2007

Annual Report

VIB Vermögen AG

Group indicators (IFRS) – overview

€ thousand	2007	2006
Revenues	22,172	13,294
Operating income	26,707	21,815
EBIT	20,103	13,769
EBIT margin	75.3%	63.1%
Pre-tax earnings (EBT)	14,669	10,965
EBT margin	54.9%	50.3%
Consolidated net income	12,425	9,771
Cash flow from operating activities	17,598	13,349
Net retained profits (VIB Vermögen AG)	3,417	1,958
Equity	194,372	71,535
Equity ratio	37.7%	44.3%
Net debt	280,119	79,166
Level of debt	166%	126%
Net Asset Value (NAV)	190,894	123,772
NAV per share	11.17 €	10.16 €
Earnings per share (basic)	0.78 €	0.90 €
Dividends per ordinary share*	0.20 €	0.20 €

* Proposal by management

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| Letter to shareholders

Dear shareholders, dear readers,

We are pleased to present you with the 2007 Annual Report for another record year. Through judicious new investments in attractive commercial properties, we drove up our revenues and income once again in 2007. Our total operating income rose by 22.4% year-on-year to € 26.7 million. Even more significant for operations is the growth in revenues, chiefly from rental income, which we lifted from € 13.3 million to € 22.2 million, an increase of around 67%. Our profit before taxes climbed to € 14.7 million. With an EBT margin of 54.9%, we thus demonstrated our considerable earnings strength yet again and posted a new record result as well. The consolidated profit (IFRS) also improved by around 27% in the year under review to € 12.4 million. We therefore plan to distribute the entire net retained profit reported in our HGB financial statements for the past fiscal year. This corresponds to a dividend of € 0.20 per share.

Earnings also rose following the successful acquisition of BBI Bürgerliches Brauhaus Immobilien AG. We increased our share in this Ingolstadt-based real estate company in December 2007 from around 28.5% to just under 70% initially and then to over 81% by the reporting date. The investment volume of € 24.9 million secured us a majority holding in a high-return portfolio comprising 14 historical properties in the Ingolstadt/Neuburg area as well as 16 retail properties in Southern Germany that have been let long term. Other properties are in the project planning stage and will subsequently be transferred to the company. In addition, BBI AG is the parent company of Herrnbräu, a specialist brewery in Ingolstadt with a long tradition in brewing wheat beer. The new companies were fully consolidated at the start of the 2008 fiscal year, which will also make BBI AG's earnings power completely visible in our income statement for the coming fiscal year and thereafter. As a result of the majority acquisition and the new investments made, VIB Vermögen AG currently has a real estate portfolio with a rental area of some 500,000 m², now twice the size of the previous year. We have thus reinforced our leading position as a portfolio manager for commercial real estate in the fast-growing Southern German region for the long term. Building on this position, we intend to continue to expand substantially over the next few years.

The commercial real estate market provides a wealth of opportunities for this; the transaction volume for commercial properties surged to a new record level of € 55 billion in 2007, showing that there was sustained interest in German real estate in spite of the financial crisis that emerged in 2007. However, foreign investors who in the past had borrowed heavily to finance investments have been withdrawing from the German market in recent months as a consequence of the financing banks' increasingly restrictive lending policies. Our company, among others, is reaping the benefits of this situation as our financing strategy in past years was deliberately conservative

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with use of a high proportion of equity. This gives us room for maneuver in our investment activities, enabling us to profit from the slight drop in purchase prices during the year. In this way, we will continue to ensure high rental returns and cement our position as one of Germany's most profitable real estate companies.

To continue our systematic growth drive, we have made additional investments in the fiscal year that has already begun. On the back of these investments and the projects under development, we expect operating income to rise to € 42.5 million in the 2008 fiscal year. We are also forecasting double-digit growth in profit before taxes to around € 17 million. The anticipated positive earnings will help to further improve VIB Vermögen AG's intrinsic value. We achieved this last year with a net asset value (NAV) of € 11.17 per share. Even though this is not reflected in our share price at present, the share price is expected to track the strong development of business as optimism on the capital markets increases.

April 30, 2008

Ludwig Schlosser
The Managing Board

| Report of the Supervisory Board of VIB Vermögen AG for the 2007 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 briefed in detail on current, key transactions.

Supervisory Board, meetings and resolutions

Eight meetings of the Supervisory Board were held in the period under review, each of which was 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 at the meetings, in particular possible investments or corporate actions, and the resolutions required by law or the articles of incorporation were passed.

At the Supervisory Board meeting on March 5, 2007, the Managing Board and the Supervisory Board resolved to introduce the German Corporate Governance Code and submit a joint declaration of compliance in accordance with Section 161 of the Aktiengesetz (AktG – German Stock Corporation Act). This declaration of compliance was made permanently accessible to shareholders on the company's website.

The resolution for decision by the General Meeting on July 26, 2007 was passed at the meeting on May 21, 2007. At the meeting on November 19, 2007, the Managing Board and the Supervisory Board discussed the acquisition of the majority shareholding in BBI Bürgerliches Brauhaus Immobilien AG at length and passed a corresponding resolution.

Hans-Peter Fleißner left the Supervisory Board of his own volition. Jürgen Wittmann, the CEO of Sparkasse Ingolstadt, has acted as a member of the Supervisory Board since July 4, 2007.

The Supervisory Board did not form any committees in fiscal year 2007.

2007 annual financial statements and consolidated financial statements

The Supervisory Board reviewed the annual financial statements prepared by the Managing Board in accordance with the provisions of the Handelsgesetzbuch (HGB – German Commercial Code) as of December 31, 2007 and discussed them at the meeting on April 29, 2008 together with the report by S&P GmbH Wirtschaftsprüfungsgesellschaft, Augsburg, on the voluntary review of the 2007 annual financial statements. The audit of the 2007 annual financial statements did not lead to any changes. An unqualified auditor's opinion was issued. The annual financial statements as of December 31, 2007 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 2007 consolidated financial statements (IFRS) prepared by the Managing Board together with the report by S&P GmbH Wirtschaftsprüfungsgesellschaft, Augsburg, on the review conducted were discussed at the meeting on April 29, 2008. The audit of the 2007 annual financial statements did not lead to any changes. An unqualified auditor's opinion was issued. The consolidated financial statements as of December 31, 2007 were approved by the Supervisory Board. In addition, at the meeting on April 29, 2008 the Supervisory Board agreed the resolution for decision by the General Meeting on June 25, 2008.

The Supervisory Board is very pleased with VIB Vermögen AG's economic growth and supports the Managing Board in its strategy of further expanding the portfolio of commercial properties.

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/Donau, April 29, 2008

On behalf of the Supervisory Board

Franz-Xaver Schmidbauer, Vorsitzender

| Corporate Governance

Declaration of conformity by the Managing and Supervisory Boards of VIB Vermögen AG within the meaning of Section 161 of the Aktiengesetz (AktG – German Public Limited Companies Act)

In accordance with Section 161 of the AktG, the Managing and Supervisory Boards of companies listed on the stock exchange are required to make an annual declaration that their company has complied with and will comply with in the future the recommendations of the "Government Commission of the German Corporate Governance Code" as published by the Federal Ministry for Justice in the official section of the electronic federal gazette, stating which recommendations were not or will not be applied. This declaration must made permanently available to the shareholders.

VIB Vermögen AG is exempted from this requirement as it is included in OTC trading. However, the company feels obligated in its own interests and in the interests of its shareholders to act in compliance with the Code.

The following declaration refers to the Code in the version dated June 12, 2006 (published in the federal gazette on July 24, 2006) for the period up to July 20, 2007 and the Code in the version dated June 14, 2007 (published in the federal gazette on July 20, 2007) for the period after July 21, 2007).

VIB Vermögen AG's Managing and Supervisory Boards declare that the company has corresponded to the recommendations of the "German Corporate Governance Code Government Commission" since its last declaration of conformity dated March 5, 2007, with the following exceptions:

1. Item 4.2.1 of the Corporate Governance Code

The Company was and is represented by a single Managing Board member.

2. Item 4.2.3 paragraph 6 (and paragraph 4 in the old version) and 4.2.5 of the Corporate Governance Code

No detailed information was or is provided on the remuneration system for the Managing Board.

3. Item 5.3 of the Corporate Governance Code

On account of the size of the company, no Supervisory Board committees have been formed.

4. Item 5.4.1 sentence 2 of the Corporate Governance Code

The company has not set an age limit for the members of its Supervisory Board.

5. Item 7.1.1 sentence 1 of the Corporate Governance Code

The company did not and does not prepare any interim reports or quarterly reports in the first and second half of the fiscal year.

6. Item 7.1.2 sentence 3 of the Corporate Governance Code

The annual financial statements and the six-month report were and are prepared by the company in a timely manner. A period of four months was and is planned for the preparation of the annual financial statements and a period of two months for the interim reports.

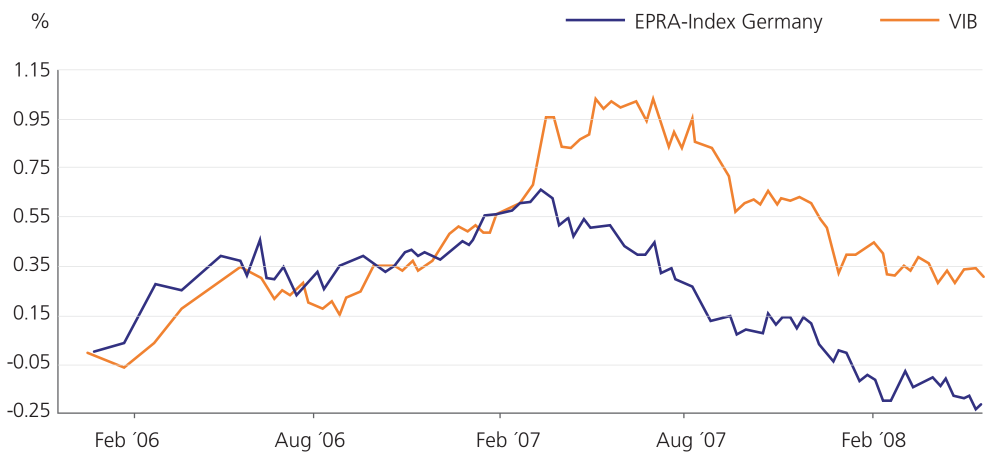
Neuburg/Donau, April 29, 2008

For the Managing Board	For the Supervisory Board
Ludwig Schlosser	Franz-Xaver Schmidbauer

| The share of VIB Vermögen AG

Share chart

Share price in comparison



The first half of 2007 in particular was dominated by a highly encouraging capital market environment, with Germany's blue-chip index, the DAX, reaching an annual high of around 8,150 points by summer 2007. However, from then on, the initial effects of the subprime crisis in the United States started to become apparent, leading to increased fluctuations in share prices on stock markets around the world. After losing over 10% of its value in August 2007, the DAX rallied with much greater volatility before closing the year at around 8,100 points. This corresponds to growth of approx. 22% over the course of the year.

The recovery in the second half of the year passed by many smaller securities on the German equities market, however. Real estate shares were among the hardest hit, a situation unleashed by the exit of mainly foreign investors from the German real estate market. Although the domestic property market is not affected directly by the financial crisis, concerns about falling real estate prices in Germany grew, impacting the share prices of the publicly traded companies. The EPRA real estate index for Germany fell by 41% in the course of the year.

VIB Vermögen AG's share price performance was shaped by the market environment described. After starting the year at € 9.13 in January 2007, the share price climbed to a high of € 12.75 in February. Following a period of stabilization, it started to drop with the onset of the U.S. subprime crisis, a trend that continued until year-end. The shares closed the last trading day at € 8.60. Compared with the net asset value (NAV) of € 11.17 as of December 2007, this constitutes a drop of around 22%. VIB Vermögen AG therefore performed better on the capital market than other listed real estate companies.

Key data

Ordinary shares	
German Securities Code (WKN)	245751
ISIN	DE0002457512
Symbol	VIH
Number of shares in circulation	17,084,000 shares
Sector	Real Estate
Share type	No-par value bearer shares
Subscribed capital	€ 17,084,000
Theoretical interest per share	€ 1.00
Net asset value (NAV) per share	€ 11.17
Balance sheet equity (consolidated)	T€ 194,372
Earnings per share (consolidated)	€ 0.78 basic
Dividends per ordinary share *	€ 0.20

* Proposal by management

Changes in net asset value (NAV)

NAV on December 31, 2007: € 11.17 per share.

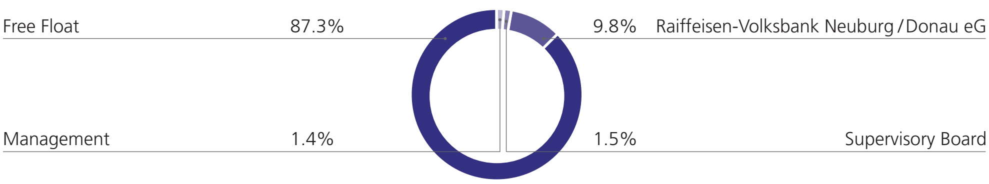
The Group's net asset value (NAV) also clearly shows its growth. This figure describes the value of all of an enterprise's tangible and intangible assets less liabilities, thus measuring the company's quality. The VIB Group's NAV has increased constantly at an average rate (CAGR) of 74.8%. In fiscal year 2007 alone, NAV increased from € 123,772 thousand to EUR 190,894 thousand. NAV per share also enjoyed positive growth, lifting from € 10.16 (previous year) to € 11.17.

Corporate actions

On the basis of the positive capital market environment in spring 2007 and its successful business performance, VIB Vermögen AG implemented a capital increase in early April. A total of 4,896,000 new shares were subscribed by investors in and outside Germany, the majority using the subscription rights in a ratio of 5:2, at a price of € 10.90 per share. The transaction, which was heavily oversubscribed, generated gross proceeds of € 53.4 million for the company, which were used to invest in additional high-return properties in Southern Germany. As a result of the issue of new shares, VIB Vermögen AG's share capital increased from € 12,188,000 to € 17,084,000.

Shareholder structure

The capital increase implemented in April 2007 further increased the company's free float. By the end of the year, 87.3% of the company's 17,084,000 outstanding shares were held in free float. A further 9.8% of the shares were held by Raiffeisen-Volksbank Neuburg/Donau, which has been a longstanding shareholder of the company since its formation. Another 1.4% of the shares were held by management and 1.5% by the members of the Supervisory Board.



Investor relations

A high level of transparency, extensive reporting and regular dialog with the financial community are accorded top priority at VIB Vermögen AG. The company, whose shares are included in OTC trading at Munich Stock Exchange (M:access), publishes detailed annual and interim reports and provides information on recent developments in regular press releases, for example. To further increase transparency, especially for international investors, the company switched to the fair value method of valuing real estate as of January 1, 2007. This gives investors an in-depth, objective insight into the performance of the real estate portfolio.

Besides further improving its reporting, VIB Vermögen AG voluntarily addressed the German Corporate Governance Code for the first time in the past fiscal year. The Managing Board welcomes the measures recommended in the Code for good corporate management and greater transparency for investors (see page 6 of this report for the declaration of compliance).

In addition, the company's Managing Board maintained regular contact with the financial community. It attended several investor conferences such as the HSBC Conference or the M:access Conference in Frankfurt. Intensive dialog with analysts for regular updates of studies of the company and meetings with the financial press also formed a key part of the company's investor relations activities.

Financial diary 2008

April 30, 2008	Publication of 2007 annual report
June 25, 2008	Annual General Meeting
August 29, 2008	Publication of 6-month report 2008

| Acquisition of BBI Bürgerliches Brauhaus Immobilien AG

Portrait of BBI

In 2006, BBI Bürgerliches Brauhaus Immobilien AG (BBI AG) was spun off from Bürgerliches Brauhaus Ingolstadt AG with its time-honored subsidiary Herrnbräu, a wheat beer specialist based in Ingolstadt. Since its reorientation, BBI AG has acted as a portfolio manager for consumer-oriented commercial properties. These include, in particular, specialist stores, retail centers and self-service stores. The real estate portfolio comprises a total of 14 existing properties and 16 newly acquired properties. These properties were reported as having a total rental area in excess of 100,000 m² as of December 31, 2007 and generate an average rental return of around 6.5% p.a. with a book value of € 118 million. All properties are complete and most are let long term. To drive future growth, BBI has secured itself 17 more properties under development with a volume of approximately € 153 million through either contracts or declarations of intent. These new properties, which are for the most part already let to well-known anchor tenants, are to be transferred to BBI AG between 2008 and 2010 and will contribute to further revenue and earnings growth in the VIB Group.

Transaction

Apart from investing directly in real estate, acquiring equity interests in a real estate company is another attractive means of implementing the growth strategy. Particularly in light of the fall in share prices on the stock exchanges, taking over real estate companies provides the opportunity to obtain low purchase prices and thus leverage appreciation potential.

VIB Vermögen AG availed itself of these market opportunities in December 2007, increasing its shareholding in BBI Bürgerliches Brauhaus Immobilien AG from around 29% to approximately 70%. Exceeding the 30% threshold required a disclosure on the company's shareholding in accordance with the German Securities Acquisition and Takeover Act, which VIB Vermögen AG distributed to the shareholders of BBI AG at the end of January. The company offered BBI shareholders an overall price of € 11.70 per share. The offer ended on February 21, 2008. Through the successful conclusion of the takeover bid and further additional purchases on the equities market, VIB Vermögen increased its shareholding to around 81.4% (as of April 10, 2008). The purchase of interests under the current NAV per BBI share of € 14.68 (as stated in an interim disclosure by BBI AG on November 16, 2007) enabled VIB Vermögen AG to capitalize hidden reserves, some of which already became visible in the 2007 fiscal year. The acquisition of BBI also made VIB Vermögen AG one of the leading publicly traded real estate companies in the growth region of Southern Germany.

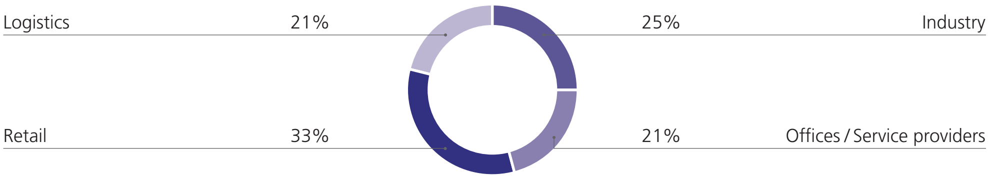
| Portfolio

Overview

At the balance sheet date, the VIB Group had a valuable real estate portfolio with total rental space of around 500,000 m², approximately 260,000 m² or 108% more than in the previous year. The sharp rise is due in part to the company's own new investments in commercial properties, but also to the majority interest acquired in BBI Bürgerliches Brauhaus Immobilien AG. This successful transaction alone together with the related full consolidation of the company in the VIB Group expanded the portfolio by more than 100,000 m².

VIB Vermögen AG thus significantly enlarged its portfolio of real estate assets in the past fiscal year. The increase in space in the period under review is also reflected in the higher market value of the portfolio, which rose from € 127.8 million in the previous year to € 457.3 million in 2007. At the same time, the annual net rental income that the Group can generate with its portfolio, taking into account the agreements already firmly concluded by December 31, 2007, rose from € 14.3 million to a total of € 33.4 million.

Portfolio of VIB Group according to net income/segment (December 2007)



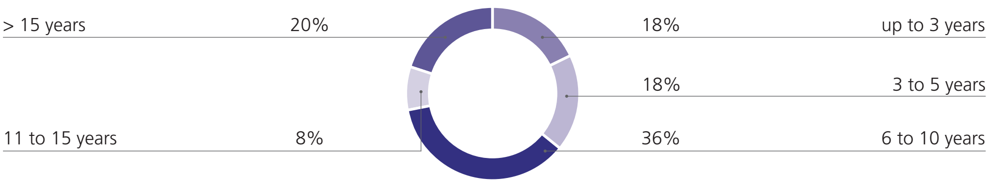
The portfolio of commercial properties continues to have a healthy mix in terms of types of use. The "Industry" segment accounts for around 25% of net rental income. The "Retail" area is a further important mainstay of VIB Vermögen AG, contributing 33% of the net rental income. The Logistics division accounts for approximately 21%, while around 21% is used as offices by service providers or for other purposes.

Average rental return according to segments (return based on market values) (December 2007)

On account of its broad sectoral diversification, the portfolio of the VIB Group demonstrates a high level of stability in rental income in the face of possible changes in the industry. This effect is reinforced by the portfolio's tenant distribution. VIB Vermögen AG continues to place strong emphasis on its tenants having strong credit ratings; its list of tenants comprises the following companies:

- Aldi GmbH & Co. KG
- AWG Mode Center
- Birkart Systemverkehre GmbH
- BMW
- Bosch-Rexroth Group
- Ciba Vision Vertriebs GmbH (Novartis Group)
- Citibank
- dm-Drogeriemarkt
- EDEKA Südbayern GmbH
- Faurecia Autositze GmbH
- GEHE Pharma Handel GmbH
- Gillhuber Logistik
- Loxxess GmbH
- Media-Markt
- Metawell GmbH
- Norma Lebensmittel
- RENO Schuhcenter
- Scherm Logistik
- Thimm Schertler Verpackungssysteme GmbH
- VDO Automotive AG (Continental Group)
- Takko
- Vögele Mode-Center

VIB Vermögen AG's real estate portfolio is equally stable as regards the remaining term of the rental agreements. The average term of the rental agreements, in terms of the net rental income, is currently about 8.5 years. Only around 18% of the net rental income is tied up for less than three years; a further 18% is tied up between three and five years. At around 36%, the bulk of the rental income is safeguarded for six to ten years. At the same time, 28% of the net rental income is contractually secured for more than ten years. The long terms of most of the agreements ensures that rental income will be achieved in the long term and can be planned.



With regard to tenant composition, sectoral diversification and the terms of the rental agreements, the VIB Group therefore has an optimal portfolio structure. Furthermore, the integration of BBI AG was the perfect addition to the real estate portfolio. The low vacancy rate of around 0.3% (measured at market rents) and an average rental return of 7.03% (on the basis of market values) spectacularly underscore the high value and earnings power of the VIB Group's real estate portfolio.

Locations of real estate assets

Properties in (examples):

- Aalen
- Dingolfing
- Dresden
- Gersthofen
- Großostheim
- Günzburg
- Hamburg
- Herten
- Ingolstadt
- Memmingen
- Neuburg/Donau
- Neufahrn
- Neumarkt
- Nuremberg
- Regensburg

New investments 2007

For VIB Vermögen AG, the 2007 fiscal year was shaped by the accelerated expansion of the company's real estate portfolio. Lucrative investments were made in a total of 14 high-return properties with leasable space of 143,127 m². An investment volume of around € 139.0 million gave a further boost to the growth of VIB Vermögen AG. Investments in the previous year came to € 80 million.

Logistics center

Regensburg-Burgweinting, Rathenaustr. 5

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

Production and logistics hall

Neufahrn near Munich, Lilienthalstr. 6

Built/acquired	Acquired 04/2007
Rental area in m²	30.050
Tenant	Automotive manufacturer, Logistics service provider
Occupancy level	100%

Donau City Center II

Ingolstadt, Schillerstr. 2

Built/acquired	Completion 11/2007- 04/2008
Rental area in m²	3.948
Tenant	Retail chains, doctors, service providers
Occupancy level	100%

Industrial hall for production and logistics
Wackersdorf, Oskar-von-Miller-Str. 10

Built/acquired	Acquired 04/2007
Rental area in m²	18.265
Tenant	Manufacturing company Logistics service provider
Occupancy level	100%

Shopping center
Gersthofen, Bahnhofstraße 11

Built/acquired	Acquired 04/2007
Rental area in m²	8.607
Tenant	Retail, catering, service providers
Occupancy level	100%

Office building
Schwabmünchen, Robert-Bosch-Str. 8

Built/acquired	Acquired 09/2007
Rental area in m²	1.721
Tenant	Service providers
Occupancy level	100%

Production and storage building
Heroldsberg, Schleifweg 12 + 14

Built/acquired	Acquired 10/2007
Rental area in m²	5.210
Tenant	Industrial and wholesale companies
Occupancy level	100%

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Nuremberg, Fürther Straße 212

Built/acquired	Acquired 10/2007
Rental area in m²	11.527
Tenant	Various service providers
Occupancy level	100%

Logistics center

Regensburg, Irler Höhe 40 + 42

Built/acquired	Acquired 10/2007
Rental area in m²	9.249
Tenant	Logistics service provider
Occupancy level	100%

Office and business premises

Lauf, Friedensplatz 7 - 9

Built/acquired	Acquired 12/2007
Rental area in m²	3.063
Tenant	Retailers and service providers
Occupancy level	100%

Logistics center

Herten, Carl-Bosch-Straße 1 - 5

Built/acquired	Completed 12/2007
Rental area in m²	8.670
Tenant	Sanitary wholesaler
Occupancy level	100%

Further plots were acquired in Murnau and Neufahrn near Munich as well as a rented parking lot. In the Czech Republic a plot was secured for further development.

In addition to VIB Vermögen AG's own acquisitions, the portfolio of BBI AG was fully consolidated for the first time as of December 31, 2007 and reported in the balance sheet of the VIB Group. As a result, the portfolio of properties has increased to over 100,000 m²; these are let in full.

BBI AG's real estate portfolio currently comprises a total of 14 historical properties (existing properties) as well as 16 new specialist stores and retail markets.

The existing properties include twelve properties, each with catering facilities, plus other office and residential space. In addition, the existing properties comprise a leasehold property and a brewery.

The specialist stores and retail markets include 15 specialist stores at different locations throughout Germany with a total sales area of around 87,800 m². The properties are let to one tenant with long-term rental agreements. A retail park in Pfaffenhofen/Ilm with a sales area of around 1,700 m² was completed in 2007. The tenants are retail chains and regional vendors.

As of December 31, 2007, the entire portfolio of BBI Bürgerliches Brauhaus Immobilien AG had a rental area of over 100,000 m² and generates an average rental return of around 6.5% with a book value of the properties leased to third parties amounting to € 118 million. All of BBI AG's properties are let in full and, in most cases, long term.

To drive future growth, BBI has secured itself an additional 17 properties under development with a volume of approximately € 153 million through either contracts or declarations of intent. These properties will be transferred in the years 2008 to 2010 and will give a substantial boost to rental income.

Restaurant Weißbräuhaus,
Ingolstadt

Restaurant Il Vero,
Ingolstadt

Restaurant Voilà,
Neuburg/Donau

New investments after December 31, 2007

Logistics property

Mitterteich

Built/acquired	Takeover planned 05/2008
Rental area in m²	10.500
Tenant	Industrial companies
Occupancy level	100%

Office and business premises

Nuremberg, Nicolaistraße 14 + 16

Built/acquired	Acquired 01/2008
Rental area in m²	4.625
Tenant	Public sector and service providers
Occupancy level	100%

Industrial plant

Neuburg, Ruhrstraße 7

Built/acquired	Acquired 01/2008
Rental area in m²	9.295
Tenant	Production companies and service providers
Occupancy level	100%

Self-service department store

Pfaffenhofen/Ilm (a property belonging to BBI AG)

Built/acquired	Takeover 04/2008
Rental area in m²	6.700
Tenant	Retail chain
Occupancy level	100%

Furthermore, the company has signed additional contracts for plots. These objects will be developed or taken over in 2008 and will contribute to a significant increase in the real estate portfolio. Investment focuses on the sustainable, strongly growing regions of Southern Germany. By means of the mentioned acquisitions we continue this way determinedly and thus strengthen VIB group's position as the leading real estate company for commercial properties in South Germany.

Group management report

| Business report

1. Discussion of business activities and underlying conditions

a. Business activities

VIB Vermögen AG is the parent company of the VIB Group and is a medium-sized real estate holding company, whose investments focus on commercial properties in Southern Germany. Formed as a partnership in 1993, VIB was transformed to become an Aktiengesellschaft (German public limited company) in 2000. Since then, the company and the other companies in the VIB Group have developed core competences in the acquisition and management of its own properties and participating interests in companies with real estate portfolios.

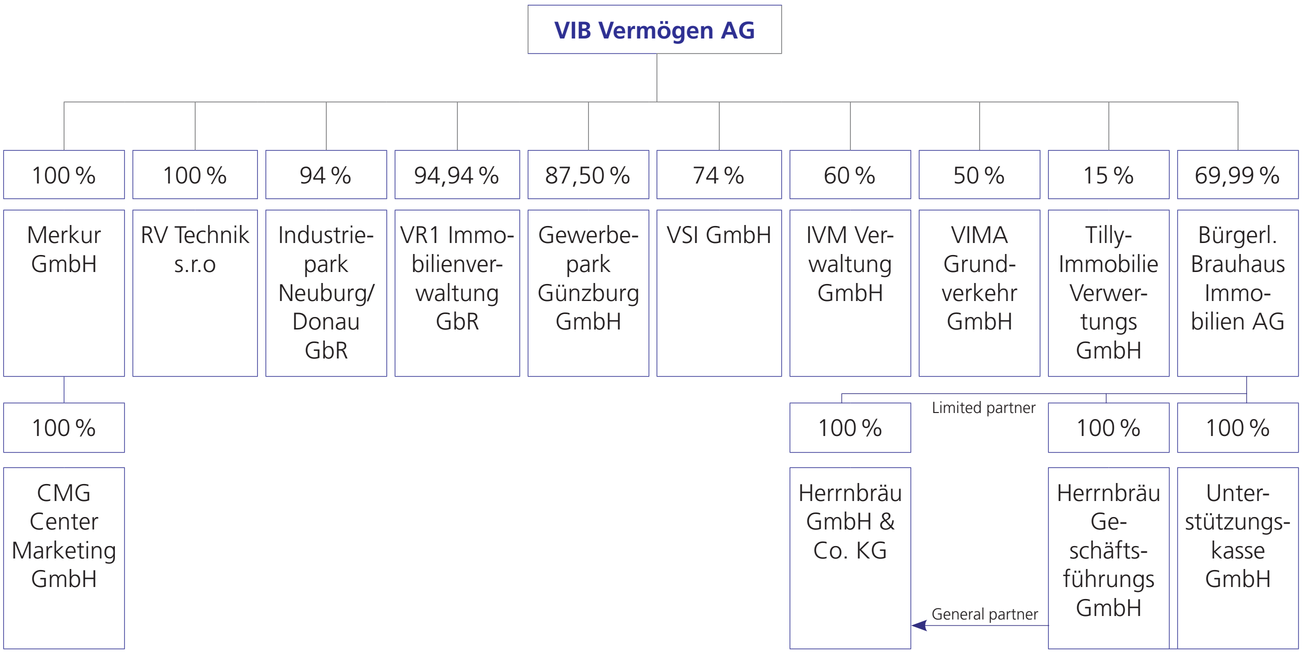
The VIB Group pursues a buy-and-hold strategy. It both acquires existing properties and also develops properties for its own portfolio. The VIB Group's portfolio currently has a total rental area of approx. 500,000 m², including various logistics properties and industrial facilities, shopping centers and specialist stores as well as commercial centers and service complexes. VIB Vermögen AG manages and administers the real estate portfolio via its wholly owned subsidiaries Merkur GmbH and BBI Bürgerliches Brauhaus Immobilien AG (BBI AG). VIB Vermögen acquired a majority interest in BBI AG in 2007. Its wholly owned subsidiary Herrnbräu GmbH & Co. KG, a specialist in producing and selling beers and soft drinks (Brewery segment) is included in BBI AG's consolidated financial statements. The Brewery segment is thus also included in VIB Vermögen AG's consolidated financial statements as a result of the full consolidation of BBI AG.

b. Corporate structure and participating interests

VIB Vermögen AG, based in Neuburg/Donau is the Group's parent company. VIB Vermögen AG held direct and indirect interests in a total of 17 companies at the end of 2007. Three of these companies were not fully consolidated as a result of the participating interest held. The Group's structure has changed substantially year-on-year. VIB Vermögen AG acquired a 100% interest in the Czech company RV Technik s.r.o., thus acquiring a plot of land in a neighboring country. In addition, the company acquired a 74% interest in VSI GmbH and a 60% interest in IVM Verwaltung GmbH. These companies develop or acquire real estate together with strategic partners.

After the interest in BBI AG fell to 28.63% as a result of a capital increase in 2006 in which VIB Vermögen AG did not participate, the company increased its interest again in December to 69.99%. The total purchase price for the additional interests amounted to EUR 24.9 million in 2007. BBI is a property management company for commercial properties in the consumer-related sector. Its portfolio currently includes 14 existing properties as well as 16 properties newly acquired in 2007. In addition, the company also holds a long-standing subsidiary – Herrnbräu GmbH & Co. KG. This company specializes in producing and selling beers and soft drinks. The BBI AG Group prepares its own consolidated financial statements and was included in the VIB Vermögen AG consolidated financial statements as of December 31, 2007 as part of full consolidation. The BBI AG Group's results up to and including December 31, 2007 were recorded proportionately at equity under income from associates to simplify the issue.

Company structure as of December 31, 2007



Comments:

"Unterstützungskasse der Bürgerliches Brauhaus Ingolstadt GmbH" (in short: Unterstützungskasse GmbH) is a minor subsidiary of BBI AG without any notable business activities.

BBI AG holds an indirect 100% interest in Mittelbayerischer Getränke Vertrieb GmbH & Co. KG, Ingolstadt and Herrnbräu Gaststättenbetriebs GmbH, Ingolstadt via Herrnbräu GmbH & Co. KG. These are also minor subsidiaries with no notable business operations and only minor revenues. In addition, Herrnbräu GmbH & Co. KG holds a 40% interest in Tre Effe S.R.L., Forli (Italy). This company processes the sale of beverages in Italy. This company is included in BBI AG's consolidated financial statements and is thus also included in VIB Vermögen AG's consolidated financial statements at equity.

c. Employees, staff changes and executive bodies

At the end of 2007, the VIB Group had a total of 106 employees (previous year: 101 employees) in the following companies:

- VIB Vermögen AG Group (without BBI AG):
  incl. Managing Board 15 employees (previous year: 8 employees)
- BBI AG, Real Estate division:
  incl. Managing Board 3 employees (previous year: 1 employee)
- BBI AG, Brewery division (Herrnbräu GmbH & Co. KG):
  incl. two managing directors 88 employees (previous year: 91 employees)

The increase of nine employees in the Real Estate division reflects the strong increase in the real estate portfolio in the period under review. As part of the planned expansion of business activities, further new hires are also planned for next fiscal year. However, in future the company will retain its cost-efficient and lean staff structure.

VIB Vermögen AG is represented by the sole member of its Managing Board, Ludwig Schlosser. There was a change in the members of the Supervisory Board during the year under review. Hans-Peter Fleißner left the board. Franz-Xaver Schmidbauer (Chairman of the Supervisory Board) and Rolf Klug (Deputy Chairman) continue to be members of the Supervisory Board. Jürgen Wittmann joined the Supervisory Board as a new, highly competent member.

BBI Bürgerliches Brauhaus Immobilien AG is represented by the sole member of the Managing Board Peter Schropp. It Supervisory Board members are Ludwig Schlosser (Chairman), Franz-Xaver Schmidbauer (Deputy Chairman), Peter Amberger, Rupert Hackl, Uwe Krause (employee representative) and Franz Leiter (employee representative). Membership of the Supervisory Board was unchanged year-on-year.

d. General economic developments and development of the real estate market in Germany

The global economy in 2007 was characterized by continued positive economic growth. The global economy grew at a rate of 5.0% in 2006, with growth in 2007 totaling 4.9%.[1] The International Monetary Fund (IMF) believes that this slight downturn is due to the so-called sub-prime crisis, which could lead to the economic climate clouding over in the US in particular. In spite of this, however, global growth of 4.1% is being forecast for 2008, and a continued favorable overall economic climate is expected.

Germany's economy continued to be robust despite the VAT increase at the start of 2007. Economic growth totaled 2.9% in 2006, and GDP grew by 2.5% in real terms in 2007 according to information from the German Federal Statistics Office.[2] This was due in particular to the

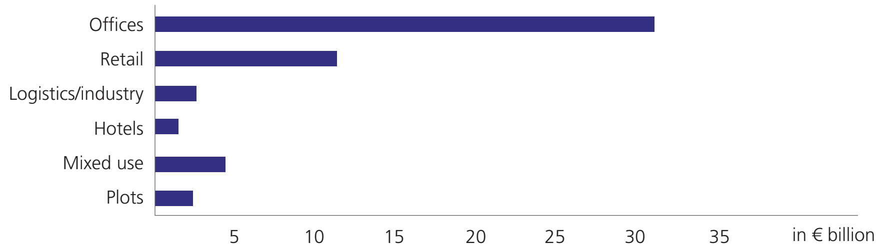
[1] IWF 2008
[2] German Federal Statistics Office 2008

continued strong exports (+8.3%) and the increased demand for investment goods (+4.9%). In contrast, private consumption was again not able to make a positive contribution in 2007 – down -0.3% in 2007 after adjustment for prices. Despite a slight cool-down in the economy in the coming year, experts believe that the economy will still grow by a stable around 1.7% in 2008.[3]

Inflation in the eurozone totaled 2.1% in 2007, thus above the European Central Bank's target.[4] The comparatively high increase in prices was due in particular to increases in prices for foodstuffs and energy. In order to dampen the resulting inflationary trend in the eurozone, the ECB was forced into restrictive monetary policy, and increased interest rates to 4% by the end of the year.[5] As a result, the ECB believes that price risks in Europe will weaken slightly in 2008, with the result that interest rates are forecast to at least remain stable. Some market players are even forecasting a reduction in interest rates during the second half of the year. As a result, at present a generally favorable monetary environment can be assumed, with a positive impact on the real estate market.

With an all-time high level of transaction volumes of around EUR 55 billion and an 11% increase, the German real estate market enjoyed a record-breaking year in 2007.[6] Of this total, offices accounted for around 57% (EUR 31.4 billion) and the retail sector for 21% (EUR 11.3 billion). A total of EUR 2.6 billion was invested in logistics and industrial properties, whereas EUR 7.9 billion was invested in other segments (mixed use, land and hotels). There was a perceptible reduction in the volume of transactions during the second half of the year as a result of the sub-prime crisis originating in the USA.[7]

Transaction volume according to segment



[3] German Federal Government's annual economic report 2008
[4] Eurostat 2008
[5] ECB 2008
[6] Includes individual and portfolio transactions for offices, retail, logistics, industrial, hotel and specialty properties as well as land
[7] JonesLangLasalle 2008

The economic upturn in the Federal Republic of Germany led to increased demand for rental space and thus to an improved climate for real estate companies as vacancy rates fell. As a result of corporate expansions, demand for office and logistics premises in particular increased, and some market observers believe that there may be positive growth in rental prices depending on location.[8] Experts also believe that there will be a stabilization in productivity per m² in the retail sector, despite further increases in the amount of space as a result of increased rent.[9]

The turbulence on the US real estate market resulted in insecurities on the global capital markets during the second half of 2007. This led to a deterioration in financing conditions, as some banks reduced their lending significantly as a result. In particular foreign investors who often operate with high levels of borrowing and low equity ratios suffered as a result, and reduced their activities on the German real estate market. Their share of transactions fell from almost 50% (H1 2007) to around 34%.[10] As a result of this group of investors withdrawing from the market and the resulting downturn in demand, purchase price multiples for German commercial real estate fell in 2007. As the rental prices for commercially used properties increased slightly at the same time, this already led to an increase in initial net returns, in particular outside the major German cities ("Big 5": Hamburg, Düsseldorf, Rhine-Main, Berlin, Munich).

The VIB Group benefited from the positive mood on the market and in the industry, and expanded its business activities accordingly. This is also shown, for example, in the fact that revenues increased by more than 66% to EUR 22,172 thousand. The Group's net income for the year also increased by EUR 2,654 thousand to EUR 12,425 thousand. The increase in annual earnings is also due to factors including the investment income (at equity) from BBI AG. The activities with real estate and participating interests led to property, plant and equipment increasing to EUR 499,366 thousand. At the same time, non-current financial liabilities increased from EUR 59,905 thousand to EUR 259,411 thousand. This increase is due to VIB consistently upholding the principle of financing its investments with equity at around 30% and borrowing at around 70%.

As part of the capital increase implemented during the year under review, funds totaling EUR 53,366 thousand accrued to VIB Vermögen AG. Together with the new valuation of the existing properties and the ongoing earnings, this resulted in equity increasing to EUR 194,372 thousand.

This allows improved underlying conditions for German real estate companies in 2008 to be assumed. Whereas the acquisition costs for commercial real estate are tending to fall, stable or even increasing rental prices are being forecast as a result of the result economic growth. This results in lucrative investment opportunities for solidly financed real estate companies. If the turbulence on the capital markets cools off substantially during the course of the year, and

[8] Atis Real 2008
[9] Hahn Retail Real Estate Report – Germany 2007 / 2008
[10] JonesLangLasalle 2008

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if interest rates also remain stable, there is thus nothing to prevent the upward trend on the German real estate market from continuing. This would also open up new opportunities for growth for the VIB Group.

e. Company targets and strategy

The VIB Group's declared goal is to continue to purse the course it has taken in the past of expanding its portfolio of real estate and to constantly increase its revenues and earnings in the coming years. The acquisition of lucrative commercial real estate and the increase in the interest held in BBI AG means that in 2007 the VIB Group created key conditions to continue its expansion and to further increase its enterprise value.

In order to achieve these objectives, the VIB Group will also continue to focus its investment activities on Southern Germany in future. Attractive investments in other, high growth regions have not been ruled out as long as the VIB Group's strict investment requirements are upheld:

- Commercial properties, in particular logistics and industrial premises
- Investment volume up to EUR 40 million
- Average rental return of 7.5% p.a. (based on acquisition costs)
- High tenant credit rating compared to rental income
- Excellent opportunities for third-party use
- Excellent condition of properties
- Investments focusing on Southern Germany

Consistently upholding these criteria ensures the VIB Group's sustained and profitable growth. In order to maintain a cost-efficient organizational structure in future, the Group focuses on high-margin industrial and logistics properties offering when expanding its portfolio. Administrative expenses and the associated costs can be kept low as a result of the fact that properties are primarily let to anchor tenants. In addition, the VIB Group benefits from its long-standing experience and its extensive management network in this segment in particular.

When making further acquisitions, the VIB Group will continue to focus on a balanced financing structure. In particular the most recent developments on the US real estate market and the resulting deterioration in financing conditions for investors using high leverage have provided the company with confirmation that the course it has taken to date, namely solid financing, is correct. The low average level of borrowing reduces the VIB Group's dependency on interest rates and allows it to generate more sustained returns. At the same time, the rapid repayment of loans bolsters the company's intrinsic value and its enterprise value.

The VIB Group also plans to continue its growth strategy in future based on its financial stability and its positive position on the market. In this regard, the company will exploit investment opportunities which currently exist on the current market by selectively acquiring individual properties. In addition, it has not ruled out making additional targeted acquisitions and acquiring participating interests in high-margin real estate companies. The VIB Group will use its position as one of the leading listed real estate companies for commercial properties in the Southern German region to boost its future growth.

f. Brewery segment

BBI AG prepares its own consolidated financial statements which also includes the wholly owned subsidiary Herrnbräu GmbH & Co. KG (= Brewery segment). The consolidated financial statements of BBI AG and thus the Brewery segment are included in VIB Vermögen AG's consolidated financial statements. As VIB only acquired a majority interest BBI AG as of December 15, 2007, with the result that the BBI AG Group (including the Brewery division) is recorded proportionately at equity under income from associates.

Herrnbräu GmbH & Co. KG's total beverage sales (own products and merchandise) fell slightly in fiscal year 2007 (-1.4%), with the proportion of own products increasing slightly.

The market in 2007 was characterized by major challenges for German breweries. For example, the industry was faced with higher costs for raw materials, energy and fuel. At the same time, factors including changed consumer behavior led to a 3.7% year-on-year downturn in beer sales in Germany. On the whole, the German beverages market was not able to benefit from the favorable underlying economic conditions. As a result, intense consolidation is expected in the industry in future.

The market and competitive environment are also expected to be difficult in fiscal year 2008. Herrnbräu GmbH & Co. KG plans to meet these challenges by increasing its market penetration and expanding its sales activities. These activities will be accompanied and supported by continued optimization of the cost structure.

Herrnbräu GmbH & Co. KG's workforce fell slightly in fiscal year 2007 to 88 employees (incl. two managing directors) (previous year: 91 employees).

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2. Financial position and results of operations

a. Profit situation

As of December 15, 2007, VIB Vermögen AG increased its participating interest in BBI Bürgerliches Brauhaus Immobilien AG to 69.99%. The BBI AG Group is fully consolidated in VIB Vermögen AG's consolidated financial statements as of December 31, 2007. The BBI AG Group's results up to and including December 31, 2007 were recorded proportionately at equity under income from associates to simplify the issue. The following comments on earnings thus relate exclusively to the VIB Vermögen AG Group taking into account BBI AG's at-equity earnings.

The VIB Group was able to increase its revenues substantially last fiscal year. As a result of the stronger expansion of the real estate portfolio, revenues increased year-on-year from EUR 13,294 thousand (2006) to a total of EUR 22,172 thousand. This allowed significant growth of around EUR 8,878 thousand or 66.8% to be recorded in 2007. This primarily stemmed from the acquisition or construction of 14 new commercial properties. Revenues mostly include rental income. Revenues of around EUR 19,100 thousand were due to rental income, around EUR 2,610 thousand were due to tenants payments for allocable incidental costs, and around EUR 450 thousand were due to other income.

As of January 1, 2007, accounting for investment properties was transitioned to the fair value method. The positive changes in the value of the investment properties totaled EUR 906 thousand in 2007. Other operating income totaled EUR 3,629 thousand (previous year: EUR 8,521 thousand). This includes a lucky buy from the purchase of the majority interest in BBI Bürgerliches Brauhaus Immobilien AG totaling EUR 3,125 thousand. The previous year's figure includes a one-off factor in the amount of EUR 8,191 thousand from the initial acquisition of BBI AG. In total, the company recorded an increase in operating income of 22.4% to EUR 26,707 thousand (previous year: EUR 21,815 thousand).

The cost of materials totaling EUR 238 thousand (previous year: EUR 306 thousand) include the disposal of assets relating to an apartment and a partial plot sold. As a result of the increase in real estate assets, expenses for investment properties increased from EUR 2,391 thousand in 2006 to EUR 3,856 thousand in fiscal year 2007. This primarily relates to ongoing operating costs (e.g., electricity, gas, water) which are mostly allocated to tenants, as well as the costs for maintaining the properties and land tax payments. Personnel expenses increased from EUR 723 thousand to EUR 1,274 thousand year-on-year. This growth is due to the increased organizational requirements placed on the VIB Group, and the resulting increase in the number of employees. Other operating expenses fell by EUR 350 thousand from EUR 1,506 thousand in 2006 to a current total of EUR 1,156 thousand. These include, for example, costs of preparing the financial statements, audit costs, legal and consulting costs. The reduction in this item is due to factors including the initial disclosure of costs for property insurance under expenses for investment properties.

The interest result totaled EUR -6,521 thousand last fiscal year after EUR -2,861 thousand in 2006. The expansion in the real estate portfolio was also reflected in the interest result. As a result of the increased investment activities and the associated increased requirement for borrowing, interest expenses increased from EUR 3,367 thousand in 2006 to EUR 7,140 thousand in fiscal year 2007. As a result of the proceeds accruing from the capital increase in the spring of 2007, interest income increased from EUR 506 thousand to EUR 619 thousand.

After the deduction of all costs, EBT thus amounted to EUR 14,669 thousand. This exceeds the previous year's figure of EUR 3,704 thousand. In terms of operating income, the pre-tax margin for fiscal year 2007 was thus 54.9% (previous year: 50.3%), allowing the VIB Group to again underscore its high earnings strength. After the deduction of income taxes, consolidated net income totaled EUR 12,425 thousand – up EUR 2,654 thousand compared to 2006 (EUR 9,771 thousand). This corresponds to (weighted) earnings per share of around EUR 0.78 (previous year: EUR 0.90).

b. Financial position and net assets

The real estate assets were increased via extensive acquisitions and the purchase of a majority increase in BBI Bürgerliches Brauhaus Immobilien AG, and this can also be seen on the VIB Group's balance sheet. The Group's total assets more than tripled from EUR 161,331 thousand in 2006 to a current total of EUR 515,814 thousand.

VIB Vermögen AG increased its capital in April 2007 in order to further drive the VIB Group's dynamic growth. The new shares were successfully placed. The share capital thus increased during the year under review by issuing 4,896,000 new no-par value bearer shares to EUR 17,084 thousand (previous year: EUR 12,188 thousand). Including retained earnings, equity increased year-on-year from EUR 71,535 thousand to EUR 194,372 thousand. This was primarily due to the capital increase with gross proceeds from the issue of around EUR 53,366 thousand. In addition, the retained earnings increased year-on-year by 39,386 thousand. This is mostly due to the valuation of the real estate, as accounting for the investment properties was transition from the cost method to the so-called fair value method under IFRS, and the properties thus had to be revalued. As a result, the VIB Group's portfolio is thus no longer carried at cost but at the current market values, which are identified based on a survey by Landestreuhand Weihenstephan GmbH Wirtschaftsprüfungsgesellschaft dated April 10, 2008.

The VIB Group's non-current assets increased year-on-year from EUR 64,077 thousand to EUR 281,227 thousand. This significant increase is due, in particular to the inclusion of new bank loans in connection with the investments made in new properties. Non-current financial liabilities increased from EUR 59,905 thousand to EUR 259,411 thousand (up EUR 199,506 thousand). At the same time, deferred taxes increased from EUR 1,500 thousand to EUR 16,873 thousand. This is primarily due to transitioning the accounting to the fair value method and the associated revaluation of the real estate portfolio, as well as the first time consolidation of BBI AG. The

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VIB Group's current liabilities also increased year-on-year from EUR 25,718 thousand to EUR 40,215 thousand. As a result, financial liabilities increased by EUR 8,726 thousand to EUR 29,569 thousand. This mostly comprises current liabilities to banks. Around 70% of the investment volume for the properties acquired or built are generally is financed by bank loans with long-term fixed interest rates. Around 30% of the respective investment volume was equity financed. As a rule, 10-year fixed interest rates are agreed with the banks. The weighted average interest for all bank borrowing was approx. 5.0% on December 31, 2007. Of the total liabilities to banks, around 17.8% have short-term fixed interest rates (EURIBOR). Loans in foreign currencies were only taken out in CHF and total EUR 8,896 thousand (approx. 3% of the total current and non-current financial liabilities). In a year-on-year comparison, other liabilities increased from EUR 3,760 thousand to EUR 8,082 thousand. This increase is due in particular to liabilities of VIB Vermögen AG from as yet unpaid purchase prices and construction invoices.

The VIB Group also uses derivative financial instruments to optimize interest expenses and to hedge favorable interest rates over the longer term. An interest rate swap, for which the payments are based on the difference between the short and long-term interest rates, was concluded with the aim of reducing interest expense. The change in the negative market value of this swap as of December 31, 2007 was recognized in income in the consolidated financial statements. In addition, there are also interest rate swaps that were concluded to hedge favorable interest rates in connection with loan agreements. Changes in the market values of these cash flow hedges were taken directly to equity in the consolidated financial statements. The balance sheet includes the total derivative financial instruments which have a negative cash value in the amount of EUR 857 thousand under liabilities. The total of positive market values is included under receivables and other assets in the amount of EUR 242 thousand.

VIB Vermögen AG's extensive investments last fiscal year and the majority acquisition of BBI Bürgerliches Brauhaus Immobilien AG in December 2007 meant that total non-current assets also increased substantially to EUR 499,366 thousand (previous year: EUR 157,928 thousand).

The bulk of this is due to investment properties in the amount of EUR 457,309 thousand. This item increased by EUR 329,472 thousand year-on-year (EUR 127,837 thousand). This is mostly due to new investments in 2007 at EUR 157,322 thousand, the inclusion of BBI AG in the amount of EUR 125,393 thousand and the transition to the fair value method totaling EUR 45,137 thousand.

In addition, property, plant and equipment increased from EUR 10,351 thousand to EUR 36,766 thousand. This item mostly comprises the payments for properties under construction (around EUR 17,700 thousand), the plots acquired for future development (around EUR 5,000 thousand) and the assets of Herrnbräu GmbH & Co. KG (= Brewery division as a result of first time consolidation) totaling around EUR 13,200 thousand.

In addition, in fiscal year 2007 current assets increased by around EUR 13,045 thousand to EUR 16,448 thousand. This was due in particular to the increase in bank deposits from EUR 2,257 thousand to EUR 9,536 thousand. The majority of these funds are as yet un-invested assets from VIB Vermögen AG's capital increase in April 2007. In addition, receivables increased in the year under review to EUR 5,598 thousand (previous year: EUR 1,125 thousand), in particular as a result of the first time inclusion of Herrnbräu GmbH & Co. KG.

c. Liquidity

The cash flow from operating activities increased to EUR 17,598 thousand in fiscal year 2007. As a result of the extensive investments in 2007, the cash flow from investing activities also increased significantly to EUR -189,553 thousand (previous year: EUR -64,591 thousand). As a result of the capital increase put in place in the spring of 2007, gross proceeds from the issue totaling EUR 53,366 thousand accrued to the company. In addition to these funds, further bank loans were taken out to finance new properties, increasing financial liabilities in the cash flow statement by a total of EUR 134,514 thousand. The cash flow from financing activities totaled EUR 179,234 thousand, thus up significantly year-on-year. Cash and cash equivalents increased by EUR 7,279 thousand to EUR 9,536 thousand as of the end of 2007, mostly as a result of the capital increase in the spring of 2007.

d. Summary

The VIB Group continues to enjoy an unchanged positive situation. The extensive investments last fiscal year have allowed the Group to significantly increase its revenues and consolidated earnings. These investments, combined with the majority acquisition of BBI AG, also form the foundations for the VIB Group's future growth. The cost structure continues to be very favorable. The high equity ratio of 37.7% allowed VIB Vermögen AG to draw down additional borrowing to finance its investments´. The high proportion of equity and the long-term fixed interest rates for bank lending mean any future increases in interest rates or higher vacancy rates are not expected to have any major impact on the company's earnings in future.

| Report on key events after the balance sheet date

In December 2007, VIB Vermögen AG exceeded the 30% voting rights threshold in BBI AG and thus initiated a mandatory offer within the meaning of Section 35 of the Wertpapiererwerbs- und Übernahmegesetz (WpÜG – German Securities Acquisition and Take-Over Act). The corresponding public purchase offer to BBI AG's shareholders was published on January 24, 2008. The acceptance deadline expired on February 21, 2008. In total, VIB Vermögen AG held a total of 80.76% of voting rights after the mandatory offer expired. VIB Vermögen AG now holds 4,234,749 shares of BBI AG after making subsequent acquisitions. This corresponds to 81.44% of voting rights (as of April 10, 2008).

At the start of January 2008, VIB Vermögen AG paid the purchase price for a commercial property in Nuremberg which it already acquired in 2007 as part of a package of real estate (total investment costs of around EUR 4.6 million). Additional lending of EUR 3.8 million was drawn down in this regard. The rental income for this property will accrue to the company from January 2008.

In addition, the purchase price for an industrial property in Neuburg was also paid at the start of January 2008. The total investment for this property is around EUR 2.57 million. This was financed via a bank loan of EUR 2.2 million and equity totaling EUR 0.37 million. Rental income has already been accruing to the company since January 2008.

The purchase price of EUR 1.4 million for a plot in Großmehring near Ingolstadt was paid in February 2008. A loan of EUR 1.1 million was drawn down in this regard. The property is directly adjacent to a logistics property already owned by the company, and was acquired as reserve land for a possible further development of the location.

BBI AG acquired a specialist store in Pfaffenhofen on April 1, 2008. The total investment volume is around EUR 14.0 million. Of this total, around EUR 13.0 million had already been paid by the end of 2007. In order to finance this acquisition, EUR 12.5 million of bank loans were initially employed. The rental income will accrue to the VIB Group from April 2008.

Since the start of the fiscal year, the VIB Group has already made the following additional investments:

- VIB Vermögen AG concluded a purchase agreement for a logistics property in Mitterteich in January 2008. This property is expected to be transferred to VIB when it is completed in May 2008. The investment volume totals around EUR 5.8 million.

- A plot in Sangerhausen was acquired in February 2008. A truck service station will be constructed on this plot, which lies on Freeway 38. This will be let long-term. The rental agreement has already been concluded. The planned total investment volume is around EUR 2.2 million.
- In March, VIB Vermögen AG acquired plots in Baunatal. A logistics facility for an existing tenant is to be expanded on these plots. Completion and transfer to the existing tenants is scheduled for May 2008. Around EUR 2.2 million will be invested in this project.

As a result of the properties acquired in 2008, the rentable total space in the real estate portfolio increased to around 503,000 m² as of April 4, 2008. The rental income from these properties and the newly acquired and planned properties will already have a positive impact on revenues and earnings in fiscal year 2008. The current portfolio has a vacancy rate of around 0.3%.

| Risk and forecast report

a. Company risks

Risk management system

As a real estate group, VIB Vermögen AG faces a wide variety of risks and consciously enters into these risks in order to be able to consistently take advantage of the opportunities offered by the real estate market. In order to minimize any dangers, VIB Vermögen AG has set up an adequate risk management system and constantly adapts this to its operating business. The risk management system focuses on recording and evaluating the key parameters for the company with regard to its business model – such as rental levels/vacancy rates, outstanding rent, interest and the structure of the fixed interest rate terms for liabilities to banks, changes in cash and cash equivalents, changes in rental income and ongoing administrative costs. These parameters are reported regularly to the Managing Board. This ensures that, if a risk should occur, the company recognizes this at an early stage, and can directly put corresponding countermeasures in place. The subsidiaries are also included in this risk management system. Herrnbräu GmbH & Co. KG has set up its own risk management system for the Brewery division. If defined thresholds are reached, corresponding information is provided to the management of Herrnbräu GmbH & Co. KG and to BBI AG's Managing Board.

Overall economic risks

As a result of the fact that companies are more reticent to make investments, in a deteriorating general economy (e.g., recession), risks may result if a property has to be re-let, such as vacancies over a longer period or a rental at lower prices. However, the fact that the existing properties mostly have long-term leases, this risk only affects a limited proportion of the rental income. In order to minimize this risk, the VIB ensures that it primarily engages in long-term leases with tenants with high credit ratings. A recession could have a negative impact on the changes in the value of the real estate portfolio. This risk of a sudden, strong negative change in the economy is regarded as being low. If this risk were to occur, this would only have a minor impact in fiscal year 2008 as a result of the low vacancy rates and long-term rental agreements.

Tenant risk

As a real estate group, as a rule the VIB Group is exposed to a certain tenant risk as a result of possible default on rent or outstanding rental payments. In addition, there is also the risk that, in the event of unforeseeable tenant losses (e.g., as a result of termination without notice due to outstanding rent) it may not be possible to re-let the property in good time. In addition, it is possible that rental agreements will not be extended once these expire. This could result in vacancies and the associated loss of rental income for the VIB Group companies for a certain period – thus depressing the VIB Group's income. However, the Group minimizes this risk by focusing on tenants with excellent credit ratings. In addition, when acquiring properties, the VIB ensures that these also have excellent opportunities for other uses. This makes it easier to re-let them quickly if the rental agreement is terminated.

Construction cost risk/construction risk

The VIB Group's business activities mean that there are possible construction cost risks and general construction risks resulting from the acquisition of plots and the subsequent construction of the properties. For example, the forecast investment amounts could be exceeded, with the result that the planned financing is no longer sufficient. Delays in the completion of the properties cannot be ruled out as a general construction risk. This would mean that it is not possible to hand the properties over to the tenants on time. This could result in lost rent and, in some cases, recourse being taken. In order to minimize these risks, the VIB Group works together with general contractors with excellent credit ratings for larger construction projects. This ensures that it is possible to complete the projects within the designated timeframe and on budget. There are no cost risks for the acquisition of properties built by project developers, as the purchase prices for these properties are based on the net annual rent without incidental and heating costs for the fully let property and a fixed purchase price multiple.

Risks in property portfolio

External factors impact the quality of the locations of the VIB Group's properties to a certain extent. The VIB Group is not able to influence these factors. These include changes to the social structure, deteriorations in infrastructure or construction activities in the direct proximity of the respective properties. This could result in lower values for the properties with correspondingly lower rental income or higher management costs for the properties. The VIB Group counters this risk by carefully reviewing the respective properties and strictly upholding its investment criteria. Damages to or the destruction of the company's existing properties constitute a further potential risk. The entire real estate portfolio is thus insured in order to avoid any reduction in the VIB Group's enterprise value.

Financing risk

The further expansion of the real estate assets and the group's continued expansion demand sufficient access to financing – both as borrowing and equity. If the necessary funds are not available at the corresponding time, or if their amount is restricted, it may not be possible to guarantee financing for further growth. This would impact the company's future income and assets.

When procuring borrowing, it is possible that we are not able to procure this in good time, at favorable conditions, or in a sufficient amount. The creditworthiness of the companies in the VIB Group is regarded as being positive as a result of the high equity ratio and its earnings power. This is also reflected in the conditions offered and agreed. The risk that it is not possible to obtain borrowing in a sufficient amount is thus regarded as being low.

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The VIB Group depends on a favorable environment on the capital markets to obtain additional equity. Major falls on the stock markets could reduce the capital markets' willingness to provide capital, thus making it more difficult for the company to procure additional equity. In this case, additional borrowing would have to be taken out to finance the investments. However, the company's high equity ratio and earnings strength mean that no financing risks are expected in this regard at the present time.

Interest-rate risk

An increase in general interest rates could result in a deterioration in refinancing conditions, thus posing a risk for the VIB Group. In order to secure real estate financing over the long term, the company sets its loan conditions at an early stage, mostly for periods of ten years. In addition, strong increases in interest rates when longer-term bank loans expire could present a risk for the Group. Interest rate swaps have also been concluded in some cases to optimize the conditions for bank loans. Bank loans with current interest rates account for around 17.8%. As a result, the interest-rate risk is calculable even if short-term interest rates rise.

Risks from financial instruments

The Group has concluded several interest rate swaps to hedge for long-term interest rates based on underlying operating transactions. These did not result in any risks.

The company has also concluded an additional interest rate swap to optimize its interest expenses. The swap payments are based on the difference between short-term and long-term 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

Contractual risks could result for the VIB Group from concluding rental and purchase agreements, including possible follow-on costs. As a result, the company employs a lawyer to review and monitor these risks. However, no such litigation has arisen to date, with the result that this risk is only of minor importance.

Acquisition risks

As a rule, during the purchase/acquisition of companies with real estate holdings it is also possible to take over the target company's operations. Spinning off business that does not form part of the VIB Group's strategic business could be a strategic option. However, when a company is acquired, its operating business does not have to be re-sold directly. This could result in an acquisition risk with negative implications for the VIB Group's financial position and results of operations.

Risks from geographic concentrations/cluster risks

The fact that BBI AG's existing properties are concentrated in the Ingolstadt region could currently be a potential risk if there are negative developments in this region. However, this danger is reduced in view of the long-standing experience and the management's knowledge of this regional market. In view of the number of these properties and the VIB Group's entire portfolio, this risk is only of minor importance.

In addition, BBI AG holds a portfolio of 16 specialist stores, of which 15 are operated by a major tenant. As a result, there is also a cluster risk at present. As part of the planned expansion of the real estate portfolio, the percentage accounted for by this tenant in the total volume of rent will be successively reduced, thus substantially reducing dependency. In addition, the long-term rental agreements with this creditworthy tenant mean that terminations over the short term are not possible.

Dependency on the commodities market

Herrnbräu GmbH & Co. KG is a wholly owned subsidiary of BBI AG. There is a material risk for this company as a result of the commodities market and prices on this market. In addition to personnel expenses, at present a substantial proportion of production costs are due to raw materials such as hops or malt. The prices of these materials can fluctuate greatly from year to year. As the competitive and price pressure on the German beverages market have increased greatly, there is no guarantee that it will be possible to pass these price increases on to customers.

This is coupled with the fact that there is only a limited number of suppliers who can be used for some of the raw materials or pre-products. This relates in particular to hops and malt. If individual pre-products or raw materials are no longer offered, this may mean that the supply of these products is reduced or discontinued. Non-delivery, delivery bottlenecks or price increases from key suppliers could impact Herrnbräu GmbH & Co. KG's business activities. However, as the company has concluded contracts at an early stage and at particularly favorable conditions, bottlenecks for the supply of raw materials have been ruled out for the coming year.

Sales risk

The continued tense competitive situation constitutes a further risk for Herrnbräu. In addition, negative changes in the per capita consumption of beer and mineral water could impact sales. The company aims to combat this thanks to the high quality of its products, in particular its key wheat beer specialties, as well as possible acquisitions and increasing its business with non-alcoholic beverages. Herrnbräu GmbH & Co. KG also used opportunities to develop an additional sales market at an early stage, thus effectively combating this risk.

Default risks and liquidity risks

As a rule, it is not possible to rule out default and liquidity risks with regards to Herrnbräu GmbH & Co. KG's loans. However, strict credit control minimizes these risks. If required, the default risk is anticipated by writing receivables down accordingly.

At the end of the year, the Managing Board could not recognize any risks at VIB Vermögen AG which could threaten its continued existence.

b. Opportunities from future growth

The current market environment and the stable economic growth in Germany offer substantial opportunities for the VIB Group. The dynamic market for real estate offers potential to increase the value of the current portfolio, which would have a positive impact on the group's overall value. In particular the excellent location of the existing properties in high-growth regions in Germany can play a key role in increasing the portfolio's value. Over the long term, an increase in rental prices and thus higher returns are to be expected – driven by the favorable economic growth. This could result in positive growth in the VIB Group's income and sustained value of its portfolio.

This is coupled with the fact that the withdrawal of a large proportion of leverage-oriented investors has led to attractive purchase price multiples for commercial real estate. This means that an increase in net starting rents for new acquisitions can be expected in future, in particular outside the major regional centers. As a result, lucrative opportunities to make selective investments are thus opening up for the VIB Group.

The current economic environment also offers opportunities for Herrnbräu GmbH & Co. KG, the Group's Beverages division acquired as part of the majority interest in BBI AG. The company's location in one of Germany's highest growth regions is a key advantage for the company. In addition to the high economic growth, the anticipated resulting increase in the population could also lead to improved opportunities for the sale of this company's top quality products. This will boost the subsidiary's sales and income.

c. Outlook

In future, the VIB Group will further expand its core business – buying, building and managing its own properties and acquiring participating interests in companies with real estate holdings. In so doing, the company will continue its buy-and-hold strategy, constantly reinforcing its portfolio in a target-oriented manner. Business activities focus on the high-growth Southern German region.

In 2006 and 2007 the VIB Group created solid foundations for further sales and earnings growth. For example, last fiscal year the company made high-margin investments with a total volume of around EUR 138.9 million. In addition, VIB also acquired a majority interest in BBI AG – a real estate company with above average perspectives for growth. At present, the VIB Group thus has a top-quality portfolio of properties, recording rental returns of approx. 7.01% p.a. based on the properties' market values. The real estate projects commenced in 2007 and the properties already acquired in 2008 will contribute to a corresponding increase in assets and income during the current fiscal year.

Additional growth potential will also be developed, in particular by integrating BBI AG into the VIB Group. The VIB Group will be able to expand its real estate portfolio significantly in the coming years as a result of the step-by-step acquisition of a total of 17 additional specialist stores already contractually secured by BBI AG. At present, these properties are currently being constructed or construction is about to start. A significant proportion of these properties will already be handed over in 2008. The full acquisition of these properties with a total investment of around EUR 153 million through to 2010 means that BBI AG and thus the entire VIB Group will constantly improve its cost/income ratio, further increasing its profitability. In addition, the increase in VIB Vermögen AG's voting rights in both companies will allow it to work more closely together with them. This will allow synergy effects to be used in future to further increase income and returns. The possibility of obtaining additional equity via the capital markets will also impact the company's future growth. Placing additional capital increase depends on factors including the underlying conditions on the capital market, which also brings with it uncertainties which affect future forecasts.

A difficult market is expected for BBI AG's beverages segment (Herrnbräu GmbH & Co. KG) in fiscal year 2008. The general population's consumption behavior is changing, and this, coupled with the across-the-board smoking ban in pubs means that the market is expected to shrink. The process of consolidation in the German brewing sector is expected to increase as a result of this more intense situation.

Despite the demanding situation, Herrnbräu GmbH & Co. KG is excellently equipped for the future. In addition to further optimizing its cost structure, in future the company will focus in particular on increasing market penetration. It will reinforce its new customer acquisition and improve its distribution. The excellent results in the first few months of the current fiscal year confirm the course that Herrnbräu has taken: Compared to the same period of the previous year, total beverage sales in the first month of the new fiscal year were up 6.8%. In view of fiscal year

2008, it can thus be assumed that Herrnbräu will also be able to record a pleasing operating result this year while simultaneously improving its cash flow.

Over the past few years, the VIB Group has become established as one of the leading listed real estate companies in Southern Germany. Past successes have thus laid the foundations for solid, highly profitable future growth.

The Managing Board is forecasting consolidated rental income of around € 36.8 million in 2008. Including all of the projects being developed (including BBI AG's properties), rental income could increase to more than € 45 million in 2009. Taking the favorable cost structure into account, corresponding increases in results can also be assumed for the coming years.

The Managing Board is forecasting operating income of around € 42.5 million in fiscal year 2008, with pre-tax earnings of around € 17.0 million. This figure is thus up significantly compared to 2007. A further increase in pre-tax earnings is also forecast for 2009. The VIB Group will thus be able to increase its position on the market as a highly profitable real-estate group.

Neuburg/Donau, April 29, 2008

Ludwig Schlosser
- The Managing Board -


Gründerzentrum
Neuburg-Schrobenhausen
P BESUCHER

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| Consolidated income statement

Consolidated income statement (IFRS) for the period from January 1, 2007 to December 31, 2007

€ thousand	Note	2007	2006
Revenues	1	**22,172**	**13,294**
Changes in value for investment properties	2	906	0
Other operating income	3	3,629	8,521
Total operating income		**26,707**	**21,815**
Expenses for investment properties	4	-3,857	-2,391
Cost of materials	5	-239	-306
Personnel expenses	6	-1,273	-723
Other operating expenses	7	-1,156	-1,506
EBITDA – earnings before interest, taxes, depreciation and amortization		**20,182**	**16,889**
Amortization of intangible assets and depreciation of property, plant and equipment and investment properties	8	-79	-3,120
Earnings before interest and taxes (EBIT)		**20,103**	**13,769**
Net income from investments accounted for using the equity method	9	1,064	57
Income from participating interests		23	0
Other interest and similar income	10	619	506
Interest and similar expenses	11	-7,140	-3,367
Pre-tax earnings (EBT)		**14,669**	**10,965**
Income tax	12	-2,244	-746
Other taxes	13	0	-262
Earnings (IFRS 5)		0	-186
Net profit		**12,425**	**9,771**
Earnings attributed to group shareholders		12,396	9,770
Minority interests	14	29	1
Earnings attributed to group shareholders		**12,396**	**9,770**
Consolidated retained profits		8,512	705
Withdrawal from retained earnings		0	0
Addition to retained earnings		-346	-4
Consolidated net retained profits		**20,562**	**10,471**
Basic/diluted earnings per share in €	15	0.78	0.90

| Consolidated balance sheet

IFRS consolidated balance sheet as of December 31, 2007

€ thousand	Note	Dec. 31, 2007	Dec. 31, 2006
Assets			
Non-current assets			
Intangible assets	16	847	2
Property, plant and equipment	16	36,766	10,351
Investment property	17	457,308	127,837
Investment in associates	18	355	17,607
Financial assets	19	4,090	2,131
Total non-current assets		**499,366**	**157,928**
Current assets			
Inventories	20	1,239	3
Receivables from associated companies		20	0
Receivables and other assets	21	5,577	1,125
Bank balances and cash in hand	22	9,536	2,257
Prepaid expenses		76	18
Total current assets		**16,448**	**3,403**
Total assets		**515,814**	**161,331**

€ thousand	Note	Dec. 31, 2007	Dec. 31, 2006
Equity and liabilities			
Equity	23		
Subscribed capital		17,084	12,188
Share premium		96,163	48,053
Retained earnings		39,901	515
Net retained profits		20,562	10,471
		173,710	**71,227**
Cash flow hedges		-72	0
Minority interest		20,734	308
Total equity		**194,372**	**71,535**
Non-current liabilities			
Profit-participation certificates	24	675	675
Financial debt	25	259,411	59,905
Compensation claims - minority interests - partnerships	26	1,551	1,523
Derivative financial instruments	27	857	474
Deferred taxes	28	16,873	1,500
Provisions for pensions	29	964	0
Other non-current liabilities	30	896	0
Total non-current liabilities		**281,227**	**64,077**
Current liabilities			
Financial debt	31	29,569	20,843
Provisions	32	1,754	374
Liabilities from income taxes	33	395	343
Liabilities to associated companies		34	0
Other liabilities	34	8,048	3,760
Deferred income		415	399
Total current liabilities		**40,215**	**25,719**
Total equity and liabilities		**515,814**	**161,331**

| Consolidated cash flow statement

Consolidated cash flow statement (IFRS) for the period from January 1, 2007 to December 31, 2007

€ thousand		Jan. 1, 07 - Dec. 31, 07	Jan. 1, 06 - Dec. 31, 06
A. Cash flow from operating activities			
Net income (after taxes)		12,425	9,771
+/–	Net interest	6,520	2,861
+/–	Income tax	2,244	746
+/–	Write-ups/write-downs for non-current assets	79	3,120
+/–	Increase/decrease in provisions	-342	264
+/–	Changes in the fair value of investment properties	-906	0
–	Negative differences from first-time consolidation	-3,125	-5,882
–	Result from deconsolidation	0	-2,356
–	At equity results	-1,065	0
–	Income tax paid	-1,090	-697
Cash flow from operating activities after taxes		**14,740**	**7,827**
+/–	Other non-cash income/expenses	240	293
+/–	Changes in inventories, receivables and other assets that are not to be allocated to investing activities	-1,034	3,788
+/–	Change in debt, that is not allocable to financing activities	3,652	1,441
Cash flow from operating activities		**17,598**	**13,349**
B. Cash flow from investment activities			
–	Payments for investments in property, plant and equipment	-16,851	-9,349
–	Payments for investments in investment properties	-149,198	-43,299
–	Payments for investments in intangible assets	-1	0
–	Payments for investments in Financial assets	-48	-11,743
+	Dividends received	22	0
–	Payments from the acquisition of consolidated companies and other business units	-23,477	-200
Cash flow from investment activities		**-189,553**	**-64,591**

€ thousand		Jan. 1, 07 - Dec. 31, 07	Jan. 1, 06 - Dec. 31, 06
C. Cash flow from financing activities			
+	Proceeds from additions to equity	53,366	17,251
–	Payments in connection with capital increases	-491	-261
–	Cash payments to owners and minority interests (dividends)	-1,959	-588
+	Interest received	619	506
–	Interest paid	-6,815	-3,155
+/–	Payments/receipts from the change in financial debt	134,514	20,624
+/–	Effects of internal restructuring	0	-2,268
+/–	Other payments and receipts from financing activities	0	-28
Cash flow from financing activities		**179,234**	**32,081**
D. Cash and cash equivalents – end of period			
Net change in cash and cash equivalents			
+/–	Cash flow from operating activities	17,598	13,349
+/–	Cash flow from investment activities	-189,553	-64,591
+/–	Cash flow from financing activities	179,234	32,081
	Change in cash flow	**7,279**	**-19,161**
+/–	Group and valuation related changes in cash and cash equivalents	0	0
Cash and cash equivalents – start of period			
+	Cash and cash equivalents	2,257	21,418
–	Current bank borrowing with a remaining term of up to three months	0	0
Cash and cash equivalents – end of period		**9,536**	**2,257**

| Consolidated statement of changes in equity

Consolidated statement of changes in equity (IFRS) for fiscal year 2006 and 2007

€ thousand	Subscribed capital	Share premium	Retained earnings	Reserve for cash flow hedges	Net retained profits	Minority interests	Consolidated equity
January 1, 2006	**9,792**	**33,385**	**511**	**0**	**1,293**	**409**	**45,390**
Changes recorded directly in equity:							
Internal group restructuring	0	0	0	0	0	-102	-102
Expenses from capital increase	0	-253	0	0	0	0	-253
Tax effect on capital increase	0	67	0	0	0	0	67
Total	0	-186	0	0	0	-102	-288
Capital increase VIB Vermögen AG	2,396	14,854	0	0	0	0	17,250
Additions to retained earnings	0	0	4	0	-4	0	0
Dividend payment 2005	0	0	0	0	-588	0	-588
Consolidated net income 2006	0	0	0	0	9,770	1	9.771
December 31, 2006	**12,188**	**48,053**	**515**	**0**	**10,471**	**308**	**71,535**
Changes recorded directly in equity:							
Changes from change of status or changes in group of consolidated companies	0	0	1,067	0	0	20,397	21,464
Revaluation of investment properties	0	0	37,973	0	0	0	37,973
Expenses from capital increase	0	-490	0	0	0	0	-490
Tax effect on capital increase	0	130	0	0	0	0	130
Total	0	-360	39,040	0	0	20,397	59,077
Capital increase VIB Vermögen AG	4,896	48,470	0	0	0	0	53,366
Cash flow hedges	0	0	0	-86	0	0	-86
Tax effect on cash flow hedges	0	0	0	14	0	0	14
Transfer to retained earnings	0	0	346	0	-346	0	0
Dividend payment 2006	0	0	0	0	-1,959	0	-1,959
Consolidated net income 2007	0	0	0	0	12,396	29	12,425
December 31, 2007	**17,084**	**96,163**	**39,901**	**-72**	**20,562**	**20,734**	**194,372**

A. 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.

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).

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 Southern Germany.

VIB Vermögen AG must prepare consolidated financial statements within the meaning of Section 293 of the Handelsgesetzbuch (HGB – German Commercial Code), as a subsidiary to be included in the consolidated financial statements was a company geared to the capital market on the balance within the meaning of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act). However, the consolidated financial statements according to the requirements of the IASB are prepared voluntarily (Section 315a (3) of the HGB).

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).

The company's consolidated financial statements have been prepared in euros. All figures, unless otherwise stated, are given in thousands of euros. The annual financial statements of the companies included in the consolidated financial statements (single-entity financial statements) are based on uniform accounting and valuation policies. Carrying amounts based on tax regulations are not included in the consolidated financial statements. The single-entity financial statements were prepared on the balance sheet date of the consolidated financial statements.

The total cost (nature of expense) format has been applied for the consolidated income statement. In addition to the income statement, the balance sheet and the cash flow statement, a statement of changes in equity is also provided.

The consolidated balance sheet is classified by maturity. Assets are classified as being current if they can be realized or redeemed within one year. As a rule, trade receivables and payables, tax receivables, tax liabilities and inventories are reported as current items. Deferred tax assets and liabilities are presented as non-current.

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.

Changes to the accounting and valuation policies are discussed in the notes. The retroactive application of revised and new standards demands that the results of the previous year and the opening financial statements for this comparable period are adjusted as if the new accounting and valuation methods had always been applied, unless there is different regulation for the respective standard.

| B. Application of new accounting standards

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, 2007. The consolidated financial statements also include further information required under the HGB and Aktiengesetz (AktG – German Public Limited Companies Act).

New accounting standards

The IASB published IFRS 7 “Financial Instruments: Disclosures” in August, 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 did not impact the Group's financial position and results of operations.

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 have not impacted VIB's financial position and results of operations or its cash flows.

In November 2006, IFRIC published the interpretation IFRIC 10 "Group and Treasury Share Transactions". This interpretation deals with issues regarding non-scheduled amortization in connection with IAS 34 (Interim Financial Reporting), IAS 36 (Impairment of Assets) and IAS 39 (Financial Instruments). IFRIC 10 now clarifies that the impairment of goodwill and certain financial instruments which cannot be written up according to IAS 39 cannot be reversed at a later reporting date. IFRIC 10 applies for the first time for financial years beginning on or after 1 November 2006. Application of these interpretations is not expected to have a material impact on VIB's financial position and results of operations or its cash flows.

Newly issued accounting standards not applied ahead of time

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have passed the following new standards and interpretations and amendments for which application was not yet mandatory in fiscal year 2007. Early application of these new regulations is not foreseen.

In November 2006, IFRIC published the interpretation IFRIC 11 "Group and Treasury Share Transactions". This interpretation deals with the issue of how IFRS 2 "Share-based Payment" is to be applied for share-based payments in which treasury shares of the company or equity instruments of another company within the group are granted. Application of IFRIC 11 is mandatory for fiscal years beginning on or after March 1, 2007; earlier application is permitted. The Group is not currently expecting compliance with this Interpretation to have a material effect on the presentation of its consolidated financial statements.

In November 2006, IFRIC published the interpretation IFRIC 12 "Service Concession Arrangements". Service concession arrangements are agreements concluded between a government or another public institution and private companies in order to provide public services, such as roads, energy supply or transportation services. This interpretation aims to provide guidelines that allow private enterprises to clarify certain issues regarding disclosure and measurement that could arise in connection with service concession agreements with public authorities. This standard is effective for fiscal years beginning on or after January 1, 2008, earlier application is permitted. The Group is not expecting compliance with this interpretation to have a material effect on the presentation of its financial statements.

The IFRIC published IFRIC 13 "Customer Loyalty Programs" in September 2006. Customer loyalty programs are bonus points or air miles that companies give to customers, who receive these when buying other goods or services. In particular, this interpretation explains how these companies have to account for their obligations to provide free or lower-priced goods or services ("premiums") for customers who cash in their points. This standard is effective for fiscal years beginning on or after July 1, 2008, earlier application is permitted. The Group is not expecting compliance with this interpretation to have a material effect on the presentation of its financial statements.

In July 2007, IFRIC issued its interpretation IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction". This interpretation provides information on how the restriction under IAS 19 "Employee Benefits" is to be defined for net income, which can be carried as an asset. In addition, it also clarifies the impact of defined-benefit plans on the valuation of assets and provisions as a result of a statutory or contractual obligation to pay minimum contributions. This ensures that companies consistently account for plan assets as assets. Application of IFRS 14 mandatory for financial years beginning on or after January 1, 2008; earlier application is permitted. The Group is not expecting compliance with this Statement to have a material effect on the presentation of its financial statements.

The IASB issued IFRS 8 "Operating Segments" in November 2007. This replaces the previous IAS 14 "Segment Reporting". According to IFRS 8, reporting on the economic situation of the segments must follow the so-called management approach. This approach demands that delimitation of the segments and the notes on the segments are based on the information used internally by management for the measurement of segment performance and allocating resources. Application of IFRS 8 is mandatory for financial years beginning on or after 1 January 2009, earlier application is permitted. The Group is not expecting compliance with this standard to have a material effect on the presentation of its financial statements.

In November 2007 the European Parliament resolved to adopt IFRS 8 Operating Segments. IFRS 8 replaces IAS 14, Segment Reporting. This standard requires companies to report on financial and descriptive information regarding their segments with a reporting requirement. Segments with a reporting requirement are operating segments or groups of operating segments that fulfill certain criteria. Operating segments are the components of a company for which separate

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financial information is available, that regularly reviewed by the chief operating decision maker in order to assess the business performance and to decide how resources are to be allocated. In general, financial information must be reported based on internal management. This allows the management body to assess the business success of the operating segments, and decide how resources are to be allocated to the operating segments. IFRS 8 is effective for fiscal years beginning on or after January 1, 2009. The Group is not expecting the application of IFRS 8 to have a material effect on the presentation of its consolidated financial statements.

| C. Summary of key accounting and valuation principles

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. After first-time disclosure and measurement, investment properties can be subsequently valued using two different valuation methods on the balance sheet date. There are two methods that can be used for subsequent valuation: fair value measurement recognized in income (fair value model) or subsequent valuation at amortized cost (cost model). As the fair value method has now become established as the standard subsequent valuation method on the market, VIB Vermögen AG has been using the fair value method since January 1, 2007.

| D. Group of consolidated companies and consolidated 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 measured at their fair value on the date of exchange during initial consolidation. Minority interests are not taken into account in this regard. 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.

The earnings 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 earnings 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, 2007, fourteen (previous year: four) companies were included in VIB Vermögen AG's consolidated financial statements.

Companies included in the consolidated financial statements as of December 31, 2007:

Company	Equity interest (%)
BBI Bürgerliches Brauhaus Immobilien Aktiengesellschaft	69.99
Merkur GmbH	100.00
VR 1 Immobilienverwaltung GbR	94.94
Industriepark Neuburg GbR	94.00
Gewerbepark Günzburg GmbH	87.50
IVM GmbH	60.00
RV Technik s.r.o.	100.00
CMG Center Marketing GmbH	100.00
VSI GmbH	74.00
Herrnbräu GmbH & Co. KG	69.99
Herrnbräu Geschäftsführungs-GmbH	69.99
Unterstützungskasse des Bürgerlichen Brauhaus Ingolstadt GmbH	69.99
Mittelbayerische Getränke-Vertrieb GmbH & Co. KG	69.99
Herrnbräu Gaststättenbetriebs GmbH	69.99

The capital interests shown correspond to the proportionate equity interests due to the Group.

For a list of shareholdings please refer to page 109.

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 key impact of the changes in the group of consolidated companies is shown in the notes to the individual items.

Acquisitions in 2007

VIB Vermögen AG increased its interest in BBI AG from 28.63% by 41.36% to 69.99% in December 2007. The date of acquisition for full consolidation of the interests has been set as December 31, 2007. Until this date, BBI AG was included in VIB Vermögen AG's consolidated financial statements from in line with the measurement principles for associated companies.

The purchase price for the acquired company totaled € 24,933 thousand in cash (including incidental acquisition costs) for 41.36%. The acquired assets and liabilities resulted in negative goodwill totaling EUR 3,125 thousand, which was recognized in income and carried in the income statement under other operating income. The change in status from an associated company to a subsidiary resulted in negative goodwill of € 914 thousand, which was taken directly to equity.

The at-equity earnings of the acquired company totaled € 1,091 thousand for the period in which it was carried at equity.

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In this connection, the Group received the following assets and liabilities (simplified) as of December 31, 2007:

in T€	Carrying amounts	Fair value
Intangible assets	844	844
Property, plant and equipment	19,238	19,238
Investment property	125,393	125,393
Investments in associated companies	192	192
Non-current other financial assets	1,911	1,911
Total non-current assets	**147,578**	**147,578**
Inventories	1,239	1,239
Trade receivables	1,504	1,504
Other assets	1,989	1,989
Cash and cash equivalents	1,456	1,456
Total current assets	**6,188**	**6,188**
Total assets	**153,766**	**153,766**
Financial liabilities	61,132	61,132
Other non-current liabilities	150	150
Provisions for pensions	818	964
Deferred taxes	7,933	7,889
Total non-current liabilities	**70,033**	**70,135**
Financial liabilities	12,585	12,585
Trade payables	818	818
Other current liabilities	667	667
Provisions for taxes	307	307
Current other provisions	1,415	1,415
Total current liabilities	**15,792**	**15,792**
Total shareholders' equity and liabilities	**85,825**	**85,927**
Net assets	**67,941**	**67,839**

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.

With the exception of an adjustment to the provisions for pensions and a resulting adjustment in deferred tax liabilities, it was possible to take over the carrying amounts unchanged, as the investment properties are measured at fair value in line with the option provided in IAS 40. There were no additional intangible assets (including goodwill) which could be carried in expectation of a future economic benefit.

The acquired cash and cash equivalents totaled € 1,456 thousand.

If initial consolidation had been performed as of January 1, 2007, consolidated revenues would have been € 21,516 thousand higher and the pre-tax earnings would have been increased by € 4,212 thousand.

Associates

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 31.12.07, the following companies were carried as associated companies according to the equity method:

VIMA Grundverkehr GmbH (equity interest 50%)
Tre Effe S.R.L., Forli (Italy) (equity interest 40%)

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 a n 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.

The VIB Group exclusively has one business segment "Rental and Management of a real estate portfolio" at the end of the fiscal year. 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 products and services provided or the risks and returns. As there are no distinguishable business segments and geographical segments, there is no segment reporting. A company in the "Beverages" segment was included in the group of consolidated companies for the first time on December 31, 2007.

As this company was acquired at the end of the fiscal year, segment reporting is limited to segment assets and liabilities, excluding segment income or revenues.

Recognition 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

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.

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.

Licenses (incl. software) and trademarks

Purchased intangible assets are recognized at cost. The beverage deliveries agreed with customers are written down over two to a maximum of ten years depending on their contractual term in line with the actual quantity supplied, or using the straight line method. An amortization period of three to five years is used for acquired brands. In the case of acquired software, scheduled straight-line amortization of four years is assumed as a result of its limited useful life. Intangible assets are also subject to impairment if, on the balance sheet date, the recoverable amount is lower than their amortized cost. They are written up if the reasons for impairment in previous years no longer apply.

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 an 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 with the exception of land and buildings. Costs include all of the expenses directly attributable to the acquisition of the asset. Subsequent acquisition costs are only recognized as part of the acquisition costs if it is probable that this will result in future economic benefits for 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.

Instead of measurement at amortized cost, the Group has carried the land and buildings used for the brewery at a revalued amount which corresponds to their fair value less accumulated depreciation on the date of the revaluation.

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
- Buildings: 20 – 45 years
- Technical equipment and machinery: 10 to 25 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

With the exception of the brewery's operating premises including its buildings, all of the other properties are treated as investment property within the meaning of IAS 40. These are measured at cost upon acquisition. Any investment subsidies to cover additional expenses from listed buildings as a result of investments in real estate are deducted from the acquisition costs of the corresponding asset within the meaning of IAS 20. Subsequent valuation was at amortized cost less straight line depreciation for all of the real estate held as investment properties up until the first valuation at fair values on January 1, 2007. The difference between amortized cost and fair values is carried under the revaluation reserve and taken directly to equity – less deferred taxes

The fair values were ascertained by an independent expert (expert opinion by Landestreuhand Weihenstephan GmbH, Wirtschaftsprüfungsgesellschaft dated April 10, 2008). The expert used the income method to identify the present values with the exception of one non-commercially used unit. The regulations of the German Wertermittlungsverordnung (Valuation Directive) were applied accordingly. In the income method, the present value of a property mostly depends on the following factors:

- Gross annual income
- Management costs
- Remaining useful lives of buildings
- Property interest rate
- Land value

The gross annual income was identified based on the current gross annual rent for the individual properties. The land values were taken from the respective communities' collections of guiding values. An interest rate of 5% was used as the property interest rate.

The value of the assets is used as the present value for the units used non-commercially for residential purposes. The fair value is derived from current prices on active markts. Differences with regard to location, contractual structure, etc. have been taken into account when identifying the fair value.

An expert opinion from an independent expert was also used to value the BBI Group's investment properties.

Impairment of non-financial assets

The VIB Group writes down the carrying amounts of property, plant and equipment, intangible assets 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

Raw materials, consumables and supplies and merchandise are carried at cost Work-in-progress and finished goods are carried at cost taking lower selling prices into account. Production costs include material and salary direct costs as well as fixed and variable production costs.

Trade receivables

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.

Bank balances and cash in hand

Bank balances and cash in hand include 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. Bank balances and cash in hand 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.

Cash flow hedges

Interest rate swaps are used on occasion as part of taking out loans. These are used to hedge the fixed interest rate, and some of the credit conditions prescribed by the bank. The effectiveness of the hedge is ascertained prospectively using the critical terms match method under IAS 39.AG 108. The effectiveness is reviewed retrospectively on each balance sheet date using an effectiveness test with statistical methods in the form of a regression calculation. For these financial instruments used as cash flow hedges the unrealized gains and losses from the hedge transaction are initially taken directly to equity. They are only included in the income statement when the underlying hedged transaction is recognized 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.

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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

Provisions are formed according to IAS 37 if there is a legal or constructive obligation to third parties from past events, and if this obligation is likely to lead to an outflow of funds for which the amount can be reliably estimated. Provisions are carried in the amount that is required according to the best possible estimate in order to cover all current obligations on the balance sheet date. Future events that could impact the amount required to fulfill an obligation are taken into account in the provisions to the extent that these can be predicted with sufficient objective certainty and to the extent that these obligations result from past transactions. Expenses for the formation of provisions are disclosed in the income statement. If an outflow of funds is only to be expected after more than one year, the provisions are discounted using a pre-tax interest rate. In the event of discounting, the increase in the provisions over time is carried as interest expenses.

Provisions for pensions

Provisions for pension commitments are valued using the projected unit credit method prescribed by IAS 19 for defined benefit plans.

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.

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.

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.

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.

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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.

Valuation insecurities

Assumptions must be made when applying the accounting and valuation methods. The most important forward-looking assumptions and other key sources of estimating insecurities which exist on the balance sheet date and as a result of which a risk exists that will make an adjustment to the carrying amounts of assets and liabilities necessary during the next fiscal year are discussed below:

- The identification of the fair values for assets and liabilities and the useful lives of assets are based on the management's assessments. This also applies to the identification of impairment for property, plant and equipment and intangible assets as well as financial assets.
- Write-downs are formed for doubtful receivables in order to take estimated losses from customers' unwillingness or inability to pay into account.
- Estimates must also be made when calculating actual and deferred taxes. In particular, the possibility of generating sufficient taxable income plays a key role in assessing whether or not deferred tax assets can be used.
- Discount factors and anticipated developments are the key estimates made in accounting for and measuring provisions.

As a rule, the best possible knowledge with regard to the situation on the balance sheet date is used for these valuation insecurities. The actual amounts that result could differ from the estimated amounts. The carrying amounts disclosed in the financial statements which bear these insecurities are detailed on the balance sheet or in the associated notes.

On the date the consolidated financial statements were prepared, no material changes to the assumptions on which accounting or valuation were based was to be assumed. As a result, from the current perspective, no notable adjustments to the assumptions and estimates or the carrying amounts of the affected assets and liabilities are to be expected in fiscal year 2008.

| E. Notes on the balance sheet and income statement

1. Revenues

The group's revenues are composed as follows:

€ thousand	2007	2006
Income from rentals	21,915	12,571
Income from the sale of land with buildings and apartments	232	567
Other income	25	156
	22,172	**13,294**

VIB Vermögen AG and IVM GmbH sold properties in 2007.

2. Changes in value for investment properties

€ thousand	2007	2006
Write-ups from changes in market value IAS 40	3,525	0
Subsequent acquisition costs in the fiscal year capitalized under HGB	-472	0
Write-downs from changes in market value IAS 40	-2,147	0
	906	**0**

Yield-bearing properties within the meaning of IAS 40 are recognized in income at their present values from January 1, 2007.

3. Other operating income

€ thousand	2007	2006
Income from the reversal of negative goodwill from capital consolidation	3,145	5,882
Income from the deconsolidation of BBI Bürgerliches Brauhaus Immobilien AG	0	2,356
Other operating income	484	283
	3,629	**8,521**

The income disclosed from the reversal of negative goodwill from capital consolidation in the amount of € 3,145 thousand (previous year: € 5,882 thousand) results within the meaning

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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).

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**
BBI Bürgerliches Brauhaus Immobilien AG, Ingolstadt	3,125
CMG Center Marketing GmbH, Gersthofen	20
	3,145

4. Expenses for investment properties

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

€ thousand	**2007**	**2006**
Expenses for rented land and buildings		
Land expenses	3,402	2,011
Maintenance expenses	455	330
Other expenses	0	50
	3,857	**2,391**

The minimum lease installments from operating leases recognized as expense during the period under review totaled € 56 thousand.

5. Cost of materials

The cost of materials comprises the following:

€ thousand	**2007**	**2006**
Expenses in connection with properties designated for sale	239	306
	239	**306**

6. Personnel expenses

€ thousand	2007	2006
Wages and salaries	1,135	608
Social security contributions	138	115
	1,273	**723**

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

7. Other operating expenses

Other operating expenses fell year-on-year from € 1,506 thousand to € 1,156 thousand.

8. Amortization of intangible assets and depreciation of property, plant and equipment and investment properties

€ thousand	2007	2006
Scheduled depreciation of investment properties	0	2,971
Scheduled depreciation of property, plant and equipment	79	149
	79	**3,120**

9. Share of profit from equity-accounted investments

The income from investments is due to the following participating interests in associated companies:

€ thousand	2007	2006
BBI Bürgerliches Brauhaus Immobilien AG (Jan. 1 – Dec. 31, 2007)	1,091	15
VIMA Grundverkehr GmbH (Jan. 1 – Dec. 31, 2007)	-27	42
	1,064	**57**

10. Other interest and similar income

Other interest and similar income in the amount of € 619 thousand (previous year: € 506 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 € 7.140 thousand (previous year: € 3,367 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	2007	2006
Ongoing income tax expense	1,098	851
Deferred taxes	1,146	-105
Total income tax expense	**2,244**	**746**

Ongoing tax expense mostly comprises corporation tax including the solidarity surcharge. The use of an existing loss carryforward reduced taxation in the amount of € 81 thousand.

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 pre-tax earnings 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	**2007**	**2006**
Earnings before income taxes (after other taxes in previous year)	14,669	10,703
anticipated income tax rate: 26,375%		
Anticipaetd income tax expense	3,869	2,823
Impact from bargain purchase	-829	-1,552
Deconsolidation income	0	-621
Changes in tax rate	-702	0
Amortization of goodwill	0	2
Taxes previous years	-32	-44
Use of non-capitalized loss carryforwards	-81	0
Impact of extraordinary and supplementary financial statements	101	101
Losses from companies fully consolidated during the year	0	115
Tax impact of subsidiaries and equity participations	-183	-153
Other	101	75
Reported income tax expense	**2,244**	**746**
Effective tax rate	15.30%	6.97%

As a result of the 2008 reform of corporate taxation passed during the year under review, new tax rates will apply for the Group's companies from January 1, 2008. The reduction in corporation tax to 15.0% will result in – taking into account the expanded reduction in trade tax and the solidarity surcharge on corporation tax – a combined income tax rate of 15.825% (previous year: 26.375%) for the Group's companies (without taking the BBI AG sub-group into account). The impact of the changes in tax rates were recognized in income in fiscal year 2007 in the amount of € 702 thousand.

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13. Other taxes

During the year under review, expenses for land tax were carried under expenses for investment properties and not under other taxes as in the previous year.

14. Minority interests

The consolidated earnings in the amount of € 12,425 thousand include minority interests (Gewerbepark Günzburg GmbH, IVM Verwaltung GmbH, VSI GmbH) totaling € 29 thousand.

15. Earnings per share

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

€ thousand	2007	2006
Earnings		
Basis for the basic earnings per share (allocable proportionate period earnings for shareholders of parent company)	12,396	9,770
Impact of dilutive potential shares	0	0
Basis for diluted earnings per share	12,396	9,770
Number of shares (in shares)		
Weighted average number of shares in circulation for basic earnings per share	15,836,526	10,845,187
Impact of dilutive potential shares: Stock options	0	0
Weighted average number of shares in circulation for diluted earnings per share	15,836,526	10,845,187
Basic earnings per share (€)	**0.78**	**0.90**
Diluted earnings per share (€)	**0.78**	**0.90**

Dividends

In fiscal year 2007, according to the resolution of the General Meeting on July 26, 2007, an amount of € 1,958,400.00 was disbursed from VIB Vermögen AG's 2006 net retained profits. This corresponds to a dividend of € 0.20 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 2007, that a dividend of € 0.20 per share is disbursed from VIB Vermögen AG's net retained profits (total of € 3,416,800.00).

16. Intangible assets and property, plant and equipment

16.1. Intangible assets

€ thousand	Goodwill	Other rights	Total
Acquisition costs As of Jan. 1, 2006	**5**	**0**	**5**
Additions	0	0	0
Disposals	0	0	0
Reclassifications	0	0	0
As of Dec. 31, 2006	**5**	**0**	**5**
Amortization/depreciation As of Jan 1, 2006	**3**	**0**	**3**
Additions	0	0	0
Disposals	0	0	0
Reclassifications	0	0	0
As of Dec. 31, 2006	**3**	**0**	**3**
Carrying amount Dec. 31, 2006	**2**	**0**	**2**
Carrying amount Jan. 1, 2006	**2**	**0**	**2**

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€ thousand	Goodwill	Other rights	Total
Acquisition costs As of Jan. 1, 2007	**5**	**0**	**5**
Changes in group of consolidated companies	4	2,580	2,584
Additions	1	0	1
Disposals	0	0	0
As of Dec. 31, 2007	**10**	**2,580**	**2,590**
Amortization/depreciation As of Jan 1, 2007	**3**	**0**	**3**
Changes in group of consolidated companies	0	1,740	1,740
Additions	0	0	0
Disposals	0		0
Balance at Dec. 31, 2007	**3**	**1,740**	**1,743**
Carrying amount Dec. 31, 2007	**7**	**840**	**847**
Carrying amount Jan. 1, 2007	**2**	**0**	**2**

Additions from changes to the group of consolidated companies resulted as a result of the first-time consolidation of the BBI Bürgerliches Brauhaus Immobilien AG sub-group during the year under review. The additions mostly relate to the beverage supply rights carried under "Other rights".

Goodwill has been allocated according to the business activities of the cash generating units that belong to the "Real Estate" and "Beverages" divisions at a segment level.

16.2. Property, plant and equipment

€ thousand	Land and buildings	Plant and machinery	Other equipment, operating and office equipment	Payments on account and assets under construction	Total
Acquisition costs **As of Jan. 1, 2006**	**0**	**79**	**2,297**	**11**	**2,387**
Additions	0	0	60	9,289	9,349
Disposals	0	-15	-19	0	-34
Reclassifications	0	-38	38	0	0
As of Dec. 31, 2006	**0**	**26**	**2,376**	**9,300**	**11,702**
Amortization/depreciation **As of Jan 1, 2006**	**0**	**38**	**1,197**	**0**	**1,235**
Additions	0	7	142	0	149
Disposals	0	-14	-19	0	-33
Reclassifications	0	-11	11	0	0
As of Dec. 31, 2006	**0**	**20**	**1,331**	**0**	**1,351**
Carrying amount Dec. 31, 2006	**0**	**6**	**1,045**	**9,300**	**10,351**
Carrying amount Jan. 1, 2006	**0**	**41**	**1,100**	**11**	**1,152**

€ thousand	Land and buildings	Plant and machinery	Other equipment, operating and office equipment	Payments on account and assets under construction	Total
Acquisition costs As of Jan. 1, 2007	**0**	**26**	**2,376**	**9,300**	**11,702**
Changes in group of consolidated companies	3,606	9,204	18,749	5,972	37,531
Additions	1	0	548	16,302	16,851
Disposals	0	0	0	0	0
Reclassification to investment properties	0	-26	-1,790	-8,836	-10,652
As of Dec. 31, 2007	**3,607**	**9,204**	**19,883**	**22,738**	**55,432**
Amortization/depreciation As of Jan 1, 2007	**0**	**20**	**1,331**	**0**	**1,351**
Changes in group of consolidated companies	1,729	6,827	14,768	0	23,323
Additions	0	0	79	0	79
Disposals	0	0	0	0	0
Reclassification to investment properties	0	-20	-1,024	0	-1,044
As of Dec. 31, 2007	**1,729**	**6,827**	**15,154**	**0**	**23,709**
Revaluation	**5,044**	**0**	**0**	**0**	**5,044**
Carrying amount Dec. 31, 2007	**6,922**	**2,377**	**4,729**	**22,738**	**36,766**
Carrying amount Jan. 1, 2007	**0**	**6**	**1,045**	**9,300**	**10,351**

Property, plant and equipment includes leased assets as part of BBI's brew house under the item Land and buildings (€ 732 thousand), for which economic ownership is to be allocated to the Group as the lessee as it bears all of the major opportunities and risks from the use of the leased asset (so-called finance lease).

17. Investment property

€ thousand	2007	2006
Aquisition costs **As of January 1**	**142,326**	**93,469**
Changes in group of consolidated companies	122,661	137
Additions	149,198	48,719
Reclassifications fro assets under construction	8,836	0
Disposals	0	0
As of December 31	**423,021**	**142,326**
Amortization/depreciation **As of January 1**	**14,488**	**11,768**
Changes in group of consolidated companies	3,479	-251
Additions	0	2,971
Disposals	0	0
As of December 31	**17,967**	**14,488**
Write-up to present value **As of January 1**	**0**	**0**
Changes in group of consolidated companies	6,211	0
Write-ups due to change in method as of Jan. 1, 2007	45,137	0
Write-ups	3,527	0
Write-downs	-2,621	0
As of December 31	**52,254**	**0**
Carrying amount December 31	**457,308**	**127,837**
Carrying amount January 1	**127,837**	**81,701**

The investment property (IAS 40) is property from the company's core business that is held for rental and to increase value. The company has accounted for the properties using the fair value model since January 1, 2007. External experts were used to ascertain the properties' value.

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.

If the fair value had already been used as of December 31, 2006, the results would have been as follows:

€ thousand	Dec. 31, 2006
Assets	
Non-current assets	
Intangible assets	2
Property, plant and equipment	10,351
Investment property	172,974
Investments in associates	17,607
Financial assets	2,131
Total non-current assets	**203,065**
Current assets	
Inventories	3
Receivables and other assets	1,125
Securities	0
Bank balances and cash in hand	2,257
Prepaid expenses	18
Total current assets	**3,403**
Total assets	**206,468**
Equity and liabilities	
Equity	
Subscribed capital	12,188
Share premium	48,053
Retained earnings	32,844
Net retained profits	10,471
	103,556
Minority interest	308
Total equity	**103,864**
Non-current liabilities	
Profit-participation certificates	675
Financial debt	59,905
Net assets of shareholders	1,523
Derivative financial instruments	474
Deferred taxes	14,308
Total non-current liabilities	**76,885**
Current liabilities	
Financial debt	20,843
Provisions	374
Liabilities from income taxes	343
Other liabilities	3,760
Deferred income	399
Total current liabilities	**25,719**
Total equity and liabilities	**206,468**

18. Investment 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	2007	2006
BBI Bürgerliches Brauhaus Immobilien AG	0	17,418
Tre Effe S.R.L.	192	0
VIMA Grundverkehr GmbH	163	189
	355	**17,607**

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

€ thousand	Tre Effe S.R.L.	BBI Bürgerliches Brauhaus Immobilien AG	VIMA Grundverkehr GmbH
Balance at Jan. 1, 2007	**0**	**17,418**	**189**
Changes in group of consolidated companies	192	0	0
Disposal from change of status	0	-18,509	0
Proportion of annual earnings 2007	0	1,091	-26
Balance at Dec. 31, 2007	**192**	**0**	**163**

As a result of its proportionate interests, the following assets and liabilities are due to the Group as of December 31, 2007:

€ thousand	VIMA Grundverkehr GmbH	Tre Effe S.R.L.
Assets	1,224	585
Liabilities	1,205	481

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19. Financial assets

€ thousand	2007	2006
Aquisition costs as of January 1	**2,131**	**178**
Additions	48	2,253
Changes in group of consolidated companies	1,911	0
Disposals	0	-300
Net carrying amount on December 31	**4,090**	**2,131**
Breakdown of financial assets		
Interest - Tilly-Immobilie Verwertungs GmbH	93	93
Loans to customers	1,911	0
Loan - VIMA Grundverkehr GmbH	2,086	2,038
Financial assets December 31	**4,090**	**2,131**

Individual write-downs with a total amount of EUR 804 thousand were formed for customer loans for which collection is not expected to be possible. In addition, individual write-downs totaling EUR 75 thousand were formed totaling EUR 75 thousand as a result of past experience with payment defaults. The figures are mostly from the Brewery segment.

20. Inventories

€ thousand	2007	2006
Aquisition costs as of January 1	**3**	**2,478**
Additions	0	0
Changes in group of consolidated companies	1,239	0
Disposals	-3	-2,475
Net carrying amount on December 31	**1,239**	**3**
Breakdown of inventories		
Raw materials and production supplies	623	3
Work in progress	156	0
Finished goods	381	0
Merchandise	79	0
Inventories December 31	**1,239**	**3**

Inventories were not written down.

21. Receivables and other assets

€ thousand	2007	2006
Trade receivables	2,081	645
Other assets	3,496	480
	5,577	**1,125**

Trade receivables are mostly from the sale of goods. Individual write downs were required in the amount of € 156 thousand (previous year: € 6 thousand).

Other assets mostly related to current customer loans and VAT refund claims.

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

The changes in write-downs are shown in the following table:

€ thousand	Dec. 31, 2007	Dec. 31, 2006
Balance - start of year	6	0
Impairment of receivables	156	6
Amounts written of as these cannot be collected	6	0
Amounts received during the fiscal year from receivables written off	0	0
Reversals of impairment losses	0	0
	156	**6**

When determining whether trade receivables are impaired, every change in credit rating since the payment target was granted through to the balance sheet date is taken into account. There is no notable concentration in the credit risk, as there is a broad customer base and there are no correlations. Correspondingly, the management is convinced that no risk provisions are required over and above the impairment already recorded.

The present value of the trade receivables corresponds to the carrying amount. Additions during the fiscal year are carried in the income statement under other operating expenses, reversals under other operating income.

22. Bank balances and cash in hand

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 (€ 7,749 thousand) and BBI AG (€ 1,456 thousand).

23. Equity

Subscribed capital

VIB Vermögen AG's subscribed capital in the amount of € 17,084,000 comprises 17,084,000 shares. The capital was increased from € 12,188,000 by € 4,896,000 to € 17,084,000 by way of a cash capital increase in 2007.

Share premium

The share premium is corresponds to VIB Vermögen AG's share premium (HB II). This mostly includes the premium on the capital increases implemented previous years. In fiscal year 2007, the share premium after consideration of expenses for the capital increase (€ 490 thousand) and after deducting deferred taxes (€ 130 thousand) increased as a result of the cash capital increase by € 48,110 thousand.

Retained earnings

As part of it annual financial statements as of December 31, 2007, VIB Vermögen AG added € 346 thousand to retained earnings. According to IAS 40, for the first time the resulting difference between the carrying amounts and the fair values – less deferred taxes – was included in the retained earnings in the amount of € 37,973 thousand. Any resulting negative difference from the consolidation of the equity interest in BBI AG as a result of a change of status to a subsidiary also increases the retained earnings.

Net retained profits

The group's net retained profits stems from the previous year's net retained profits less the disbursement on the net income for the previous year (€ 1,959 thousand), the addition to retained earnings (€ 346 thousand), plus the ongoing consolidated net income from fiscal year 2007 due to group shareholders (€ 12,396 thousand).

Minority interests

Minority interests are due to the participating interest in BBI AG and Gewerbepark Günzburg GmbH.

This item developed as follows:

€ thousand	2007	2006
Balance - start of year	308	409
Additions from changes to the consolidated group	20,397	-102
Proportion of annual earnings	29	1
Balance - end of year	**20,734**	**308**

Authorized capital

New authorized capital was created by way of a resolution by the General Meeting on July 26, 2007 totaling € 3,416,800. The Managing Board's authorization to issue new shares against cash or non-cash contributions with the approval of the Supervisory Board is valid until July 25, 2012.

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	2007	2006
Remaining term between 1 and 5 years	68,360	13,955
Remaining term more than 5 years	191,051	45,950
	259,411	**59,905**

Financial debt mostly includes interest-bearing liabilities. It includes interest-bearing liabilities from leasing in the amount of € 103 thousand (> 1 year and up to 5 years), which practically corresponds to the future minimum lease payments.

Financial liabilities with a term of more than twelve months are loans for the following group companies:

€ thousand	2007
Non-current financial debt	
VIB Vermögen AG	182,243
BBI Bürgerliches Brauhaus Immobilien AG	61,132
Merkur GmbH	2,440
Industriepark Neuburg GbR	4,954
IVM Verwaltung GmbH	2,721
Gewerbepark Günzburg GmbH	5,921
	259,411

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. Compensation claims - minority interests in partnerships

The minority interests totaling € 1,551 thousand (previous year: € 1,523 thousand) 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.

27. Derivative financial instruments

The group uses interest rate swaps to optimize interest expenses connected with the bank loans drawn down.

The change in the fair value of the swaps that are not to be qualified as cash flow hedges was recognized in the income statement (€ -297 thousand, previous year: € -474 thousand). The negative market value of all swaps totaled € -857 thousand on the balance sheet date (previous year: € -474 thousand). In addition, there were cash flow hedges with a positive market value of € 242 thousand.

28. Deferred taxes

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	2007	2006
Deferred tax assets		
Property, plant and equipment	0	26
Investment property	0	1,202
Derivative assets	138	128
Liabilities	245	402
Total deferred tax assets	**383**	**1,758**

€ thousand	2007	2006
Deferred tax liabilities		
Investment property	17,256	3,105
Investment in associates	0	153
Total deferred tax liabilities	**17,256**	**3,258**
Netting of deferred tax assets and liabilities	**383**	**1,758**
Carrying amount - deferred tax liabilities	**16,873**	**1,500**

29. Provisions for pensions

Provisions for pensions include the commitments for company retirement benefits to entitled persons and their survivors. The pension commitments are based on individual contractual benefit commitments. The entitled persons can generally claim a fixed old-age and invalidity pension when they reach pensionable age (65) depending on their period of service. Other benefits after the end of the employment relationship are not foreseen.

The pension fund (Unterstützungskasse) grants former employees of its fund management company and their survivors certain services as a result of a company agreement. After fulfilling a waiting period of ten years, old-age, invalidity and widows' pensions are granted. These benefits are paid once the waiting period has been fulfilled and upon reaching pensionable age or becoming disabled, however at the latest when leaving the company after reaching the age of 65. The amount of the old-age and invalidity pension depends on the length of service and is capped at a maximum amount. The benefit fund is closed for new employees.

The Group's commitments from retirement benefit plans totaling € 964 thousand as disclosed on the balance sheet corresponds to their present value.

€ thousand	2007	2006
Balance - January 1	**0**	**0**
Addition to consolidated group (BBI AG sub-group)	964	0
Current service cost	0	0
Prior service cost	0	0
Interest expense	0	0
Pensions paid	0	0
Impact of plan reductions	0	0
Actuarial gains/losses	0	0
Balance – December 31	**964**	**0**

Calculated actuarial assumptions:

	2007 %
Discount interest rate	5.35
Estimated rate of pension increases	2.00
Estimated rate of salary increases	0.00
	7.35

30. Other non-current liabilities

Other non-current liabilities include liabilities from lease deposits and trade payables.

31. Current financial debt

The current financial debt mostly relates to current borrowings from banks. Financial liabilities from lease commitments are included in the amount of € 174 thousand. This practically corresponds to the future current minimum lease payments. 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 financial liabilities are from the following companies:

€ thousand	2007
VIB Vermögen AG	14,933
Merkur GmbH	97
BBI Bürgerliches Brauhaus Immobilien AG	12,585
IVM Verwaltung GmbH	58
Industriepark Neuburg GbR	564
VR 1 Immobilienverwaltung GbR	1,115
Gewerbepark Günzburg GmbH	216
	29,568

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

32. Provisions

The amounts carried as provisions relate to transactions from fiscal year 2007 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.

€ thousand	Obligations to accept empty containers	Provisions for personnel	Other provisions	Total
As of Jan. 1, 2006	**0**	**0**	**110**	**110**
Utilisation	0	0	110	110
Reversal	0	0	0	0
Additions	0	0	374	374
As of Dec. 31, 2006	**0**	**0**	**374**	**374**
Utilisation	0	0	343	343
Reversal	0	0	31	31
Additions	0	170	169	339
Changes in group of consolidated companies	450	449	516	1,415
As of Dec. 31, 2007	**450**	**619**	**685**	**1,754**

The provision for the commitment to accept returned empties is identified based on the periods in circulation for the packaging. The periods in circulation are based on counts of the returned empties conducted in random samples. The provision for personnel costs includes commitments

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from bonuses and special awards, vacation pay and salaries. Other provisions relate to other commitments with an individual value of less than 10% of the total amount of the provision in each case.

33. Liabilities from income taxes

The disclosed liabilities from income taxes relate to ongoing tax liabilities from 2007 for VIB Vermögen AG (€ 376 thousand) and Merkur GmbH (€ 19 thousand).

34. Other liabilities

€ thousand	2007	2006
Trade payables	6,287	1,120
Liabilities to shareholders	34	0
Other	1,761	2,640
	8,082	**3,760**

35. Segment reporting

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

Taking IAS 14 into account, VIB Vermögen AG has defined its primary divisions as being the use and development of its own real estate portfolio (Real Estate segment) and the production of beer including non-alcoholic beverages (Beverages segment). Tre Effe S.R.L. was allocated to the Beverages segment, VIMA Grundverkehr GmbH was allocated to the Real Estate segment. The benefit obligations are mapped in the Real Estate segment.

The income statement was not broken down into segments for 2007, as two segments only resulted for the first time on December 31, 2007.

€ thousand	Real Estate	Beverages	Recon-ciliation	Group
Segment assets	495,170	20,439	205	515,814
Segment liabilities	289,296	14,571	17,575	321,442

36. 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 EUR 9,536 thousand (previous year: € 2,257 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.

The 2006 cash flow statement was adjusted to increase meaningfulness in that the interest result and the income tax expenses were initially added to the annual earnings, to then be offset against the income taxes paid. In addition, the interest paid and received was allocated to the cash flow from financing activities.

37. Other financial liabilities and contingent liabilities

Contingent liabilities are existing or future liabilities that are based on past events, however for which an outflow of resources is not estimated as being probable. According to IAS 37, these liabilities are to be listed in the notes. There were no contingent liabilities to be reported in 2007 or in the previous year.

There are other financial liabilities in the Real Estate segment in the form of purchase obligations for plots that are to be held as investment property.

These investment project currently span two real estate portfolios – the "Bavaria portfolio" and the "Bavaria Westfalia portfolio". In addition, a sole self-service department store is being built.

The Bavaria portfolio comprises specialist store centers in ten locations that will be completed in the period from 2007 to 2009 in the southern Bavarian region by a project developer. Notarized purchase agreements were concluded with the project developer in this regard on November 13, 2006. The properties are to be transferred to BBI as soon as they have been completed and accepted, at least 90% of the rentable space has been let and the project developer has provided rent guarantees for the remaining space. This portfolio has a total volume of around EUR 110 million.

The Bavaria-Westfalia portfolio comprises 6 specialist store centers. A letter of intent (hereinafter: LOI) was concluded with the project developer on March 29, 2007. As soon as the handover date can be foreseen, notarized purchase agreements are to be concluded for the individual properties. The properties are to be transferred to BBI as soon as they have been completed and accepted, at least 90% of the rentable space has been let and the project developer has provided rent guarantees for the remaining space for a maximum of three years. It is planned to complete the specialist store centers between November 2007 and November 2008. Notarized purchase agreements have been concluded for two of the properties. These have a volume of EUR 10.4 million, which is due for payment in the first half of 2008.

The scheduled self-service department store in Pfaffenhofen/Ilm was completed and handed over on April 1, 2008.

The date these properties were transferred can not yet be stated at the present time, as this depends on factors including planning permission and the completion and rental of the properties by the project developer. The purchase prices have been set with the project developer in that a fixed purchase price factor has been agreed. This is multiplied by the net annual rent for the property to give the purchase price. The purchase prices stated in the purchase agreements are thus provisional.

In addition, there are the following financial commitments in the Beverages segment:

€ thousand	**2007**
Rental agreements	439
Malt and hop contracts	1,020
	1,459

38. Leases

The Group's leases which relate to parts of the brew house are to be classified as finance leases under IAS 17. The resulting payment obligations are disclosed as financial liabilities in line with their terms. If leases are to be classified as operating leases, the rental payments are distributed over the term of the lease in the earnings for the period using the straight line method, and are included in other operating expenses.

The future lease payments from the finance leases in subsequent periods, which practically correspond to their present value are as follows:

€ thousand	**Lease payments**
Remaining term 1 year to 5 years	103
Remaining term up to one year	174
	277

On the balance sheet date, the Group had open obligations from operating leases which are due as follows:

€ thousand	2007
Remaining term > 5 years	0
Remaining term 1 year to 5 years	275
Remaining term up to one year	276
	551

Payments from operating leases relate to machines and the vehicle fleet as well as office equipment such as photocopiers and fax machines. Leases are concluded for an average term of three to four years. The lease agreements do not include any conditional rental payments or price adjustment clauses. As a rule, extension and purchase options are not used.

39. Liquidity and net assets

The liquidity risk is the scenario in which the Group cannot pay its own liabilities. The Group controls its liquidity centrally such that it has sufficient funds available at all times in order to service its liabilities when these are due. As of December 31, 2007 the Group had reasonable lines of credit available in a sufficient amount that had not yet been used.

The following table shows when the financial liabilities are due. The table is based on undiscounted cash flows. Financial liabilities are allocated to the earliest band of maturities in which the Group can be obligated to make a payment, even if the Group expects that part of the liabilities will only have to be paid later than the earliest date on which they are due.

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€ thousand	Bank loans – variable interest	Bank loans – fixed interest	Other financial liabilities	Trade payables	Other non-current and current liabilities
Analysis of due dates as of December 31, 2007					
Due in 1 – 12 months	10,106	19,288	174	6,287	2,802
Due in 12 – 60 months	25,505	42,126	1,089	746	2,889
Due in more than 60 months	5,317	185,460	771	0	18,467
Analysis of due dates as of December 31, 2006					
Due in 1 – 12 months	11,277	9,566	0	1,120	3,357
Due in 12 – 60 months	1,358	12,718	1,000	0	1,523
Due in more than 60 months	5,477	39,352	474	0	2,175

As of December 31, 2007, the average interest rates for the financial liabilities were 5%.

Changes to interest rates are shown in sensitivity analyses in line with IFRS 7. These show the effects of changes in the market interest rates on financial income and expenses and on equity. There is not a significant concentration of interest rate risks in the Group.

The Group takes out non-current liabilities to banks at fixed and variable interest rates. Changes in market interest rates for bank liabilities with fixed interest rates only impact earnings if these are measured at fair value. These are then always measured at amortized cost. As a result, non-current liabilities to banks with fixed interest rates are not subject to any risks of interest rate changes within the meaning of IFRS 7. Non-current liabilities to banks with variable interest rates are, in part, hedged against the risk of interest rate changes using interest rate swaps; there is thus no risk of interest rate changes. The changes in the market value of the interest rate swaps are included in the statement of changes in shareholders' equity. The volume and term of the interest rate swaps are geared to the repayment structure for the financial borrowing.

Changes in market interest rates for interest rate swaps classified as hedges impact the hedge reserve under equity and are thus taken into account in equity-related sensitivity calculations.

Changes in the market interest rate impact the interest result for short-term variable-interest bank loans, for which interest payments are not intended to be underlying transactions as part of a hedge, and are thus taken into account in the earnings and equity-related sensitivity calculations.

Loans to beverage customers bear variable interest and are thus taken into account in earnings and equity-related sensitivity calculations.

If the market interest level had been 100 basis points higher (lower) in 2007, earnings and equity would have been EUR 94 thousand (previous year: € 40 thousand) higher (lower).

40. Foreign currency risks

VIB Vermögen AG's foreign currency risks mostly result from liabilities denominated in foreign currency to banks in Swiss Franks. Receivables and liabilities between German and foreign group companies that are not denominated in the functional currency also constitute an exchange rate risk for the VIB Group. In order to show market risks, IFRS 7 calls for sensitivity analyses which show the impact of hypothetical changes in relevant risk variables on earnings and equity.

The book value of the Group's monetary assets and liabilities denominated in foreign currencies on the balance sheet date of December 31, 2007 was as follows:

€ thousand	2007	2006
Liabilities in SFR	8,896	1,456
Assets in CZK	411	0
Liabilities in CZK	411	0

If the euro had been 10% stronger compared to the Swiss Frank on December 31, 2007, profits and thus equity would have been EUR 1,492 thousand (previous year: € 69 thousand) higher. If the euro had been 10% stronger compared to the Czech Crown on December 31, 2007, profits and thus equity would have been EUR 67 thousand (previous year: € 0) lower. Contradictory exchange rate risks would have had an analogous effect.

41. Default risks

The maximum default risk can be seen from the carrying amount of each financial asset (including derivative financial instruments with a positive market value) on the balance sheet. The breakdown of book values into balance sheet items and categories within the meaning of IFRS 7 can be seen in the "Notes to the balance sheet". There were no other material risks of default in the accounts.

There is no de facto risk of default for cash and cash equivalents and derivative financial instruments, as these are held by banks with excellent credit ratings as certified by ratings agencies. The following considerations thus focus on "Loans and receivables". This affects the balance sheet items non-current and current financial investments (loans to beverage customers), trade receivables and other receivables and assets.

The following table quantifies the loans and receivables that have been written down individually as well as the overdue loans and receivables not yet written down:

€ thousand	Non-current and current financial assets	Trade receivables	Other receivables and assets
Loans and receivables – December 31, 2007			
Gross carrying amount	4,952	2,080	2,541
With individual write-downs	804	148	0
Overdue in 1 – 12 months	0	572	0
Overdue in > 12 months	0	35	0

€ thousand	Non-current and current financial assets	Trade receivables	Other receivables and assets
Loans and receivables – December 31, 2006			
Gross carrying amount	2,038	644	480
With individual write-downs	0	6	0
Overdue in 1 – 12 months	0	556	0
Overdue in > 12 months	0	0	0

In the case of the non-current and current financial assets neither written down nor in default (beverage customers), trade receivables and other receivables and assets, there were no signs on the balance sheet date that the debtor would not fulfill their payment obligations.

In particular as part of the issue of loans to beverage customers the company has received collateral in the form of mortgages, transfers of title and other assets. In addition, there are the following clauses for the reservation of ownership: The sales and catering inventory will be resold as part of operating business activities in the Beverages segment, or will be lent against obligations to procure beer.

As a result of the orientation of the business activities, additional attractive properties in the retail segment will be specifically added to the real estate portfolio. On the balance sheet date, investments focused on the "Specialist retail portfolio". This resulted in a temporary concentration in the tenant structure. As a result of the diversification activities already put in place, the proportion accounted for by individual tenants in the overall portfolio will fall substantially.

There is no significant concentration of default risks in the beverages segment, as the risks are spread over a large number of contractual partners and customers.

The fair value of the cash and cash equivalents, current receivables and liabilities roughly corresponds to their carrying amounts. This is due, in particular to these instruments' short terms.

42. Categories of financial instruments

The following table shows the carrying amounts of all categories of financial assets and liabilities:

€ thousand	2007	2006
Financial assets		
Bank balances and cash in hand	9,536	2,257
Loans and receivables	9,445	3,256
Hedge derivatives	242	-
	19,223	**5,513**
Financial liabilities		
Financial assets carried at amortized cost	300,955	87,180
Hedge derivatives	86	-
	301,041	**87,180**

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The following table shows the market values of the financial assets and liabilities that are measured at cost or amortized cost:

€ thousand	2007	2006
Financial assets		
Bank balances and cash in hand	9,536	2,257
Trade receivables	2,081	644
Other non-derivative assets	7,364	2,612
	18,981	**5,513**
Financial liabilities		
Trade payables	7,033	1,121
Profit-participation certificates	675	675
Liabilities to banks and other financial liabilities	288,702	80,748
Liabilities from finance leases	277	-
Other non-derivative financial liabilities	3,497	4,162
	300,184	**86,706**

The market value of the named financial assets and liabilities roughly corresponds to their carrying amounts. This is due, in particular to these instruments' short terms.

The following table shows the financial assets and liabilities measured at market values:

€ thousand	2007	2006
Financial assets		
Derivative financial instruments with cash flow hedge	242	0
	242	**0**
Financial liabilities		
Non-hedge derivative financial instruments	771	474
Derivative financial instruments with cash flow hedge	86	0
	857	**474**

43. Capital risk management

The Group manages its capital with the aim of maximizing income for its stakeholders by optimizing the equity/borrowing ratio. This ensures that all of the group companies can operate as going concerns.

The Group's capitalization comprises liabilities, cash and cash equivalents and the equity due to investors in the parent company. This is made up of the issued shares and reserves.

Capital management aims to ensure the going concern assumption and to bring an adequate return on equity.

Capital is monitored based on economic equity. Economic equity is the balance sheet equity. Liabilities are defined as being non-current and current financial liabilities, provisions and other liabilities.

Balance sheet equity and the total assets are as follows:

	Dec. 31, 2007	Dec. 31, 2006
Equity in € thousand	194,372	71,535
Equity as a % of total capital	37.7	44.3
Liabilities in € thousand	321,442	89,796
Liabilities as a % of total capital	62.3	55.7
Total capital (equity plus liabilities) in € thousand	515,814	161,331

44. Executive bodies of the Company

During fiscal year 2007, 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 31.12.07:

- 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 2007:

- Franz-Xaver Schmidbauer (Chairman), engineering graduate
- Rolf Klug (Deputy Chairman), merchant
- Hans-Peter Fleißner, construction engineering graduate (to June 30, 2007)
- Jürgen Wittmann, Sparkasse Managing Board member (from July 4,2007)

45. Declaration of conformity with the German Corporate Governance Code

The declaration of conformity with the German Corporate Governance Code required according to Section 161 of the Aktiengesetz (AktG – German Public Limited Companies Act) was issued on March 13, 2008 for BBI Bürgerliches Brauhaus Immobilien Aktiengesellschaft by this company's Managing and Supervisory Boards and was made available to shareholders via the Internet (www.bbi-immobilien-ag.de).

46. Total remuneration of the Board of Directors

In 2007, remuneration for the Managing Board totaled EUR 278 thousand (of which EUR 100 thousand was performance-related).

47. Supervisory Board remuneration

The Supervisory Board was not paid any remuneration in 2007, as these were identified on a performance-related basis for the first time and are due in the following year. In anticipation of a corresponding payment, a provision of € 44 thousand was formed in 2007.

48. Events after the balance sheet date

Economic ownership of three properties totaling EUR 8.6 million was transferred at the start of fiscal year 2008. Purchase agreements with an anticipated investment volume of EUR 10.2 million were concluded for a further three properties.

The Managing Boards of VIB Vermögen AG, Neuburg an der Donau, and BBI Bürgerliches Brauhaus Immobilien AG, Ingolstadt, each drafted a fundamental resolution on April 4, 2008 to conclude a profit and loss transfer agreement between VIB Vermögen AG as the controlling company and BBI Bürgerliches Brauhaus Immobilien AG as the controlled company. On this date, VIB Vermögen AG held an 81.15% interest in BBI AG. Based on the results of the now-initiated review of the legal, tax and financial details of the contract intended to be concluded, the final decision will be taken by both companies' executive bodies on the actual conclusion of the agreement and the structure of this contract. If both companies' executive bodies decide to conclude this agreement, the profit and loss transfer agreement will be presented to both the General Meeting of VIB Vermögen AG and BBI Bürgerliches Brauhaus Immobilien AG for their respective approval.

49. Related parties

VIB prepares these consolidated financial statements as the uppermost controlling company. These consolidated financial statements are not included in any higher-level consolidated financial statements.

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

On the balance sheet date, the balance sheet included receivables from Tre Effe S.R.L. from deliveries totaling EUR 108 thousand resulting from the supply of beverages.

Transactions between related parties are exclusively conducted at standard market conditions (arm's length transactions).

50. Employees

The company had an average of 12 employees in fiscal year 2007 (previous year: 7 employees).

51. Authorization of the consolidated financial statements for issue within the meaning of IAS 10.17

The Managing Board has authorized these consolidated financial statements for issue on April 29, 2008. The Supervisory Board's task is to review the consolidated financial statements and declare whether it approves the consolidated financial statements.

Neuburg/Donau, April 29, 2008

VIB Vermögen AG

- The Managing Board -

List of shareholdings

There are the following material direct and indirect shareholdings:

Name and registered office	Voting rights	Equity in EUR thousand	Earnings in EUR thousand
Merkur GmbH, Neuburg a.d. Donau	100.00%	26	0
VIMA Grundverkehr GmbH, Neuburg a.d. Donau	50.00%	38	-54
Gewerbepark Günzburg GmbH, Günzburg	87.50%	390	278
VSI GmbH	74.00%	696***	-4
BBI Bürgerliches Brauhaus Immobilien AG, Ingolstadt	69.99%	50,234	455
Unterstützungskasse der Bürgerliches Brauhaus Ingolstadt GmbH, Ingolstadt*	100.00%	25**	0
Herrnbräu GmbH & Co. KG, Ingolstadt*	100.00%	5,039	19
Herrnbräu Geschäftsführungs-GmbH, Ingolstadt*	100.00%	25	2
Mittelbayerischer Getränke-Vertrieb GmbH & Co. KG, Ingolstadt*	100.00%	10	0
Herrnbräu Gaststättenbetriebs GmbH*	100.00%	25	0
Tre Effe S.R.L, Forli, Italy*	40.00%	236	-23
IVM Verwaltung GmbH, Neuburg an der Donau	60.00%	17	-83
RV Technik s.r.o, Nyrany, Czech Repubic	100.00%	-1	-4
CMG Center Marketing GmbH, Gersthofen*	100.00%	117	91

* Direct interest
** Only 50% paid in
*** Not yet paid in

In addition, VIB Vermögen AG holds interests in the following companies as a shareholder with unlimited liability:

Name and registered office	Share-holding	Equity in EUR thousand*	Earnings in EUR thousand
IIndustriepark Neuburg GbR, Neuburg a.d. Donau	94.00%	--	1,250
VR1 Immobilienverwaltung GbR, Neuburg a.d. Donau	94.94%	--	251

* Equity not stated, as profits are identified for these companies within the meaning of Section 4 (3) of the Einkommensteuergesetz (EStG).

| Auditors' opinion

We have audited the consolidated financial statements prepared by VIB Vermögen AG, Neuburg a.d. Donau, comprising the balance sheet, income statement, statement of changes in equity, cash flow statement and notes, together with the group management report for the fiscal year from January 1 to December 31, 2007. The preparation of the consolidated financial statements and the consolidated management report in accordance with IFRSs, as they are to be applied in the EU, and the supplementary provisions of Section 315a (1) of the Handelsgesetzbuch (HGB – German Commercial Code) are the responsibility of the company's legal representatives. Our responsibility is to express an opinion, based on our audit, on the annual consolidated financial statements and the consolidated management report.

We conducted our audit in accordance with Section 317 of the HGB and in compliance with the principles of proper auditing adopted by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. The process of defining the audit procedures takes account of knowledge about the business activities and the economic and legal environment of the company, as well as expectations of possible errors. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. An audit also includes assessing the annual financial statements of the companies included in the consolidation, the definition of the scope of consolidation, the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual consolidated financial statements and the group management report. We are confident that our audit provides a sufficiently sound basis on which to make an assessment.

Our audit led to no objections.

In our opinion, based on the results of our audit, the consolidated financial statements comply with IFRSs as these are to be applied in the EU and the supplementary provisions of the HGB as stipulated by Section 315a (1) of the HGB, and convey a true and fair view of the group's financial position and results of opertions. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development".

Augsburg, April 29, 2008

S&P GmbH
Auditing company

Oliver Kanus
Auditor

Tobias Pflanzer
Auditor

If the consolidated financial statements and group management report are published in a form which differs from the version for which this unqualified auditor's opinion was issued, duplicated or passed on to third parties, and if in so doing our auditor's opinion is quoted or reference is made to our audit, we must first provide an opinion. This also applies to the translation of the consolidated financial statements into other languages. Please refer to Section 328 of the Handelsgesetzbuch (HGB – German Commercial Code) in this regard.

Notes

| Imprint

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This Annual Report contains forward-looking statements that involve risks and uncertainties. These statements are based on the plans, estimates and projections of the management board of the VIB Vermögen AG and refl ect its present beliefs and expectations with regard to future occurrences. Such forward-looking statements can be recognised by the use of words or expressions such as "expect", "estimate", "intend", "can", "will" or similar expressions with reference to the company. Factors that can make a difference or can infl uence are without any claim to completeness, e.g. the development of the real estate market, competitive infl uences including price changes or regulatory measures. Should any of these or other risks and uncertainties occur or the underlying assumptions in the statements prove to be incorrect, the actual results of the VIB Vermögen AG could differ materially from those contained or implied in any forwardlooking statement. The company undergoes no obligation to update any such forward-looking statements.

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