affected. The Executive Board does not intend to adopt these Standards, Interpretations and Amendments early.

Basis of consolidation and consolidation method

Basis of consolidation and consolidation method

The consolidated financial statements include IC Immobilien Holding AG and all subsidiaries. Subsidiaries are companies over whose financial and business policies the Group can exercise control, normally as a result of holding a majority of voting rights. The subsidiaries are consolidated from the day on which the Group acquires control until control ceases. In the case of business combinations, all identifiable assets, liabilities, and contingent liabilities of the acquiree are measured at fair value as of the acquisition date.

Minority interest

Minority interest represents the share of earnings and net assets not attributable to the Group. Minority interests are reported separately in the consolidated statement of comprehensive income and the consolidated statement of financial position. They are disclosed in the statement of financial position within equity, separately from equity attributable to the shareholders of the parent company.

Investments in associates

Investments in associates are accounted for using the equity method in accordance with IAS 28. They are initially recognized at cost. Associates are companies over whose business and financial policies the Group has significant influence, but cannot exercise control. The associates are Fair Value REIT AG, Munich, BBV Immobilien-Fonds Nr. 8 GmbH & Co. KG, Munich, and Regentor IC Investments Inc., Toronto, Canada.

The following companies were reported as fully consolidated subsidiaries in the consolidated financial statements:

		Share of capital / voting rights (%)	held by entity no.
Germany			
1.	IC Immobilien Holding AG, Unterschleißheim ("IC AG")		
2.	IC PropertyOne Consulting GmbH (previously IC Immobilien Consulting- und Anlagegesellschaft mbH), Unterschleißheim ("IC GmbH")	100.0	1
3.	IC Immobilien Service GmbH, Unterschleißheim ("ICIS")	100.0	1
4.	IC Fonds GmbH, Unterschleißheim ("ICF")	100.0	1
5.	IC Beteiligungs-Treuhand GmbH, Unterschleißheim ("IC BT")	92.0	1
6.	IC Grundbesitzgesellschaft mbH & Co. Immobilien KG, Unterschleißheim ("ICGI")	92.1	4
7.	IC Grundbesitz GmbH & Co. Bankgebäude Chemnitz KG, Regensburg ("ICGB")	100.0	1
8.	IC PropertyOne Asset und Real Estate Management GmbH, Frankfurt ("ICP1") since October 1, 2010	99.0	1
9.	Azur PropertyOne GmbH, Frankfurt ("Azur P1") since October 1, 2010	100.0	8
Other countries			
10.	Regentor IC Investments Inc., Toronto/Canada ("RICI") until October 31, 2009	100.0	1
11.	IC Fonds Sheppard Avenue Inc., Toronto/Canada ("SAI") until October 31, 2009	100.0	10
12.	IC Fonds Toronto Burlington Inc., Toronto/Canada ("TBI") until October 31, 2009	100.0	10
13.	Euro-Canada IC Properties Inc., Toronto/Canada ("EC") until October 31, 2009	80.0	10
14.	Wigamog IC Inc. Toronto/Canada ("WICI") until October 31, 2009	100.0	10
15.	Euro American Properties Inc., Novato/U.S.A. ("EAP") (liquidated in 2009)	100.0	1

Change in the group of consolidated companies

The Canadian subsidiaries were deconsolidated following the sale of 75% of the equity interest in Regentor IC Investments Inc., Toronto, Canada, a Canadian cooperation partner, as of October 31, 2009. The company has been included in the consolidated financial statements as an associate since that date.

Acquisition of PropertyOne GmbH

Pursuant to the agreement dated September 14, 2010, IC AG acquired 99% of shares in PropertyOne GmbH, Frankfurt/Main. PropertyOne GmbH is a leading real estate service provider in the area of asset and property management with offices in Frankfurt and Berlin. The company has since changed its name to IC PropertyOne Asset und Real Estate Management GmbH ("ICP1"). Azur PropertyOne GmbH is a wholly owned subsidiary of ICP1. This company was formed shortly prior to September 30, 2010 as an intermediate holding company for the purpose of acquiring an equity interest.

The purchase price consisted of a cash payment of € 340.0 thousand and the delivery of 190,400 shares in IC Immobilien Holding AG. The shares were transferred as of September 30, 2010. The deliverable shares were valued at the market price of € 2.70 per share on September 30, 2010. The deliverable shares were thus worth € 540.1 thousand; the total purchase price was € 854.1 thousand. € 26.7 thousand in transaction costs were recognized as an expense and are reported under General and administrative expenses. The acquisition can be presented as follows:

in € '000	
Intangible assets	35.6
Property, plant, and equipment	94.3
Trade receivables	466.6
Other receivables	59.6
Cash and cash equivalents	429.9
Provisions	(186.2)
Trade payables	(69.0)
Financial liabilities	(51.3)
Other liabilities	(90.0)
Net assets	689.5
Minority interest 1%	(6.9)
Acquired interest	682.6
Goodwill	171.5
Purchase price	854.1

The difference between the negotiated purchase price and the fair value of the acquired share of net assets was recognized in full as goodwill due to the fact that it is expected that synergies will arise from the business combination.

During the period from October 1 to December 31, 2010, ICP1 generated € 838.2 thousand in revenue, contributing a € 93.4 thousand loss to the Group's total comprehensive income. Had the company been purchased as of January 1, 2010, ICP1 would have contributed € 3,529 thousand to consolidated revenue; the amount contributed to the Group's net loss for the year would have been a loss of € 78.7 thousand.

Foreign currency

The functional currency of IC Immobilien Holding AG and its German subsidiaries is the euro. Transactions in foreign currency are translated into the functional currency at the exchange rate applicable at the time of the transaction. Foreign currency gains and losses arising from processing these transactions or translating monetary items denominated in foreign currency at the current rate are recognized in the income statement.

Foreign currency

The majority of group companies Regentor IC Investment Inc., Toronto, Canada, and its subsidiaries was sold in fiscal year 2009. Euro American Properties, Inc., Novato, USA, was liquidated in 2009. Until their respective deconsolidation on October 31, 2009 and August 31, 2009, their annual financial statements – which had been prepared using the Canadian dollar and US dollar, respectively, as the functional currencies – were translated into the reporting currency as follows:

- Assets and liabilities were translated using the spot rates as of the balance sheet date.
- Income statement items were translated at average rates for the period.
- All currency translation differences were taken directly to a separate account under equity.
- On disposal, the currency translation differences previously recognized in equity went towards profit/loss.

The following translation rates have been used in the consolidated financial statements:

1 euro =	CAD	USD
Average January through August 2009	n/a	1.3546
August 31, 2009	n/a	1.4276
Average January through October 2009	1.5907	n/a
October 31, 2009	1.5855	1.4802
Average November through December 2009	1.5611	n/a
December 31, 2009	1.5100	1.4405
Average January through December 2010	1.3651	n/a
December 31, 2009	1.3370	n/a

Intangible assets

Goodwill is recognized at cost and tested annually for impairment. If necessary, its carrying amount is written down to its recoverable amount.

Accounting and measurement principles

Computer software

Purchased computer software licenses are recognized at the cost incurred for acquiring the licenses and preparing the software for its intended use. The capitalized costs are amortized on a straight-line basis over the expected useful life (3 – 5 years). Costs incurred in connection with the development or maintenance of computer software are expensed as incurred.

Property, plant, and equipment

Property, plant, and equipment consists of leasehold improvements in leased business premises and operating and office equipment (especially vehicles). They are carried at cost less depreciation. They are depreciated over 3 to 10 years using the straight-line method.

Disposal gains and losses, i.e., the difference between the sale price and the carrying amount, are recognized in the income statement.

Investment property/noncurrent assets held for sale

Investment properties are real estate held in order to generate rental income or capital appreciation rather than for the provision of services or for administration or sales purposes. Investment properties are initially recognized at cost, including transaction costs. They are subsequently measured at fair value. Under IAS 40, fair value should by preference be determined on the basis of identified market prices or by comparing it with virtually identical properties that have been valued. However, the Group's real estate differs in terms of age, location, fixtures and fittings, and size. It is therefore valued on the basis of the German income approach (Ertragswertverfahren) codified in the Valuation Regulation (Wertvermittlungsverordnung, "WertV") (land value determined separately) having regard to existing lease arrangements and current market interest rates. The fair value determined in this way is identical in content to the term "market value". With effect from December 31, 2010, the Group reclassified all investment properties as "Noncurrent assets held for sale" due to the intention to dispose of these properties. Recent third-party market value appraisals are available for all properties recognized under this item.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of intangible assets, property, plant, and equipment, and equity-accounted investments for indications of impairment. If such indication is detected, an impairment test is performed. Goodwill and other intangible assets with indefinite useful lives are tested for impairment at least once a year. An impairment loss is recognized in the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the higher of fair value less costs to sell and its value in use. If the recoverable amount cannot be determined for a single asset, the recoverable amount is determined for the smallest identifiable group of assets (cash generating unit) to which the asset belongs. If an impaired asset or cash generating unit is subsequently found to have a higher recoverable amount, the impairment loss is reversed, but the new value must not exceed amortized or depreciated cost. Impairment losses on goodwill must never be reversed.

Financial assets

Noncurrent financial assets include investments, purchase price receivables and loans. Current financial assets are trade receivables, other receivables, and cash and cash equivalents (bank deposits).

Financial assets are initially measured at fair value. Subsequent measurement depends on the classification to be applied in accordance with IAS 39. The following categories are distinguished in the IC Group:

Financial assets at fair value through profit and loss

These are other investments and noncurrent securities, which were classified as assets to be measured at fair value on initial recognition under the fair value option. These values are determined at regular intervals using a standard valuation model. The Executive Board monitors the valuation and its results. If fair value cannot be reliably determined, the assets are measured at cost.

Loans and receivables

This category contains all loans and receivables with fixed or determinable payments that are not listed on an active market. Loans and receivables are measured at amortized cost less any impairment, using the effective interest method. Receivables with an expected maturity of more than one year are discounted. The discount is recognized pro rata as interest income through the income statement until the receivable becomes due. If there is doubt about the recoverability of receivables, the lower realizable amount is recognized. Identifiable individual risks are accounted for by recognizing valuation allowances in separate valuation allowance accounts. The determination of valuation allowances requires a considerable amount of estimates based on credit analyses. Carrying amounts are written down or valuation allowances derecognized only once it has been confirmed that the receivable is irrecoverable.

Financial assets are derecognized when the contractual rights to cash flows expire or the assets, including substantially all risks and rewards of ownership, are transferred to a third party.

There are currently no hedging transactions or options in the IC Group. For this reason, no derivative financial instruments are recognized. A cash flow hedge has been created with respect to the associate Fair Value REIT AG.

Deferred taxes

Deferred taxes are recognized under the liability method for temporary differences between the carrying amounts of assets or liabilities in the consolidated statement of financial position and their tax base, as well as for tax loss carryforwards. Temporary differences are always recognized if they lead to deferred tax liabilities. Deferred tax assets are only recognized if it is probable that taxable profits will be available against which the tax benefits can be utilized. Deferred tax assets and liabilities are also recognized for temporary differences that arise as a result of business combinations, but not for goodwill recognized in this context.

Deferred taxes are calculated using the tax rates (and tax laws) of future years that have been enacted or substantively enacted.

Issued capital

All shares are reported under equity. Costs incurred directly in connection with the issuing of new shares are deducted, net of income taxes if applicable, from the issue proceeds and thus taken directly to equity.

Pension provisions

Firstly, the Group has recognized employer-financed, individual pension and capital commitments to current and former management employees. The amount of pension benefit payable to the employee after retirement resulting from these commitments is based on factors such as the number of years of service. Secondly, there are employee-financed capital commitments to individual employees whose amount is always fixed. In both cases, the employer has reinsured the pension commitments (with one exception). The reinsurance policies have been pledged to the employees. All pension commitments are treated as defined-benefit obligations in the consolidated financial statements.

The liability recognized for a defined benefit obligation is the present value of the obligation as of the balance sheet date less the fair value of plan assets. The obligation is calculated annually by an independent actuary using the projected unit credit method. Actuarial gains and losses arising from differences between actuarial assumptions and values actually recorded as well as the effect of necessary changes in actuarial assumptions are immediately recognized in the income statement. The option of recognizing such gains or losses only once they exceed a certain threshold (corridor method) or of taking them directly to equity has not been used.

Other provisions

Provisions are recognized if a legal or constructive obligation arising from past events exists for the Group as of the balance sheet date and it is probable that this obligation will lead to an outflow of resources and the amount of the resources can be reliably estimated. Provisions for expected losses on onerous contracts are recognized if the expected economic benefit resulting from the contract is lower than the costs required to fulfill the contract.

Minority interests in partnerships

Minority shareholders of consolidated real estate partnerships have the right to terminate their involvement. For this reason, the interests these shareholders have in the equity capital of the subsidiaries are treated as potential termination benefit entitlements in accordance with the version of IAS 32 currently in force. They are reported as liabilities in the consolidated statement of financial position. They are initially recognized at fair value, which is equivalent to the minority shareholder's share in the net assets of the company concerned. They are subsequently measured at amortized cost. Profits attributable to minority shareholders increase, losses and dividends attributable to minority shareholders reduce the obligation. The reported liability is therefore equal to the minority shareholders' notional share in the net assets reported at carrying amounts for the subsidiary in question.

Financial liabilities

Financial liabilities are initially recognized at fair value less transaction costs. They are subsequently measured at amortized cost using the effective interest method.

Revenue recognition

Revenue is the consideration received for services performed, less value added tax, rebates, and discounts and after elimination of intercompany revenues. Service revenue is recognized in the accounting period in which the services were performed. Rental revenue is recognized on a straight-line basis over the term of the lease. Revenue is not recognized if there are material risks regarding the receipt of the consideration.

Gains and losses on the sale of investment properties are realized when, in addition to the right of disposal, substantially all risks and rewards have been transferred to the acquirer and it is probable that the economic benefit from the transaction will flow to the Group.

Interest income is recognized pro rata, taking into account the amount of capital outstanding and the applicable interest rate. Interest income and expenses are recognized using the effective interest method.

Dividends from shares are recognized when the shareholder's legal entitlement has arisen on the basis of the shares.

The preparation of the consolidated financial statements requires management to make estimates and assumptions, which influence the amounts reported and the related disclosures in the notes. All estimates and assumptions are made using the best information and in good faith in order to present a true and fair view of the Group's net assets, financial position, and results of operations.

[Accounting estimates and use of discretion](#)

If there are no identified market prices, the determination of fair values requires management and the experts it has commissioned to make estimates and assumptions. All estimates and assumptions are made using the best information and in good faith in order to present a true and fair view of the Group's net assets, financial position, and results of operations.

In particular, fair values have to be determined for:

a) Accounting for business combinations

On initial consolidation, all identifiable assets, liabilities, and contingent liabilities are recognized at fair value at the acquisition date. One of the key estimates is to determine the fair values of these assets and liabilities at the acquisition date. The valuation of real estate is based on expert opinions of independent experts as of a valuation date that is no more than three months before or after the acquisition. Noncurrent liabilities are measured on the basis of the market interest rate applicable at the acquisition date, taking into account an adequate credit risk premium. A 99% interest in PropertyOne GmbH was acquired during the reporting year. This company does not hold any property and has no noncurrent liabilities.

b) Goodwill

As mentioned in the section on significant accounting policies, the Group tests goodwill annually for impairment. To do so, it has to estimate the recoverable amount of the cash generating unit to which the goodwill belongs. Determination of the recoverable amount requires adjustments and estimates in forecasting and discounting future cash flows. Although management believes that the assumptions used in calculating the recoverable amount are adequate, any unforeseen changes in these assumptions

could lead to an impairment loss that could have a sustained negative impact on the net assets, financial condition, and results of operations. The carrying amount of goodwill was € 2,303.5 thousand as of December 31, 2010.

c) Impairment of equity-accounted investments

At each balance sheet date, management has to assess whether there are indications that the carrying amount may be impaired. In such a case, the recoverable amount of the asset concerned has to be estimated. The recoverable amount is the higher of fair value less costs to sell and its value in use. The carrying amount of equity-accounted investments was € 17,247.6 thousand as of December 31, 2010.

d) Noncurrent assets held for sale

When the commissioned expert estimates fair values using the German income approach, there are estimate ranges with regard to expected rental income and maintenance and as to how these amounts are discounted. The market value of non-current assets held for sale was € 9,756.0 thousand as of December 31, 2010.

e) Income taxes

The Group is liable for income taxes. Income taxes are calculated on the basis of reasonable estimates and assumptions of management. However, it cannot be ruled out that due to imponderabilities the final tax assessment is different and that this will impact on the amount of tax liabilities. The Group examines at each balance sheet date whether it is sufficiently probable that taxable profits will be available against which the tax benefits associated with the deferred tax assets can be utilized. This requires management, among other things, to assess the tax benefits arising from existing tax strategies and future taxable income, and to take into account other positive and negative factors. The reported tax assets could be reduced, if the assumptions and estimates made in this regard do not materialize to the full extent or do not materialize at all or if changes in current tax legislation limit the time during which or the extent to which future tax benefits can be realized. As of December 31, 2010, deferred tax assets amounted to € 1,434.3 thousand and deferred tax liabilities amounted to € 231.9 thousand.

Although management believes that the assumptions made for all estimates are realistic and adequate, it cannot rule out that the carrying amounts will have to be adjusted in the future as a result of a change in general conditions and the failure of expected market developments to materialize.

Notes to the consolidated statement of financial position

in € '000	Goodwill	Software	Total	(1) Intangible assets
Cost				
Balance as of January 1, 2009	2,455.3	1,195.5	3,650.8	
Change in the group of consolidated companies	(137.0)	(26.8)	(163.8)	
Additions	0.0	81.0	81.0	
Retirements	0.0	(4.2)	(4.2)	
Currency translation differences	10.5	2.0	12.5	
Balance as of December 31, 2009	2,328.8	1,247.5	3,576.3	
Change in the group of consolidated companies	171.5	35.6	207.1	
Additions	0.0	14.5	14.5	
Retirements	0.0	(2.2)	(2.2)	
Reclassifications	0.0	468.2	468.2	
Balance as of December 31, 2010	2,500.3	1,763.6	4,263.9	
Accumulated amortization				
Balance as of January 1, 2009	299.9	522.9	822.8	
Change in the group of consolidated companies	(111.6)	(36.6)	(148.2)	
Additions	0.0	204.4	204.4	
Currency translation differences	8.5	2.2	10.7	
Balance as of December 31, 2009	196.8	692.9	889.7	
Additions	0.0	208.5	208.5	
Retirements	0.0	(2.2)	(2.2)	
Reclassifications	0.0	468.2	468.2	
Balance as of December 31, 2010	196.8	1,367.4	1,564.2	
Carrying amounts				
Balance as of January 1, 2009	2,155.4	672.6	2,828.0	
Balance as of December 31, 2009	2,132.0	554.6	2,686.6	
Balance as of December 31, 2010	2,303.5	396.2	2,699.7	

Goodwill is attributable solely to the Property and Asset Management segment. This segment constitutes a cash-generating unit. The recoverable amount for this segment is determined by establishing fair value less costs to sell. The calculation of fair value uses the expected cash flows on the basis of the Executive Board-approved and updated budget for the years 2011 through 2014. For the period

thereafter, the cash flows of the last budget year are used, assuming a growth rate of 1% p.a. The cash flows were discounted using an average cost of capital of 4.45% (2009: 5.01%). Not even a one percentage point increase in the discount rate would lead to any goodwill impairment.

(2) Property, plant
and equipment

in € '000	Leasehold improvements	Operating and office equipment	Total
Cost			
Balance as of January 1, 2009	341.9	1,479.0	1,820.9
Change in the group of consolidated companies	0.0	(139.8)	(139.8)
Additions	0.0	33.7	33.7
Retirements	0.0	(178.3)	(178.3)
Currency translation differences	0.0	10.6	10.6
Balance as of December 31, 2009	341.9	1,205.2	1,547.1
Change in the group of consolidated companies	0.0	94.3	94.3
Additions	0.0	39.2	39.2
Reclassifications	0.0	580.5	580.5
Retirements	0.0	(238.7)	(238.7)
Balance as of December 31, 2010	341.9	1,680.5	2,022.4
Accumulated depreciation			
Balance as of January 1, 2009	147.1	875.5	1,022.6
Change in the group of consolidated companies	0.0	(116.0)	(116.0)
Additions	30.8	203.8	234.6
Retirements	0.0	(152.9)	(152.9)
Currency translation differences	0.0	8.2	8.2
Balance as of December 31, 2009	177.9	818.6	996.5
Additions	30.8	142.2	173.0
Reclassifications	0.0	580.5	580.5
Retirements	0.0	(233.0)	(233.0)
Balance as of December 31, 2010	208.7	1,308.3	1,517.0
Carrying amounts			
Balance as of January 1, 2009	194.8	603.5	798.3
Balance as of December 31, 2009	164.0	386.6	550.6
Balance as of December 31, 2010	133.2	372.2	505.4

The leasehold improvements relate to refurbishment of part of the Rabensteincenter, Chemnitz, which the Group has leased until August 31, 2012 (with an option to extend by another five years).

Investment properties developed as follows:

(3) Investment property/
noncurrent assets held
for sale

in € '000	Fiscal year	
	2010	2009
Cost		
Balance at beginning of year	9,131.6	9,131.6
Additions from subsequent cost	67.8	0.0
Retirements	(1,181.7)	0.0
Reclassification to "Noncurrent assets held for sale"	(8,017.7)	0.0
Balance at end of year	0.0	9,131.6
Accumulated changes in value		
Balance at beginning of year	1,848.4	1,547.4
Write-ups	105.0	464.0
Write-downs	(215.1)	(163.0)
Reclassification to "Noncurrent assets held for sale"	(1,738.3)	0.0
Balance at end of year	0.0	1,848.4
Carrying amount = market value		
At beginning of year	10,980.0	10,679.0
At end of year	0.0	10,980.0

In contrast to previous years, the expectation is that it is highly likely that the entire property portfolio will be sold off during the 2011 fiscal year. The properties continue to be measured at fair value.

These properties are:

in € '000	December 31	
	2010	2009
Building land without or with only insignificant buildings for commercial use		
Chemnitz, Chemnitz Passage	1,470.0	1,600.0
Chemnitz, Oberfrohnauer Straße	570.0	570.0
	2,040.0	2,170.0
Land with residential and commercial buildings		
Aue, Schneeberger Straße 3 (residential and commercial building)	860.0	860.0
Aue, Schneeberger Straße 142 f (residential building)	111.0	129.0
Bad Bramstedt, Bleeck (4 condominiums)	210.0	210.0
Chemnitz, Glauchauer Straße 15 (residential and commercial building)	0.0	560.0
Chemnitz, Bornaer Straße (residential and office building)	230.0	200.0
Chemnitz, Glauchauer Straße 13 (residential building)	0.0	580.0
Chemnitz, Schloßstraße (office and residential building)	1,060.0	1,080.0
Hartmannsdorf, Post- / C.Kirchhof-Straße (27 condominiums)	1,530.0	1,520.0
Hasloh, Bahnhofstraße (residential and commercial building)	140.0	140.0
Holm, Hauptstraße (residential and commercial building)	200.0	210.0
Kirchberg, Auerbacher Straße (2 offices, 1 suite of consulting rooms)	320.0	320.0
Mechelgrün, Birkenweg (residential building)	323.0	303.0
Neumünster, Johannisstraße 7 (commercial building)	85.0	80.0
Neumünster, Am Kamp (residential and commercial building)	276.0	280.0
Neumünster, Kieler Straße (residential and commercial building)	460.0	470.0
Neumünster, Mühlenstraße (residential and commercial building)	370.0	360.0
Neumünster, Segeberger Straße (residential and commercial building)	260.0	250.0
Pinneberg, Waldenauer Marktplatz (residential and commercial building)	370.0	370.0
Rellingen, Hauptstraße (4 condominiums)	215.0	200.0
Zwickau, Goethestraße (5 condominiums)	460.0	450.0
Zwickau, Eduard-Soermus-Straße (2 condominiums)	170.0	170.0
	7,650.0	8,742.0
Leasehold properties with residential and commercial buildings		
Prisdorf, Bahnhofstraße (consulting rooms)	66.0	68.0
Investment properties (2009)	0.0	10,980.0
Noncurrent assets held for sale (2010)	9,756.0	0.0

The fair values of the properties were determined by Dipl. Ing. Eberhard Hörmann, Munich, an independent expert with no ties to the Group. Mr. Hörmann is sufficiently qualified and has recent experience in the valuation of real estate. According to section 94 of the German Building Code (Baugesetzbuch, "BauGB"), salable value is determined by the price that could be achieved at the valuation date to which the calculations relate in an arm's length transaction in accordance with the legal circumstances and physical characteristics, situation and other aspects of the condition of the property to be valued, without the influence of unusual or personal factors. The salable value corresponds to the market value.

Fair value is accordingly determined on the basis of annual gross income, less management costs and the expected return on land value; a multiplier is then applied that reflects remaining useful life. The multiplier was calculated based on an individual property rate (of between 4.5% and 6%). Taking into account other circumstances that impact on value as well as the value of the land, this produces the capitalized value of potential earnings of the property.

The leasing of these properties resulted in rental income of € 856.1 thousand (2009: € 856.7 thousand) and direct operating expenses of € 359.6 thousand (2009: € 464.5 thousand), reported in the consolidated income statement. Contingent rental income from turnover-based rents and index adjustments was not material.

The minimum future rental income to be generated by these properties until the leases can be terminated is as follows:

in € '000	December 31	
	2010	2009
Within one year	411.0	324.4
Between one and five years	458.0	384.1
After five years	184.3	268.5
	1,053.3	977.0

The properties are secured with mortgages in favor of the lending banks. No rights of first refusal have been granted and there are no material restrictions on the sale of the properties. Contractual obligations to improve the properties amount to € 27 thousand (previous year: € 27 thousand). Payment obligations resulting from a leasehold contract amount to € 3 thousand p.a. until February 3, 2025 (the property will revert to the freeholder without compensation on this date).

(4) Equity-accounted investments

The composition and development of equity-accounted investments is as follows:

in € '000	Fair Value REIT-AG	BBV 08	RICII	Various US funds	Total
Proportionate equity					
Balance as of January 1, 2009	13,883.6	8,736.4	0.0	18.3	22,638.3
Reclassification due to change in status	0.0	0.0	156.7	0.0	156.7
Current profit (loss)	(526.1)	502.0	11.7	0.0	(12.4)
Losses on cash flow hedge	(157.5)	0.0	0.0	0.0	(157.5)
Dividends	0.0	0.0	(20.2)	(31.1)	(51.3)
Retirements	0.0	0.0	0.0	11.2	11.2
Currency translation differences	0.0	0.0	7.5	1.6	9.1
Other changes	36.5	0.0	0.0	0.0	36.5
Balance as of December 31, 2009	13,236.5	9,238.4	155.7	0.0	22,630.6
Current profit (loss)	407.2	572.6	(27.8)	0.0	952.0
Losses on cash flow hedge	(51.7)	0.0	0.0	0.0	(51.7)
Dividends	0.0	(784.5)	(91.6)	0.0	(876.1)
Currency translation differences	0.0	0.0	17.7	0.0	17.7
Other changes	11.4	0.0	0.0	0.0	11.4
Balance as of December 31, 2010	13,603.4	9,026.5	54.0	0.0	22,683.9
Valuation allowance					
Balance as of January 1, 2009	(7,077.7)	0.0	0.0	0.0	(7,077.7)
Change	1,668.0	0.0	0.0	0.0	1,668.0
Balance as of December 31, 2009	(5,409.7)	0.0	0.0	0.0	(5,409.7)
Change	(26.6)	0.0	0.0	0.0	(26.6)
Balance as of December 31, 2010	(5,436.3)	0.0	0.0	0.0	(5,436.3)
Carrying amounts					
Balance as of January 1, 2009	6,805.9	8,736.4	0.0	18.3	15,560.6
Balance as of December 31, 2009	7,826.8	9,238.4	155.7	0.0	17,220.9
Balance as of December 31, 2010	8,167.1	9,026.5	54.0	0.0	17,247.6

The share of the profit (loss) on equity-accounted investments reported on the income statement can be broken down as follows:

in € '000	Fiscal year	
	2010	2009
Share of current profit (loss)		
Fair Value REIT-AG		
– share of measurement losses (after minority interest and incl. equity-accounted investments)	(727.0)	(1,777.0)
– Other current profit (loss)	1,134.2	1,250.9
	407.2	(526.1)
BBV 08		
– Share of measurement losses	(483.0)	(591.1)
– Other current profit (loss)	1,055.6	1,093.1
	572.6	502.0
Regentor IC Investment Inc.		
	(27.8)	11.7
	952.0	(12.4)
Other changes in the carrying amount of the investment through profit/loss		
Fair Value REIT-AG		
– Change in valuation allowance	(26.6)	1,668.0
– Other	11.4	36.6
	936.8	1,692.2

The Group continues to hold 1,701,478 shares in Fair Value REIT-AG, Munich, or 18.09% of issued capital. This is below the 20% threshold beyond which it is assumed that a company is an associate. The extensive business relations between the two companies and the fact that a member of the Executive Board of IC Immobilien Holding AG is a member of the Supervisory Board of Fair Value REIT-AG give cause to assume that Fair Value REIT-AG is an associate, over whose business and financial policies the Group has significant influence. The shares in Fair Value REIT-AG were initially accounted for using the equity method. To account for the change in share price, in a second step, the € 26 thousand in write-downs recognized in earlier years were reversed to € 5,436,3 thousand. As a result, the equity interest was measured based on the closing price at the end of 2008 of € 4.80 per share (previous year: € 4.60 per share).

Fair Value REIT-AG is liable for € 1,615 thousand for associates due to the reinstatement of limited partner liability pursuant to § 172 (4) HGB (2009: € 2,249 thousand). IC Group's share (18.09%) amounts to € 292 thousand (2009: € 407 thousand).

As of December 31, 2010, the Group held limited partners' shares in BBV Immobilien-Fonds Nr. 8 GmbH & Co. KG, Unterschleißheim, in the nominal amount of € 23,917.5 thousand, or 49.8% of the fixed capital and voting rights. As in the previous year, BBV 08 is the owner of three retail properties (market value as

of December 31, 2010: € 30,420 thousand) and one senior citizens' center (market value as of December 31, 2010: € 12,200.0 thousand).

The following table contains a summary of financial information about Fair Value REIT-AG, BBV 08 and RICII the most important equity-accounted associates. The information relates to 100% and not the interest the Group holds in these companies:

		December 31	
in € '000		2010	2009
Assets			
– FairValue REIT-AG		195,963	203,809
– BBV 08		44,766	46,670
– RICII		524	1,048
Liabilities			
– FairValue REIT-AG		121,405	131,089
– BBV 08		26,659	28,137
– RICII		308	346

		Fiscal year	
in € '000		2010	2009
Revenue			
– FairValue REIT-AG		14,444	12,197
– BBV 08		4,063	4,377
– RICII		570	677

The carrying amount of equity-accounted investments pledged as collateral for liabilities is €7, 136.1 thousand (2009: € 17,010.1 thousand).

in € '000	December 31	
	2010	2009
Assets voluntarily recognized at fair value through profit and loss		
Other investments	293.8	923.9
Noncurrent securities	14.3	14.3
Loans and receivables		
Purchase price receivables	167.9	288.0
Liquidation fees for IC 08	55.9	55.9
Loans to associates		
IC 17	944.6	938.6
IC 10	406.8	775.3
IC 09	220.0	440.0
Down payment on acquisition of an equity interest		
	35.0	0.0
Total	2,138.3	3,436.0

(5) Financial assets
(noncurrent)

Other investments are primarily shares in real estate funds. Some of the shares were acquired by the Group as a founding shareholder. The portfolio was reduced during the fiscal year primarily as a result of the sale of shares in IC Immobilienfonds & Co. Deutschland 17. KG ("IC 17"). The interest was recognized at the last known fair value. This intrinsic value was determined from salable values, based on expert opinions, of the real estate held by the fund concerned, plus other assets and less liabilities. In total € 28.3 thousand in write-downs (2009: € 35.3 thousand) were recognized and € 0.0 reversed (2009: € 69.8 thousand).

The purchase price receivables relate to interest-bearing deferred receivables from the sale of Euro Pacific Properties Inc. at the end of 2005. The prior-year figure also includes the sale of a property.

The loan to IC 17 bears interest at a rate depending on dividends, currently 4.0% p.a. Repayment arrangements are non-binding.

The loan to IC 10 is a special contribution without voting rights, which is subordinated to all liabilities of IC 10. It bears interest of 5% p.a., depending on earnings before depreciation, amortization and write-downs. Principal is repaid depending on dividends and takes preference in case of liquidation. € 100.7 thousand in interest was paid during the year under review (including interest for prior years). A portion of the € 430.0 thousand loan was transferred to Executive Board member Dr. Oscar Kienzle for a fee (€ 430 thousand principal amount). As of the balance sheet date, the loan was impaired by € 71.8 thousand.

The loan to IC 09 bears interest at a rate of 4.0% p.a. Repayment arrangements are non-binding. The receivable was impaired by 50% (€ 220.0 thousand).

(6) Trade receivables

in € '000	December 31	
	2010	2009
Third parties		
Gross – current	956.2	310.6
Gross – overdue	615.4	598.8
Valuation allowances	(227.0)	(202.2)
	1,344.6	707.2
Related companies		
Gross – current	286.1	172.9
Gross – overdue	572.8	495.5
Valuation allowances	(470.8)	(289.1)
	388.1	379.3
Total	1,732.7	1,086.5

Customers accounting for more than 5% of total trade receivables were IC Fonds & Co. Gewerbeobjekte Ost-West KG (€ 564.6 thousand, of which € 440.8 impaired), EuroVal Immobilienbeteiligungen GmbH & Co. KG (€ 161.1 thousand), and BBV Immobilien-Fonds Holland I GmbH & Co. KG i.L. (€ 124.6 thousand), Ulf Schwarzenberg (€ 127.2 thousand – of which € 98.6 thousand impaired) and BBV Immobilien-Fonds Nr. 4 GmbH & Co. KG (€ 140.6 thousand).

The specific valuation allowances relate exclusively to overdue items. Valuation allowances developed as follows:

in € '000	Third parties		Related companies	
	2010	2009	2010	2009
Balance at beginning of year	202.2	246.0	289.1	590.7
Usage	(23.1)	(103.5)	(29.7)	(301.6)
Reversal	(15.1)	(51.5)	0.0	0.0
Additions	63.0	111.2	211.4	0.0
Balance at end of year	227.0	202.2	470.8	289.1
Write-off of uncollectible receivables	66.5	2.6	12.4	0.6
Collection of previously written-off receivables	0.1	7.6	0.0	0.0

The age structure of overdue receivables for which no allowances were recognized is as follows:

in € '000	Third parties		Related companies	
	31. Dezember			
	2010	2009	2010	2009
up to 30 days	74.8	162.0	2.9	28.0
31 to 60 days	84.1	3.6	3.2	32.2
61 to 90 days	4.7	2.5	0.9	6.0
91 to 180 days	39.5	14.6	2.8	4.1
181 to 365 days	80.4	49.0	19.8	4.0
more than 365 days	104.9	164.9	72.4	132.1
	388.4	396.6	102.0	206.4

No valuation allowances were recognized for these receivables, because the credit rating was not found to have deteriorated.

in € '000	December 31	
	2010	2009
Other financial assets (credits, loans and receivables)		
Pledged fixed-term deposits	1,646.8	0.0
Loans to the EuroVal Group	1,115.1	988.9
Other current loans to third parties	41.1	0.0
Purchase price receivables	165.1	40.7
Right to restitution/advance payments on acquisition of investments	0.0	466.0
Financing of a limited partner's contribution	245.7	245.7
Receivables from related companies	331.5	139.0
Receivables from employees	10.2	10.1
Deferred interest	42.9	51.5
Other receivables	115.1	161.4
	3,713.5	2,103.3
Value added tax receivable	28.7	28.1
Other assets and prepaid expenses	82.1	49.1
	3,824.3	2,180.5

(7) Other assets

The pledged fixed-term deposit serves as collateral for the bank loan acquired in connection with the winding down of Nymphenburger Grundstücksges. b.R.

Current loans to the EuroVal Group relate mostly to EuroVal Deutschland GmbH. The loan has had an interest rate of 2.5% p.a. since January 1, 2009. Limited partner contributions to EuroVal Immobilien Beteiligungen GmbH & Co. KG and bearer shares in Fair Value REIT-AG serve as collateral for the loans.

The purchase price receivables relate to a purchase price receivable reported under non-current assets in the previous year in connection with the sale of a property, as well as to a receivable for the remaining purchase price for the sale of shares in Regentor IC Properties Inc. from the previous year.

The loan for a limited partner contribution relates to a loan to a partner in IC 17 who is currently involved in insolvency proceedings. The loan is collateralized by the limited partner's shares being financed. A € 300 thousand valuation allowance has been recognized.

(8) Equity

Issued capital

Issued capital amounted to € 2,800.0 thousand (2009: € 2,800.0 thousand) as of December 31, 2010, divided into 2,800,000 (2009: 2,800,000) no-par-value bearer shares. All shares have been issued and are fully paid up, and were outstanding during the entire period under review and the previous year. Each share represents a notional interest of € 1.00 in the issued capital. The shareholders are entitled to receive the resolved dividend and each share gives them one vote at the General Shareholders' Meeting.

Authorized capital

Pursuant to the Articles of Association dated February 24, 2011, the Executive Board is authorized, with the consent of the Supervisory Board, to increase the share capital on one or several occasions on or before May 15, 2011 by up to a total of € 765.2 thousand (Authorized Capital) by issuing new no-par value bearer shares against cash and non-cash contributions.

Capital reserves

Capital reserves contain premiums from capital increases from previous years, less borrowing costs.

Contributions for implementation of an approved capital increase

Consideration for the shares in IC PropertyOne Asset und Real Estate Management GmbH which were purchased during the fiscal year consisted of a cash component and the delivery of 190,400 shares in IC AG. In this context, the Executive Board resolved, with the Supervisory Board's consent, to increase the share capital by € 190.4 thousand based on the authorization set forth under the Articles of Association. The capital increase was entered into the commercial register on February 24, 2011. The contribution, made on September 30, 2010, was measured at the market price prevailing on the date on which the shares were acquired (€ 2.70 per share).

Revaluation reserve

The change in the value of our equity-accounted interest in Fair Value REIT-AG is charged directly to equity through this reserve, provided this change results from the cash flow hedges of the investment company.

Loss carryforward

The Group's accumulated net profits (losses) are carried forward.

Minority interest

Composition and development:

in € '000	ICBT	EC	ICP1	Total
Balance as of January 1, 2009	13.7	72.2	0.0	85.9
Profit (loss)	7.8	(2.4)	0.0	5.4
Disposals due to change in Company's status	0.0	(75.8)	0.0	(75.8)
Currency translation differences	0.0	6.0	0.0	6.0
Balance as of December 31, 2009	21.5	0.0	0.0	21.5
Additions	0.0	0.0	6.9	6.9
Profit (loss)	3.9	0.0	(0.9)	3.0
Balance as of December 31, 2010	25.4	0.0	6.0	31.4

The Group's defined benefit obligations arise primarily from pension commitments to members of the Executive Board. They relate to both pension and capital commitments. In addition, deferred compensation arrangements are in place under which all employees are given the opportunity to convert profit-sharing bonuses into pension benefits (capital commitments). Most of the pension commitments made to the Executive Board and other employees are covered by reinsurance policies, which have been pledged as collateral to the employees concerned and are therefore considered qualifying insurance policies in accordance with IAS 19.

(9) Pension provisions

The development of the present value of the pension obligations and of the fair value of plan assets can be shown as follows:

in € '000	Fiscal year				
	2010	2009	2008	2007	2006
Present value of obligations					
Balance at beginning of year	2,285.2	2,120.6	2,161.5	2,282.3	2,140.7
Service cost	69.6	66.5	73.5	77.5	76.3
Interest expense	137.1	126.0	105.6	91.3	85.7
Transfers	0.0	(20.4)	(47.7)	16.6	0.0
Distributions	0.0	0.0	(8.6)	0.0	0.0
Actuarial (gains) losses	129.7	(7.5)	(163.7)	(306.2)	(20.4)
Balance at end of year	2,621.6	2,285.2	2,120.6	2,161.5	2,282.3
Fair value of plan assets					
Balance at beginning of year	1,681.0	1,579.4	1,509.6	1,350.0	1,244.1
Employer contributions	103.8	103.8	111.8	120.2	93.6
Transfers	0.0	(39.1)	(59.1)	16.6	0.0
Distributions	0.0	0.0	(10.4)	0.0	0.0
Expected income from plan assets	42.0	38.5	27.5	28.3	29.2
Actuarial gains (losses)	4.7	(1.6)	0.0	(5.5)	(16.9)
Balance at end of year	1,831.5	1,681.0	1,579.4	1,509.6	1,350.0
Net obligation	790.1	604.2	541.2	651.9	932.3

The net obligation is equal to the pension provisions reported in the statement of financial position.

Income from plan assets amounted to € 46.7 thousand (2009: € 36.9 thousand; 2008: € 27.5 thousand; 2007: € 22.8 thousand; 2006: € 12.3 thousand).

The experience-based adjustments to pension plan assets were gains (losses) of € (129.7 thousand) (2009: € 7.5 thousand; 2008: € 163.7 thousand; 2007: € 306.2 thousand; 2006: € 20.4 thousand). Employer contributions for 2011 are expected to amount to € 103.8 thousand.

The pension expense (income) recognized in the income statement is composed as follows:

in € '000	Fiscal year	
	2010	2009
Service cost		
recognized in administrative expenses	69.6	66.5
	69.6	66.5
Actuarial (gains) losses		
recognized in other operating income	0.0	(5.9)
recognized in other operating expenses	125.0	0.0
	125.0	(5.9)
Interest expense	137.1	126.0
Expected income from plan assets	(42.0)	(38.5)
Recognized in net finance income (cost)	95.1	87.5
	289.7	148.1

The following actuarial assumptions were made:

in %	Fiscal year	
	2010	2009
Discount rate	5.5	6.0
Expected income from plan assets	2.5	2.5
Expected increase in salaries and pensions	1.5	1.5

In the year under review, the Group paid contributions of € 464.7 thousand (2009: € 543.7 thousand) into the German state pension scheme. There are no other defined contribution arrangements in the Group.

(10) Other provisions
(noncurrent and current)

in € '000	Balance as of Jan. 1, 2010	Change in group of consol. companies	Usage	Reversal	Additions	Addition of interest cost	Balance as of Dec. 31, 2010
Expected losses	400.0	0.0	(103.0)	0.0	342.2	0.0	639.2
Rent subsidies	664.0	0.0	(130.0)	0.0	0.0	26.5	560.5
Loss compensation	76.9	0.0	(12.4)	0.0	0.0	0.0	64.5
Warranty	39.4	0.0	0.0	(19.0)	0.0	0.0	20.4
Litigation risk	17.0	0.0	(4.9)	0.0	4.0	0.0	16.1
Other	294.7	16.1	(257.9)	(1.4)	312.0	0.0	363.5
	1,492.0	16.1	(508.2)	(20.4)	658.2	26.5	1,664.2

Of the total amount of other provision, € 1,095.9 thousand (2009: € 961.0 thousand) is current and € 68.3 thousand (2009: € 531.0 thousand) noncurrent.

The provision for rent subsidies relates to a rent commitment of € 1,278.2 thousand originally made in 2000 to IC Fonds & Co. Büropark Leipzig Nordost KG. Under this commitment, there is an obligation without time limit to provide to the fund the cash necessary to pay a 3% dividend, up to the disclosed amount plus any interest income generated. Usage amounted to € 130.0 thousand (2009: € 202.0 thousand) in the year under review.

(11) Minority interest
in partnerships

These relate to shares in ICGI, which developed as follows:

in € '000	2010
Balance as of Jan. 1, 2009	52.0
Attributable result	5.9
Balance as of Dec. 31, 2009	57.9
Attributable result	(20.2)
Balance as of Dec. 31, 2010	37.7

in € '000	December 31	
	2010	2009
Noncurrent		
Bank liabilities	14,903.0	5,214.2
Rent compensation obligation, IDLG	193.2	220.1
	15,096.2	5,434.3
Current		
Bank liabilities	10,566.7	20,113.2
Deferred interest	8.8	0.0
BBV Leasing-Fonds GmbH	0.0	508.3
Rent compensation obligation, IDLG	68.2	56.1
Loans to the EuroVal Group	25.0	25.0
Cerberus loan	50.0	0.0
Loans from Münchener Immobilien Management GmbH	221.0	60.0
Loans from Kienzle Vermögensverwaltungs GmbH	281.1	36.6
	11,220.8	20,799.2
	26,317.0	26,233.5

(12) Financial liabilities
(noncurrent and current)

The composition of bank liabilities (current and noncurrent) is as follows:

in € '000	December 31	
	2010	2009
Archon Capital Bank, Hof		
a) Current accounts	10.0	12.8
b) Loan of € 2,400.0 thousand; interest 3.8 % p.a.; repayable in 16 semi-annual installments of € 150.0 thousand starting on September 30, 2006	1,018.8	1,309.2
Deutsche Hypothekenbank AG, Hanover		
a) Loan of originally € 281.2 thousand; interest 5.6 % p.a.; fixed until Dec. 31, 2012; repayment 2 % p.a. plus saved interest	174.4	185.6
b) Loan in original amount of € 1,059.2 thousand; 3.90 % p.a. interest fixed until Dec. 31, 2015; repayment 2 % p.a. plus saved interest	671.8	711.3
c) Loan of originally € 417.2 thousand; interest 3.90 % p.a.; fixed until Dec. 31, 2015; repayment 2 % p.a. plus saved interest	268.9	283.7
Deutsche Genossenschafts-Hypothekenbank, Hamburg		
Loan in original amount of € 1,400 thousand; matures May 31, 2012; interest: 3-month EURIBOR plus 1.25 % p.a.	860.0	1.391.0
Deutsche Genossenschafts-Hypothekenbank, Munich		
Loan of € 1,697.6 thousand acquired in wind-up of Nymphenburger Grundstücksges. b.R. Matures Dec. 17, 2016; 4.89 % interest p.a.	1,628.5	0.0
Deutsche Postbank AG, Bonn		
Credit line for € 750 thousand; interest EONIA plus 3.00 % p.a.	604.6	632.9
HSH Nordbank AG, Kiel		
a) Loan of originally € 2,556.5 thousand; interest 6.3 % p.a.; fixed until Sept. 30, 2011; Repayment previously 5 % p.a.; beginning on April 1, 2006, 6.37 % p.a.	231.2	528.7
b) Credit line for € 750 thousand; interest 3-month EURIBOR plus 3.00 % p.a.	500.0	750.0
Sparkasse, Dachau		
a) Loan of originally € 4,800 thousand; interest 5.25 % p.a.; Matures on June 30, 2011; including accrued interest € 0.0 thousand (2009: € 62.3 thousand)	4,797.5	4,862.3
b) Loan of originally € 1,000 thousand; interest 5.25 % p.a.; matures June 30, 2011	1,000.3	942.1
Westdeutsche ImmobilienBank AG, Mainz		
a) Loan in original amount of € 15,000 thousand; matures Jan. 31, 2012; interest: 1-month EURIBOR plus 4 % p.a.	12,000.0	11,991.2
b) Loan of € 1,800 thousand; matures Dec. 31, 2012; interest: 3-month EURIBOR plus 1.25 % p.a.	1,685.4	1,717.9
Other financing	18.3	8.7
Total	25,469.7	25,327.4

Until it has repaid the loan of originally € 15,000 thousand to Westdeutsche Immobilienbank AG in full, the parent company is contractually forbidden to distribute any dividends to its shareholders.

The bank liabilities are secured as follows:

	December 31	
in € '000	2010	2009
Mortgages	3,660.5	4,289.5
Shares pledged or assigned		
– Shares in Fair Value REIT-AG	12,000.0	11,991.2
– Equity interest in BBV 08	5,797.8	5,804.4
– Shares in IC Immobilien Service GmbH	1,028.8	1,322.0
– Limited partnership contributions to real estate funds/Shares in Fair Value REIT-AG	731.2	1,278.7
Pledge of a fixed-term deposit	1,641.0	0.0
Other (vehicle finance)	18.3	8.7
	24,877.6	24,694.5
Unsecured	592.1	632.9
Total	25,469.7	25,327.4

In addition to mortgages, lease entitlements have been assigned to some banks.

Noncurrent bank liabilities are due as follows:

	December 31	
in € '000	2010	2009
Between 1 and 2 years	11,894.8	387.8
Between 2 and 5 years	725.6	4,008.7
After 5 years	2,282.6	817.7
Total	14,903.0	5,214.2

The liabilities to IDLG Immobiliendienstleistungen GmbH (noncurrent and current) represent the present value of a rent compensation obligation for the Teltow office park, whose original tenant failed to take up the lease at the time. The higher of the payments due on June 30, 2015 amounts to € 61.4 thousand p.a. The amount has been discounted on the basis of a 6% p.a. interest rate. The non-current component of the liability is due as follows:

	December 31	
in € '000	2010	2009
Between 1 and 2 years	51.2	52.8
Between 2 and 5 years	142.0	140.8
After 5 years	0.0	26.5
Total	193.2	220.1

Loans to the EuroVal Group relate to short-term cash deposits at 5% p.a. interest. Future receivables from a fund management agreement were assigned as collateral.

(13) Trade payables

	December 31	
in € '000	2010	2009
Third parties	825.9	544.1
Related companies	3.9	21.7
Total	829.8	565.8

(14) Other liabilities

	December 31	
in € '000	2010	2009
Other financial liabilities		
Deferred interest	0.1	52.5
Related companies	108.3	221.1
Purchase price liability in connection with ICP1	90.5	0.0
Other	98.4	97.3
	297.3	370.9
Non-financial liabilities		
Personnel	176.4	30.4
Social security	41.6	42.7
Value added tax	217.6	200.7
Other deferred income	31.6	123.7
Supervisory Board compensation	82.5	60.0
Total	847.0	828.4

Notes to the consolidated income statement

in € '000	Fiscal year	
	2010	2009
Personnel expenses	6,073.5	6,475.1
Goods and services bought from third parties	984.8	1,588.7
Office expenses	893.9	691.3
Travel and vehicle expenses	261.7	214.2
Depreciation and amortization expense	275.4	294.3
Other	202.8	182.0
Total	8,692.1	9,445.6

(15) Cost of sales

in € '000	Fiscal year	
	2010	2009
Personnel expenses	1,458.6	1,879.7
Office expenses	696.9	682.4
Travel and vehicle expenses	136.2	139.3
Consulting and audit expenses	488.1	499.3
Depreciation and amortization expense	106.1	144.6
Other	327.1	322.4
Total	3,213.0	3,667.7

(16) General and administrative expenses

in € '000	Fiscal year	
	2010	2009
Wages and salaries	6,419.5	7,139.8
Social security	1,041.0	1,124.5
Cost of post-employment benefits	69.6	88.2
Other employee benefit costs	2.0	2.3
Total	7,532.1	8,354.8

(17) Personnel expenses

Personnel expenses are divided between costs of sale and general and administrative expenses.

(18) Measurement gains, net

in € '000	Fiscal year	
	2010	2009
Investment properties		
– Write-ups	105.0	464.0
– Write-downs	(215.1)	(163.0)
Total	(110.1)	301.0

(19) Other operating income

in € '000	Fiscal year	
	2010	2009
Other	129.5	55.2
Income from cost transfers	50.2	77.9
Property, plant, and equipment and intangible assets	37.9	5.2
Price gains	18.1	1.8
Insurance payouts	4.8	7.0
Collection of liabilities	0.0	45.8
Reversal of provision for expected losses	0.0	10.0
Actuarial gains on pension provisions	0.0	7.5
Reversal of provision for purchase price for BBV Leasing-Fonds GmbH	0.0	189.3
Gains on the disposal of assets		
Total	240.5	399.7

in € '000	Fiscal year	
	2010	2009
Losses on the disposal of assets		
– Property, plant, and equipment and intangible assets	0.2	9.6
– Investment properties	158.6	0.0
Valuation allowances on trade receivables		
– Setup	221.6	111.2
– Reversals	(15.1)	(51.3)
Actuarial losses on pension provisions	125.0	0.0
Write-down of prefinancing for limited partners' contributions	0.0	18.5
Reimbursement of IC17 fundraising fee	84.0	0.0
Other losses on receivables	319.9	32.8
Price losses	2.0	61.1
Other	86.9	71.6
Total	983.1	253.5

(20) Other operating expenses

in € '000	Fiscal year	
	2010	2009
Expenses from absorption of losses		
– Nymphenburger Grundstücksgesellschaft b.R.	(8.5)	(34.6)
Impairment loss on fund investments	(28.3)	(35.3)
Reversals of impairment losses on fund investments	0.0	69.8
Gains (losses) on the disposal of equity interests		
– Regentor IC Investments Inc.	0.0	21.4
– Nymphenburger Grundstücksgesellschaft b.R.	0.0	(3.2)
Liquidation gain on Euro American Properties, Inc.	0.0	23.8
Fund dividends	8.4	24.1
Total	(28.4)	66.0

(21) Other income (cost) of other investments

(22) Income taxes

in € '000	Fiscal year	
	2010	2009
Current tax expense (credit) for the period under review	16.4	46.0
Current tax expense (credit) for prior periods	(9.0)	24.2
Deferred tax expense (credit) for the period under review	641.6	361.1
Deferred tax expense (credit) for prior periods	0.0	(48.7)
Total	649.0	382.6

Since the Group had disposed of the majority of its North American activities in the prior year, the companies are now only subject to taxation in Germany. Corporations are subject to corporate income tax, which amounted to 15.83% (including the solidarity surcharge). In addition, companies have to pay trade tax, ranging between 11% and 15% for the companies in the Group, depending on the municipality concerned. The combined income tax rate is therefore approximately 28%.

The following reconciliation of expected to current tax expense (credit) is based on an expected tax expense (credit) of 28% (2009: 28%) on consolidated profit before tax.

in € '000	Fiscal year	
	2010	2009
Expected tax expense (credit)	(510.1)	82.3
Difference in Group tax rate/tax rate of companies	(15.0)	4.6
Profit (loss) of equity-accounted investment in Fair Value REIT-AG	(109.3)	(328.3)
Other income adjustments	132.7	178.6
Recognition of a valuation allowance for deferred tax assets	1.182.0	470.0
Tax expense (credit) relating to prior periods	(9.0)	(24.5)
Change in tax rates	(21.2)	0.0
Foreign withholding tax	0.0	1.0
Other	(1.1)	(1.1)
Actual tax expense (credit)	649.0	382.6

The deferred taxes reported in the statement of financial position break down as follows:

	Deferred tax assets		Deferred tax liabilities	
	December 31		December 31	
in € '000	2010	2009	2010	2009
Investment property/property held for sale	0.0	0.0	(620.7)	(671.1)
Equity-accounted investments	0.0	0.0	(218.1)	(114.3)
Other investments	0.0	0.0	(45.8)	(6.9)
Receivables	0.0	5.8	(3.6)	0.0
Pension provisions	56.5	38.9	0.0	0.0
Other provisions	90.4	139.5	0.0	0.0
Financial liabilities	0.0	0.0	(3.0)	(0.5)
Tax loss carryforwards	3,598.7	2,922.6	0.0	0.0
Gross amount	3,745.6	3,106.8	(891.2)	(792.8)
Netting	(659.3)	(534.5)	659.3	534.5
Valuation allowance	(1,652.0)	(470.0)	0.0	0.0
Net amount	1,434.3	2,102.3	(231.9)	(258.3)

The deferred tax assets reported are based primarily on tax loss carryforwards. We intend to carry these losses, which are attributable to several Group companies, forward against positive earnings generated through operating activities, the sale of properties and new business. To the extent that this is not expected to occur within the next five years according to our planning, and in the interest of accounting for planning risks, we increased the allowance for deferred tax assets, thus reducing the carrying amount of deferred tax assets.

In addition to tax loss carryforwards arising from our operating business, there are additional tax loss carryforwards amounting to € 9,088.8 thousand (2009: € 9,429.1 thousand) resulting from the impairment recognized on the equity investment in Fair Value REIT-AG ("REIT losses"). In accordance with section 19 (4) REITG, these carryforwards may only be offset by accumulation in operating assets, operating income or income from the sale of shares in a REIT or shares in other REIT corporations, partnerships or funds (REIT earnings); Section 10d of the German Income Tax Act applies mutatis mutandis. No deferred tax assets were recognized.

The development of the difference between deferred tax assets and liabilities and the valuation allowances recognized on these amounts can be shown as follows

in € '000	Gross	Valuation allowance	Net
Balance as of January 1, 2009	2,156.4	0.0	2,156.4
Tax credit (expense) for current year	108.9	(470.0)	(361.1)
Tax credit (expense) for prior years	48.7	0.0	48.7
Balance as of December 31, 2009	2,314.0	(470.0)	1,844.0
Tax credit (expense) for current year	540.4	(1,182.0)	(641.6)
Balance as of December 31, 2010	2,854.4	(1,652.0)	1,202.4

Other notes

23) Contingent liabilities and current litigation

Group companies are involved in a total of 7 cases of litigation as plaintiff or defendant. We did not set up any provisions for those cases where we have ruled out liability.

(24) Other financial obligations

Under leases that qualify as operating leases, the Group leases office space for own use at various locations. In addition it leased a parking garage in Castrop-Rauxel until February 28, 2009. The resulting rental and lease expenses break down as follows:

in € '000	Fiscal year	
	2010	2009
Minimum rentals	1,047.4	965.1
Contingent rentals	4.7	31.6
Income from subleases	(41.6)	(31.3)
Total	1,010.5	965.4

The minimum rentals payable on the basis of non-cancelable contracts are as follows:

in € '000	December 31	
	2010	2009
Within one year	765.9	753.1
Between 1 and 5 years	1,180.9	1,880.0
After 5 years	187.7	521.2
Total	2,134.5	3,154.3

The total amount of future minimum rentals does not include future minimum rental income from subleases amounting to € 19.6 thousand (2009: € 40.5 thousand).

Basic earnings per share are calculated as follows:

(25) Earnings per share

	Fiscal year	
	2010	2009
Profit after tax (attributable to shareholders of IC Immobilien Holding AG – € thousand)	(2,474.4)	6.4
Divided by: weighted average number of shares	2,847,600	2,800,000
Earnings per share in €	(0.87)	0.00

Earnings per share are calculated by dividing the net profit for the year attributable to the shareholders of IC Immobilien Holding AG by the average number of shares on issue. The calculation also pro-rates the 190,400 shares from October 1, 2010 onwards, which were granted as part of the purchase price for the acquisition of PropertyOne GmbH. Shares that have been sold or bought back during a period are pro-rated for the time during which they are on issue.

There were no dilutory effects in either of the two reporting periods presented.

Financial instruments

(26) Financial instruments and financial risk management

Under IAS 39, all financial assets and liabilities must be classified into categories. The classification determines their measurement. The IC Group uses the following categories:

- a) Loans and receivables
- b) Financial assets at fair value through profit and loss for which the fair value option has been used
- c) Liabilities measured at amortized cost

The IC Group has no liabilities measured at fair value through profit or loss.

Fair values

The following table shows the fair values of all financial instruments compared with carrying amounts:

in € '000	December 31, 2010		December 31, 2009	
	Carrying amounts	Fair values	Carrying amounts	Fair values
Assets				
Loans and receivables				
– Noncurrent receivables	2,087.0	2,087.0	2,497.8	2,497.8
– Trade receivables	1,944.1	1,944.1	1,086.5	1,086.5
– Other current receivables	1,902.0	1,902.0	1,910.4	1,910.4
– Cash and cash equivalents	187.8	187.8	600.1	600.1
Assets measured at fair value through profit and loss				
– Other investments and securities	308.1	308.1	938.2	938.2
Total	6,429.0	6,429.0	7,033.0	7,033.0
Liabilities				
Liabilities measured at amortized cost				
– Minority interest	37.7	37.7	57.9	57.9
– Financial liabilities	26,317.0	26,536.6	26,233.5	26,269.1
– Trade payables	811.1	811.1	565.8	565.8
– Other financial liabilities	297.3	297.3	369.9	369.9
Total	27,463.1	27,682.7	27,227.1	27,262.7

Cash and cash equivalents, trade receivables and payables, and other receivables and liabilities generally have short maturities, so that their carrying amounts are approximately equivalent to their fair values. The fair values of financial liabilities are determined at the present values of the cash flows associated with the liabilities on the basis of the interest structure curve applicable on the balance sheet date.

Net gains or losses on financial instruments

Net gains or losses on financial assets can be presented as follows:

in € '000	Fiscal year	
	2010	2009
Loans and receivables		
– Other operating income	18.1	1.8
– Other operating expenses	(528.4)	(172.3)
	(510.3)	(170.5)
Assets measured at fair value through profit and loss (fair value option)		
– Other income (cost) of other investments	(28.3)	34.5
Liabilities measured at amortized cost		
– Share of profit (loss) attributable to minority interest	20.2	(5.9)
	20.2	(5.9)
Net gains (losses)	(518.4)	(141.9)

In addition to interest, the net gains or losses include all other income and expenses incurred in connection with the financial instruments in the measurement category concerned. These are in particular gains or losses on subsequent measurement and disposal gains or losses.

Financial risk factors

As a result of its activities, the Group is in particular exposed to market risks (interest rate risks), credit risks (default risks), and liquidity risks. The Group's risks management concentrates on the risks arising from the sales markets and financial markets and aims to minimize any negative impact on the net assets, financial condition, and results of operations.

Risk management is performed centrally at Group level. The central finance department is responsible for determining, measuring, and hedging financial risks and cooperates with the Group's operating companies in this regard.

All other parts of the Group have been exclusively financed in euros since the sale of the shares in RICII in 2009. There are no forward exchange transactions/open currency positions in the Group. Exchange rate risks are therefore considered low.

a) Interest rate risks

The Group has demand and fixed-term deposits that bear interest at the applicable market rate. The majority of the loans extended have variable conditions in order to make it possible to leverage the lowest short-term interest rates. The Group is exposed to a risk of higher interest payments (cash flow risks) in the case of liabilities with variable interest rates and when new terms and conditions are set for fixed-interest loans at the end of the fixed-interest period. These risks are not hedged through interest rate swaps, because the risks from financing without matching interest rates or maturities is

considered low. If interest rates had been one percentage point higher or lower during the reporting period, consolidated net loss for the year and equity would have been around € 201 thousand (2009: € 228 thousand) lower or higher. This effect is caused by a change in interest expense for variable-interest loans.

Fixed-interest liabilities are exposed to the risk that fair value will increase. This risk has no effect on the statement of financial position or income statement, because financial liabilities are not measured at fair value, but at amortized cost. However, this risk gains in significance if the liability is settled early (e.g., when the financed real estate is sold). The Group opts not to hedge this risk for reasons of materiality.

The Group assesses regularly to what extent it is exposed to interest rate risks, calculating various scenarios that take into account the possibilities of refinancing, the prolongation of existing finance, and the requirement for interest rate hedging.

b) Credit risks

The Group is exposed to the risk that business partners are not able to settle the receivables resulting from the provision of real estate services (brokerage, trust, and other services), from the leasing of Group-owned real estate, from the provision of loans in connection with real estate and real estate funds, and from the investment of cash and cash equivalents.

Business partners for real estate services are in particular the IC/BBV real estate funds and Fair Value REIT-AG.

Leases are entered into only after a credit check and if adequate collateral is provided. The credit rating of tenants is monitored on an ongoing basis.

Loans granted to real estate funds should be assessed in connection with the initiator position and the service contracts the Group has entered into with these funds. Loans to third parties are only granted if security is provided. Such loans relate primarily to deferred purchase price arrangements and pre-financing for limited partners' contributions.

Cash is only deposited with prime-rated banks.

Taking the collateral received into account, there is no significant concentration of credit risks in the Group. The maximum credit risk for each class of financial instrument is limited to the carrying amounts of the financial assets recognized in the statement of financial position.

c) Liquidity risks

Liquidity risks are managed responsibly. Their management includes maintaining sufficient cash and cash equivalents and the option of using adequate confirmed credit lines. As of December 31, 2010, there were unused credit lines of € 99.0 thousand (2009: € 100 thousand). The Group aims to be as flexible as possible in obtaining liquidity. The liquidity situation is monitored by the Executive Board and regularly discussed with the Supervisory Board.

The following table, which is used by the Executive Board for liquidity management, shows the maturities of the liabilities as of the balance sheet date:

in € '000	due			
	within one year	between 1 and 2 years	between 2 and 5 years	after 5 years
December 31, 2010				
Minority interest in limited partnerships	0.0	0.0	0.0	37.7
Bank liabilities	11,606.6	12,175.2	1,098.6	2,282.6
Trade payables	829.8	0.0	0.0	0.0
Other financial liabilities	966.5	61.4	153.5	0.0
Total	13,402.9	12,236.6	1,252.1	2,320.3
December 31, 2009				
Minority interest in limited partnerships	0.0	0.0	0.0	57.9
Bank liabilities	21,098.5	629.3	4,347.4	818.2
Trade payables	565.8	0.0	0.0	0.0
Other financial liabilities	689.4	56.1	149.5	11.1
Total	22,353.7	685.4	4,496.9	887.2

All the amounts disclosed above relate to the payments to be made, including interest; the portion of bank liabilities due after five years does not include interest. The amounts due in fiscal year 2011 will only be met to a limited extent from the cash provided by operating activities; if the Group is unable to cover these amounts using the proceeds from the sale of assets, they will either have to be prolonged or serviced through an external injection of capital. Please refer to "(30) Events after the balance sheet date" for more information.

Capital management

The IC Group's capital management has several objectives: The first priority is to maintain financial solidity; debt servicing, including the repayment of principal, is to be ensured and profit is to be generated which permits the distribution of an adequate dividend. The financial position is measured in terms of net debt and the equity ratio. Net debt and the equity ratio are derived as follows:

in € '000	December 31	
	2010	2009
Bank liabilities	25,469.7	25,327.4
Cash and cash equivalents	(187.8)	(600.1)
Net debt	25,281.9	24,727.3
Equity	8,832.8	10,817.3
Total consolidated assets	39,653.6	40,976.9
Equity ratio	22.3%	26.4%

Under capital management, financial liabilities are defined as noncurrent and current liabilities to banks.

(27) Segment reporting

The Group operates in Germany and was active in North America until the end of 2010. For the purpose of management reporting, the activities in Germany are broken down into the following segments:

Property and asset management

This segment comprises the management of individual properties and entire real estate portfolios for real estate funds managed by the Group and for third parties. The Consulting division provides consulting services for customers with real estate assets.

Brokerage and consulting

This segment, previously part of the IF segment, is reported separately this year for the first time; prior-year figures have been adjusted accordingly. In this segment, we negotiate real estate transactions and perform consulting services for customers with real estate assets.

Funds business

Funds Business comprises the development and implementation of real estate funds, as well as their ongoing management and winding down of the funds after the fund properties have been sold.

Real estate

This segment holds and manages investment properties and real estate held for sale.

North America

Following the sale of 75.0% of the shares in Regentor IC Investments Inc., Toronto, Canada, the business activities in North America have no longer been reported as an independent segment since October 31, 2009.

Segment revenue

in € '000	Third-party revenue		Intra-group		Total revenue	
	2010	2009	2010	2009	2010	2009
Property and asset management	8,262.3	8,746.8	860.8	787.6	9,123.1	9,534.4
Brokerage and consulting	0.0	56.9	148.9	39.9	148.9	96.8
Funds business	2,099.2	2,464.6	755.6	741.5	2,854.8	3,206.1
Real estate	856.1	856.7	0.0	0.0	856.1	856.7
Germany	11,217.6	12,125.0	1,765.3	1,569.0	12,982.9	13,694.0
North America	0.0	490.4	0.0	6.0	0.0	496.4
Holding company / other / consolidation	0.0	0.0	(1,765.3)	(1,575.0)	(1,765.3)	(1,575.0)
Segment revenue	11,217.6	12,615.4	0.0	0.0	11,217.6	12,615.4

Intersegment revenue is dealt with according to arm's length principles.

The segment results can be presented as follows:

in € '000	Fiscal year	
	2010	2009
Property and asset management	(352.2)	98.9
Brokerage and consulting	(198.4)	(579.3)
Funds business	(560.7)	163.8
Real estate	(82.5)	508.7
North America	0.0	(113.2)
Holding company/other/consolidation	(355.7)	(134.2)
Segment results	(1,549.5)	(55.3)
Income (cost) of other investments	908.4	1,758.2
Result attributable to minority interests (limited partnerships)	20.2	(5.9)
Net interest expense	(1,201.5)	(1,302.6)
Net finance cost	(1,181.3)	(1,308.5)
Profit (loss) before taxes on income	(1,822.4)	394.4
Income taxes	(649.0)	(382.6)
Consolidated net profit/(loss) for the year	(2,471.4)	11.8

The segment results include the following impairment losses (losses on receivables):

in € '000	Fiscal year	
	2010	2009
Property and asset management	309.7	38.4
Brokerage and consulting	24.5	(48.0)
Funds business	129.8	74.9
Real estate	62.4	43.3
Holding company / other / consolidation	0.0	2.6
Total	526.4	111.2

Segment assets and liabilities are as follows:

in € '000	Assets		Liabilities	
	December 31		December 31	
	2010	2009	2010	2009
Property and asset management	8,032.6	5,126.0	1,989.5	1,649.3
Brokerage and consulting	159.1	133.8	41.9	31.9
Funds business	4,199.7	4,772.9	2,224.1	2,105.7
Real estate	10,013.2	11,168.0	482.5	616.9
Total segment assets / segment liabilities	22,404.6	21,200.7	4,738.0	4,403.8
Holding company / other / consolidation	(3,698.7)	(3,116.4)	(572.9)	(885.0)
Total	18,705.9	18,084.3	4,165.1	3,518.8

The segment assets consist primarily of property, plant, and equipment, goodwill, investment properties, real estate held for sale, and current assets. Equity-accounted investments, other investments, loans, and tax items are not part of the relevant segment assets. Segment liabilities include primarily operating liabilities. They do not include financial liabilities or tax items.

The following table shows investments in property, plant, and equipment and intangible assets as well as depreciation and amortization:

in € '000	Investments		Depreciation and amortization	
	2010	2009	2010	2009
Property and asset management	38.0	70.6	200.3	221.1
Brokerage and consulting	3.3	7.2	4.3	11.0
Funds business	2.3	1.7	58.6	65.6
Real estate	0.0	0.0	0.0	0.0
North America	0.0	1.3	0.0	7.8
Holding company / other / consolidation	10.1	33.9	103.0	133.4
Total	53.7	114.7	366.2	438.9

In the Real estate segment, there were write-ups of € 105.0 thousand (2009: € 464.0 thousand) and write-downs of € 215.1 thousand (2009: € 163.0 thousand) on investment properties.

The investment carrying amounts and the share of period profits (losses) of the equity-accounted investments which are not attributed to the segments are as follows:

in € '000	Equity-accounted investments			
	Investment carrying amounts		Share of profit (loss)	
	2010	2009	2010	2009
Fair Value REIT AG, BBV 08	17,193.6	17,065.2	979.8	(24.1)
North America	54.0	155.7	(27.8)	11.7
Total	17,247.6	17,220.9	952.0	(12.4)

The number of employees breaks down as follows:

	Annual average	
	2010	2009
Property and asset management	107	115
Funds business	21	20
Brokerage and consulting	2	4
North America	0	10
Holding company	15	21
Total	145	170

(28) Notes to the statement
of cash flows

The cash and cash equivalents reported in the statement of cash flows is equivalent to the same-named item in the statement of financial position.

The Group grants the real estate funds under its management loans and liquidity assistance on request. If no fixed maturity has been agreed or the loans are due within one year, the resulting cash flows are disclosed under cash flows from operating activities. Cash flows from noncurrent loans are reported under cash flows from investing activities.

Cash provided by and used in the acquisition of companies

in € '000	Fiscal year	
	2010	2009
Purchase price for shares in PropertyOne GmbH	(854.1)	0.0
of which through delivery of 190,400 shares in IC AG	514.1	0.0
purchase price liability still open as of December 31, 2010	90.0	0.0
Purchase price paid	(250.0)	0.0
Absorption of cash and cash equivalents of PropertyOne GmbH and subsidiaries	429.9	0.0
Net inflow (outflow) of cash and cash equivalents	179.9	0.0

Cash provided by and used in the sale of companies

in € '000	Fiscal year	
	2010	2009
Sale price of Regentor IC Investment Inc.	0.0	484.4
of which settled by netting	0.0	(455.1)
Exchange rate differences	0.0	1.5
purchase price receivable still open as of December 31, 2009	0.0	(30.8)
	0.0	0.0
Cash and cash equivalents transferred with Regentor IC Investment Inc.	0.0	(93.2)
Net inflow (outflow) of cash and cash equivalents	0.0	(93.2)

Noncash investing activities

In fiscal year 2009, following the insolvency of the borrower, the Group accepted € 837.3 thousand worth of shares in IC 17 that had been pledged as collateral. The acquisition of PropertyOne GmbH was

settled by the issue of new shares in IC AG worth € 514.1 thousand; this took place after the balance sheet date following the entry of the capital increase into the commercial register.

Noncash financing activities

During fiscal year 2010, the Group absorbed a loan liability of € 1,636.9 thousand to Deutsche Genossenschafts-Hypothekenbank, Munich, in the course of the winding down of Nymphenburger Grundstücksgesellschaft b.R. in exchange for the transfer of a pledged, and thus restricted, fixed-term deposit with Sparkasse Elmshorn of approximately the same amount.

The associates are related parties, in particular Fair Value REIT-AG (including its subsidiaries), in which the Group has an interest of 18.09% and for which the Group provides extensive services. Dr. Oscar Kienzle, member of the Executive Board of IC Immobilien Holding AG, is a member of the Supervisory Board of Fair Value REIT-AG. BBV 08 (since December 31, 2008) and the IC real estate funds managed by the Group and in which the Group holds investments are likewise related parties.

(29) Related party disclosures

The services provided to these companies include construction support, property management, and the sale of properties, as well as fund management and corporate services, such as the performance of the accounting function for these companies. In addition, the Group provides short-term liquidity assistance on request, and long-term loans in three (previous year: three) cases. The following table shows the extent of the relations:

in € '000	Fiscal year	
	2010	2009
Revenue	2,742.3	3,370.2
Losses on receivables	12.4	2.5
Interest income	171.2	82.0
Interest expense	30.5	68.6
in € '000	December 31	
	2010	2009
Other receivables	288.3	194.9
Trade receivables	858.9	668.3
less allowances	(470.8)	(289.0)
Loans	1,863.2	2,287.2
less allowances	(291.8)	(133.3)
Total	2,247.8	2,728.1

in € '000	December 31	
Trade payables	3.9	21.7
Other liabilities	185.3	270.5
Other provisions (rent subsidies)	560.5	664.0
Total	749.7	956.2

Another related company is MIM Münchener Immobilien Management GmbH ("MIM"), in which Dr. Oscar Kienzle, member of the Executive Board of IC Immobilien Holding GmbH, owns a material share of the voting rights. The same applies to Kienzle Vermögensverwaltungs GmbH.

MIM and Kienzle Vermögensverwaltungs GmbH have granted loans to the Group (see Note 12). The interest expense amounted to € 12.8 thousand (2009: € 10.6 thousand); the interest had yet to be paid as of the balance sheet date.

During the fiscal year, the Group sold to Kienzle Vermögensverwaltungs GmbH a subordinated loan ("special contribution") granted to IC Fonds & Co. Rabensteincenter KG ("IC 10"), which carried conditional interest and was repayable upon liquidation of the fund. The principal amount of the loan was € 430.0 thousand and the carrying amount was € 430.0 thousand. Furthermore, shares in IC Immobilienfonds & Co. Deutschland 17. KG ("IC 17") with a par value of € 772.1 thousand were sold to Kienzle Vermögensverwaltungs GmbH for € 607.6 thousand in the fiscal year. There was still a purchase price receivable open as of the balance sheet date, amounting to € 99.1 thousand.

The companies of the EuroVal Group are not regarded as related parties, because in the two reporting periods they were neither controlled nor to a significant extent influenced by the IC Group or persons who have key positions in the IC Group (Executive Board or Supervisory Board).

The compensation of managers in key positions, which is reportable under IAS 24, comprises Executive Board and Supervisory Board compensation.

Executive Board compensation was as follows:

in € '000	Dr. Kienzle		Priggemeyer		Lehner		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Fixed salary	180.0	240.0	220.0	201.7	0.0	36.0	400.0	477.7
Other	4.2	4.9	21.3	21.0	0.0	4.6	25.5	30.5
Performance bonus	0.0	(20.0)	0.0	0.0	0.0	(10.0)	0.0	(30.0)
Current benefits	184.2	224.9	241.3	222.7	0.0	30.6	425.5	478.2
Post-employment benefits	69.6	66.5	0.0	0.0	0.0	0.0	69.6	66.5
Total	253.8	291.4	241.3	222.7	0.0	30.6	495.1	544.7

The reported post-employment benefits comprise the service cost resulting from the pension provisions for members of the Executive Board.

Supervisory Board compensation amounted to € 22.5 thousand (2009: € 27.5 thousand).

Capital increases from Authorized Capital

In the context of the acquisition of IC PropertyOne Asset und Real Estate Management GmbH, the Executive Board, with the consent of the Supervisory Board, resolved to increase the share capital by €90,400. The capital increase was entered into the commercial register on February 24, 2011.

(30) Events after the
balance sheet date

The Executive Board and Supervisory Board resolved on April 8, 2011 to increase the share capital from Authorized Capital by up to € 765,181.00. 21,264 new shares were placed by May 16, 2011.

Due to the two capital increases, the share capital increased to € 3,011,664. Authorized Capital is thus exhausted.

Early refinancing of a long-term loan

The € 12 million dedicated loan from Westdeutsche Immobilienbank, granted to finance the investment in Fair Value REIT-AG, was replaced in May 2011 by a corporate loan of € 9.6 million with an identical interest rate; moreover, € 2.4 million was forgiven, subject to certain conditions. The corporate loan has a five-year term and is repayable in annual installments of € 960 thousand. It was collateralized through the pledge of the shares in Fair Value REIT-AG being released and the – partially subordinate – pledge of shares in subsidiaries. 50% of the sale proceeds from the disposal of properties or equity investments are also used for repayment, without being credited towards the standard repayment.

New Executive Board member

At the beginning of the second quarter, Dr. Hans Volkert Volckens joined IC AG's Executive Board. Dr. Volckens worked closely with the IC Group earlier in his function as an attorney and is well acquainted with the Company. He will gradually take over the divisions for which Dr. Oscar Kienzle was responsible. The latter's service agreement will end in December due to his reaching the age limit.

The following subsidiaries in Germany formed as a partnership (Personengesellschaft) within the meaning of section 264a HGB have exercised in part the exemption clause pursuant to section 264b HGB:

(31) Exercise of option
granted under section
264b HGB

- IC Grundbesitzgesellschaft mbH & Co. Immobilien KG, Unterschleißheim
- IC Grundbesitz GmbH & Co. Bankgebäude Chemnitz KG, Regensburg

Unterschleißheim, June 17, 2011

Dr. Oscar Kienzle

Oliver Priggemeyer

Dr. Hans Volkert Volckens

Audit opinion

To IC Immobilien Holding AG

We have audited the consolidated financial statements prepared by IC Immobilien Holding AG, comprising the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and notes, as well as the group management report for the business year from January 1, 2010 to December 31, 2010. The preparation of the consolidated financial statements in accordance with IFRS and the group management report in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch, "HGB") are the responsibility of the company's management. Our responsibility is to express an opinion on the consolidated financial statements and group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany, "IDW"). These standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with applicable financial reporting standards and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the group's management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS and give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the group's position and suitably presents the opportunities and risks of future development.

Munich, June 17, 2011

Dr. Kleeberg & Partner GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft



Petersen
German public auditor (Wirtschaftsprüfer)



ppa. Marxer
German public auditor (Wirtschaftsprüfer)

Executive Board

Dr. Oscar Kienzle (born 1947), who founded IC GmbH and is now CEO of IC Immobilien Holding AG, can look back on 30 years of experience in international real estate. Between 1976 and the establishment of IC in 1988, he held various functions in the WestLB Group, including that of Managing Director of the fund initiator RWI, member of the Executive Board of the European open-ended real estate fund EUPIC (now Rodamco), and finally as Managing Director of the WestLB Real Estate Group. Dr. Kienzle is an attorney by profession. In 1976, he received an MBA for a second course of studies in mathematics and economics at Fontainebleau. He is a Fellow of the Royal Institution of Chartered Surveyors (FRICS).

Oliver Priggemeyer (born 1969) joined the Executive Board of IC Immobilien Holding AG on February 1, 2009 and of IC Immobilien Service GmbH as managing director in March 2009. Prior to joining the IC Group, Mr. Priggemeyer served as Chief Operating Officer of a listed German real estate corporation until August 2008. Prior to that, he was speaker of the management of EPM Assetis GmbH. At both companies, Mr. Priggemeyer was responsible for asset and property management. From 1997 to 2007, Mr. Priggemeyer worked for the Westdeutsche ImmobilienBank Group, most recently as managing director of Westdeutsche ImmobilienHolding GmbH from 2001 to 2005 and Assetis from 2002. In 2005 Bilfinger Berger acquired a 70% stake in Assetis. Priggemeyer launched his career in 1993 as a savings and loan banker at Stadtparkasse Osnabrück. In 1996, he joined the former WestLB subsidiary LBS Münster/Düsseldorf as a district head.

Dr. Hans Volckert Volckens (born 1970) has been a member of the Executive Board of IC Immobilien Holding AG since April 1, 2011. He studied law at the Universities of Göttingen and Munich. In 2000, he joined Beiten Burkhardt after working in an international law firm and an investment bank. At Beiten Burkhardt, he worked as an attorney, tax advisor and tax law specialist. From 2005 until the time he left the firm, he was an equity partner and head of the tax department. Dr. Volckens was a member of the management of Hannover Leasing from August 2008 to March 2011. Dr. Volckens is chairman of the tax committee of the German Property Federation (Zentraler Immobilien Ausschuss e.V., ZIA), ZIA representative in the Federation of German Industry (Bundesverband der deutschen Industrie, BDI), a member of the Global Agenda Council on the Future of Real Estate of the World Economic Forum, and a member of the Real Estate Management Steering Committee of Wirtschaftsrat e.V.

Supervisory Board

Prof. Dr. Hans-Dieter Kalscheuer (born 1936) – Chairman. Professor Kalscheuer is a retired Executive Board member: His most recent positions were Deputy Chairman of the Executive Board of Nestle Deutschland AG and of Perrier Vittel S.A. († DG) in France.

Dr. Ottheinz Jung-Senssfelder (born 1944) is a lawyer and retired Bank Director. His most recent position was with HVB Real Estate.

Dr. Jan Peter Heck (born 1961) is a lawyer and member of the boards of Bayerische Beamten Lebensversicherung a.G., Neue Bayerische Beamten Lebensversicherung AG, BBV Grundstücksentwicklungs-AG, BBV Holding AG and Bayerische Beamten Versicherung AG.

Financial calendar

Berlin · Chemnitz · Düsseldorf · Frankfurt · Hamburg ·
Montreal · Rostock · Toronto · **Unterschleißheim**

Financial calendar

Date	Event	Place
August 23, 2011	General Shareholders' Meeting	Unterschleißheim
Q3/2011	Six-month interim report 2011	Unterschleißheim

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Published by:

IC Immobilien Holding AG

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This Annual Report contains forward-looking statements based on current assumptions and estimates made by the management of IC Immobilien Holding AG. Words such as "expect," "anticipate," "target," "project," "intend," "plan," "believe," "estimate," and similar expressions are intended to identify such forward-looking statements.

These statements should not be read as guarantees that these projections turn out to be correct. The future development of and results actually achieved by IC Immobilien Holding AG and its associates depend on a number of risks and uncertainties and may therefore differ materially from the forward-looking statements. Some of these factors are beyond the control of IC Immobilien Holding AG and cannot be accurately estimated in advance, for example the future economic environment and the actions of competitors and other market participants. IC Immobilien Holding AG has not planned, and undertakes no obligation, to revise or update any forward-looking statements.

This Annual Report is also available in German. The German version is legally binding.

Photo on front cover: Office and retail building | Munich

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