2006

Annual Report

VIB Vermögen AG

| Group indicators (IFRS) – overview

€ thousand	**2006**	**2005**
Revenues	13,294	8,813
Operating income	21,815	10,700
EBITDA	16,889	5,524
EBIT	13,769	3,455
EBIT margin	63.1 %	32.4 %
Pre-tax earnings (EBT)	10,965	1,414
EBT margin	50.3 %	13.2 %
Consolidated net income	9,771	910
Cash flow from operating activities	10,700	1,335
Net retained profits (VIB Vermögen AG)	1,958	588
Equity	71,535	45,390
Equity ratio	44.3 %	41.4%
Net debt	79,166	36,230
Level of debt	126 %	141 %
Net Asset Value (NAV)	123,772	78,170
NAV per share	10.16 €	7.98 €
Earnings per share (basic)	0.90 €	0.35 €
Dividends per ordinary share*	0.20 €	0.06 €

* Proposal by management

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| Letter to shareholders

Dear shareholders,

During fiscal year 2006, VIB Vermögen AG reinforced its position as the leading real estate holding company for commercial properties in Southern Germany. We invested a total of around € 80 million last year in new, high-yield properties and participating interests. This has allowed us to significantly bolster and diversify our portfolio. The newly acquired properties include a commercial and retail center in Memmingen and a portfolio with a total of seven logistics properties in Southern Germany and the state of Hesse. The highlight last fiscal year was the acquisition of a 94.45% interest in Bürgerliches Brauhaus Ingolstadt AG (BBI AG), which is listed on the stock market. In addition to the time-honored Herrnbräu brewery, BBI AG has a far-reaching portfolio of real estate.

Following on from our acquisition of BBI AG, we have begun the strategic reorientation of the company together with its new management team: In future, BBI AG will focus on the acquisition, rental/leasing and management of consumer-oriented commercial properties. BBI AG makes investments nationwide, which clearly differentiates it from VIB Vermögen AG. BBI AG implemented an extensive capital increase in December 2006 to finance its new core business. As a result, VIB Vermögen AG's interest fell to around 28.6% at the end of 2006. At the same time, as a result of this transaction we realized a one-off positive extraordinary effect of around € 8.2 million, which had a corresponding impact on our company's profit.

After adjustment for this extraordinary factor, we recorded revenues from our operating business totaling € 13.3 million. This 50% increase clearly reflects our successful investment activities. Our profit before taxes (IFRS) after adjustment for taxes, soared from € 1.4 million to € 11.0 million, underscoring our company's high earnings power. VIB Vermögen AG's net retained profit, which are relevant for dividends, increased to € 1.96 million. As a result, the Managing Board is proposing to the General Meeting to increase the dividend payment from € 0.06 to € 0.20 for the past fiscal year 2006.

Our company's strong growth has been made possible in particular thanks to our investors' trust. We were able to successfully implement a capital increase in July 2006. We already invested all of the resulting gross proceeds from the issue totaling around € 17 million last year in new properties.

We were able to raise additional equity totaling € 53 million for new investments with a new capital increase in April 2007. This capital has already been partially reinvested in fiscal year 2007. In total, we have already invested more than € 100 million in a total of seven new properties. At the end of April 2007, our real estate portfolio comprised 33 properties with a rental area of

310,000 m². We are particularly proud of our tenants with top credit ratings, who stem from the retail, logistics, industry and service sectors. Expanding our portfolio in a dynamic market environment means that we are optimistic that we will again be able to increase our figures substantially in 2007.

We are forecasting revenue growth of at least 50% in fiscal year 2007 to € 19 million, and profit before taxes (EBT) of around € 8.5 million. At the same time, we believe that our net asset value (NAV) will increase again as a result of our investment activities. Our NAV already increased by more than 20% to € 10.16 per share as of December 31, 2006. Over the medium term, our forecast growth will also be expressed in positive performance by our share price – we already had reason to be pleased with this performance in fiscal year 2006.

Ludwig Schlosser
Managing Board

| Report of the Supervisory Board of VIB Vermögen AG for the 2006 fiscal year

Dear shareholders,

During the period under review, the Supervisory Board performed the consulting and controlling tasks as specified by the law and the company's articles of incorporation.

Supervision of management and cooperation with the Managing Board

In addition to its ongoing monitoring of the company's management, the Supervisory Board regularly advised the Managing Board on its management of the company. The Supervisory Board was involved in decisions of significant importance. The Managing Board's activities gave no grounds for complaint.

The Managing Board regularly provided us with prompt, in-depth information on all of the issues which affect the company's business, in particular its financial position and results of operations as well as the various opportunities for investment.

The Chairman of the Supervisory Board was in regular contact with the Managing Board and was informed in detail of current, key transactions.

Supervisory Board, Meetings and Resolutions

Six meetings of the Supervisory Board were held in the period under review. These all were attended by all of the members of the Supervisory Board. At the meetings, the Supervisory Board received comprehensive information from the Managing Board on the company's business. In addition, individual projects were discussed in the meetings, in particular possible investments or capitalization activities, and the resolutions required by law or the articles of incorporation were passed. Mr. Ludwig Schlosser was appointed as a Managing Board member for a further five years in the Supervisory Board meeting on May 15, 2006. This meeting also agreed on the proposal documents for the General Meeting on July 27, 2006.

The Supervisory Board did not form any committees in fiscal year 2006.

2006 annual financial statements and consolidated financial statements

The Supervisory Board reviewed the annual financial statements prepared by the Managing Board according to the provisions of the Handelsgesetzbuch (HGB – German Commercial Code) as of December 31, 2006, and these were dealt with in the meeting on May 21, 2007 together with the report by S&P GmbH Wirtschaftsprüfungsgesellschaft, Augsburg on the voluntary review of the 2006 annual financial statements. The audit of the 2006 annual financial statements did not lead to any changes. An unqualified auditor's opinion was issued.

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The annual financial statements as of December 31, 2006 were approved with no objections and are thus adopted. The Supervisory Board has endorsed the proposal for the appropriation of distributable profit submitted by the Managing Board.

In addition, the meeting on May 21, 2007 dealt with the 2006 consolidated financial statements (IFRS) prepared by the Managing Board, and these were approved by the Supervisory Board. In addition, in the meeting on May 21, 2006 the Supervisory Board agreed the proposals to be put to the General Meeting on July 26, 2007.

The Supervisory Board is very pleased with VIB Vermögen AG's economic growth, and it supports the Managing Board in its strategy of focusing on real estate investments in Southern Germany.

We would like to thank the Managing Board and all VIB Vermögen AG's employees for their tremendous commitment and successful work during the past fiscal year.

Neuburg an der Donau, May 21, 2007

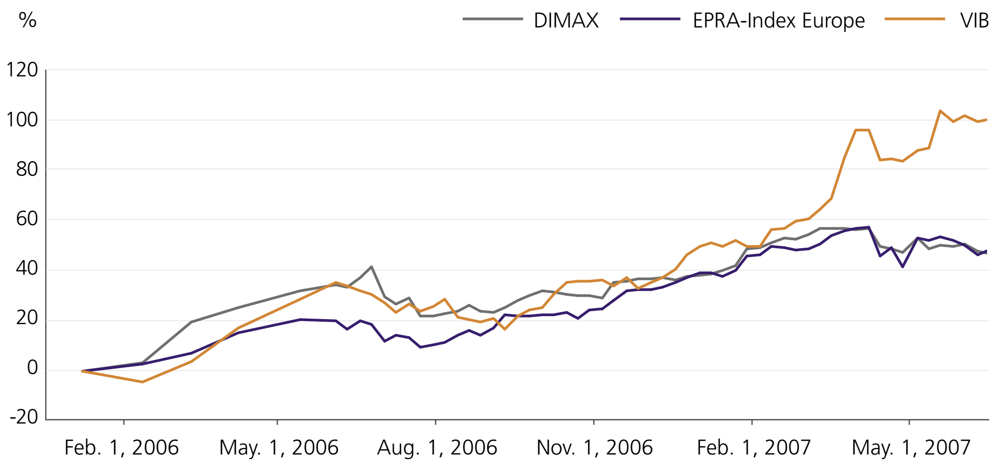
On behalf of the Supervisory Board

Franz-Xaver Schmidbauer, Chairman

| The share – overview

Share price

Share price in comparison



Share information

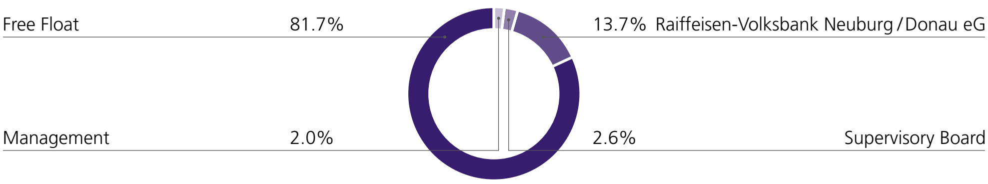
Ordinary shares	
German Securities Code (WKN)	245751
ISIN	DE0002457512
Symbol	VIH
Number of shares in circulation:	9,792,000 shares

New shares (dividend rights from fiscal year 2007)	
German Securities Code (WKN)	A0H52R
ISIN	DE000A0H52R0
Symbol	VIHJ
Number of shares in circulation:	2,396,000 shares

Sector	Real Estate
Share type	No-par value bearer shares
Number of shares outstanding	12,188,000
Subscribed capital	€ 12,188,000
Theoretical interest per share	€ 1.00
Net asset value (NAV) per share	€ 10.16
Balance sheet equity (consolidated)	€ 71,535 thousand
Earnings per share (consolidated)	€ 0.90 basic
Dividends per ordinary share *	€ 0.20

* Proposal by management

Shareholder structure (January 2007)



Changes in net asset value (NAV)

NAV on December 31, 2006: € 10.16 per share.

| Capitalization activities since January 1, 2006

Capitalization activities	Entry in commercial register	Existing shares	New shares	Share capital
As of January 1, 2006		**9,792,000**	**–**	**9,792,000**
Capital increase	July 24, 2006	–	2,396,000	2,396,000
As of December 31, 2006		**9,792,000**	**2,396,000**	**12,188,000**
Capital increase	April 4, 2007	–	4,896,000	4,896,000
As of April 30, 2007		**9,792,000**	**7,292,000**	**17,084,000**

In implementation of the company's strategy, VIB Vermögen AG implemented a capital increase from authorized capital in fiscal year 2006. During the capital increase, 2,396,000 new, no-par value bearer shares each with a theoretical interest in the share capital of € 1.00 were issued. VIB Vermögen AG's share capital increased as a result of this capital increase from € 9,792,000 to € 12,188,000. The issuing price of € 7.20 meant that proceeds from the issue totaling around € 17.2 million accrued to the company.

A resolution by the General Meeting on July 27, 2006 meant that a new capital increase was possible in April 2007. In this regard the authorized capital totaling € 4,896,000 was used in full and a total of 4,896,000 shares were placed on the capital market at an issuing price of € 10.90 per share. The majority were subscribed by existing shareholders using the subscription rights in a ratio of 5:2. The capital increase brought proceeds totaling € 53.4 million before costs for VIB Vermögen AG, which can be used for additional real estate investments. At the same time, the share capital increased from € 12,188,000 to € 17,084,000. The 9,792,000 existing shares in circulation at the end of April and the total of 7,292,000 new shares, which bear dividend rights from 1 January 2007 will be merged on the day after the 2007 General Meeting. From this date on, it will be possible to trade all of the shares in circulation under ISIN DE0002457512, symbol VIH.

| Investor relations

VIB Vermögen AG attaches high priority to open, up-to-the-minute and transparent communication with the capital market. As a result, the Managing Board regularly engaged in dialog with investors and journalists. In addition, roadshows were held in London, Frankfurt, Amsterdam and Brussels in fiscal year 2006. Participation in capital market conferences, such as the M:access analysts' conference or the HSBC Trinkaus Real Estate Conference in Frankfurt, the Managing Board was able to report in detail on developments at the company and acquire new investors. At the same time coverage increased significantly: A total of four national and international banks now analyze VIB Vermögen AG, including BayernLB, Dawnay Day Lockhart, HSBC and Petercam. This research is available for investors to download at www.vib-ag.de, to allow investors to form an objective opinion of the company's potential. In addition, BayernLB is our Designated Sponsor, and ensures that shares can be traded at all times. On the whole, the share's liquidity has increased significantly since the end of 2006.

VIB Vermögen AG will continue to provide in-depth information on its further business in future. This includes publishing corporate news for key events for the company's operations, and in-depth reporting via annual and 6-month reports. In order to ease comparison with other real estate companies, VIB Vermögen AG changed its accounting to IAS/IFRS in fiscal year 2006. Parallel publication in German and English also aims to meet the needs of the growing number of international investors.

Financial calendar	
July 26, 2007	General Meeting
August 31, 2007	Publication of 6-month report 2007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6
Anmeldung

Group management report

| Business report

1. Business activities and underlying conditions

a. Business activities

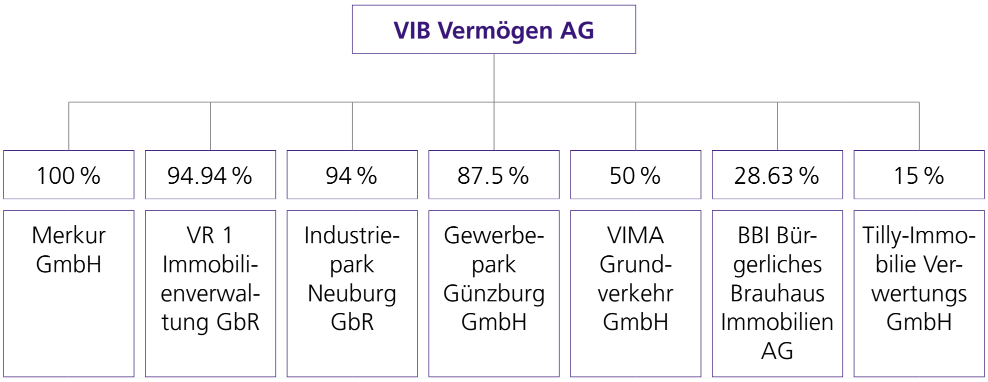
VIB Vermögen AG's activities focus on the acquisition and construction of commercial properties and renting these to tenants with excellent credit ratings. As part of these activities, VIB Vermögen AG also acquires participating interests in companies with real estate holdings. The property portfolio is managed and administered by the company itself and its wholly owned subsidiary Merkur GmbH.

b. Company structure

The VIB Group's parent company is VIB Vermögen AG. Associated companies in which more than 50% is held are fully consolidated. At the end of 2006, VIB Vermögen AG held participating interests in a total of seven companies. The group's structure has changed slightly year-on-year. The 100% acquisition of Schleifmühlweg-Verwaltungs GbR, in which VIB Vermögen AG originally held an interest of around 94%, meant that the company was absorbed by the parent company. As a result, the subsidiary's real estate in Neuburg/Donau, Schleifmühlweg "Metawell" was contributed to VIB Vermögen AG. MV Verwaltungs GmbH was also merged with its parent company Merkur GmbH last fiscal year, as MV Verwaltungs GmbH's apartments were sold or transferred to Merkur GmbH.

In addition, VIB Vermögen AG acquired a majority interest in BBI Bürgerliches Brauhaus Ingolstadt AG (BBI AG) in April 2006. As part of the transaction, VIB Vermögen AG acquired a 94.45% interest in BBI AG from BayernLB at a price of € 9.55 million (incl. transaction costs). Additional shares were added as part of the statutory mandatory offering to the shareholders of BBI AG. In addition to the Herrnbräu brewery, BBI AG has an extensive portfolio of real estate. After the acquisition, together with BBI AG's Managing Board, VIB Vermögen AG started the strategic re-orientation of BBI AG. BBI AG was renamed "BBI Bürgerliches Brauhaus Immobilien AG", and since October 2006 it has acted as a holding company for consumer-oriented commercial property. BBI AG implemented a capital increase in November 2006 to finance the growth of its operating activities. VIB Vermögen AG only participated in this capital increase to a limited extent, with the result that its interest fell to 28.63% at the end of 2006. The total acquisition costs for the interest in BBI AG totaled around € 9.7 million in 2006. In line with IFRS accounting, the income and expenses of BBI AG between May and November 2006 were included in their full amounts in VIB Vermögen AG's income statement. BBI AG's earnings have been carried under income from associates from December 2006.

Company structure as of December 31, 2006



c. Executive bodies, employees, staff growth

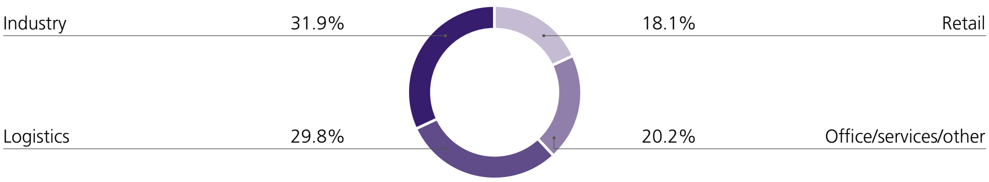
VIB Vermögen AG is represented by its sole board member Ludwig Schlosser. The VIB Group had a total of eight employees including its CEO at the end of 2006. Additional new hires are planned as part of the scheduled expansion of the real estate portfolio in fiscal year 2007, however the company will continue to have a lean, cost-efficient structure in future.

In the reporting period the members of VIB Vermögen AG's Supervisory Board remained unchanged – Mr. Franz-Xaver Schmidbauer (Chairman), Rolf Klug (Deputy Chairman) and Hans-Peter Fleißner.

d. Real estate portfolio – overview

At the end of 2006, VIB Vermögen AG's real estate portfolio comprised 30 properties with a total rental area of 241,000 m². This means that the real estate portfolio has increased by around 72% year-on-year. The properties are, in particular, commercial properties that are let to tenants with excellent credit ratings in the industrial, logistics, retail and office/services sectors.

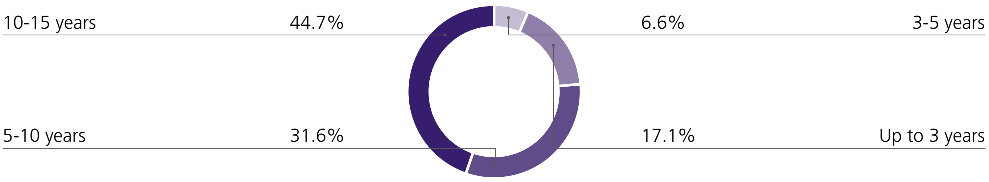
As of December 31, 2006, the real estate portfolio had the following breakdown in terms of net rental income:



The company thus has a balanced mix of various high-growth sectors.

The average rental return (net rent excl. heating costs to acquisition costs) for the portfolio totaled around 9% last fiscal year. The various sectors brought the following average returns:

The average term of the rental agreements also increased, which means that the company has a high degree of forecasting security for its future sales and earnings:



At the end of fiscal year 2006, VIB Vermögen AG's real estate portfolio had an approx. 1.9% vacancy rate, which was thus significantly lower than on December 31, 2005 (7%).

Map: property locations

Extract from the real estate portfolio on December 31, 2006

Industrial plant

Neuburg, Ruhrstraße 5

Built/acquired	Built 1993/1994 Transfer 07/1994
Rental area in m²	12,400
Tenant	Automotive supplier
Occupancy level	100 %

Industrial hall

Jettingen-Scheppach, Siemensstr. 3

Built/acquired	Acquired 07/2002
Rental area in m²	4,843
Tenant	Engineering companies, Logistics service providers
Occupancy level	100 %

Production hall and office building

Neuburg, Robert-Widmer-Str. 4

Built/acquired	Acquired 08/2004
Rental area in m²	4,375
Tenant	Automotive supplier
Occupancy level	100% (from July 2007)

Commercial property

Aalen, Eduard-Pfeiffer-Str. 5, 7–13

Built/acquired	Acquired 01/2005
Rental area in m²	8,924
Tenant	Cinema, retail chains, discount grocery stores, Catering
Occupancy level	100 %

Office building for administration and research

Großostheim, Bauhofstr. 16

Built/acquired	Acquired 04/2005
Rental area in m²	4,447
Tenant	Pharmaceuticals group
Occupancy level	100 %

DonauCityCenter

Ingolstadt, Frühlingstr. 35

Built/acquired	Completed 10/2005
Rental area in m²	7,286
Tenant	Food retailers, Drugstore, Service providers, Catering
Occupancy level	100 %

Production hall and office building

Neuburg, Robert-Widmer-Str. 7

Built/acquired	Acquired 09/2005
Rental area in m²	3,920
Tenant	Logistics service provider
Occupancy level	85 %

Fashion store

Schrobenhausen, Rinderhofer Breite 7

Built/acquired	Acquired 12/2005
Rental area in m²	1,174
Tenant	Textiles discounter
Occupancy level	100 %

Hotel Mercure

Ingolstadt, Hans-Denck-Strasse 21

Built/acquired	Acquired 12/2005
Rental area in m²	1,828
Tenant	Hotel company
Occupancy level	100 %

Office and business premises

Regensburg, Prüfeninger Straße 35

Built/acquired	Acquired 01/2001
Rental area in m²	3,172
Tenant	Currently 13 tenants (including insurance company, advertising agency, tax adviser, doctor)
Occupancy level	86 %

Production and warehouse halls

Neuburg, Augsburger Str. 133

Built/acquired	Acquired 01/2003
Rental area in m²	51,272
Tenant	Manufacturing companies, Logistics service provider, Craftsmen
Occupancy level	100 %

Production halls and offices

Neuburg, Schleifmühlweg 31

Built/acquired	Built 2001/2002 Transfer 07/2002
Rental area in m²	7,460
Tenant	Manufacturing company
Occupancy level	100 %

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Production and office building

Neuburg, Robert-Widmer-Str. 1

Built/acquired	Acquired 1996/1998
Erweitert	2001/2004
Rental area in m²	5,398
Tenant	Automotive supplier
Occupancy level	100 %

Commercial Park Günzburg, production and warehouse halls

Alois-Mengele Str. 1

Built/acquired	Acquired 2005
Rental area in m²	24,134
Tenant	Production company, Pharmaceuticals wholesale, Logistics service provider
Occupancy level	100 %

Retail and service center

Memmingen-Nord commercial zone,
Fraunhoferstr. 1, 5, 7–9

Built/acquired	Acquired 01/2006
Rental area in m²	22,190
Tenant	DIY store, Electrical retailer, Textile retailer, Catering, Banks, insurance Service providers, Doctors, lawyers
Occupancy level	99 %

Logistics center

Regensburg-Burgweinting, Rathenaustr. 5

Acquired	11/2006
Completion	06/2007
Rental area in m²	9,850 (warehouse), 400 (office)
Tenant	Logistics service provider
Occupancy level	100 %

Logistics property package with seven properties

Bavaria and North Hesse

Built/acquired	Acquired 11/2006
Rental area in m²	Total of 74,838
Tenant	Logistics service provider, Automotive manufacturer
Occupancy level	100 %

New investments after December 31, 2006

Production and logistics hall

Neufahrn by Munich, Lilienthalstr. 6

Built/acquired	Acquired 04/2007
Rental area in m²	30,320
Tenant	Automotive manufacturer, Logistics service provider
Occupancy level	100 %

Industrial hall for production and logistics

Wackersdorf, Oskar-von-Miller-Str. 10

Built/acquired	Acquired 04/2007
Rental area in m²	16,000
Tenant	Manufacturing company, Logistics service provider
Occupancy level	100 %

Shopping center

Gersthofen, Bahnhofstr. 11

Built/acquired	Acquired 04/2007
Rental area in m²	8,607
Tenant	Retail, gastronomy, service providers
Occupancy level	100 %

Business Park

Regensburg, Osterhofener Str. 11 + 17

Built/acquired	Acquired 03/2007
Rental area in m²	8,180
Tenant	Industrial companies, service providers
Occupancy level	100 %

Office and residential property

Neuburg-Feldkirchen, Augsburger Str. 5–5c

Built/acquired	Completion: 04/2007
Rental area in m²	3,181
Tenant	various tenants
Occupancy level	93% (as of April 30, 2007)

In addition, further plots were acquired in Murnau and Neufahrn near Munich. Construction commenced on “DonauCityCenter Ingolstadt II”, which will be completed in Q4 2007.

Our tenants include the following companies:

- Aldi GmbH & Co. KG
- AWG Mode-Center
- Birkart Systemverkehre GmbH
- BMW
- Bosch-Rexroth Group
- Ciba Vision Vertriebs GmbH (Novartis Konzern)
- Citibank
- dm-Drogeriemarkt
- EDEKA Südbayern GmbH
- Faurecia Autositze GmbH
- GEHE Pharma Handel GmbH
- Gillhuber Logistik
- Loxxess GmbH
- Media-Markt
- Metawell GmbH
- Norma Lebensmittel
- Praktiker
- RENO Schuhcenter

- Scherm Logistik
- Schertler Verpackungen GmbH
- Siemens VDO
- Takko
- Vögele Mode-Center

e. Changes to the market environment

Overall economic situation

The German economy continued to improve in 2006. After economic growth of 0.9% in 2005, gross domestic product (GDP) was up by 2.7%. This growth was mostly carried by German companies' exports. After years of stagnation, domestic demand also enjoyed a revival, and experts believe that this will make an increased contribution to economic growth in 2007.

Industry situation

The market for commercial real estate changed track in fiscal year 2006. In contrast to previous years, rent for commercial properties only fell slightly. At the same time, the purchase prices for commercial properties increased in view of the robust economy and the attractive profits available in Germany. In total, commercial properties with a volume of around € 55 billion were sold in fiscal year 2006 – up 54% year on year (€ 36 billion). The substantial increase is due to increased activities by German and, in particular, foreign real estate investors. As a result, the increased demand means that one to two years' rental payments have already additionally been paid, which means that, depending on the location and quality of the commercial properties, up to 15 years' net rent (excl. heating costs) were invested during the acquisition. This leads to correspondingly lower returns in coming years.

In the company's commercial properties, retail and office properties hold the top rank with a total investment volume of € 39.1 billion in 2006. The retail volume for logistics properties – a highly relevant market segment for VIB Vermögen AG – increased by 33.5% from € 1.76 billion to € 2.35 billion. In terms of rentals, in particular a trend started to emerge moving away from owner-occupied premises and over to leased logistics premises. As VIB Vermögen AG's commercial properties also focus on logistics premises, this offers opportunities for increasing the value of the existing portfolio, but also for growing the company's operations still further.

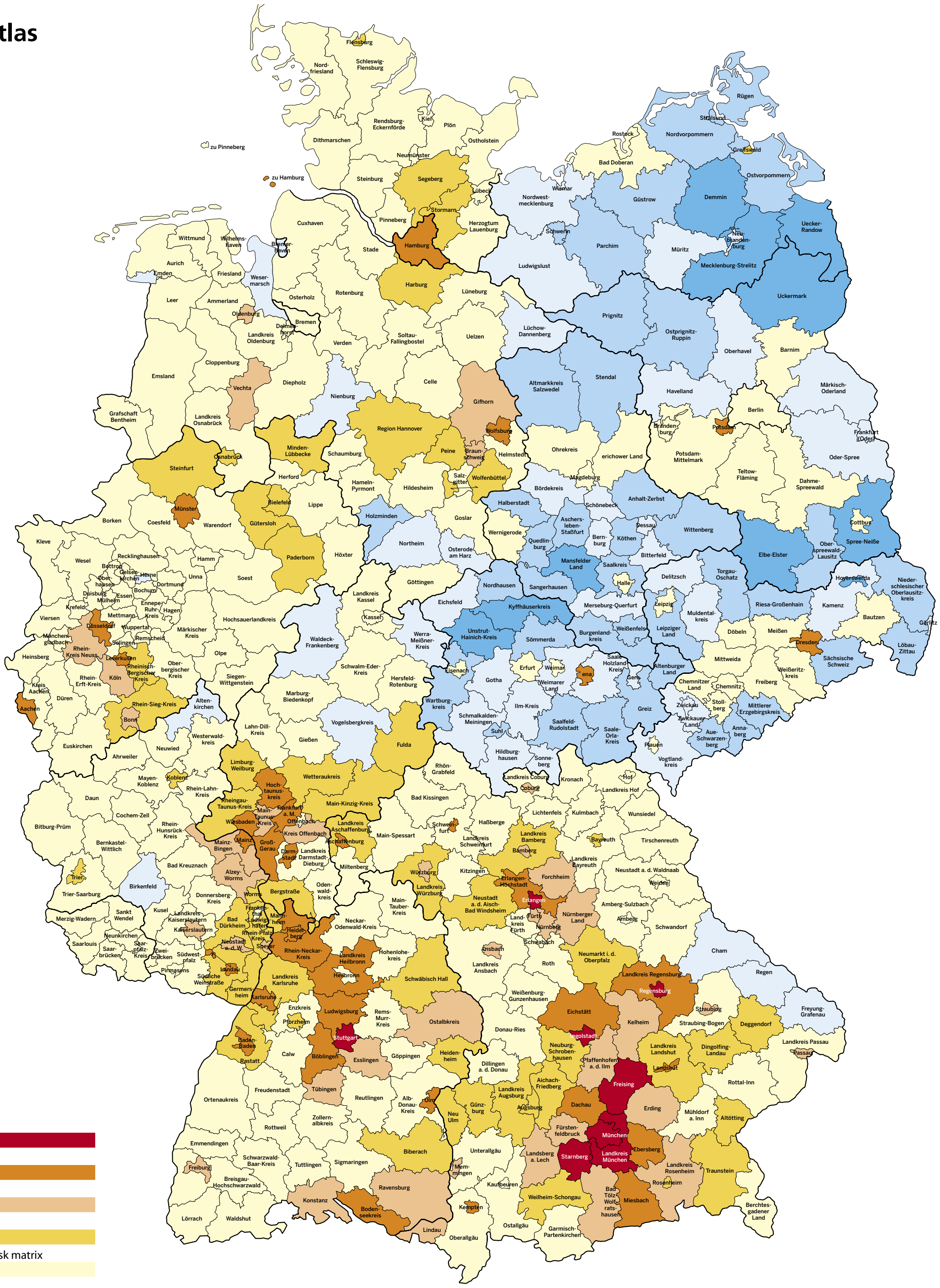
The increased costs of raw materials, energy and construction services has impacted project planning for new properties. According to information from the German Federal Statistics Office, inflation increased significantly in 2006. This will curtail the possible returns for newly built properties if these increases cannot be passed on to tenants in the form of higher rents.

VIB Vermögen AG's market environment

VIB Vermögen AG differentiates itself from the competition by operating in a niche market, providing investments with a volume of up to € 40 million. Its regional orientation (investments focusing on Southern Germany, in particular Bavaria) and its excellent knowledge of these markets coupled with its established management network give VIB Vermögen AG clear competitive advantages.

In addition to careful investment policy, carefully selected locations are also a decisive factor in a dynamic market environment. According to estimates by Prognos AG there are substantial opportunities for dynamic growth in particular in VIB AG's core region in the south of Germany. This not only has a positive impact on VIB Vermögen AG's real estate holdings, but also offers additional attractive opportunities on the market in future.

Future atlas



Future atlas 2007

Regions with ...

Optimum outlook

Very good outlook

Good outlook

Moderate outlook

Balanced opportunity/risk matrix

Future risks

High future risks

Very high future risks

Source: Prognos AG

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f. Strategy

VIB Vermögen AG aims to constantly increase its revenues and profit in the coming years and thus increase the company's value. In order to achieve this objective, VIB Vermögen AG will continue to focus its investments on Southern Germany in future. This does not rule out activities in high-growth regions outside Bavaria, as long as the strict investment criteria are met:

- Commercial properties, in particular logistics and industrial premises
- Investment volume up to € 40 million
- Average annual rental return of 7.5%
- High tenant credit rating compared to total rent
- Locations with sustainable economies in Southern Germany
- Regional proximity to VIB's headquarters in Neuburg/Donau
- Excellent opportunities for third-party use
- Excellent condition of properties

These criteria allow VIB Vermögen AG to continue its growth and also its high profitability. In so doing, the Company aims to generate constant growth, so that its organizational structures are in line with requirements at all times. In order to guarantee a lean organizational structure, the company is increasingly focusing on high-return industrial and logistics premises. These are primarily leased to anchor tenants, with the result that administrative expenses and thus the costs are kept at a low level – in contrast to retail properties or specialist stores. At the same time, the company benefits from its many years of experience and its comprehensive network in this real estate sector.

In future, around 30% of VIB Vermögen's total investments will continue to be equity financed. The company is able to buffer the risk of increased interest rates thanks to this low average rate of borrowing, thus generating sustainable returns. At the same time, rapid repayment of the loans builds value, which bolsters the company's intrinsic value.

2. Financial position and results of operations

VIB Vermögen AG's consolidated financial statements have been prepared for the first time according to International Financial Reporting Standards (IFRS). In order to ensure that the figures can be compared, the 2005 figures are also disclosed in line with IFRS. These differ from the presentation in the previous year's annual report, which was based on Handelsgesetzbuch (HGB – German Commercial Code) accounting. Under IFRS accounting, properties are carried "at cost", i.e., at acquisition costs less depreciation. The fair value method is expected to be used starting with the 2007 consolidated financial statements.

a. Earnings

Consolidated profit in 2006 was impacted by the majority acquisition of BBI AG. As a result of the 94.45% shareholding, BBI AG's profit was fully consolidated in the seven months from

May to November 2007. After VIB Vermögen AG's interest in BBI AG fell to around 28.6% as a result of a capital increase, BBI's profit was then carried under the investment result. As a result of the first-time consolidation of BBI AG in the IFRS consolidated financial statements, existing hidden reserves were mostly capitalized. This positive extraordinary factor totaled around € 8.2 million.

Revenues increased year-on-year by 51% from € 8.81 million to € 13.29 million. Revenues mostly include rental and lease income. A further € 0.6 million was generated from the sale of apartments. The year-on-year increase is primarily due to the additional rental income from the property in Memmingen acquired as of January 1, 2006 and the "DonauCityCenter, Ingolstadt" property completed at the end of 2005. As a result of the extraordinary effect from the BBI acquisition, other operating income lifted from € 0.33 million in 2005 to € 8.52 million in 2006, with the result that the VIB Group recorded total operating income totaling € 21.82 million in fiscal year 2006 (previous year: € 10.70 million).

EBITDA totaled € 16.89 million. This includes expenses for investment properties totaling € 2.39 million (previous year: € 1.49 million). These include maintenance costs and ongoing operating costs (e.g., electricity, gas, water), which are mostly oncharged to tenants. Personnel expenses increased to € 0.72 million. This year-on-year increase is due to increased staffing levels as a result of the strong growth of the VIB Group's operations and the pro rata consolidation of BBI AG. Costs of materials totaling € 0.30 million reflect the proportionate construction work for the apartments sold. In 2005 (€ 2.54 million) this item also included the costs of apartments sold and the costs of the commercial and residential property in Neuburg-Feldkirchen. Other operating expenses increased from € 0.76 million to € 1.50 million and include the costs of preparing and auditing the financial statements, legal and consulting costs, commission and third-party services, fees, levies, financial expenses, etc.

Amortization and depreciation increased as a result of the expansion of the real estate portfolio from € 2.07 million to € 3.12 million. As a result, VIB Vermögen AG recorded EBIT totaling € 13.77 million. This corresponds to a year-on-year increase of € 10.31 million (previous year: € 3.46 million). As a result, the EBIT margin also lifted from 32.4% to 63.1%, underscoring the VIB Group's strong earnings. After adjustment for the one-off income from the BBI acquisition, EBIT totaled € 5.63 million.

The financial result totaled € -2.80 million last fiscal year. Compared to 2005 (€ -2.04 million), in particular interest expenses increased, as additional borrowing was required to finance new properties. Compared to its peer group, the VIB Group continues to enjoy very solid capitalization, which buffers against possible interest rate hikes in Europe and ensures the company's sustained profitability.

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Profit before taxes increased substantially year-on-year from € 1.41 million to € 10.97 million, or € 3.15 million after adjustment for the extraordinary factor (BBI). As a result, the EBT margin increased from 13.2% to 50.3%, which again demonstrates the VIB Group's earnings strength. Consolidated profit after taxes totaled € 9.77 million in fiscal year 2006. This corresponds to earnings per share of € 0.90.

As a result of the significant increase in VIB Vermögen AG's net retained profits to € 1.96 million (previous year: € 0.59 million), the Managing Board will propose to the General Meeting to increase the dividend from € 0.06 per share to € 0.20 per ordinary share for the past fiscal year 2006.

b. Assets

Equity

The increased investment activities and the successful capital increase mean that the VIB Group's total assets increased by almost 50% from € 109.53 million to € 161.33 million.

As of December 31, 2006 equity increased to € 71.54 million. This corresponds to an equity ratio of 44.3% (previous year: 41.4%). This increase stemmed from the capital increase in July 2006. During the capital increase, 2,396,000 new, no-par value bearer shares each with a theoretical interest in the share capital of € 1.00 were issued at a price of € 7.20 per share. As a result, the share capital increased from € 9,792,000 to € 12,188,000. At the same time, the premium of € 6.20 per share was added to the share premium. This caused the share premium to rise from € 14.67 million to € 48.05 million. The gross proceeds from the issue resulting from the capital increase totaling € 17.25 million were used to finance the parcel of logistics properties acquired at the end of 2006.

After the balance sheet date, VIB Vermögen AG implemented another capital increase, causing the company's equity to rise again (see the "Report on key events after the balance sheet date").

Liabilities

The real estate investments in 2006 were financed with borrowing at around 70%. As a result, the VIB Group's liabilities increased by € 25.66 million to a total of € 89.80 million. The main increase was due to the increase in liabilities to banks to a total of € 80.75 million (previous year: € 56.97 million). Of this total, € 20.84 million are current liabilities, which are generally prolonged when they become due taking interest rate changes into account. Including cash and cash equivalents, the VIB Group's net debt on the balance sheet date totaled € 79.17 million.

In order to finance the parcel of logistics premises acquired at the end of 2006 a new loan was taken out last fiscal year in the amount of € 30.0 million. This loan was drawn down at the end of January 2007. The second tranche of the parcel of logistics premises was paid with funds from the loan, and interim financing (for the first tranche) was repaid.

Liabilities to banks mostly have long-term fixed interest rates. Interest for around 20% of the liabilities to banks is based on the EURIBOR. The weighted average interest rate for all liabilities to banks was approx. 4.65% p.a. as of December 31, 2006. An increase in short-term interest rates (EURIBOR) would only have a minor impact on the weighted average interest rates as a result of the low proportion of bank loans with short-term interest rate agreements.

VIB Vermögen AG uses a derivative financial instrument to reduce its interest expenses. The contract for an interest rate swap was concluded with the aim of reducing the interest expense for an investment. The negative market value on the balance sheet date was carried as a liability accordingly.

Assets

Non-current assets increased to € 157.93 million (previous year: € 83.17 million), in particular as a result of the investments made in fiscal year 2006. The largest item is "investment properties", which reflects the real estate portfolio at its carrying amounts. The increase in investment properties from € 81.70 million to € 127.84 million is due to factors including the acquisition of the retail and service center in the Memmingen-Nord commercial zone for a purchase price of around € 21 million. This property's tenants include companies with excellent credit ratings such as Media-Markt, Citibank, Takko, RENO and Praktiker-Baumarkt.

In November 2006, VIB Vermögen AG acquired a portfolio of logistics properties with a total investment volume of around € 47 million (incl. incidental acquisition costs). Of this total, the first installment of the purchase price was paid at the end of 2006, as were the incidental acquisition costs totaling around € 25.8 million, with the result that ownership, use and charges for this property were transferred to the company in 2006. In addition, VIB Vermögen AG made further investments totaling € 2.1 million, including for plots in Aalen and Regensburg, on which properties will be constructed during the current fiscal year 2007.

Financial assets increased from € 0.32 million to € 19.74 million. This change is mostly due to the acquisition of the interest in BBI AG. At the end of 2006, VIB Vermögen AG held a 28.63% interest in BBI AG, which is listed on the stock exchange. At market prices, this corresponds to € 19.9 million. VIB Vermögen AG incurred acquisition costs of around € 9.7 million for the interest it acquired in BBI AG In 2006. The company was thus able to realize significant hidden reserves from the transaction.

Property, plant and equipment totaled € 10.35 million (previous year: € 1.15 million) and mostly comprises advance payments made for current construction projects, such as the second construction phase for the DonauCityCenter Ingolstadt, a logistics property in Regensburg and the commercial and residential property in Neuburg-Feldkirchen. These properties will also be reclassified and carried as investment properties when they are completed.

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VIB Vermögen AG's current assets totaled around € 3.40 million as of December 31, 2006. The downturn compared to 2005 (€ 26.35 million) is primarily due to the reduction in cash and cash equivalents by € 19.16 million. These were employed for investments in new, high-yield properties.

c. Cash and cash equivalents

The cash flow from operating activities increased during fiscal year 2006 to € 10.7 million (previous year: € 1.34 million). As a result of attractive opportunities for investment and the available liquidity, VIB Vermögen AG significantly expanded its investment activities during the past fiscal year. As a result, cash flow from investing activities totaled € -64.6 million, a significant increase compared to the previous year (€ -24.0 million). In order to finance its investments, the company implemented a capital increase in July 2006, with proceeds from the issue totaling € 17.2 million. In addition, further loans were taken out to finance the new properties, with the result that financial debt increased by a total of € 20.6 million. As a result, the cash flow from financing activities was around the same year-on-year at € 34.7 million (previous year: € 38.1 million), which included the capital increase as part of the 2005 IPO. As a result of the increased investing activities, cash and cash equivalents decreased by around € 19.2 million, with the result that cash and cash equivalents totaled around € 2.3 million at the end of fiscal year 2006.

| Report on key events after the balance sheet date

At the end of January 2007, VIB Vermögen AG paid the remaining installment of around € 22 million of the purchase price for the parcel of logistics premises (total investment costs around € 47 million). To this end, additional net borrowing of € 21 million was drawn down, with the result that the group's financial liabilities have increased. The rental income for this portion of the parcel of logistics properties will accrue to VIB Vermögen AG from February 2007, and thus make a positive contribution to the company's further revenues and earnings.

As of February 1, 2007, three additional employees were hired for real estate acquisition, real estate management and the secretarial office at VIB Vermögen AG.

Since the start of fiscal year 2007, VIB Vermögen AG has already invested more than € 100 million. These investments comprise the following:

- At the end of February 2007, construction started on the second stage of "DonauCityCenter, Ingolstadt". During this project phase, an additional building with retail areas (ground floor) and offices and practices (2nd to 4th floors) and a parking garage will be built. Completion and transfer to the existing tenants is scheduled for the end of 2007. The investment volume is around € 8 million.
- The costs incurred in 2007 for the construction of a logistics center in Regensburg-Burgweinting totaling around € 6 million.
- Additional properties in Regensburg were acquired at the start of March 2007. These also include part of the Regensburg BusinessPark. This includes a fully let office building and an associated parking area, which has been let long term. The total investment volume is around € 14.1 million.
- VIB Vermögen AG also acquired a plot in Murnau for a price of € 7.5 million in March 2007. VIB Vermögen plans to build a retail center on this plot, with completion scheduled for the end of 2008. A further € 9.5 million are to be invested for project development.
- VIB Vermögen AG acquired a production and logistics hall in Neufahrn by Munich in April 2007. The tenants are an automotive manufacturer and a logistics company. At the same time, the company secured a further 11,000 m² plot in Neufahrn, which is to be developed for a construction project. The total investments in this location amount to € 31.7 million.
- VIB Vermögen AG also acquired an industrial hall for production and logistics in Wackersdorf. The tenants are SMEs in the manufacturing, logistics and service sectors. The company invested around € 9.5 million in this project.
- The most recent acquisition is a retail center in Gersthofen by Augsburg. This property was acquired for € 14.0 million and is fully let to well-known retailers and additional service and catering companies with top credit ratings.

As a result of the new acquisitions, the total rental area in the real estate portfolio increased to around 310,000 m² as of April 30, 2007. The portfolio has a vacancy rate of 1.2%. The additional rental income from the newly acquired properties will already have a positive impact on the groups revenues and earnings during the current fiscal year 2007 (see also the Risk report and forecast).

VIB Vermögen AG implemented a capital increase in April 2007 to finance the investments detailed above and additional, planned investments. In total, as part of a non-public offer, 4,896,000 new, no-par value bearer shares were successfully placed at an issuing price of € 10.90 per share. Gross proceeds from the issue totaling around € 53.4 million accrued to VIB Vermögen as a result of the transaction. The bulk of the capital increase was subscribed to by existing shareholders by exercising their subscription rights in a ratio of 5:2. The shares not subscribed were subscribed by strategic investors. In total, the capital increase was over-subscribed by more than 80%. The new shares were included in OTC trading at Munich Stock Exchange (M:access) with German Securities Code (WKN) A0H52R, ISIN DE000 A0H52R0. As a result of the successful capital increase, VIB Vermögen AG's share capital increased from € 12,188,000 to € 17,084.000.

| Risk report and forecast

a. Risks of future growth

Risk management system

As a real estate company, VIB Vermögen AG is subject to a wide range of risks and also enters into these risks in order to profit from the opportunities offered by the real estate market. These risks are constantly monitored in the company's operations, so that countermeasures can be taken at an early stage if a risk should occur.

The company's established risk management system is thus reasonable and is constantly further developed in line with market requirements. There were no risks as of December 31, 2006 which could endanger the company's continued existence.

Tenant risk

Possible defaults on rent or outstanding rent payments are a tenant risk for VIB Vermögen AG. After the rental agreements have expired, as a rule there is a possibility that these will not be extended, with the result that the properties are vacant for a certain period, with no rental income being generated. Possible lost rent and ongoing costs for the properties could have a negative impact on the group's earnings over the medium term. However, VIB Vermögen AG minimizes its tenant risk by focusing on tenants with excellent credit ratings that aim to occupy a location long term. In addition, when purchasing a property the company pays attention to ensure that it can easily be used for other purposes, which make subsequent leases much simpler.

Construction cost risk / construction risk

The acquisition of plots of land and the subsequent construction of the properties results in construction cost risks and a general construction risk for the company. It is possible that the investment sum forecast by the company during the planning process is exceeded, and that the financing originally intended for the project (equity and bank lending) is not sufficient to fully finance the property. The general construction risk includes the possibility that construction of the property is delayed and that it can thus not be transferred to the tenant(s) in time. This can result in rental income being received late and/or compensation claims. In order to hedge against this risk, VIB Vermögen AG uses a prime contractor (prime contractor agreement) with an excellent credit rating for larger projects, in order to construct the properties within the prescribed period and the forecast volume.

Risks in property portfolio

External factors, such as a worsened infrastructure, changes in social structures or construction activities can lead to a reduction in the quality of the location and thus the value of the property. In turn, this can result in lower rental income and, in some cases, higher maintenance and upkeep costs. VIB Vermögen AG counters this risk by reviewing the respective properties and the external factors as part of the acquisition process.

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Risks in financial assets

The equity participation carried under financial assets almost exclusively relates to the interest in Bürgerliches Brauhaus Immobilien AG (BBI AG). This interest is measured based on the value of BBI AG's assets, which is reflected in the company's share price. Substantial fluctuations in the price or shortcomings in operations could result in a valuation risk, as this interest may have to be written down. However, as the share price is at around the same level as the company's NAV, this risk is regarded as being moderate. No valuation risks can be perceived for the other equity participations carried under financial assets, however these would also be of minor importance as a result of their low amounts compared to VIB Vermögen AG's total assets.

Financing risk

The company must use additional funding to expand its further growth as a result of its business model. This funding can be provided as additional equity or borrowing. If the company borrows, there is the risk that borrowing from banks may only be possible to a limited extent, not in good time, or only at unfavorable conditions, which would have a negative impact on the company's business activities and on its financial position and results of operations. Prior to concluding binding agreements, investments are precisely calculated and financing is secured by providing equity or obtaining credit agreements. The company has a very positive credit rating as a result of its high levels of equity and earnings power, and this is also reflected in the conditions offered and agreed.

VIB Vermögen AG requires a liquid, receptive capital market to obtain additional equity. Substantial slumps in share prices could make it significantly more difficult to obtain additional equity, which could hamper the company's growth.

Interest-rate risk

As a rule there is an interest-rate risk for VIB Vermögen AG, as loans with short-term fixed interest rates (based on EURIBOR) are currently being used as a result of the low interest rates. The EURIBOR-linked loans currently account for around 20% of total borrowing. The remaining majority of the company's borrowing has long-term fixed interest rates. As a result, the interest-rate risk is calculable even if short-term interest rates rise.

Risks from financial instruments

The company has concluded an interest rate swap to reduce its interest payments. Based on an operating underlying transactions, the contract was agreed with the aim of reducing the interest expense for an investment. The interest rate swap is based on a yield curve for two-year and thirty-year interest rates. As a reduction in the yield curve, a change in the market value of the interest rate swap can lead to a valuation risk. As this occurred during the past fiscal year, the interest-rate swap had a negative market value on the balance sheet date (carried as a liability).

Legal risks / contractual risks

Entering into purchase and rental agreements can result in contractual risks for VIB Vermögen AG, which can result in subsequent costs. VIB Vermögen AG employs a lawyer to review and monitor this risk. As no such litigation has resulted in the past, this risk is also only of minor importance.

Acquisition risks

As a rule, during the purchase / acquisition of companies with real estate holdings it is also possible to also take over the target company's operations. VIB Vermögen AG is primarily interested in the real estate holdings, which means that the sale of the target company's operating activities can be a strategic option. However, the operating activities do not always have to be sold on directly when companies are acquired, which means that there is an acquisition risk for VIB Vermögen AG which could have a negative impact on its financial position and results of operations.

b. Opportunities from future growth

The positive economy coupled with a further upswing on the real estate market provide VIB Vermögen AG with the opportunity for further growth. Economic research companies are forecasting GDP growth of 2.5% for 2007, and thus continued robust growth. As a result, companies will continue to make strong investments, which can also be expressed in stronger medium-term demand for commercial properties. For example, during an economic upswing additional production facilities, sales areas and warehouses and logistics facilities are required. As a result, there are many opportunities for further growth for VIB Vermögen AG, in particular in the high-growth southern German region, to further increase its revenues and earnings in future.

In contrast to other European markets, the German real estate sector continues to offer attractive profit opportunities. Whereas real estate only brings annual returns of between 3% and 5% in major French and Spanish urban conurbations, the German market still offers excellent opportunities. As a result, a continued high level of activity by German and foreign investors is also forecast for the German market in the coming years. This growth is also being driven by the launch of REITs in Germany. The increasing demand is leading to increased activity in real estate sales, and is expected to also lead to higher prices for properties. These could have a positive impact on the market value of VIB's real estate portfolio, with the result that VIB Vermögen AG could further increase its profitability in the coming years.

The successful capital increase in April 2007 means that VIB Vermögen AG has additional cash and cash equivalent, which the Company plans to invest in new projects over the short term. The acquisition of additional properties will lead to increased rental income, which means that the company's profits will also grow in future.

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c. Forecast (outlook)

Additional cash and cash equivalents totaling € 53.4 million accrued to the company as a result of the capital increase in April 2007. These have already been partially invested in additional commercial properties. In total, the real estate holding company has already invested more than € 100 million in fiscal year 2007. This is thus already more than the total volume invested in fiscal year 2006. In addition, there are investments with a volume of a further € 100 million in the pipeline, which management is currently reviewing in depth. The Managing Board is forecasting real estate assets with a value of more than € 350 million at the end of 2007. The Managing Board believes that the increased investment activities will also contribute to a significant increase in the company's earnings. As a result, the Managing Board is forecasting total operating income totaling € 20 million for fiscal year 2007. Keeping structures lean will lead to an above-average increase in margins. As a result, the Managing Board is forecasting profit before taxes excluding extraordinary items of € 9 million. This allows VIB Vermögen AG to position itself on the market as a highly profitable real estate company. VIB Vermögen AG is also planning to increase its revenues and earnings further in fiscal year 2008.

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| Consolidated income statement

Consolidated income statement (IFRS) for the period from January 1, 2006 to December 31, 2006

€ thousand	Note	2006	2005
Revenues	**1**	**13,294**	**8,813**
Change in inventories	2	0	1,554
Other operating income	3	8,521	333
Total operating income		**21,815**	**10,700**
Expenses for investment properties	4	-2,391	-1,489
Cost of materials	5	-306	-2,536
Personnel expenses	6	-723	-396
Other operating expenses	7	-1,506	-755
EBITDA – earnings before interest, taxes, depreciation and amortization		**16,889**	**5,524**
Amortization of intangible assets and depreciation of property, plant and equipment and investment properties	8	-3,120	-2,069
Earnings before interest and taxes (EBIT)		**13,769**	**3,455**
Share of profit from investments accounted for using the equity method	9	57	-4
Income from investments		0	137
Income from other securities and loans and advances from financial assets		0	4
Other interest and similar income	10	506	127
Interest and similar expenses	11	-3,367	-2,304
Profit before taxes (EBT)		**10,965**	**1,415**
Income taxes	12	-746	-366
Other taxes		-262	-139
Earnings (IFRS 5)	13	-186	0
Consolidated profit		**9,771**	**910**
Earnings attributed to Group shareholders		9,770	829
Minority interests	14	1	81
Earnings attributed to Group shareholders		**9,770**	**829**
Consolidated retained profits		705	-3
Withdrawal from retained profit		0	467
Addition to retained profit		-4	0
Consolidated net retained profit		**10,471**	**1,293**
Earnings per share (€)	15	0.90	0.16

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| Consolidated balance sheet

IFRS consolidated balance sheet as of December 31, 2006

€ thousand	Notes	2006	2005
Assets			
Non-current assets			
Intangible assets	16	2	2
Property, plant and equipment	16	10,351	1,152
Investment property	17	127,837	81,701
Investment in associates	18	17,607	141
Financial assets	19	2,131	178
Total non-current assets		**157,928**	**83,174**
Current assets			
Inventories	20	3	2,478
Receivables and other assets	21	1,125	2,433
Bank balances and cash in hand	22	2,257	21,418
Prepaid expenses		18	24
Total current assets		**3,403**	**26,353**
Total assets		**161,331**	**109,527**
Equity and liabilities			
Equity	23		
Subscribed capital		12,188	9,792
Share premium		48,053	33,385
Retained profit		515	511
Net retained profit		10,471	1,293
		71,227	**44,981**
Minority interest		308	409
Total equity		**71,535**	**45,390**
Non-current liabilities			
Profit-participation certificates	24	675	675
Financial debt	25	59,905	48,532
Compensation claims - minority interests - partnerships	26	1,523	1,628
Derivative financial instruments	27	474	260
Deferred taxes	28	1,500	1,430
Total non-current liabilities		**64,077**	**52,525**
Current liabilities			
Financial debt	29	20,843	8,441
Provisions	30	374	110
Liabilities from income taxes	31	343	0
Other non-current liabilities	32	3,760	2,610
Deferred income		399	451
Total current liabilities		**25,719**	**11,612**
Total equity and liabilities		**161,331**	**109,527**

| Statement of changes in consolidated equity

Statement of changes in consolidated equity (IFRS) for fiscal years 2005 and 2006

€ thousand	Sub-scribed capital	Share premi-um	Retai-ned ear-nings	Consoli-dated net retained profits	Minori-ty inte-rests	Total
January 1, 2005	**4,420**	**8,098**	**898**	**697**	**105**	**14,218**
changes recorded directls in equity:						
Changes to consolidated group	0	0	0	0	314	314
Adjustment for minority interests previous year	0	0	0	0	-91	-91
Issuing costs	0	-1,306	0	0	0	-1,306
Total	0	-1,306	0	0	223	**-1,083**
Capital increase VIB Vermögen AG	5,372	26,674	0	0	0	**32,046**
Withdrawal from retained profit	0	0	-468	468	0	**0**
Dividend payment 2004	0	0	0	-700	0	**-700**
Consolidated profit 2005	0	0	0	829	81	**910**
Reclassification of single-entity financial statements VIB Vermögen AG	0	-81	81	0	0	**0**
Rounding differences	0	0	0	-1	0	**-1**
December 31, 2005	**9,792**	**33,385**	**511**	**1,293**	**409**	**45,390**
changes recorded directls in equity:						
Internal group restructuring	0	0	0	0	-102	-102
Expenses from capital increase	0	-186	0	0	0	-186
Total	0	-186	0	0	-102	**-288**
Capital increase VIB Vermögen AG	2,396	14,854	0	0	0	**17,250**
Additions to retained profit	0	0	4	-4	0	**0**
Dividend payment 2005	0	0	0	-588	0	**-588**
Consolidated profit 2006	0	0	0	9,770	1	**9,771**
December 31, 2006	**12,188**	**48,053**	**515**	**10,471**	**308**	**71,535**

| Consolidated cash flow statements

Consolidated cash flow statements (IFRS) for fiscal years 2005 and 2006

€ thousand		2006	2005
Consolidated profit		9,771	910
+/–	Write-ups/write downs for intangible assets, property, plant and equipment and investment property	3,120	2,069
+/–	Increase/decrease in provisions	264	-48
–	Negative differences from first-time consolidation	-5,882	-173
–	Result from deconsolidation	-2,356	0
Cash flow from operating activities after taxes		**4,917**	**2,758**
Non-cash income and expense not allocable to financing activities		554	-639
Changes in inventories, receivables and other assets that are not allocable to investing activities		3,788	-2,616
Change in debt, that is not allocable to financing activities		1,441	1,832
Cash flow from operating activities		**10,700**	**1,335**
–	Payments for investments in property, plant and equipment	-9,349	-175
–	Payments for investments in investment properties	-43,299	-22,311
+	Additions from the disposal of financial assets	0	1,819
–	Payments for investments in financial assets	-11,743	-85
–	Payments from the acquisition of consolidated companies and other business units	-200	-3,297
Cash flow from investment activities		**-64,591**	**-24,049**
+	Receipts from appropriations to equity (e.g., capital increase, sale of own shares)	17,251	32,046
–	Payments in connection with IPO/capital increase	-261	-1,774
–	Cash payments to owners and minority interests (dividends)	-588	-700
+/–	Payments/receipts from the change in financial debt	20,624	7,634
+/–	Effects of internal restructuring	-2,268	465
+/–	Other payments and receipts from financing activities	-28	387
Cash flow from financing activities		**34,730**	**38,058**
Net change in cash and cash equivalents			
+/–	Cash flow from operating activities	10,700	1,335
+/–	Cash flow from investment activities	-64,591	-24,049
+/–	Cash flow from financing activities	34,730	38,058
	Change in cash flow	**-19,161**	**15,344**
+/–	Group and valuation related changes in cash and cash equivalents	0	85
Cash and cash equivalents – start of period		21,418	5,989
Cash and cash equivalents – end of period		2,257	21,418

| General information and presentation of the consolidated financial statements

VIB Vermögen AG, Neuburg/Donau, Germany (hereinafter "VIB" or the "Company") has its registered office in Luitpoldstr. C 70 in 86633 Neuburg/Donau, Germany, and is registered in the commercial register of Ingolstadt local court with the number HRB 101699.

The company's shares are traded in Munich Stock Exchange's OTC segment M:access:

- Ordinary shares from November 28, 2005
  ISIN DE0002457512, German Securities Code (WKN) 245751, stock exchange symbol VIH

- New shares from July 31, 2006
  ISIN DE000AOH52RO, German Securities Code (WKN) AOH52R, stock exchange symbol VIHJ

The parent company of the VIB Group was formed as a partnership in 1993. It laid the foundations for going public and its plans for growth when it became an "Aktiengesellschaft" (German Public Limited Company) in 2000.

The Group's core competence is purchasing and managing its own real estate and holding participations in companies with real estate assets. As a portfolio manager for commercial real estate in the Southern German region, the VIB Group has been able to establish a high-yield portfolio of real estate over the past few years. Investments focus on future-proof, high growth regions in Bavaria.

Individual investments have a volume of up to € 40 million, and VIB Vermögen AG has positioned itself as a niche player in Southern Germany.

The following clearly defined investment criteria will also bolster the quality of VIB Vermögen AG's real estate portfolio in future:

- Investment volume of up to € 40 million in individual cases
- High tenant credit rating compared to total rent
- Average rent return 7.5%
- Sustainable locations
- Opportunities for other uses

The company's consolidated financial statements have been prepared in euros. All of the Group companies have their registered offices in the Federal Republic of Germany and thus prepare their accounts in €.

The total cost (type of expenditure) format has been applied for the consolidated income statement. Any "Income from the reversal of badwill from capital consolidation" resulting from the consolidation of interests in acquired subsidiaries and associated companies is recognized in income immediately in line with IFRS 3.56 (b) and carried under other operating income, and is thus included in the operating income and earnings before interest, taxes, depreciation and amortization (EBITDA). The consolidated balance sheet is classified by maturity. Assets are classified as being current if they can be realized or redeemed within one year. Minority interests form part of the Group's equity.

In order to improve the clarity and transparency of presentation, consolidated balance sheet items and consolidated income statement items are summarized to the extent that this is pertinent and possible. These items are broken down in the notes to consolidated financial statements, and discussed accordingly.

| Summary of key accounting and valuation principles

The parent company of the VIB Group, VIB Vermögen AG, is classified as a small corporation according to Section 267 of the Handelsgesetzbuch (HGB – German Commercial Code). The listing of the company's shares in OTC trading is not a listing within the meaning of Section 2 (5) of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act).

According to Regulation No. 1606/2002 of the European Parliament and Council of July 19, 2002, all companies whose securities are admitted to trading on a regulated market must prepare their consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) at the latest from fiscal year 2005. VIB Vermögen AG is exempted from the preparation of consolidated financial statements within the meaning of Section 315 (a) of the HGB in connection with Sections 290 and 293 of the HGB. The consolidated financial statements (IFRS) are prepared voluntarily.

These consolidated financial statements of VIB, including figures from the previous year, were prepared in line with International Financial Reporting Standards (IFRS) as these are to be applied in the European Union and the interpretations of the International Financial Reporting Interpretation Committee (IFRIC). These are the VIB Group's first consolidated financial statements (IFRS). The effects of the transition from HGB to IFRS accounting for the consolidated financial statements on the financial position and results of operations disclosed is discussed in the following sections.

The consolidated financial statements were prepared based on the going concern principle.

VIB Vermögen AG's consolidated financial statements were prepared based on the historical costs of the assets and liabilities. As a result of the different mandatory requirements for the measurement of derivative financial instruments and financial assets and liabilities, these are carried at their fair value.

VIB has applied all of the standards (IFRS, IAS) issued by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretation Committee (IFRIC) and the Standing Interpretations Committee (SIC) which applied on December 31, 2006. The consolidated financial statements also include further information required under the HGB and Aktiengesetz (AktG – German Public Limited Companies Act). A Group management report was not prepared. The financial statements of VIB Vermögen AG were subjected to a voluntary audit by S&P GmbH Wirtschaftsprüfungsgesellschaft, Augsburg, and were issued with an unqualified auditor's opinion. The financial statements of the subsidiaries included were prepared by tax advisers or tax advisers/public accountants (Wirtschaftsprüfer).

The preparation of consolidated financial statements fully in line with IFRS demands the use of estimates. Obtaining opinions from the management is compulsory for the uniform application of accounting and valuation methods throughout the Group.

The IASB published IFRS 7 "Financial Instruments: Disclosures" on August 18, 2005. IFRS 7 replaces IAS 30 "Disclosures in the Financial Statements of Banks and Similar Financial Institutions" and parts of IAS 32 "Financial Instruments: Disclosures and Presentation" which relate to disclosure requirements. The new standard calls for information on the importance of financial instruments for companies' financial position and results of operations. IFRS 7 also includes new requirements for the quality and quantity of reporting on risks associated with financial instruments. The new standard IFRS 7, which is to be applied for fiscal years starting on or after January 1, 2007, only expands the scope of reporting for financial instruments and was not applied ahead of time in the Group. The use of this standard will not have any major impact on VIB.

During the course of fiscal year 2006, the following standards and interpretations were passed by the IASB and IFRIC, which were not yet applied in the consolidated financial statements as of December 31, 2006, as application was not yet mandatory.

- IFRS 8 ("Operating Segments", use is compulsory for fiscal years starting on or after January 1, 2009)
- IFRIC 7 ("Applying the Restatement Approach under IAS 29", use is compulsory for fiscal years starting after February 28, 2006).
- IFRIC 2 ("Scope of IFRS 2", use is compulsory for fiscal years starting after April 30, 2006).
- IFRIC 9 ("Reassessment of Embedded Derivatives", use is compulsory for fiscal years starting after May 31, 2006).
- IFRIC 10 ("Interim Financial Reporting and Impairment", use is compulsory for fiscal years starting after October 31, 2006).

These interpretations that have not yet been applied will only have a minor impact or no impact on the consolidated financial statements of VIB Vermögen AG in future. VIB will apply the new regulations when their application becomes mandatory. Changes to the accounting and valuation policies are discussed in the notes. Standards that only have to be applied after the balance sheet date are not used prematurely. The premature application of standards thus did not impact the Group's financial position and results of operations.

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In January 2006, the IFRIC published interpretation IFRIC 8 "Scope of IFRS 2" on the scope of accounting for share-based payments under IFRS 2. This interpretation clarifies that IFRS 2 is to be applied for agreements for which the company makes share-based payments against no or inadequate compensation. IFRIC 8 is applicable for the first time for financial years beginning on or after May 1, 2006. Application of these interpretations is not expected to impact VIB's financial position and results of operations or its cash flows.

In November 2006, IFRIC published the interpretation IFRIC 11 "Group and Treasury Share Transactions". IFRIC 11 deals with the specific structure of share-based payment transactions and discusses their respective allocation to equity-settled or cash-settled transactions. According to IFRIC 11, granting options on shares of the parent company to employees of a subsidiary is to be carried in the financial statements of this subsidiary as a cash-settled transaction if the subsidiary, and not the parent company, grants the stock options. IFRIC 11 is applicable retrospectively for financial years beginning on or after March 1, 2007. Application of these interpretations is not expected to impact VIB's financial position and results of operations or its cash flows.

Comments on the transition to IFRS

When transitioning to IFRS, VIB applied the provisions of IFRS 1, "First Time Adoption of International Financial Reporting Standards". The conversion date was January 1, 2005. From this date, all of the standards and interpretations that were in effect were applied retrospectively across the board. However, IFRS 1 includes several options and exceptions to and waivers from this basic rule. The following rule was used in particular:

- Business combinations
  Appendix B to IFRS 1 grants first time users of IFRS the opportunity not to disclose business combinations retrospectively according to IFRS 3. VIB availed of this opportunity for business combinations performed prior to January 1, 2005. According to the restrictions of IFRS 1, VIB took over the valuations of the assets and liabilities acquired as part of past business combinations, and the goodwill arising from these transactions as identified under the HGB.
- Land and buildings in property, plant and equipment are carried as investment properties.
- Deferred taxes are formed in line with the temporary concept for differences between the carrying amounts in the IFRS accounts and the tax base.
- Measurement of financial assets at fair value in line with IAS 39.

In order to avoid double notes, please see the notes to the respective items of the accounts for information on accounting and valuation principles.

The following reconciliation statement shows the impact of the transition from HGB to IFRS with regard to consolidated equity as of January 1, 2005 and December 31, 2005 as well as consolidated profit for fiscal year 2005.

	Note	Balance sheet as of December 31, 2005	Opening balance as of January 1, 2005
Equity (HGB)		**45,070**	**14,618**
Goodwill	a	1	0
Revaluation of investment properties	b	4,322	3,198
Financial assets	c	0	-458
Deferred taxes	d	-1,430	-540
Net assets of shareholders	e	-1,628	-1, 884
Fair value measurement of liabilities	f	-266	-41
Profit-participation certificates	g	-675	-675
At equity valuation of VIMA Grundverkehr GmbH	h	-4	0
Total adjustments		**320**	**-400**
Equity (IFRS)		**45,390**	**14,218**

	Note	Fiscal year 2005
Profits after taxes (HGB)		**11**
Impact of first-time consolidation (IFRS)	i	89
Amortization/depreciation	b	-341
Fair value accounting for financial assets	f	-224
Change in compensation obligations	e	11
IPO expenses	j	1,774
Minority interests	k	81
Deferred taxes	d	-487
At equity valuation of VIMA Grundverkehr GmbH	h	-4
Total adjustments		**899**
Profits after taxes (IFRS)		**910**

a) In line with IFRS 3.55, acquired goodwill is not subject to amortization. The difference results from the amortization of goodwill from the acquisition of MV Verwaltungs GmbH in the HGB consolidated financial statements.

b) The Group’s land and buildings held for rental and value growth carried in the HGB financial statements as tangible assets are classified as Investment Properties in the IFRS financial statements. As part of the conversion to IFRS, the management decided to measure the investment properties according to the cost model set out in IAS 16. The difference compared to the carrying amounts in the HGB consolidated financial statements are due to differing remaining useful lives, depreciation rates and depreciation methods (no declining balance depreciation of properties, useful lives independent of tax regulations, etc.). As a result of the revaluation required for business combinations under IFRS 3, there are also changes with regard to the hidden reserves acquired and released in 2005.

The difference in earnings compared to the HGB statements is due, in particular, to the differences in amortization/depreciation as a result of the different useful lives and, in part, higher Group acquisition costs.

c) Financial assets are carried at amortized cost in the HGB financial statements. As part of the fair value measurement of financial assets under IFRS (in particular IAS 39), the interest in Gewerbepark Günzburg GmbH was written down by € 458 thousand as of December 31, 2004. The valuation difference no longer existed on December 31, 2005, as the company was fully consolidated in the Group as of January 1, 2005.

d) The other adjustments shown as pat of this section led to differences between the carrying amounts of the assets and liabilities in the consolidated financial statements (IFRS) and the carrying amounts in the tax base. The difference in deferred taxes compared to the figures in the HGB consolidated financial statements are due, in particular, to the difference in the carrying amounts in the HGB financial statements and the corresponding values under IFRS as well as the different concepts for the formation of deferred taxes in the financial statements. Whereas HGB prescribes an earnings-oriented view of the timing concept, IAS 12 is based on the temporary concept. As a result, deferred taxes are to be formed, in particular, on temporary valuation differences in the accounts between the carrying amounts under HGB and IFRS. Deferred tax liabilities are based (after netting with deferred tax assets) in particular on the lower carrying amounts for the investment properties for tax purposes compared with the (consolidated) carrying amounts under IFRS.

e) The provisions of IAS 32 for the disclosure of and accounting for equity differ substantially from the HGB regulations. For example, as a rule equity in partnerships is to be disclosed as a liability in the financial statements under IFRS. The disclosed amount reflects the compensation balance due to minority interests, measured at market value. Changes to the claim to compensation are recognized in income.

f) In contrast to HGB accounting, according to IFRS pending transactions are also to be accounted for in relevant cases. The difference in the IFRS financial statements compared to equity in the HGB statements is based on the measurement at fair value of financial derivatives and liabilities denominated in foreign currencies. Changes in the market value in the financial assets and liabilities detailed above are recognized in income for "held for trading" financial instruments and items denominated in foreign currency.

g) In the IFRS consolidated financial statements (IAS 32), the profit-participation rights issued by VIB Vermögen AG are to be classified as liabilities, in contrast to the view taken in the HGB. These cannot be carried under equity if the financial instrument contains a contractual obligation – albeit even at a later date – to provide to a beneficiary cash or other financial assets.

h) VIMA Grundverkehr GmbH is included in VIB Vermögen AG's consolidated financial statements according to the equity method set out in IAS 28. Initial consolidation had a negative impact on profit in the amount of € 4 thousand.

i) To date, companies consolidated in the consolidated financial statements were included in the financial statements using the cash value method. According to IFRS 3, these must be carried at revalued amounts. The difference reflected in income from first-time consolidations in 2005 is due to the recognition in income of badwill from the consolidation of acquired interests in subsidiaries and the write-down of impaired goodwill.

j) The company's expenses in connection with the procurement of equity – at VIB Vermögen AG this is, in particular, the costs of the 2005 IPO – are not recognized in income under IFRS accounting, in contrast to the HGB regulations, but rather these are offset against the share premium (after correction for the corresponding tax advantage).

k) The change in minority interests under IFRS differs from the HGB figures as a result of the changed inclusion of some subsidiaries.

| Group of consolidated companies and consolidation methods

The VIB Group's group of consolidated companies include VIB Vermögen AG and the subsidiaries over which VIB can either directly or indirectly exercise a controlling position. As a rule, a controlling position is assumed when the majority of voting rights for a subsidiary (including special purpose enterprises) are held by one or several Group companies. As a rule, subsidiaries are included in the consolidated financial statements (full consolidation) from the date on which control is transferred to the Group. They are deconsolidated on the date on which control ends.

Subsidiaries' capital is consolidated in line with IAS 27 (Consolidated and Separate Financial Statements) and IFRS 3 (Business combinations). The carrying amount of the participation is offset against the subsidiary's revalued equity on the date of acquisition (revaluation method). Acquisition costs correspond to the fair value of the assets paid, the equity instruments issued and the debts resulting or taken over on the date of exchange (acquisition date) plus the costs that can be directly allocated to the acquisition. Assets, liabilities and contingent liabilities that can be identified as part of a business combination are valued at their fair value on the date of exchange during initial consolidation, irrespective of the scope of the minority interests. Goodwill is carried if the acquisition costs for the acquisition of interests in subsidiaries exceed the proportion of the net assets measured at fair values due to the Group. If the acquisition costs are lower than the fair value of the net assets of the acquired subsidiary, after the purchase price allocation has been reviewed again for correctness the difference is taken directly to the income statement (other operating income). Minority interests in the Group's subsidiaries are carried at the fair value of the assets and liabilities recognized in equity at the amount due to the minority interests.

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The profit of the subsidiaries acquired or sold during the course of the year are carried on the consolidated income statement from the date of the start or end of the opportunity to exercise control. Intra-Group transactions, balances and unrealized gains from transactions between Group companies are eliminated. Unrealized losses are also eliminated, unless the transaction points towards impairment of the assets transferred.

The portion of the consolidated equity and the consolidated annual profit due to minority interests is shown separately from the portions due to VIB Vermögen AG as the parent company.

The annual financial statements of the companies included in the consolidated financial statements are based on uniform accounting and valuation policies. The key accounting and valuation methods that were applied when preparing these consolidated financial statements are discussed below.

As of December 31, 2006, five companies were included in VIB Vermögen AG's consolidated financial statements. BBI Bürgerliches Brauhaus Immobilien AG (formerly Bürgerliches Brauhaus Ingolstadt AG) and Schleifmühlweg-Verwaltungs GbR which was absorbed by VIB Vermögen AG on December 29, 2006 were only included temporarily. In 2005 interests were acquired in Gewerbepark Günzburg GmbH and VR 1 Immobilienverwaltung GbR. In 2006, interests in Bürgerliches Brauhaus Ingolstadt AG, Schleifmühl-Verwaltungs GbR and MV Verwaltungs GmbH were acquired. The latter company was merged retroactively with Merkur GmbH as of January 1, 2006.

Companies included in the consolidated financial statements as of December 31, 2006:

- VIB Vermögen AG
- Merkur GmbH
- Industriepark Neuburg GbR
- VR 1 Immobilienverwaltung GbR
- Gewerbepark Günzburg GmbH

The balance sheet dates of all of the subsidiaries in VIB's consolidated financial statements are the same as the parent company's balance sheet date.

In the case of financial statements of subsidiaries for which bookkeeping is not mandatory under the German Commercial or Tax Code, and which only prepare a statement of net income, the key impact of accrual accounting is recorded in a statement of reconciliation to presentation in the balance sheet.

The changes in the Group of consolidated companies have impacted comparability of the financial statements as of December 31, 2006 with the financial statements as of December 31, 2005. The key impact of the changes in the Group of consolidated companies is shown in the notes to the individual items.

Associated companies

Associated companies are companies – including partnership – in which the shareholder has a significant influence, but not control. As a result, these are neither subsidiaries nor joint ventures. A significant influence is to be understood as being the opportunity to participate in financial or business policy decisions, however not to be able to take these alone. As a rule, a significant influence is assumed if there is a participating interest of between 20 and 50 percent.

In line with IAS 28.13, interests in associated companies are accounted for using the equity method. In the first stage, the participating interest is capitalized at cost. In line with IFRS 3, differences from first-time consolidation are treated according to the provisions for full consolidation. Positive differences constitute goodwill, negative differences are recorded directly in the income statement as other operating income after a renewed review of the purchase price allocation.

The Group's share of the profits and losses of associated companies is recorded from the date of the acquisition or change of statement in the financial result in the income statement, the share of changes to reserves is recorded under consolidated reserves. Disbursements by the associated companies reduce its carrying amount.

As of December 31, 2006, the following companies were carried as associated companies according to the equity method:

- BBI Bürgerliches Brauhaus Immobilien AG
- VIMA Grundverkehr GmbH

Segment reporting

In line with IAS 14.3, companies such as VIB Vermögen AG, in which shares are publicly traded, must prepare segment reports.

According to IAS 14.8, a business segment is a distinguishable component of an enterprise that is engaged in producing an individual product or providing a service, or a group of similar products or services. The individual business segments should also differ from the other segments in terms of risks, opportunities and returns.

Geographical segments are distinguishable components of an enterprise or group that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

Based on its Group strategy, the VIB Group exclusively has one business segment "Rental and Management of a real estate portfolio". Its business is mostly conducted in Southern Germany. As a result, there are no business segments or geographical segments that differ in terms of the

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products and services provided or the risks and returns. As there are no distinguishable business segments and geographical segments, there is no segment reporting.

Realization of income and expense

Revenue is the gross inflow during the period arising in the course of the Group's ordinary activities. Revenues are realized if there is a corresponding agreement, convincing verification that the service has been provided (generally transfer of risk, for rentals a contractual agreement and rental period), the amount of revenues can be reliably identified and it can be assumed that it will be possible to collect the receivable. In the case of long-term agreements (in particular usage fees), revenues are recognized on an accrual basis based on the provisions of the associated agreement, i.e., as a rule revenues are recognized using the straight line method over the term of the agreement, and if performance is not straight line as soon as the performance has been made. Revenues from services are recorded when the service is provided.

Revenues are measured at the fair value of the compensation received or to be received. Rebates, discounts, or taxes connected with the sale of goods and services are deducted from revenues.

Interest income is deferred on an accrual basis taking into account the amount of the loan outstanding and the applicable interest rate (effective interest rate). The applicable effective interest rate is the interest rate that is used to discount the estimated future receipts and payments over the term of the financial asset to the net carrying amount of the asset.

Dividend income from financial assets is recorded when the legal claim to payment arises.

Expenses that cannot be accounted for are reported as deferrals in the income statement.

Borrowing costs

Interest on borrowing has been capitalized with regard to the properties originally held for sale during the fiscal year and prior years. Other borrowing costs were recorded as expenses in the period in which they were incurred in line with the benchmark method under IAS 23.

Government grants

Grants are allocated and deducted from the corresponding expenses in the periods in which the associated costs are incurred. Grants for assets are carried as deferred income.

Income taxes

Income taxes constitutes the total of the ongoing tax expenses and deferred taxes.

The Group identifies the ongoing tax expenses based on the taxable income of the companies included in the consolidated financial statements as subsidiaries. The taxable income differs from the net income from the income statement as it excludes income and expenses that will later or never be taxable or tax-deductible as a result of tax regulations (including deferrals). Ongoing tax liabilities for the Group companies are calculated based on the tax rates which apply to the assessment period.

Deferred tax liabilities and assets are formed according to the asset and liability method (IAS 12) for anticipated tax charges and tax relief on the differences between the carrying amounts of the assets and liabilities in the IFRS consolidated financials statements and the tax base, from consolidation and on loss carryforwards that are likely to be realized.

Deferred tax liabilities are formed for all taxable temporary differences. Deferred tax assets are recorded to the extent that it is probable that there will be sufficient excess taxes in future for which the deductible temporary differences can be used. No deferred taxes are formed for temporary differences from the recognition of goodwill, first-time recognition of other assets or liabilities (unless this was part of a business combination or a transaction which neither impacts the taxable income nor the net income).

Deferred tax assets and deferred tax liabilities are netted if they are for the same tax authority.

The carrying amount of the deferred taxes recognized in the financial statements is reviewed each year on the balance sheet dated and reduced if it is no longer probable that there will be sufficient taxable income to regain the deferred taxes either in full or in part.

As a rule, deferred taxes are recognized in income with the exception of items that are booked directly under equity.

Deferred taxes are identified based on tax rates that applied on the date the liability was settled or the asset was realized. The impact of changes in tax rates on deferred taxes is recognized in income in the period in which the legislation on which the change to the tax rate is based has mostly been concluded, unless these relate to items carried directly under equity.

Deferred tax liabilities that result from temporary differences connected with interests in subsidiaries and associated companies are carried, unless the date of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not be reversed in the foreseeable future.

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Patents, licenses (incl. software) and trademarks

Acquired patents, licenses and trademarks are carried at cost. The have specific useful lives and are measured at cost less accumulated amortization.

If there are signs of impairment, the scheduled wasting intangible assets are subjected to an impairment test, and if necessary these are written down to the recoverable amount within the meaning of IAS 36.

Goodwill

The goodwill resulting from the first-time consolidation of subsidiaries comprises the amount to which the costs for the acquisition of a company exceed the Group's share of the fair value of the identifiable assets and liabilities of a subsidiary or jointly managed company on the date of the acquisition. Goodwill and intangible assets with indefinite useful lives are not subject to scheduled amortization in line with IFRS 3 and IAS 38. Instead, according to IAS 36, they are subject to an annual impairment test (and also if there is reason to suspect impairment), and are written down to their recoverable amount if required (impairment only approach). Goodwill is distributed over cash generating units for impairment tests. Each impairment is recognized immediately as expense. They are not written up at a later date. If a subsidiary or jointly managed company is sold, the attributable amount of goodwill is included when determining the profit or loss from the sale.

Property, plant and equipment

Property, plant and equipment are carried at cost less scheduled depreciation and impairment. Costs include all of the expenses directly attributable to the acquisition of the asset. Subsequent costs are only recorded as part of the costs of the asset if it is probable that the future economic benefits will flow to the Group and the costs of the asset can be reliably identified. All other repairs and maintenance are recognized in income in income statement in the fiscal year in which they are incurred.

Property, plant and equipment is written down using the straight line method or according to the anticipated course of the future use of the equipment. In the case of straight line depreciation, costs are written down as follows over the anticipated useful life of the assets:

- Operating equipment: 3 – 10 years
- Operating fittings: 4 – 10 years
- Office equipment: 3 – 10 years

The remaining carrying amounts, economic useful lives and the depreciation method as well as the remaining periods in use are reviewed on each balance sheet date and adjusted as necessary. If the carrying amount of an asset is above its estimated recoverable amount, which is the higher of its fair value less selling costs and its value in use, it is written down to the recoverable amount. Gains and losses from the disposal of assets are calculated as the difference between the income from the sale and the book value and recognized in income.

Investment property

Investment properties are properties (land or buildings) that are held by the owner or lessor as part of a finance lease to generate rental income or to increase their value. The VIB Group measures these properties at cost less depreciation and write-downs (in line with the cost model, IAS 16). Plots of land are not subject to scheduled depreciation. The fair value on the balance sheet date is stated in the notes to the consolidated financial statements.

Non-current, held-for-sale assets / discontinued operations

Non-current assets (and groups of assets) that are classified as "held for sale" are measured at the lower of amortized cost and their fair value less selling costs. Non-current assets and groups of assets are classified as "held for sale" if it is easier to realize their carrying amount by selling them rather than their continued use. This condition is only regarded as having been fulfilled if the sale is highly probable and the asset (or the available for sale group of assets) is available for immediate sale in their current condition. Management must have already actively started to look for a purchaser and to implement the selling program. In this regard, the offering price must be reasonable compared to the current fair value. In addition, the sale must generally have been concluded within one year of the date of classification as "assets held for sale" according to IFRS 5.

Impairment of non-financial assets

The VIB Group writes down the carrying amounts of non-current assets (investment properties, intangible assets, etc.) and inventories if there is a probable permanent impairment as a result of extraordinary circumstances.

Intangible assets that have an indefinite useful life are not subject to scheduled amortization, they are tested annually for impairment. Assets that are subject to scheduled amortization are tested for impairment if corresponding events or changes to circumstances give reason to believe that an asset could be impaired. The impairment is given by the difference between the lower realizable amount and the carrying amount and is recognized in income. The recoverable amount is the higher of the fair value of the asset less selling costs and the asset's value in use. During impairment testing, assets are summarized at the lowest level for which separate cash flows can be identified (cash generating units). The value in use is given by discounting the cash generating unit's estimated future cash flows.

On each balance sheet date, VIB Vermögen AG reviews whether or not there is reason to believe that impairment can be reversed. In so doing, the carrying amount of an asset or the cash generating unit is written up to the new estimated recoverable amount. The increase in the carrying amount is limited to the carrying amount which would have been determined if no impairment had been recorded for the asset (of the cash generating unit) in previous years. Any reversal of impairment is recognized in income immediately. Impairment of goodwill is not reversed.

Leases

Leases are classified as finance leases if, as a result of the conditions of the lease, the major risks and opportunities associated with ownership are transferred to the lessee. All other leases are classified as operating leases.

Lease payments under an operating lease are recognized as an expense in the income statement on a straight line basis over the lease term unless another systematic basis is representative of the time pattern of the user's benefit.

Inventories

Inventories in the VIB Group are carried at the lower of cost or net realizable value. Cost includes material unit costs and, if appropriate, manufacturing unit costs and the overheads that are incurred to transfer the inventories to their current location in their current condition. The net realizable value is the estimated selling price less all estimated costs through to completion and costs of marketing, sales and distribution.

Trade accounts receivable

Trade accounts receivable are carried at their fair value. Amortized costs are extrapolated over time using the effective interest rate method and deducting impairment. Impairment is recognized for trade accounts receivable if there is objective evidence that it will not be possible to collect the due receivable in full. The amount of the impairment is the difference between the book value of the receivable and the cash value of the estimated future cash flow from this receivable, discounted using the effective interest rate. The impairment is recognized as expense. Receivables are written up accordingly if the reasons for value adjustments made in prior periods no longer exist.

Cash and cash equivalents

Cash and cash equivalents comprise cash, demand deposits, other current highly liquid financial assets with an original maximum maturity of three months and current account overdrafts. Current account overdrafts are carried in the balance sheet as liabilities to banks under current financial liabilities. Cash and cash equivalents are measured at amortized cost.

Financial assets

Financial assets (all agreements that lead to the recognition of a financial asset at a company and the recognition of a financial liability or an equity instrument at another company) are allocated to the following categories according to IAS 39:

- Financial assets at fair value through profit or loss,
- Held-to-maturity investments,
- Loans and receivables,
- Available-for-sale financial assets.

The classification depends on the purpose for which the respective financial assets were acquired. Management determines the classification of the financial assets upon initial recognition and reviews the classification on each balance sheet date.

1. Financial assets at fair value through profit or loss

Financial assets that are allocated to this category are to be allocated to one of the following sub-categories:

- Financial assets that have been classified as "held for trading" from the outset
- Financial assets that were classified at fair value through profit and loss from initial recognition.

A financial asset is allocated to this category if it was, in principle, acquired with the intention to sell it over the short term, or if the financial asset was designated accordingly by the management. Assets in this category are carried as current assets if they are either held for trading or will probably be realized within 12 months of the balance sheet date.

Derivative financial instruments (in particular interest rate swaps in the VIB Group) are carried at their fair values. Changes in the value of derivatives that are not hedges are regarded as being "held for trading" and are thus recognized in income in the income statement. If derivatives are included in a cash flow hedge, the fair value adjustments are disclosed directly under equity taking deferred taxes into account. When derivative financial instruments are included in fair value hedges, the carrying amount of the underlying is adjusted for the profits or loss from the derivative allocable to the hedged risk.

2. Loans and receivables

Loans and receivables include non-derivative financial assets with fixed or determinable payments that are not listed on an active market. This does not include financial assets that are held for trading and assets which the management has designated as being valued at their fair value. Loans and receivables arise when the Group directly provides money, goods or services to a debtor without the intention of on-selling these receivables. They are allocated to current assets to the extent that the due date of the loans and receivables is not more than twelve months after the balance sheet date. Loans and receivables with longer terms are carried under non-current assets. Loans and receivables are carried on the balance sheet under trade accounts receivable and other receivables.

3. Held-to-maturity investments

Financial assets held to maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities, for which the Group's management has the intention and ability to hold these to maturity. These do not include investments at fair value through profit and loss, held for trading or which are to be allocated to loans and receivables.

4. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that were either allocated to this category or which were not allocated to any of the other categories shown. These are carried under non-current assets to the extent that management does not intend to sell these within 12 months of the balance sheet date.

Financial assets are measured at their fair value plus transaction costs on the date they are first recognized. They are booked out when the rights to payments from the investment have expired or been transferred, and the Group has mostly transferred all of the opportunities and risks that are associated with ownership.

Available-for-sale financial assets and assets in the category "fair value through profit or loss" are measured at their fair value after initial recognition. Loans and receivables and held-to-maturity financial investments are carried at amortized cost using the effective interest method.

Realized and non-realized gains and losses from changes to the fair value of assets in the category „fair value through profit or loss" are recognized in income in the period in which they arise. Non-realized gains and losses from changes to the fair value of non-monetary securities in the available-for-sale category are taken directly to equity. If securities in the available-for-sale category are sold or impaired, the changes to the fair value accumulated in equity are recognized in income as gains or losses from financial assets in the income statement.

The fair values of financial assets that are listed on an active market are based on the current bid rate. If there is no active market for financial assets, or if these are not listed securities, the corresponding fair values are identified using suitable valuation methods. These include references to recent transactions between independent business parties, the use of current market prices for other comparable assets, discounted cash flow methods and, if necessary, option pricing models.

VIB performs an impairment test each balance sheet date to review whether there are objective reasons for impairment of a financial asset or a group of financial assets. In the case of equity instruments which are classified as available for sale financial assets, a major or sustained downturn in the fair value to below the acquisition costs of these financial instruments when taking into account the extent to which the equity instruments are impaired. If there is such evidence for available for sale assets, the accumulated loss – taken as the difference between the acquisition costs and the current fair value – less any impairment losses previously recognized with regard to the financial asset, are booked out of equity and recorded in the income statement. Impairment losses for equity instruments carried in the income statement are not reversed in income.

Equity

VIB Vermögen AG's shares are categorized as equity. Expenses directly connected with the issue of new shares are deducted directly from the proceeds from the issue directly in equity after the deduction of income taxes. The share premium, retained earnings and the Group's profit carried forward are also allocated to equity.

If a Group company acquires its own shares, the value of the compensation paid including directly allocable additional costs (net after taxes) are deducted from the equity due to the company's shareholders until the shares have been withdrawn, re-issued or sold on. If these shares are subsequently issued or sold again, the compensation received is recorded in equity that is due to the company's shareholders, net, after the deduction of any directly allocable additional transaction costs and associated income taxes. On the balance sheet date, none of the Group companies held treasury shares.

Provisions

The VIB Group forms provisions is a the amount or due date of a liability is uncertain. There is a liability if there is a current legal or de facto obligation resulting from a past event and it is more likely than not that fulfilling this obligation will lead to an outflow of economic resources. In addition, provisions may only be formed if the amount of the provision can be reliably estimated.

Non-current provisions are discounted – to the extent that the impact is material.

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Foreign currencies

Functional currency and reporting currency

The functional currency of a Group company is the currency of the primary economic environment in which the company operates. The company prepares its single-entity financial statements in the functional currency. This is euros for all of the companies.

The consolidated financial statements are prepared in euros as this is the functional currency of VIB Vermögen AG and is the reporting currency.

Transactions and balances

Foreign currency transactions are translated using the exchange rates on the date of the transaction in functional currency. Gains and losses that result from the fulfillment of these transactions and from translation at the closing rate of monetary assets and liabilities in foreign currency are recorded in the income statement.

Group companies

The functional currency for all group currencies is the euro.

Litigation and compensation claims

VIB Group companies are involved in various proceedings and official proceedings as part of their general business operations, and such proceedings may be initiated or asserted in future. Even if the outcome of the individual proceedings cannot be forecast with certainty as a result of the uncertainties associated with litigation, according to the current perspective there will not be a significant negative impact on the Group's earnings position that goes beyond the risks taken into account in the financial statements as liabilities or provisions.

Liabilities

The financial liabilities comprise liabilities and derivative financial instruments to be measured at fair value. Liabilities are carried at amortized cost.

Current liabilities (i.e., liabilities for which repayment is expected within twelve months of the balance sheet date) are carried at their repayment amounts. Non-current liabilities and financial liabilities are carried at amortized cost according to the effective interest rate method. Liabilities from finance leases are carried at the cash value of the minimum leasing payments.

In line with the definition of equity in IAS 32, equity is only present from the company's perspective if the corresponding financial instrument does not evidence a contractual obligation to repay capital or to deliver other financial assets. Repayment obligations from company assets can arise if (minority) shareholders have a right of termination and, at the same time, exercising this right evidences a compensation claim against the company. Any such capital provided by minority interests is carried as a liability, even if this is regarded as equity under the principles of the German Commercial Code. Compensation claims are carried at fair value.

Current items have a remaining term of up to one year, non-current items have a remaining term of more than one year.

Accounting and valuation assumptions and estimates

In certain cases, estimates have to be used and assumptions and presumptions have to be resorted to when preparing the consolidated financial statements. These can impact the amount and disclosure of assets, liabilities, income and expenses and the information in the notes. Estimates mostly relate to the useful lives of investment properties, the fair values of investment properties and the accounting for and valuation of provisions. The assumptions and estimates are based on presumptions that are based on the respective current knowledge. Developments in the general underlying economic conditions that differ from the assumptions and which are outside the management's sphere of influence may result in the actual amounts recorded differing from the original estimates.

On the date the consolidated financial statements were prepared, the assumptions and estimates used as a basis were not subject to any material risks. As a result of the use of the cost model for investment properties, from the current perspective it is not expected that any changes in the assumptions or estimates will have a major impact on the carrying amounts of the assets and liabilities in the consolidated balance sheet in coming years.

Acquisitions and sales and discontinued operations in fiscal years 2005 and 2006

VIB Vermögen AG executed a series of acquisitions in fiscal years 2005 and 2006, all of which were accounted for using the acquisition method. The transactions were associated with the further expansion of the portfolio of properties.

Acquisitions in 2006

In April 2006, VIB Vermögen AG acquired a 94.45% interest in Bürgerliches Brauhaus Ingolstadt AG. Four companies are included in the consolidated financial statements of Bürgerliches Brauhaus Ingolstadt AG. After renaming the company to become BBI Bürgerliches Brauhaus Immobilien AG (BBI AG), the company concluded a capital increase on December 18, 2006 by € 3,640,000 to € 5,200,000 as part of a private placement. Cash totaling € 46.41 million accrued to the company as a result of the capital increase.

VIB Vermögen AG did not participate in the BBI AG capital increase, its interest thus fell to 28.49% (as a result of the acquisition of a 0.14% interest at the end of December, the interest

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totaled 28.63% on December 31, 2006.) BBI AG was fully consolidated in VIB Vermögen AG's consolidated financial statements from May to the middle of December 2006 as a subsidiary. After the company was deconsolidated in mid-December 2006, the earnings for the period after deconsolidation were recorded as Profit from associates taking into account the proportionate interest.

In addition, VIB Vermögen AG acquired a 5.5% interest in MV Verwaltungs GmbH in July 2006. The company was merged retroactively as of January 1, 2006 with VIB Vermögen AG's wholly owned subsidiary Merkur GmbH. In December 2006, VIB Vermögen AG acquired a 6.02% interest in Schleifmühlweg-Verwaltungs GbR. VIB Vermögen AG absorbed the company's assets on December 29, 2006.

VIB Vermögen AG increased its participation in VIMA Grundverkehr GmbH by 2.5% to 50%. As a result of the lack of a controlling influence, the company was included in the consolidated financial statements at equity, as in previous years.

For further information, please see note 35.

Discontinued operations in 2006

As of December 31, 2006, the company carried income from discontinued operations in its income statement. This includes the loss in the period of full consolidation (May to mid-December 2006) for the brewery activities of the Herrenbräu Group included in BBI AG's consolidated financial statements in the amount of € 186 thousand. As BBI AG was included in VIB Vermögen AG's consolidated financial statements at equity as of December 31, 2006, the consolidated balance sheet at the end of the year does not include any activities within the meaning of IFRS 5.

Acquisitions in 2005

In March 2005, VIB Vermögen AG acquired a further 75.0% Interest in Gewerbepark Günzburg GmbH. VIB Vermögen had held a 12.5% interest in this company since December 28, 2004. The purchase price for the 75% interest totaled € 1,994 thousand. As part of first time consolidation, the carrying amounts of the investment properties were increased by hidden reserves in the amount of € 3,197 thousand. The remaining goodwill totaling € 108 thousand was recognized in income.

In fiscal year, 2005, VIB Vermögen AG increased its participating interest in VR 1 Immobilienverwaltung GbR in two transactions from 87.88% to 94.94%. The dates of the acquisition were January 1 and December 31, 2005. The acquisition costs of both acquisitions totaled € 148 thousand. As part of the acquisitions, the investment properties in the balance sheet were partially revalued in the amount of € 105 thousand. Fair values, taking into account deferred taxes, exceeded acquisition costs in the amount of € 173 thousand, and this was recognized in income as other operating income.

Risk management

The Group is exposed to various financial risks, which result from its operations and financing activities. The key financial risks for the Group are from changes in interest rates and its counterparties' credit ratings and ability to make payment.

Financial risk management within the Group is based on principles stipulated by the management. These include interest rate, market, credit and liquidity risks. There are also principles and guidelines for other areas, such as liquidity management and the procurement of short and long-term loans.

Financial risk management aims to secure, to the extent necessary, the various risks detailed above, and thus to limit the negative impact on the Group's income statement and balance sheet. Taking into account the principle of separation of duties, the financial risks to which the Group is exposed, are measured, monitored and actively controlled using various activities.

| Notes on the balance sheet and income statement

1. Revenues

The Group's revenues are composed as follows:

€ thousand	2006	2005
Income from rentals	12,571	7,653
Income from the sale of land with buildings and apartments	567	1,160
other income	156	0
	13,294	**8,813**

All of the companies included in the consolidated financial statements manage and let real estate to generate rental income. VIB Vermögen AG and Merkur GmbH sold properties in 2006.

2. Change in inventories

The properties carried as inventories as of December 31, 2005 and held for sale were carried under advance payments and assets under construction as of December 31, 2006. Additions during the fiscal year were capitalized directly under non-current assets.

3. Other operating income

Other operating income is composed as follows:

€ thousand	2006	2005
Income from the reversal of negative goodwill from capital consolidation	5,882	173
Income from the deconsolidation of BBI Bürgerliches Brauhaus Immobilien AG	2,356	0
Other operating income	283	160
	8,521	**333**

The income disclosed from the reversal of negative goodwill from capital consolidation in the amount of € 5,882 thousand (previous year: € 173 thousand) results within the meaning of IFRS 3.56 (b) from first-time consolidation transactions, as the fair values of the carried identifiable assets, liabilities and contingent liabilities exceed the acquisition costs of the business combination. After renewed assessment of the remaining difference, this must be recognized in income immediately according to IFRS 3.56 (b).

Income from first-time consolidation is due to the reduction in the proportionate interest held by the VIB Group in BBI Bürgerliches Brauhaus Immobilien AG (BBI AG), as VIB Vermögen AG did not participate in BBI AG's capital increase. The regulations for the partial sale with a change in status led to further other operating income as a result of the positive value of the deconsolidated assets, for which the new shareholders, as part of the capital increase, paid a "quasi selling price" which exceeded the Group's acquisition costs, which includes the existing hidden reserves and future prospects of success.

The realized negative differences (badwill) stem from the acquisition and first time consolidation of the following companies:

Name and registered office of the company	€ thousand
2006	
Schleifmühlweg-Verwaltungs GbR, Neuburg/Donau	47
BBI Bürgerliches Brauhaus Immobilien AG, Ingolstadt	5,835
	5,882
2005	
VR 1 Immobilienverwaltung GbR, Neuburg/Donau	173
	173

4. Expenses relating to investment property

The expenses relating to the leased investment properties are composed as follows:

€ thousand	2006	2005
Expenses for rented land and buildings		
Land expenses	2,011	1,269
Maintenance expenses	330	126
Other expenses	50	94
	2,391	**1,489**

5. Cost of materials

The cost of materials comprises the following:

€ thousand	2006	2005
Expenses for land held for sale and construction activities		
Construction work on land held for sale	306	1,126
Acquisition of land held for sale	0	1,410
	306	**2,536**

6. Personnel expenses

€ thousand	2006	2005
Wages and salaries	608	337
Social security contributions	115	59
	723	**396**

The VIB Group (excluding BBI) had an average of seven employees without the Managing Board (previous year: four employees).

7. Other operating expenses

Other operating expenses increased year-on-year from € 751 thousand to € 1,506 thousand. This is due to the substantial increase in the volume of business – in particular for the parent company VIB Vermögen AG.

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8. Amortization and depreciation

€ thousand	2006	2005
Scheduled depreciation of investment properties	2,971	1,837
Scheduled depreciation of property, plant and equipment	149	124
Other amortization/depreciation	0	108
	3,120	**2,069**

9. Income from securities, loans, participating interests and interests in associated companies

Income from securities, loans, participating interests and interests in associated companies is due to the following interests in associated companies:

€ thousand	2006	2005
BBI Bürgerliches Brauhaus Immobilien AG	15	0
VIMA Grundverkehr GmbH	42	-4
	57	**-4**

10. Other interest and similar income

Other interest and similar income in the amount of € 506 thousand (previous year: € 127 thousand) is mostly due to interest on current account balances and demand deposits as well as loans on financial assets.

11. Interest and similar expenses

Interest and similar expenses in the amount of € 3,367 thousand (previous year: € 2,304 thousand) is mostly due to interest on liabilities to banks and a loan drawn down.

12. Income taxes

Income taxes are composed as follows:

€ thousand	2006	2005
Actual tax expense	851	-121
Deferred tax liabilities from temporary differences	-105	487
Deferred tax expense (income) relating to tax loss carryforwards	0	0
Total income tax expense	**746**	**366**

The following reconciliation statement shows the differences between the effective income tax expenses and the anticipated income tax expense. The anticipated income tax expense is given by the profit before tax multiplied by the anticipated tax rate. The anticipated income tax rate includes the German corporation tax as well as the solidarity surcharge due on this amount. As a result of the further reduction in trade tax, this is not included in this tax rate. The anticipated tax rate is thus 26.375 %.

€ thousand	2006	2005
Profit before income taxes (after other taxes)	10,703	1,275
anticipated income tax rate: 26,375%		
Anticipated income tax expense	2,823	336
Impact from bargain purchase	-1,552	-46
Deconsolidation income	-621	0
Amortization of goodwill	2	28
Taxes previous year	-44	-127
Losses from extraordinary and supplementary financial statements	101	102
Losses from companies fully consolidated during the year	115	0
Tax impact of subsidiaries and equity participations	-153	0
Other	75	73
Disclosed income tax expense	**746**	**366**
Effective tax rate	6.97 %	28.73 %

The lower tax rate is mostly due to the reversal of badwill as a result of capital consolidation and deconsolidation, which is not offset by any ongoing or deferred tax expenses.

13. Losses from discontinued operations

As part of the acquisition of the interest in BBI Bürgerliches Brauhaus Immobilien AG (formerly Bürgerliches Brauhaus Ingolstadt AG), this company’s subsidiary Herrnbräu GmbH & Co. KG and additional companies that are immaterial from the Group's perspective were acquired. These direct and indirect subsidiaries are carried as discontinued operations. The proportionate profit from the brewery activities is carried for the period in which BBI AG was fully consolidated from May to mid-December 2006.

14. Minority interests

The consolidated profit in the amount of € 9,771 thousand include minority interests (Gewerbepark Günzburg GmbH) totaling € 1 thousand.

15. Basic earnings per share

Basic and diluted earnings per share are calculated based on the following information:

€ thousand	2006	2005
EARNINGS		
Basis for the basic earnings per share (allocable proportionate period earnings for shareholders of parent company)	9,770	829
Impact of dilutive potential shares	0	0
Basis for diluted earnings per share	9,770	829
NUMBER OF SHARES (in shares)		
Weighted average number of shares for basic earnings per share	10,845,187	5,254,703
Impact of dilutive potential shares: stock options	0	0
Weighted average number of shares for diluted earnings per share	10,845,187	5,254,703
Basic earnings per share (€)	**0.90**	**0.16**

Dividends

In fiscal year 2006, according to the resolution of the General Meeting on July 27, 2006, an amount of € 587,520.00 was disbursed from VIB Vermögen AG's net retained profits. This corresponds to a dividend of € 0.06 per share.

The Managing and Supervisory Boards of VIB Vermögen AG will propose to the shareholders at the company's General Meeting for fiscal year 2006 that a dividend of € 0.20 per existing share is disbursed from VIB Vermögen AG's net retained profits (total of € 1,958,400.00).

16. Intangible assets and property, plant and equipment

€ thousand	Intan-gible assets	Technical equipment and machinery	Other equipment, operating and office equipment	Payments on account and assets under con-struction	Total
Acquisition costs As of January 1, 2005	**5**	**38**	**2,062**	**2,776**	**4,881**
Changes in group of consolidated companies	0	41	71	0	112
Additions	0	0	164	11	175
Disposals	0	0	0	-2	-2
Reclassification to investment properties	0	0	0	-2,774	-2,774
As of December 31, 2005	**5**	**79**	**2,297**	**11**	**2,392**
Amortization / depreciation as of January 1, 2005	**3**	**6**	**1,034**	**0**	**1,043**
Changes in group of consolidated companies	0	25	46	0	71
Additions	0	7	117	0	124
Balance at Dec. 31, 2005	**3**	**38**	**1,197**	**0**	**1,238**
Carrying amount December 31, 2005	**2**	**41**	**1,100**	**11**	**1,154**
Carrying amount January 1, 2005	**2**	**32**	**1,028**	**2,776**	**3,838**

€ thousand	Intan-gible assets	Technical equipment and machinery	Other equipment, operating and office equipment	Payments on account and assets under con-struction	Total
Acquisition costs As of January 1, 2006	**5**	**79**	**2,297**	**11**	**2,392**
Additions	0	0	60	9,289	9,349
Disposals	0	-15	-19	0	-34
Reclassifications	0	-38	38	0	0
As of December 31, 2006	**5**	**26**	**2,376**	**9,300**	**11,707**
Amortization / depreciation as of January 1, 2006	**3**	**38**	**1,197**	**0**	**1,238**
Additions	0	7	142	0	149
Disposals	0	-14	-19	0	-33
Reclassifications	0	-11	11	0	0
Balance at Dec. 31, 2006	**3**	**20**	**1,331**	**0**	**1,354**
Carrying amount December 31, 2006	**2**	**6**	**1,045**	**9,300**	**10,353**
Carrying amount January 1, 2006	**2**	**41**	**1,100**	**11**	**1,154**

17. Investment property

€ thousand	2006	2005
Aquisition costs as of January 1	**93,469**	**50,687**
Changes in group of consolidated companies	137	13,059
Additions	48,719	29,723
Disposals	0	0
Balance as of December 31	**142,325**	**93,469**
Amortization / depreciation as of January 1	**11,768**	**7,799**
Changes in group of consolidated companies	-251	2,132
Additions	2,971	1,837
Disposals	0	0
As of December 31	**14,488**	**11,768**
Carrying amount December 31	**127,837**	**81,701**
Carrying amount January 1	**81,701**	**42,888**
Fair values December 31	**175,663**	**107,821**

The investment property (IAS 40) is property from the company's core business that is held for rental and to increase value. The company accounts for the properties using the cost model. The properties are written down over their useful economic lives.

The properties are mostly commercial properties, which are mostly let long term to well-known commercial tenants.

The investment properties are encumbered with land charges and mortgages in connection with the long and short term financial liabilities taken out for financing.

18. Investments in associates

The investments in companies included in the consolidated financial statements as associated companies were included in the consolidated financial statements in line with the equity method set out in IAS 28, and were measured at the corresponding revalued equity.

€ thousand	2006	2005
BBI Bürgerliches Brauhaus Immobilien AG	17,418	0
VIMA Grundverkehr GmbH	189	141
	17,607	**141**

The at-equity participations changed as follows in fiscal year 2006:

€ thousand	BBI Bürger-liches Brau-haus Immo-bilien AG	VIMA Grund-verkehr GmbH
Balance at January 1, 2006	**0**	**141**
Acquisition of interests	0	6
Addition from change of status	17,403	0
Proportion of annual earnings 2006	15	42
As of December 31, 2006	**17,418**	**189**

19. Financial assets

€ thousand	2006	2005
Aquisition costs as of January 1	**178**	**178**
Additions	2,253	0
Disposals	-300	0
Net carrying amount on December 31	**2,131**	**178**
Composition of financial assets		
Interest - Tilly-Immobilie Verwertungs GmbH	93	93
Loan - VIMA Grundverkehr GmbH	2,038	85
Financial assets December 31	**2,131**	**178**

The financial assets include a participation in Tilly-Immobilie Verwertungs GmbH and a loan to VIMA Grundverkehr GmbH. As VIB Vermögen AG does not exert a significant influence over the first company, the interest is carried as a financial asset.

20. Inventories

The inventories carried as of December 31, 2006 relate to raw materials, consumables and supplies from Gewerbepark Günzburg GmbH.

The properties carried under inventories last fiscal year were reclassified as of December 31, 2006 to property, plant and equipment as a result of fact that these were no longer held for sale, and carried under advance payment and assets under construction.

21. Receivables and other assets

€ thousand	2006	2005
Trade accounts receivable	645	677
Other assets	480	1,756
	1,125	**2,433**

Trade accounts receivable are mostly from the Group companies' rental business and relate to rent and incidental costs. Individual write downs were required in the amount of € 6 thousand (previous year: € 0 thousand).

The year-on-year downturn in other assets is based in particular in the removal of tax refunds (€ 448 thousand), the receipt of receivables as a result of the sale of properties (€ 580 thousand), refund claims from corporate transactions (€ 88 thousand) and the redemption of loans to minority interests (€ 161 thousand).

All accounts receivable and other assets have a residual term of less than one year.

22. Cash and cash equivalents

This item is used to disclose cash in hand and bank balances with a term of less than three months as well as financial securities with an original term of less than three months. This disclosure is mostly by VIB Vermögen AG (€ 2,056 thousand).

23. Equity

Subscribed capital

VIB Vermögen AG's subscribed capital in the amount of € 12,188,000 comprises 12,188,000 shares. The capital was increased from € 9,792,000 by € 2,396,000 to € 12,188,000 by way of a cash capital increase on July 24, 2006.

Share premium

The share premium is VIB Vermögen AG's share premium. This mostly includes the premium on the capital increases implemented in fiscal years 2005 and 2006. In fiscal year 2006, the share premium increased as a result of the cash capital increase on July 24, 2006 by € 14,855 thousand. The expenses for the capital increase in the amount of € 253 thousand less deferred taxes (€ 67 thousand) are included in the capital reserve.

Retained profit

This is VIB Vermögen AG's retained profit. As part of it annual financial statements as of December 31, 2006, the company added € 4 thousand to retained profit.

Net income

The Group's net retained profit stems from the previous year's net retained profit less the disbursement on the net income for the previous year (€ 588 thousand), the addition to retained profit (€ 4 thousand), minority interests (€ 1 thousand) plus the ongoing consolidated net income from fiscal year 2006 (€ 9,771 thousand).

Minority interests

Minority interests is due to the participating interest in Gewerbepark Günzburg GmbH.

Authorized capital

The existing authorized capital was fully used by the capital increase on July 24, 2006. New authorized capital was created by way of a resolution by the General Meeting on July 17, 2006 via a change to the articles of incorporation. As a result of the resolution, the Managing Board was authorized, with the approval of the Supervisory Board, to increase the share capital in the period through to July 26, 2011 on one or several occasions by a total of up to € 4,896,000 by issuing new, no-par value shares against cash or non-cash contributions. As a rule, shareholders are to be granted subscription rights. With the approval of the Supervisory Board, the Managing Board can decide on the content of the share rights and the conditions of the issue as well as the details of the implementation of the capital increase. However, the shareholders' subscription rights can be excluded with the approval of the company's Supervisory Board in the cases stipulated in the resolution.

24. Profit-participation certificates

VIB Vermögen AG issued profit-participation rights with a repayment amount of € 675 thousand in 2003. The profit-participation certificates bear interest of 5% in the event of profits. The profit-participation certificates participate in losses, and in the event of liquidation or insolvency proceedings, they are served after other creditors have been satisfied.

The profit-participation certificates have an indefinite term. The holders of the profit-participation certificates and VIB Vermögen AG can terminate the profit-participation rights at the earliest with a notice period of two years to the end of the year from the date of their issue.

25. Non-current financial debt

€ thousand	2006	2005
Remaining term between 1 and 5 years	13,955	13,500
Remaining term more than 5 years	45,950	35,032
	59,905	**48,532**

Financial debt exclusively includes interest-bearing liabilities.

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The financial liabilities with a term of more than twelve months are loans for the following Group companies:

€ thousand	2006
VIB Vermögen AG	46,006
Merkur GmbH	2,061
Industriepark Neuburg GbR	5,494
Gewerbepark Günzburg GmbH	6,344
	59,905

The non-current financial liabilities are secured by land charges on the investment properties and the pledging of rental claims and a securities account.

26. Minority interests (partnerships)

The minority interests are for compensation claims by minority shareholders for the partnerships included in the consolidated financial statements that are not carried under equity according to IAS 32. As a result of agreements under company law, the compensation obligations are measured at fair value.

The changes in minority interests (partnerships) are based on the first-time consolidation under equity of the corresponding amount from the acquisition of the outstanding 6.02% of Schleifmühlweg-Verwaltungs GbR in 2006 and the change in fair value recorded under the net interest with regard to other companies in the amount of € -95 thousand (previous year: € 11 thousand).

27. Derivative financial instruments

The Group uses interest rate swaps to optimize interest expenses connected with the bank loans drawn down. The swaps do not qualify as cash flow hedges.

The change in the fair value of the swaps was recognized in the income statement (€ -214 thousand, previous year: € -260 thousand).

The swap transactions hat a total nominal value of € 10,000 thousand on December 31, 2006, the corresponding market value on the balance sheet date was € -474 thousand.

28. Deferred tax assets and liabilities

Deferred taxes result from the different carrying amounts under IFRS and the tax base for the Group companies and from consolidation activities.

The deferred tax liabilities and the deferred tax assets are spread among the following items:

€ thousand	2006	2005
Deferred tax assets		
Property, plant and equipment	26	53
Investment property	1,202	1,257
Derivative assets	128	68
Liabilities	402	383
Total deferred tax assets	**1,758**	**1,761**

€ thousand	2006	2005
Deferred tax liabilities		
Investment property	3,105	3,191
Investment in associates	153	0
Total deferred tax liabilities	**3,258**	**3,191**
Netting of deferred tax assets and liabilities	**1,758**	**1,761**
Carrying amount - deferred tax assets	**0**	**0**
Carrying amount - deferred tax liabilities	**1,500**	**1,430**

No deferred tax assets were formed for existing tax losses carried forwards, as it does not appear to be sufficiently certain that it will be possible to use the losses carried forwards.

29. Current financial debt

The current financial debt relates to current borrowings from banks. This item includes current account credit lines that can be terminated at short notice and redemption payments for long-term loans due within one year of the balance sheet date.

Current liabilities to banks are from the following companies:

€ thousand	2006
VIB Vermögen AG	18,806
Merkur GmbH	79
VR 1 Immobilienverwaltung GbR	1,438
Industriepark Neuburg GbR	520
	20,843

The current financial liabilities are secured by land charges and the pledging of rental claims and a securities account.

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30. Provisions

The amounts carried as provisions relate to transactions from fiscal year 2006 or earlier years, that have led to a current obligation by the company and which are expected to lead to an outflow of resources. However, there is uncertainty surrounding the date on which these will become due and the exact amount of the liability.

The disclosure covers payments not yet settled in connection with a construction project which was not properly transferred to the company (€ 330 thousand) and anticipated risks from the external tax audit for 2002-2004 (€ 44 thousand).

31. Liabilities from income taxes

The liabilities from income taxes relate to ongoing tax liabilities for 2006 for VIB Vermögen AG.

32. Current other liabilities

€ thousand	**2006**	2005
Trade accounts payable	1,120	412
Liabilities to shareholders	0	66
Liabilities from land transfer tax	1,876	874
Liabilities - income and church tax	10	11
Liabilities - operating taxes	69	120
Outstanding invoices	123	55
Purchase price liabilities TM AG & Co. KG and VR 1 GbR	0	373
Other liabilities	562	699
	3,760	**2,610**

33. Segment reporting

Please refer to the comments under Item C for segment reporting.

34. Cash flow statement

The consolidated cash flow statement shows how the VIB Group's cash and cash equivalents has changed in 2006 and 2005. Cash flows are broken down in line with IAS 7 into cash flows from operating activities, financing activities and financing activities.

The cash and cash equivalents in the amount of € 2,257 thousand (previous year: € 21,418 thousand) comprises the balance sheet items cash and cash equivalents, which includes checks, cash on hand, bank balances as well as financial securities with an original term of less than three months.

The cash flow statement beings with consolidated earnings. The cash flow from operating activities shows the surplus income before any funds are tied up. The cash flow from operating activities also includes the change in working capital.

35. Explanations of corporate acquisitions

During fiscal year 2006, the VIB Group acquired interests in BBI Bürgerliches Brauhaus Immobilien AG (previously Bürgerliches Brauhaus Ingolstadt AG), Schleifmühlweg-Verwaltungs GbR and MV Verwaltungs GmbH.

The following acquisition of the interest in BBI Bürgerliches Brauhaus Immobilien AG discussed separately below is material within the meaning of IFRS 3.68.

BBI Bürgerliches Brauhaus Immobilien AG (formerly Bürgerliches Brauhaus Ingolstadt AG)

VIB Vermögen AG acquired a 94.45% interest in BBI Bürgerliches Brauhaus Immobilien AG in May 2006 (formerly Bürgerliches Brauhaus Ingolstadt AG, hereinafter BBI AG). The BBI Group has been included in VIB Vermögen AG's consolidated financial statements since May 2006.

The purchase price for the acquired company totaled € 9,688 thousand in cash (including incidental acquisition costs). The acquired assets and liabilities resulted in negative goodwill totaling € 5,835 thousand, which was recognized in income and carried in the income statement under other operating income.

The (consolidated) earnings of the acquired companies totaled € -435 thousand for the period in which they were fully consolidated. This does not include the other operating income from the reversal of negative goodwill from capital consolidation.

The acquired assets and liabilities in BBI AG's consolidated financial statements are as follows:

€ thousand	Carrying amounts	Fair Value
Intangible assets	984	984
Property, plant and equipment	9,116	9,116
Investment property	12,516	23,065
Investments in associated companies	198	198
Non-current other financial assets	2,034	2,034
Total non-current assets	**24,848**	**35,397**
Inventories	1,128	1,128
Trade accounts receivable	1,410	1,410
Current other financial assets	998	998
Other receivables and other assets	483	483
Income tax receivables	53	53
Cash and cash equivalents	78	78
Total current assets	**4,150**	**4,150**
Total assets	**28,998**	**39,547**
Financial liabilities	5,786	5,786
Other non-current liabilities	177	177
Provisions for pensions	963	963
Deferred taxes	3,986	8,206
Total non-current liabilities	**10,912**	**15,132**
Financial liabilities	5,418	5,418
Trade accounts payable	990	990
Other current liabilities	659	938
Provisions for taxes	23	23
Current other provisions	699	699
Total current liabilities	**7,789**	**8,068**
Total equity and shareholders' liabilities	**18,701**	**23,200**
Net assets		**16,347**
Less minority interests		-824
Acquired net assets		**15,523**

The fair values to be revalued autonomously according to IFRS 3, i.e., without being linked to the existing carrying amounts under local accounting standards, were determined according to the uniform accounting policies used throughout the VIB Group. The major valuation differences were for investment properties.

The acquired cash and cash equivalents totaled € 78 thousand.

Income from first-time consolidation is due to the reduction in the proportionate interest held by the VIB Group in BBI Bürgerliches Brauhaus Immobilien AG (BBI AG), as VIB Vermögen AG did not participate in BBI AG's capital increase. The rules for a partial sale with a change of status led to additional other operating income (€ 2,356 thousand) as a result of the positive value of the deconsolidation assets (€ 10,866 thousand), for which the new shareholders paid a quasi-selling price in excess of the Group acquisition costs including the existing hidden reserves and future prospects of success (totaling € 13,222 thousand).

Other acquisitions in 2006

By way of a purchase agreement dated December 29, 2006, VIB Vermögen AG acquired a 6.02% interest in Schleifmühlweg-Verwaltungs GbR at an price of € 200 thousand. The company was already included in the consolidated financial statements on December 31, 2005. On the date of the acquisition, the assets of Schleifmühlweg-Verwaltungs GbR were partially revalued in the amount of € 136 thousand (investment properties). The negative difference of € 47 thousand resulting from consolidation of the acquisition was recognized immediately as other operating income in 2006.

By way of a resolution dated December 29, 2006, Schleifmühlweg-Verwaltungs GbR was absorbed by VIB Vermögen AG. All of the effects from the absorption were consolidated in the consolidated financial statements as of December 31, 2006.

Merkur GmbH (subsidiary of VIB Vermögen AG) acquired a 5.5% interest in MV Verwaltungs GmbH for € 110 thousand by way of a notarized purchase agreement dated July 27, 2006, thus increasing its participating interest to 100%. As there are no hidden reserves in MV Verwaltungs GmbH's assets, the goodwill resulting from capital consolidation totaling € 7 thousand was taken directly to income.

MV Verwaltungs GmbH was merged retroactively with Merkur GmbH as of January 1, 2006 by way of a merged agreement dated August 16, 2006. All of the effects from the merger were consolidated in the consolidated financial statements as of December 31, 2006.

36. Other financial liabilities and contingent liabilities

There were no other financial liabilities by group companies to third parties on the balance sheet date. There were no contingent liabilities as of December 31, 2006.

37. Executive Bodies

During fiscal year 2006, Ludwig Schlosser (mathematics graduate), Neuburg/Donau was VIB Vermögen AG's sole Managing Board member.

Mr. Schlosser's held the following positions in controlling bodies on December 31, 2006:

- Chairman of the Supervisory Board of BBI Bürgerliches Brauhaus Immobilien AG, Ingolstadt
- Chairman of the Supervisory Board of Raiffeisen-Volksbank Neuburg/Donau eG, Neuburg

The following were members of the Supervisory Board in fiscal year 2006:

- Franz-Xaver Schmidbauer, Chairman
- Mr. Rolf Klug
- Mr. Hans-Peter Fleißner

The Supervisory Board received total net remuneration of € 9,000 in fiscal year 2006.

38. Related parties

According to IAS 24, related parties are persons or companies which can be influenced by the reporting enterprise, or which can influence the enterprise.

There are no known transactions between the Group and related parties.

39. Employees

The company had an average of seven employees in fiscal year 2006 (previous year: four employees).

40. Key events after the balance sheet date

At the end of January 2007, VIB Vermögen AG paid the remaining installment of around € 22 million of the purchase price for the parcel of logistics premises (total investment costs around € 47 million). Net borrowing of € 21 million was taken out in this regard. The rental income for this pat of the parcel of logistics properties will accrue to the company from February 2007.

The company hired three additional employees for real estate acquisition, real estate management and the secretarial office as of February 2007.

At the end of February 2007, construction started on the construction stages II-IV of "Donau-CityCenter, Ingolstadt". During this construction, a property with retail space (ground floor) and offices and practices (second to fourth floors) and a parking garage will be built. Completion and transfer to the existing tenants is scheduled for the end of 2007.

Additional properties in Regensburg were acquired at the start of March 2007. These include a fully-let office property and parking areas that have been let long-term. The total investment volume is around € 14.1 million.

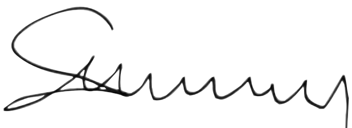
At the start of April 2007, VIB Vermögen AG purchased two high-yield production and logistics properties in Neufahrn by Munich and in Wackersdorf. In addition, it also acquired land in Neufahrn which will be developed for a construction project. The total investment volume is around € 41 million.

On April 18, 2007, a shopping center was acquired in Gersthofen. The total purchase costs are around € 14.0 million.

The company implemented a capital increase in March 2007 to finance the investments planned for fiscal year 2007. VIB Vermögen AG issued a total of 4,896,000 new bearer shares against cash contributions while using its entire authorized capital. The shares have a theoretical interest of € 1.00 and carry full dividend rights from January 1, 2007. The issuing price per share was € 10.90. The gross proceeds from the issue total € 53,366,400.00. The company's share capital increased to € 17,084,000 when the capital increase was completed. VIB Vermögen AG announced the planned capital increase in a press release dated February 27, 2007, and at the same time it announced the its calculated net asset value (NAV) as of December 31, 2006 as being € 10.16 per share.

Neuburg, May 2007

VIB Vermögen AG



The Managing Board

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Date: 31. Mai 2007

Photography:
cap - Agentur für Kommunikation und Werbung
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