VIB Vermögen AG

Real Estate. Strategy. Values

ANNUAL REPORT 2012

COMPANY PROFILE

VIB Vermögen AG is a medium-sized real estate holding company based at Neuburg / Danube, Germany. Founded as a partnership in 1993, the company was converted into a public stock corporation in 2000. Since then, we have been further developing our core competencies in the acquisition and management of our own properties, as well as acquiring interests in companies with real estate assets. VIB Vermögen AG pursues a „develop-or-buy-and-hold“ strategy. In this context, we develop real estate for our own portfolio, but also acquire portfolio properties in order to generate rental income. Our real estate portfolio includes logistics properties, industrial real estate, shopping centres and retail parks, as well as commercial and service centres.

The guiding principles of our daily work comprise the early identification and decisive exploitation of market opportunities, combined with forward-looking and broad risk diversification within our real estate portfolio. VIB Vermögen AG is also based on flexible and customer-oriented solutions, mutual trust, and long-established business relations. The overarching principle to this, from our perspective, is a sound and continuous business management approach that acts as a guarantee of sustainable success.

GROUP INDICATORS

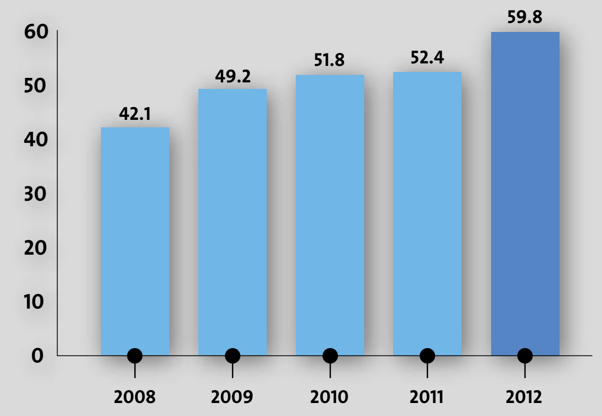
in EUR thousand	2012	2011	Change	2010	2009	2008
Income statement						
Revenue	59,809	52,373	14.2 %	51,806	49,195	42,145
Total operating revenue	60,461	53,056	14.0 %	54,557*	51,376*	43,014*
EBIT	49,793	38,507	29.3 %	35,441	33,781	28,163
EBIT margin	82.4 %	72.6 %	-	65.0 %	65.8 %	65.5 %
Earnings before tax (EBT)	30,265	18,950	59.7 %	12,825	14,389	11,284
EBT-Marge	50.1 %	35.7 %	-	23.5 %	28.0 %	26.2 %
Consolidated net income	25,330	15,271	65.9 %	16,914	12,343	8,341
Undiluted earnings per share	1.08 EUR	0.76 EUR	42.1 %	0.91 EUR	0.70 EUR	0.32 EUR
Balance sheet ratios						
Total assets	788,096	686,840	14.7 %	657,177	662,622	620,665
Equity	272,833	240,828	13.3 %	203,785	193,540	185,457
Equity ratio	34.6 %	35.1 %	-	31.0 %	29.2 %	29.9 %
Net debt	440,549	378,513	16.4 %	413,374	425,514	389,151
Gearing	189 %	185 %	-	222 %	242 %	235 %
NAV per share	13.07 EUR	12.22 EUR	7.0 %	12.36 EUR	11.85 EUR	11.06 EUR
Other ratios						
Loan-to-value ratio	58.3 %	57.6 %	-	64.2 %	65.4 %	65.6 %
Cash Flow from operating activities	41,085	38,019	8.1 %	36,950	37,489	30,195
FFO per share	1.02 EUR	0.95 EUR	7.4 %	0.97 EUR	0.95 EUR	0.67 EUR
FFO return (based on stock market price) as of December 31)	11.05 %	14.31 %	-	12.19 %	14.64 %	17.63 %
Dividend per ordinary share	0.40 EUR**	0.35 EUR	14.3 %	0.30 EUR	0.25 EUR	0.20 EUR
Number of shares	21,364,306	21,328,828	0.2 %	17,771,870	17,735,894	17,084,000

* Compared with the information in the annual reports, this item no longer includes value changes to investment properties.

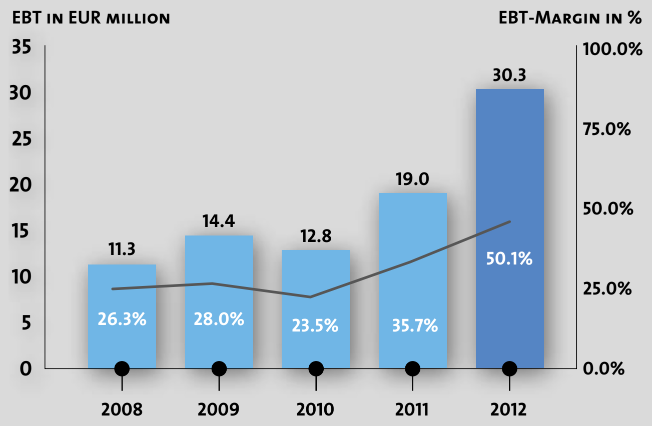
** Management's proposal

FIVE-YEAR GROWTH COMPARISON

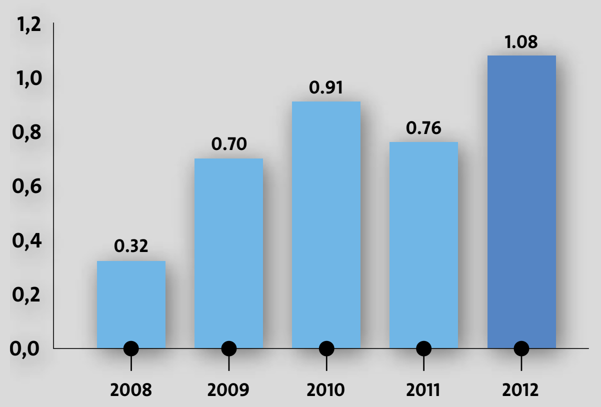
Revenue (in EUR million)



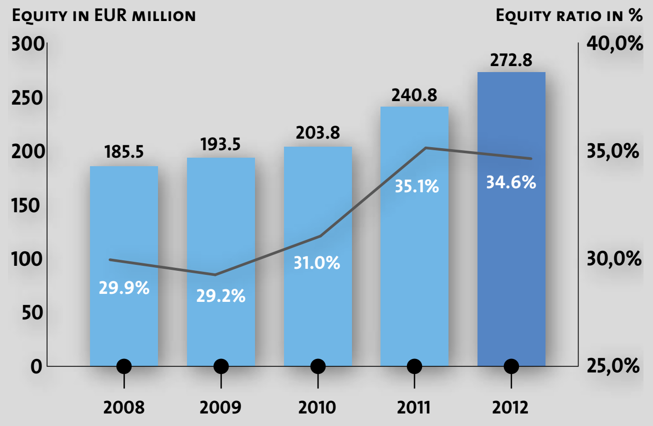
Earnings before tax (EBT) and EBT margin



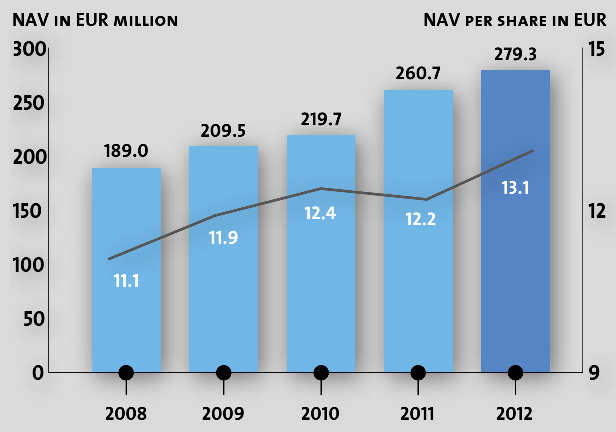
Earning per share in EUR (undiluted)



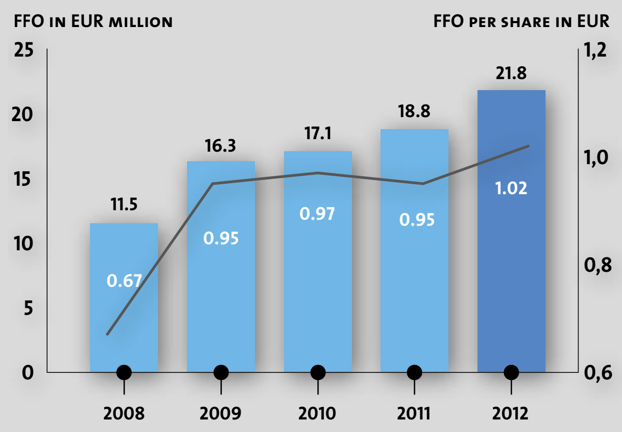
Equity and equity ratio



NAV (Net-Asset-Value)



FFO (Funds from Operation)



EQUITY STORY

- Real estate company with strong net asset backing that focuses its investments on high-growth Southern Germany
- Broadly diversified portfolio with currently 96 properties, rentable space of more than 839,000 m² and a vacancy rate of approximately 1.9 %
- Balanced investments with respective volume of up to EUR 40 million in the logistics, industrial, retail and office sectors enable average rental yields of around 7.5 %
- Significant double digit operating growth and high profitability: EBIT margin approximately 82.4 % in FY 2012
- Sustainable financing structure with 34.6 % equity ratio to reduce financing risks
- Significant growth in funds from operations (FFO) continues to lay base for attractive dividends in future
- Management team with more than 20 years of experience in the German real estate market

Michael Fehringer,
Project development

TO OUR SHAREHOLDERS

Letter to shareholders

Ludwig Schlosser und Peter Schropp

Dear shareholders,

The 2012 fiscal year was not only a further record year in terms of revenue and earnings, but also quite eventful. In May 2012, we completed our development property in Ingolstadt after record construction time, and it has since been generating rental income. In June 2012, we spent EUR 26.8 million investing in an office and logistics complex on the former Grundig premises in Nuremberg. The benefit of this property is that the location offers an opportunity to develop further real estate on this site, thereby generating additional income. We also reached a target we set ourselves with another property last year: we rented the remaining vacant space in the „Am Martinszehnten“ in Frankfurt am Main. This property is now fully rented as a consequence.

In December, we announced that we are strengthening our company with a newly created appointment of a chief financial officer from May 2013. Holger Pilgenröther, who has gained a great deal of experience as a chief financial officer in both medium-sized and listed companies over the course of his career, will assume this role.

In the same month, we successfully placed a mandatory convertible bond among selected institutional investors. We directly reinvested part of the issue proceeds of EUR 17 million in the expansion of our real estate portfolio. Two new logistics properties in Neufahrn and Grossmehring entailing investment outlays of EUR 6.5 million and EUR 7.5 million are now adding strength to our portfolio. These properties generated their first rental income at the end of 2012. We are also spending EUR 9.8 million on developing a MAN service station in Neuss. All new investments are already fully rented. A logistics hall on a portfolio plot of land in Neufahrn entailing a EUR 4.5 million investment volume currently represents the company‘s second development project. We anticipate that it will be completed within the second quarter of 2013. In overall terms, our broadly diversified real estate portfolio comprised 96 properties as of December 31, 2012, with a total area of approximately 839,000 m² and generates on the basis of market value an average rental yield of around 7.5 % at the end of fiscal year 2012.

The expansion and optimisation of our real estate portfolio fed through to higher operating revenue last year. Hence we grew our operating revenue by 14 % to EUR 60.5 million. We also achieved profitability improvements. Earnings before interest and tax (EBIT) were up by 29 % to EUR 49.8 million, representing a significantly higher EBIT margin of 82.4 % – compared with 72.6 % in 2011. After deducting further expenditure, we generated EUR 25.3 million of consolidated net income, almost 65 % ahead of the previous year‘s result. Earnings per share stood at EUR 1.08 accordingly (previous year: EUR 0.76).

The marked increase in our important key metrics of funds from operations (FFO) and net asset value (NAV) also reflect these positive business trends. As an indicator of operating cash inflows from the real estate business, FFO amounted to EUR 1.02 per share in the past fiscal year (previous year: EUR 0.95). In this connection, we always endeavour to identify and realise potential additional income within our existing portfolio. We succeed in doing so through conducting expansion work, which results in higher rental income. The high value-retention of our real estate portfolio is also reflected in net asset value (NAV) of EUR 13.07 per share (previous year: EUR 12.22).

Our sustainable financing structure combined with our strategy of entering into preferably long-run rental agreements only with tenants that enjoy strong credit ratings and which are relatively secure from the crisis formed the foundation for a further successful fiscal year. Our network in Southern Germany constantly enables us to acquire high-yielding properties on good terms, thereby further expanding our earnings base and continuing our growth. It has also allowed us to pay sustainable and attractive dividends to our shareholders for many years uninterrupted. It is our wish that you, dear shareholders, should also participate in the company‘s profitability this year. For this reason, we will propose a dividend increase from EUR 0.35 to EUR 0.40 per share at the AGM to be held on July 3, 2013.

Our strategic focus in the 2013 fiscal year will be on realising targeted real estate purchases and on implementing our own property developments. We regard ourselves as well positioned for the current fiscal year, and we are assuming that the positive business trend will continue. We expect operating revenue to lie between EUR 63.0 million and EUR 64.0 million, and earnings before interest and tax (EBIT) of between EUR 46.0 million and EUR 47.0 million. For earnings before tax (EBT), we are assuming a figure of approximately EUR 26.0 million to EUR 27.0 million, excluding changes to the market valuation of the real estate portfolio and other extraordinary effects.

We would like to take this opportunity to thank our staff whose committed work has played a decisive role in the success of VIB Vermögen AG.

Neuburg / Danube, April 17, 2013

Yours sincerely

Ludwig Schlosser Peter Schropp

Supervisory Board report

from left to right: Jürgen Wittmann, Rolf Klug and Franz-Xaver Schmidbauer

Dear shareholders,

VIB Vermögen AG laid the foundation for further investments with its successful convertible bond issue in December 2012. The consequences include higher rental income in the current fiscal year, and consequently continued dynamic growth for the company. The Supervisory Board attentively and extensively accompanied this development, thereby fulfilling during the reporting period the advisory and controlling functions incumbent upon it according to both the law and the company's articles of incorporation:

SUPERVISION OF MANAGEMENT AND COOPERATION WITH THE MANAGING BOARD

Along with the continuous controlling of the management's work, the Supervisory Board regularly consulted with the Managing Board concerning matters of company management. The Supervisory Board was always included in decisions of critical significance. The Managing Board's activities gave rise to no objections. The Managing Board regularly informed the Supervisory Board both promptly and in detail about all topics concerning the company's business activities, particularly concerning its net assets, financial position and results of operations, as well as about investment opportunities. The Supervisory Board Chairman was in frequent contact with the Managing Board, and was informed in detail about current and significant business transactions.

SUPERVISORY BOARD, MEETINGS AND RESOLUTIONS

A total of six Supervisory Board meetings were held in 2012, all of which were attended by all Supervisory Board members. At these meetings, the Managing Board informed the Supervisory Board in detail about the company's business progress. Important individual matters, especially potential real estate transactions, the selection and appointment of a further Managing Board member, and the mandatory convertible bond issue were also discussed at the meetings, and the related resolutions required by law or the articles of incorporation were passed.

The proposed resolutions for the AGM on July 4, 2012 were approved at the meeting on April 13, 2012.

No committees were formed due to the small size of the Supervisory Board in 2012.

2012 ANNUAL FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

The Supervisory Board reviewed the annual financial statements as of December 31, 2012, which the Managing Board prepared according to German commercial law regulations, and discussed them, together with the corresponding audit report prepared by S&P GmbH Wirtschaftsprüfungsgesellschaft, Augsburg, at its meeting on April 16, 2013. The review of the 2012 annual financial statements led to no modifications. An unqualified audit opinion was issued. The annual financial statements as of December 31, 2012 were approved without objections, and are thereby adopted. The Supervisory Board concurs with the Managing Board's proposal concerning the application of unappropriated retained earnings.

The Supervisory Board also reviewed the 2012 consolidated financial statements, which the Managing Board prepared according to International Financial Reporting Standards (IFRS), and discussed them, together with the corresponding audit report prepared by S&P GmbH Wirtschaftsprüfungsgesellschaft, Augsburg, at its meeting on April 16, 2013. The review of the 2012 consolidated financial statements led to no modifications. An unqualified audit opinion was issued. The Supervisory Board approved the consolidated financial statements as of December 31, 2012. At its meeting on April 16, 2013, the Supervisory Board also approved the proposed resolutions for the General Meeting on July 3, 2013.

The Supervisory Board is very pleased with the VIB Group's growth and development, and lends its full support to the Managing Board in its strategy of further expanding the commercial real estate portfolio on a selective and targeted basis.

We would like to extend our very sincere thanks to the Managing Board and to VIB Group staff for their committed and successful work last year.

Neuburg / Danube, April 17, 2013

On behalf of the Supervisory Board

Franz-Xaver Schmidbauer, Chairman

VIB Group's real estate portfolio

OVERVIEW

The VIB Group's portfolio consisted of 96 properties as of April 1, 2013, with a total rentable area of around 839,000 m². Most of the properties are located in Southern Germany. The very low vacancy rate of around 1.9 % reflects the properties' quality and the company's knowledge of tenant and market requirements. The VIB Group's real estate portfolio is also distinguished by high profitability, and broad and balanced risk distribution.

Key figures (as of April 1, 2013)	
Number of properties	96
Rentable area	approx. 839,000 m²
Annualised rental income	approx. EUR 55.0 million
Vacancy rate	approx. 1.9 %

The market value of the real estate portfolio (including property under construction) amounted to EUR 749 million as of December 31, 2012. The real estate portfolio is distinguished by its high profitability. Based on market values, all of the VIB Group's rented properties generated an average annual yield of 7.5 % as of December 31, 2012. Yields in the industrial area are particularly attractive at 7.5%, and at 8.0% in the logistics area. Retail properties generated average annual yields of around 7.2%, and properties from the office, service-provider and other areas 7.4%. All properties guarantee stable cash flows based on long-term rental agreements.

VIB Vermögen AG also ensures a high degree of risk diversification due to the balanced distribution of the properties among utilisation types. For instance, around 30% of net rental income is generated through renting retail properties, whereas the logistics segment contributes 35 % to the company's rental income. Around 19 % of net rental income derives from renting industrial properties, with the remaining 16 % stemming from the office, service-provider and other areas.

Not least, the high average residual duration of the rental agreements of 6.5 years reflects the solidity of the VIB Group's real estate portfolio. Experience shows that even rental contracts with short remaining terms are cancelled in only a very few cases. Instead, most extend automatically to repeat the agreed duration, or are converted into rental contracts of indefinite duration.

A further strength of the portfolio lies in its balanced tenant structure. Although VIB tenants include one tenant that accounts for more than 10% of total net rental income, this tenant is an established operator of garden shopping centres in Germany, which enjoys a market leading position and has operated a successful business model over several decades.

The VIB Group places a high priority on reviewing potential rental contract partners before entering into the respective rental contract agreements. For this reason, the VIB Group's portfolio is distinguished by a very solvent tenant structure, thereby significantly reducing rental default risk. More than half of the tenants comprise industrial and logistics companies, and retail groups, with strong credit ratings. The other half consists of a large number of tenants with which the company also maintains close contact, thereby also making rent default risk manageable.

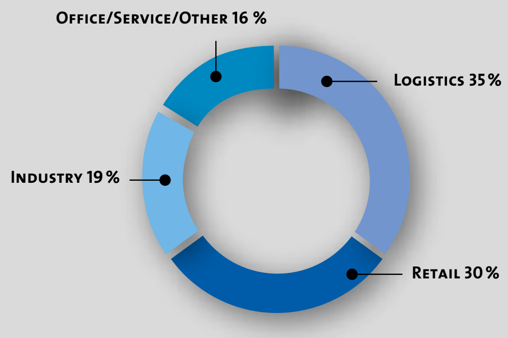
VIB Group's top 10 tenants (as of April 1, 2013)

Tenant	Share of total annual net rental income	Properties
Gartenfachmarkt Dehner	11.85 %	15
Rudolph-Gruppe	8.20 %	10
Loxxess-Gruppe	4.58 %	2
Continental Automotive GmbH	4.38 %	2
Anylink Systems AG	4.34 %	1
BMW AG	4.08%	2
Gillhuber Logistik GmbH	3.88 %	1
Scherm Tyre & Projekt Logistik GmbH	3.10 %	3
Edeka-Gruppe	2.50 %	7
Faurecia Autositze GmbH	2.41 %	3
Other	50.68 %	-
VIB Group total	**100.00 %**	

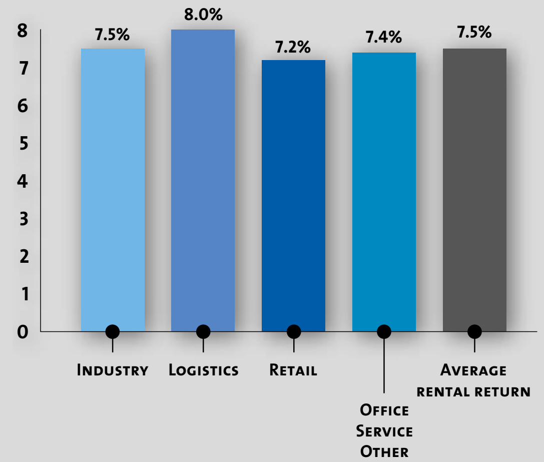
REAL ESTATE LOCATIONS

VIB Group's commercial properties are mainly located in the Southern Germany, the region of Germany which reports the strongest growth, and which is characterised by high prosperity and a heterogeneous economic structure. This region is also located at Europe's heart, enjoys favourable transportation connections, and reports sociodemographic trends ahead of the German average. These good conditions ensure that potential risk factors are reduced, boosting the portfolio's value stability. A further advantage of this region is that the VIB management has a strong network in place here. Long-standing, personal and trust based contacts allow the company's management to take advantage of market opportunities at an early stage – thereby representing a significant competitive advantage.

VIB Group's real estate portfolio by net rental income per segment
(As of December 31, 2012)



Rental return by segment, based on market values
(As of December 31, 2012)



RENTABLE AREA:

3 1/2 TIMES RUNWAY

OF THE MUNICH AIRPORT

GROWTH OF RENTABLE AREAS UNTIL 04 / 2013 BY 144,000 SQUARE METRE TO 839,000 SQUARE METRE

REAL ESTATE LOCATIONS

NEW INVESTMENTS IN 2012

1 REGENSBURG

Type of use:	Office / Service
Rental area:	3,790 m²
Investment volume:	EUR 5.8 million

2 SCHWÄBISCH GMÜND

Type of use:	Logistics
Rental area:	16,400 m²
Investment volume:	EUR 11.3 million

3 SCHESSLITZ

Type of use:	Logistics
Rental area:	8,370 m²
Investment volume:	EUR 4.5 million

4 MOOSBURG / ISAR

Type of use:	Retail
Rental area:	2,690 m²
Investment volume:	EUR 4.4 million

5 MÜHLDORF / INN

Type of use:	Retail
Rental area:	3,150 m²
Investment volume:	EUR 4.8 million

6 INGOLSTADT

Type of use:	Industry
Rental area:	21,300 m²
Investment volume:	EUR 27.7 million

7 OBERHAUSEN-KREUT

Type of use:	Logistics
Rental area:	6,040 m²
Investment volume:	EUR 3.0 million

8 NÜRNBERG

Type of use:	Logistics
Rental area:	85,300 m²
Investment volume:	EUR 26.8 million

9 NEUFAHRN

Type of use:	Logistics
Rental area:	16,500 m²
Investment volume:	EUR 6.5 million

10 GROSSMEHRING

Type of use:	Logistics
Rental area:	14,600 m²
Investment volume:	EUR 7.5 million

Vacancy rate 1.9 %

OCCUPANCY RATE

98.1%

„PERSONAL CONTACTS ABSOLUTELY ESSENTIAL."

No two days the same ...

VIB PROPERTY MANAGER ERWIN HUBER

When Erwin Huber arrives at his office in the morning, one thing at least is certain: today will be another day that entails a multitude of highly varied tasks. Much of what his job is about can be planned and managed – which also includes the unexpected.

8:30 A.M.
TEAM MEETING IN THE OFFICE: TWICE WEEKLY COORDINATING WITH COLLEAGUES AND STAFF

Handling problems quickly and pragmatically was something the 49-year-old had already learned how to accomplish in his first career as an energy plant electronics engineer. When he first started to manage building maintenance and construction projects 27 years ago, the term „facility management" was still quite rare, although the activities involved were well established. And new tasks rapidly followed: besides technical property management, most notably the renting of residential and commercial units, as well as the revitalisation and rental of a major property that had previously been used industrially. „This was the same time when freight forwarders turned into logistics companies," as Huber remembers with a smile.

9:30 A.M.
ON-SITE MEETING WITH CRAFTSMEN; BRIEFING FOR AN OFFER TO BE PREPARED

Erwin Huber has now worked as a property manager at VIB Vermögen AG for ten years, and is currently responsible for twelve properties with a total rentable space of 142,000 square metres. The tasks, contacts and locations are constantly changing: sometimes he's talking with tenants or potential tenants, at other times with craftsmen and caretakers. Contracts need to be negotiated and drafted, and buildings need to be prepared, marketed and the keys handed over. Many things need to be discussed on site, whereas other issues must be dealt in the Neuburg office, such as the entire commercial and administrative paperwork.

1:00 P.M.
VIEWING WITH POTENTIAL TENANTS IN GROSSMEHRING

„It's quite a highlight, including for me personally, when a property has been fully rented on a long-term contract," notes Erwin Huber, „and to help ensure the rental relationship stays in place and flourishes, I always try to find prompt solutions for our tenants' wishes and problems during the ongoing contract period."

4:00 P.M.
BACK IN THE OFFICE: PREPARING A RENTAL CONTRACT, RUNNING A CREDIT CHECK ON A POTENTIAL TENANT, INVOICING INCIDENTAL COSTS FOR A RETAIL PROPERTY IN INGOLSTADT

If you ask Erwin Huber about his typical daily routine, you'll get a quick response: „The only routine is that there is no routine day!" It is particularly this diversity that the property manager likes about his job – and about his employer, whose corporate philosophy includes bundling complete technical and commercial management on a one-stop shop basis. The company's strong regional orientation also means that VIB property managers are as conversant with the particular structural, business and economic conditions in their areas as they are with the most reliable craftsmen or potential tenants.

PORTFOLIO DEVELOPMENT

The 2012 fiscal year was again characterised by optimisation of the existing real estate portfolio, and numerous new investments.

After all of the properties acquired in 2011 in Regensburg, Schwäbisch Gmünd, Schesslitz, Moosburg an der Isar and Mühldorf am Inn transferred to the company's portfolio in the first quarter of 2012, the „Conti Temic" property was completed in May 2012. This is a development project that the VIB Vermögen AG developed jointly with a subsidiary of the city of Ingolstadt. It was transferred to the tenant and included in the portfolio after a construction period of just ten months. This industrial property with a rentable space of around 21,300 m² and a EUR 27.7 million investment volume is already fully rented, generating an 8.7% annualised rental yield.

As of May 1, 2012 a new built logistic hall in Oberhausen-Kreut has been transferred to the tenant. Given the total investment volume of EUR 3.0 million this property generates a rental yield of 8.0%.

VIB Vermögen AG also acquired a property in Nuremberg at the end of the first half of the year, investing EUR 26.8 million (including infrastructure connection and conversion costs for works already started by the predecessor). This property transferred to the VIB Group portfolio on July 1, 2012. The logistics property on the former Grundig operating premises has a rentable space of around 85,300 m². The occupancy rate stands at 91.5%, and the return based on the current rent amounts to an attractive 11.5%. This location offers an opportunity to develop further real estate on this land, thereby generating additional income.

The mandatory convertible bond issued in December 2012 enables the company to make further investments. Part of the issue proceeds were allocated to the purchase of two logistics properties in Neufahrn (rentable space: 16,500 m²) and Grossmehring (rentable space: 14,600 m²), entailing investment volumes of EUR 6.5 million and EUR 7.5 million respectively. These properties were already generating rental income at the start of 2013. VIB Group is also currently developing a MAN service station in Neuss with 5,066 m² of rentable space and entailing about EUR 9.8 million of investment. A further MAN station in Freiburg with around 3,000 m² of rentable space and an investment volume of approximately EUR 6.6 million is currently in the planning stage. These new investments totalling around EUR 30.4 million (including all ancillary costs) are already fully rented, generating an attractive 8.5% average rental return. VIB Vermögen AG is also developing a logistics hall with investments of approx. EUR 4.5 million and average target rent of EUR 470 thousand on a portfolio plot of land held in Neufahrn. Development will be completed in the second quarter of 2013.

Once all the projects have been completed, and the properties have been transferred to the VIB Group real estate portfolio, the annualised net rental income from the entire portfolio will total approximately EUR 56.7 million.

The subsidiary BBI Bürgerliches Brauhaus Immobilien AG has not invested in any new properties. Here, only the transfer of ownership, benefits and encumbrances pertaining to the two specialist and retail shopping centres in Mühldorf am Inn and Moosburg an der Isar, which were acquired in 2011, occurred at the start of 2012.

The Group's corporate strategy remains focused on continued growth in the current fiscal year. At the same time, it remains VIB Vermögen AG's objective to further improve the profitability of the existing portfolio through restructuring and targeted individual investments. In doing so, it is of great significance for the company that it not only consistently adheres to stringent investment criteria, but that it also continues to secure the Group's financial stability.

„YOU CAN DEFINITELY SAY THAT OUR SPECIFICATIONS SET THE BAR VERY HIGH."

INTERVIEW WITH MICHAEL ZIRNGIBL (54), ELECTRONICS ENGINEER, MANAGING BOARD MEMBER OF ANYLINK SYSTEMS AG, AND TENANT OF A VIB PROPERTY SINCE MAY 2012

MR ZIRNGIBL, WHAT TYPE OF PROPERTY HAVE YOU RENTED FROM VIB?

The CDC Conti Distribution Centre in Ingolstadt is a state-of-the-art logistics, office and production building with a usable space of around 21,300 m². VIB remodelled the building – which is located at Ringlerstrasse 17-19 on an approximately 9,500 m² plot of land – according to our requirements profile. In total, the complex consists of two five-storey office blocks on the eastern and western sides, with a three-storey hall building for logistics and production in the middle.

HOW MANY MEMBERS OF STAFF ARE EMPLOYED IN THE NEW BUILDING?

Currently around 200, although this number is set to grow continuously to approximately 500 over the next few years as we will creating a lot of new and innovative jobs for highly qualified personnel.

IN OTHER WORDS, THIS CONCEPT OF BRINGING ALL OF THE DIFFERENT UTILISATION TYPES UNDER ONE ROOF PROMISES GROWTH?

Yes, ANYLINK SYSTEMS AG is providing the entire logistics for Conti TEMIC microelectronic GmbH at the Ingolstadt site. At the same time, however, the company's own activities such as development, production, logistics and administration are accommodated within the CDC.
We can ensure the best efficiency through concentrating all activities and processes within the production areas – and of course also through deploying modern conveying and information technology.

WHAT PARTICULAR REQUIREMENTS DID THESE ACTIVITIES MAKE OF THE BUILDING?

Although each type of utilization has its special requirements, nevertheless, everything must mesh and interact. For example: the groundfloor logistics areas with shelving space for 3,500 pallets and the high-technology production areas for Conti TEMIC's camera and radar systems. These have to provide protection against electrostatic discharge, as well as special clean zones and rooms. In brief, the building needs to combine high technology and functionality.
A further factor is that our time requirements were demanding to say the least: just 18 months between our initial concept discussion and handover.

WHAT WAS THE FINAL FACTOR FOR YOU IN MAKING YOUR RENTAL DECISION?

VIB Vermögen AG and IFG Ingolstadt AöR presented us with the best overall concept within a specially founded joint company. An additional factor was that the direct contact between the developer and us as the users worked well from the outset. This is the only way to develop and realise such an ambitious project in line with requirements. The realisation phase showed that our assessment was correct: construction advanced smoothly and precisely in line with schedule – and managed to include all of the additional wishes and requirements that arose during the course of the planning process.

WOULD YOU OPT TO BE A VIB TENANT AGAIN?

Yes, most definitely.

THANK YOU VERY MUCH, MR ZIRNGIBL.

REAL ESTATE PORTFOLIO FINANCING

A further reason why VIB Vermögen AG has registered such positive developments over the past years is that it consistently pursues a secure and sustainable approach in the financing of its real estate portfolio. A solid equity ratio and the securing of requisite long-term debt funding form the cornerstones of this financing strategy. The loan-to-value ratio of the Group's property portfolio stood at around 58 % as of December 31, 2012, a clear indication of its conservative approach. VIB Vermögen AG's solid financing structure enables very good access to favourable funding terms. VIB Vermögen AG continued to cultivate its banking relationships in the year under review, and was approached by both German and foreign banks with attractive lending terms.

Stability and security are also the primary priority for VIB Vermögen AG in procuring outside capital. As a consequence, the company primarily enters into annuity loans – loans with constant repayment instalments over the entire loan term. The annuity to be paid by the borrower includes both repayment and interest components. As the remaining loan is gradually repaid, the interest portion of the annuity decreases and the loan repayment portion increases. This enables VIB Vermögen AG to steadily elevate the company's net asset value (NAV). An annuity loan offers several advantages compared with other borrowing forms:

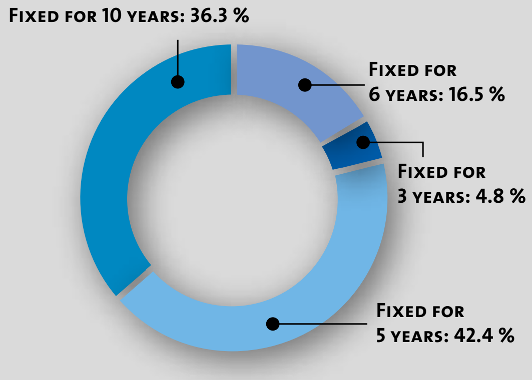
- future cash flows are very predictable due to the agreement of constant instalments over the loan duration
- the residual liability can be calculated easily, and declines constantly over the course of time
- long loan durations enable stable monthly instalments
- prolongation, in other words, renegotiation concerning the basic extension of the loan, is not required. Instead, the parties need only to agree a new interest rate once a fixed-interest period has elapsed.

The advantages VIB Vermögen AG's financing strategy offer are apparent when we look at growth in NAV. Since 2005, the Group's net asset value has more than tripled, rising from EUR 78.1 million to currently EUR 279.3 million. Due to the strong portfolio growth over recent fiscal years, the company has continuously grown its NAV through deploying a high proportion of equity, and its constant repayment of financial debt. NAV per share amounted to EUR 13.07 as of the end of the 2012 fiscal year.

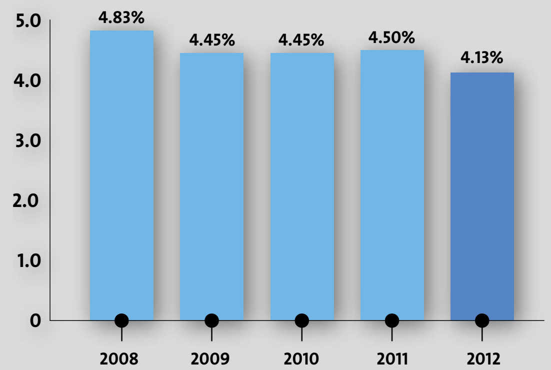
In its negotiations on fixed-interest periods, the VIB Group focuses on sustainability and stability, combining these with securing attractive borrowing terms. Long-term fixed-interest arrangements were predominantly agreed in the fiscal year elapsed. In this context, the loans are generally free of covenant agreements, and mostly structured as annuity loans. Roughly 78.7 % of the Group's loans carry a fixed-interest period of between five and ten years. More than 36.3 % even have fixed interest rates for more than five years. This creates security relating to future expected interest payments. In the case of loans with fixed-interest periods of less than one year, VIB also benefited from the continued low interest-rate level in the year under review in the form of attractive EURIBOR-based interest terms.

The VIB Group kept its overall interest expenses lower thanks to a majority of long-term fixed-interest periods combined with the favourable rates currently available for short-term fixed-interest periods. Accordingly, the average interest rate for the entire portfolio of borrowings amounted to 4.13 % as of December 31, 2012 (previous year: 4.50 %).

Structure of loans by remaining period of interest-rate fixation
(As of December 31, 2012)



Development of average interest rate each as of year end



279 MILLION
NAV
NET ASSET VALUE*

= 8,142.42
KILO
GOLD
BARS

* The net asset value is the value of all of a company's tangible and intangible assets, less liabilities. This figure reflects the company's fundamental value, however it does not provide any information on the company's potential future prospects.

„ACTUALLY, WE ALWAYS FIND A SOLUTION …“

RAINER HETTMER (54), BANKER AND AUTHORISED COMPANY REPRESENTATIVE, MANAGES THE FINANCING AND INVESTMENT AREA AT VIB.

JASMIN HOQUE (31), BUSINESS STUDIES GRADUATE, IS DEPUTY DIRECTOR OF THE REAL ESTATE AREA.

„ … THAT WE BOTH BACK EQUALLY.“

WHAT ARE YOUR PARTICULAR RESPONSIBILITIES?

Rainer Hettmer: I'm responsible for managing the borrowing portfolio, in other words, for arranging project financing with banks and the management of interest and redemption payments, for example. My area of responsibility also includes Group liquidity management, such as outgoing payments. In addition, I am active as managing director of our subsidiaries.

Jasmin Hoque: I'm primarily responsible for project developments, newbuild projects and the expansion of the existing real estate portfolio. This also includes asset management for our properties. And I'm responsible for training and further education at VIB Vermögen AG.

HOW DO YOUR AREAS OF RESPONSIBILITY INTERSECT?

Jasmin Hoque: To put it simply, at the same interface as would be the case with a private construction project: what and how much do I wish to, or must, build or repair – and what do I want to, or must, pay for it. Of course, a further factor in our case is how much we finally want to earn from the property.

Rainer Hettmer: A project development gives you a good example of how close our cooperation needs to be: construction period and payment plans are precisely coordinated with each other so that the requisite funds are always available at the right time. This requires extremely good coordination.

HOW DOES SUCH A DECISION-MAKING PROCESS TYPICALLY RUN?

Rainer Hettmer: First, our respective departments generally conduct a precise analysis of the initial situation, and various decision options are weighed and considered. We often find an optimal decision just from these research results. If required, we also consult third parties for specialist appraisals. The flat hierarchies at VIB Vermögen AG allow us to communicate directly with the Managing Board members, enabling us to make quick decisions.

Jasmin Hoque: A typical aspect at VIB is that our communications really occur „from person to person“. It's not the case that far-flung departments have to work together. There's no need for people to make their mark at the cost of others or the job in hand. What matters instead is the best possible result. I think it's important to always look at something from another person's perspective, as well as from a „bird's eye view“. This type of approach helps you to better understand your counterparts, listen to them more attentively and to foster mutual understanding. And it allows you to jointly develop creative solutions.

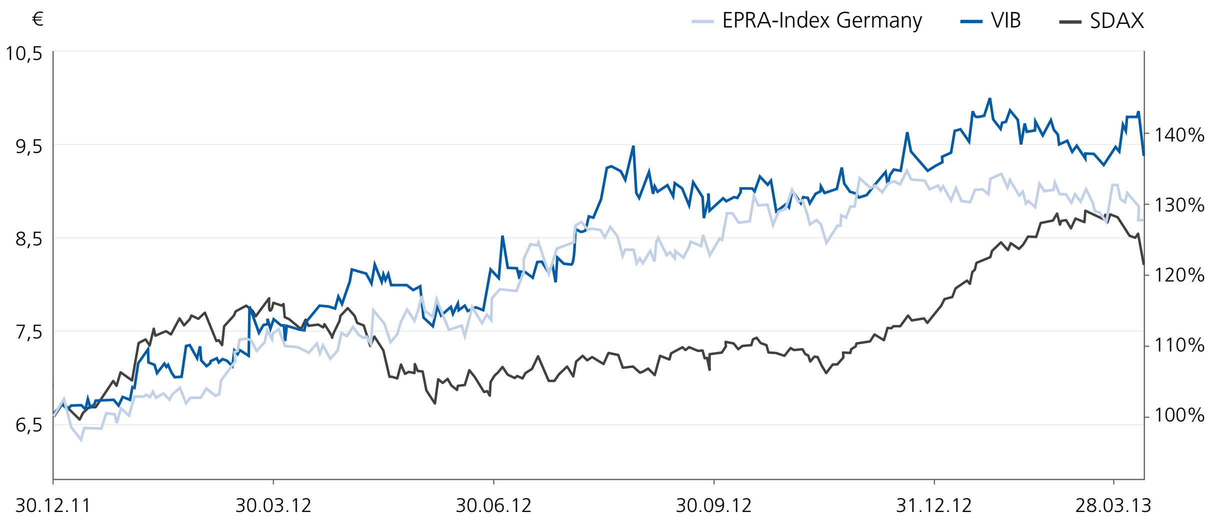
VIB Vermögen AG – shares

KEY DATA

Key data (as of April 1, 2013)	
German Securities Code (WKN)	245751
ISIN	DE0002457512
Symbol	VIH
Number of shares in issue	21,364,306
Sector	Real estate
Stock exchanges / market segment	München / Open market (m:access); Frankfurt / Open market
Share class	Ordinary bearer shares (no-par value)
Subscribed capital	EUR 21,364,306
Notional value per share	EUR 1.00
Net asset value (NAV) per share as of December 31, 2012	EUR 13.07
Consolidated balance sheet equity as of December 31, 2012	EUR 272,833 thousand
Dividend per ordinary share for the 2012 fiscal year	EUR 0.40*
Year-end share price	EUR 9.23
Year-high share price (December 20, 2012)	EUR 9.64
Year-low share price (January 4, 2012)	EUR 6.71
Average daily share turnover	13,972 shares
Market capitalisation on December 31, 2012	EUR 197.2 million

* Management's proposal

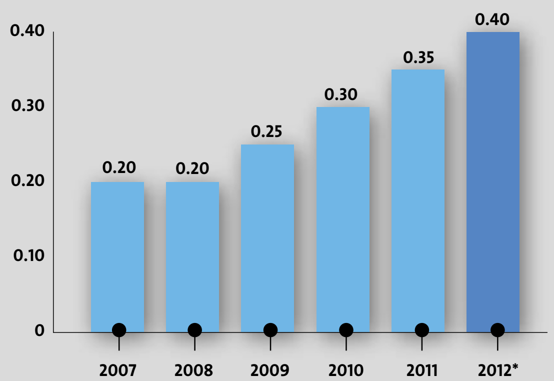
SHARE PRICE PERFORMANCE



Stock markets reported an overall uptrend over the course of 2012. The German DAX index of leading equities reported a marked increase from 5,889 points at the start of the year to 7,612 points on December 31, 2012. The German SDAX index of small and medium-sized companies appreciated slightly – from 2,475 to 2,844 points. The VIB Vermögen AG share and the EPRA Germany real estate index trended in one direction only – upwards. Having started the year under review at its low for the year of EUR 6.7, the VIB share rose continuously to reach EUR 9.28 on August 17, 2012. It then consolidated around EUR 9 before rallying further into the year-end. The VIB share reached its high for the year of EUR 9.64 on December 20, before closing with slight losses as of December 31, 2012 at EUR 9.23. This represents a market capitalisation of EUR 197.2 million. Overall, the VIB share outperformed the overall market during almost the whole of 2012, as shown by a look at the comparable EPRA Germany index. The share also significantly outperformed the SDAX index since mid-April 2012. While the SDAX appreciated by only 15 %, the EPRA index was up by 36 %, and the VIB share by even as much as 39 %. The share price continued to perform positively also after the end of the reporting period.

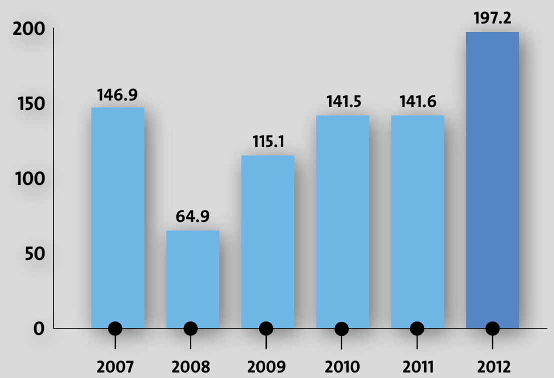
Trading volumes in the VIB share fell during the period under review compared with the strong previous year. A total of almost 3.5 million shares were traded on the XETRA exchange in the fiscal year elapsed (2011: 4.3 million). This represents an average daily volume of around 13,972 shares (2011: 16,661 shares per day).

Development dividend per share since 2007 (in EUR)*



* Management's propsal

Development market capitalisation since 2007 (in EUR million)



MANDATORY CONVERTIBLE BOND

VIB Vermögen AG successfully placed a mandatory convertible bond with EUR 17 million of issue proceeds as part of a private placing among selected institutional investors in December 2012. The bond carries a 4.5 % coupon, is denominated into bonds of EUR 1,000, and has a two-year maturity. Subscription rights for existing shareholders were excluded. This mandatory convertible bond was included in trading on the Quotation Board of the Frankfurt Stock Exchange on December 19, 2012 (ISIN DE000A1R0S50).

The bond carries two conversion windows:

- between July 6, 2013 and December 18, 2013, and
- between the third calendar date following the end of the company's AGM in 2014 and the bond's maturity date on December 18, 2014

The conversion price stands at EUR 10. The increase in the share capital due to the conversion of newly created shares will be entered in the commercial register in January 2014 and 2015 respectively. The new shares will be dividend-entitled from January 1 of the year in which conversion occurs. A total of 1.7 million new shares will be created after conversion has been completed.

Part of the issue proceeds have already been invested in acquiring high-yielding properties. Please refer to the „Portfolio development" section for more information.

SHAREHOLDER STRUCTURE

The shareholder structure of VIB Vermögen AG reflects an optimal balance between free float and long-term investors. The free float consists of 76.5 % of the shares. The shareholder structure was largely unchanged during the 2012 fiscal year. Along with Raiffeisen-Volksbank Neuburg / Donau eG with a voting rights share of around 9.2 %, a further long-term investor from the regional banking sector holds an interest in VIB Vermögen AG: Kreissparkasse Biberach. Its interest amounted to 9.9 % at the end of the reporting period. The management also holds a 1.7 % interest in VIB Vermögen AG, while the Supervisory Board holds 2.7 % of the shares.

INVESTOR RELATIONS

The VIB Vermögen AG share is listed on the Open Market of the Frankfurt Stock Exchange and in the m:access segment of the Munich Stock Exchange. Active dialogue with analysts, investors, small shareholders and the financial and business press is very important to VIB Vermögen AG. The listing of shares on the open market requires that companies comply with high standards in terms of open, concise and traceable communication. Transparent, rapid and meaningful reporting is intended to give interested parties the opportunity to form a comprehensive and realistic overall picture of the company. In order to also address international investors, the company publishes in both German and English all information of relevance to the capital markets. The company also seeks regular active contact with the financial community. For this reason, the Managing Board frequently holds one-on-one meetings with analysts and investors. VIB Vermögen AG also attended a large number of capital market conferences in the 2012 fiscal year, and presented its business results. VIB Vermögen AG also ensured a continuous information flow in the year under review through regular roadshows both in Germany and abroad (Amsterdam, Frankfurt, Hamburg, London, Munich, Paris, Vienna and Zürich).

Reporting by VIB Vermögen AG was supplemented by investment studies published by the research companies SRC Research and Warburg Research, and studies by Baader Bank AG, edge capital, HSBC, Mirabaud and Petercam. Some of these documents can be downloaded from the company's website at www.vib-ag.de within the Investor Relations area.

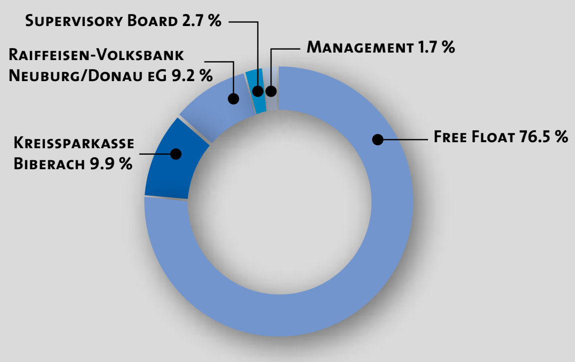
FINANCIAL CALENDAR

May 15, 2013	Publication of the interim report Q1 / 2013
July 3, 2013	Annual General Meeting 2013
August 8, 2013	Publication of the 2013 semi-annual report
November 14, 2013	Publication of the interim report Q3 / 2013

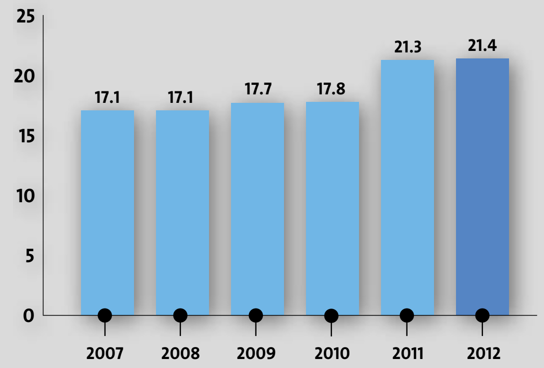
GENERAL MEETING

The Ordinary Annual General Meeting for the 2012 fiscal year was held in Ingolstadt on July 4, 2012. A total of 50.5 % of the voting-entitled share capital was represented. The AGM approved four out of five agenda items unanimously. The AGM approved the increase in the dividend from EUR 0.30 to EUR 0.35, which was distributed to shareholders on July 5, 2012. Further resolutions included the discharge of the Managing and Supervisory Boards, the application of 2011 unappropriated retained earnings, and the selection of the auditor for the 2012 fiscal year. The agenda item „Resolution concerning an authorisation to purchase and utilise treasury shares pursuant to Section 71 (1) No. 8 of the German Stock Corporation Act (AktG)" was approved by an almost complete majority of 98.5 %.

Shareholder structure
(As of December 31, 2012)



Development number of shares since 2007 (in million pieces)



„FOR ME, OPEN AND HONEST COMMUNICATION IS THE MOST IMPORTANT ASPECT OF INVESTOR RELATIONS.“

PETRA RIECHERT

PETRA RIECHERT, BUSINESS STUDIES GRADUATE AND MANAGING BOARD ASSISTANT AT VIB WITH RESPONSIBILITY FOR INVESTOR RELATIONS

Meeting Petra Riechert for the first time, one is immediately struck by her open and engaging manner, which at first sight seems somewhat untypical of her sector. So to begin with, it's best to cast any preconceived ideas about supposedly dry bankers over board: in her working relationships, the 45-year-old rapidly proves to be a focused and professional individual who faces the highly diverse challenges of her task scope with genuine enthusiasm.

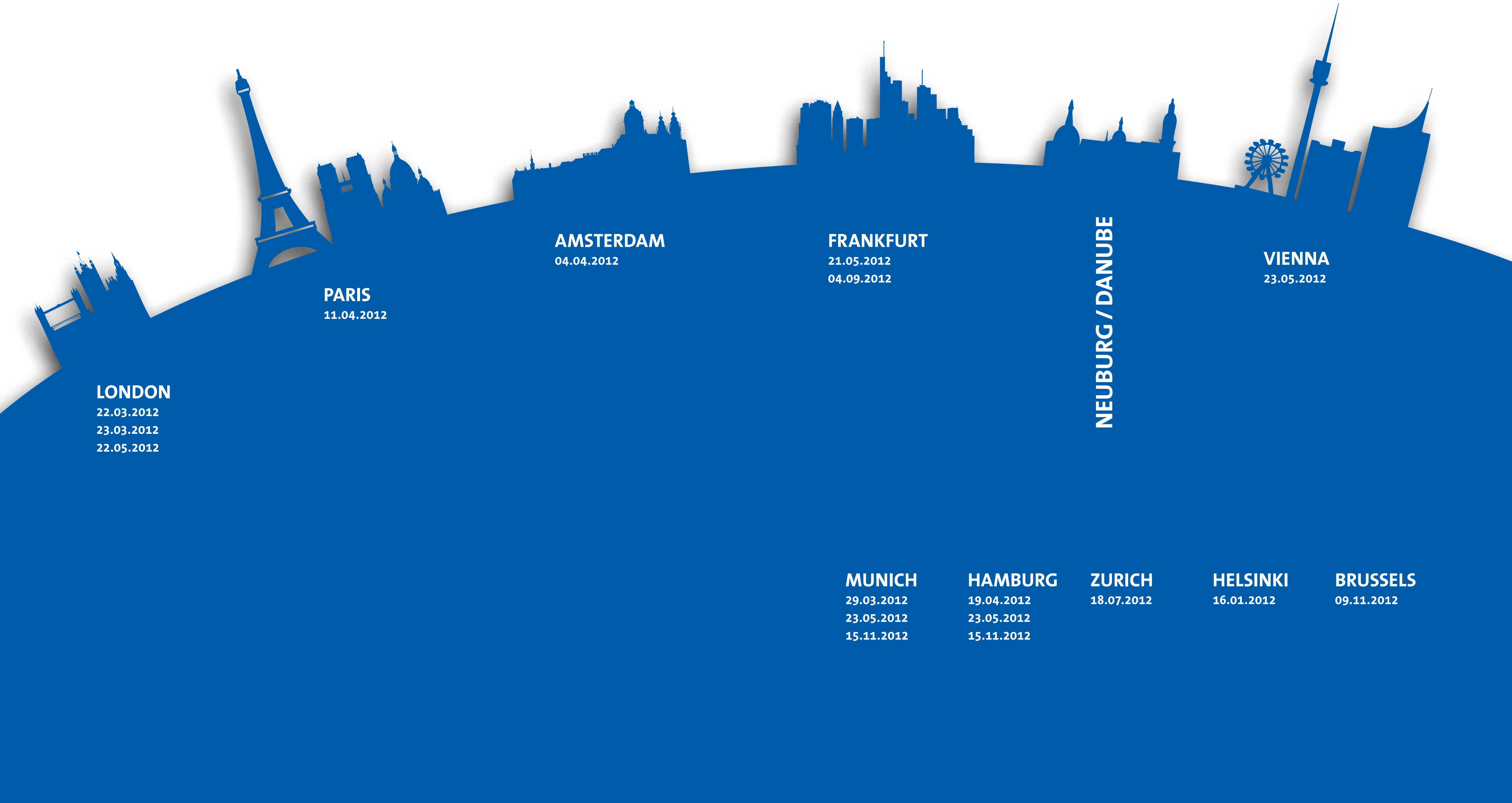
Petra Riechert acquired her knowledge of the financial sector from the bottom up, and carved out a classical woman's career path on the way: after serving an apprenticeship as a savings banks clerk, she went on to train as a specialist savings bank executive. She then interrupted her career and took maternity and parental leave. „That was also an exciting time, of course, but I could never have imagined a life as a full-time mother over the long-term.“ She joined VIB in 2004, initially part-time, and this busy working mum then completed a long-distance business studies course on the side.

Petra Riechert now works full-time again: she has been active as assistant to the Managing Board since 2008, with responsibility for investor relations activities.

This special form of PR work for listed companies allows the dynamic business studies graduate to optimally combine her professional and personal strengths. Capital market participants are informed about all relevant corporate news at annual international roadshows, among other types of IR communication. The success of these and all her other IR activities depends on her knowledge of business, financial and legal matters, an ability to think and communicate analytically as well as in terms of networks - combined with a considerable measure of organisational talent. Petra Riechert's ability to remain calm during turbulent times and to solve problems with humour and creativity count among her distinguishing personal characteristics. In the course of lengthy meetings her temperament comes to the foreground at times - winning people over with her fine sense of humour.

The extent to which Petra Riechert identifies with her task scope is also clearly evident. She's not the sort of person who would be shy to stand up for her convictions: „I'm motivated by the fact that our company has reported growth right from the very outset, performed well over the years, as well as the fact that we enjoy a very pleasant working atmosphere. And naturally, the recognition of our work is also highly motivating - as is aptly reflected in the satisfaction of our tenants, shareholders, investors and business partners.“

ROADSHOW 2012 OF VIB VERMÖGEN AG



LTV, FFO and NAV in detail

**Loan to value (LTV) –
debt to the value of the assets
(Calculation of December 31, 2012)**

in EUR thousand			
Investment property	748,608	441,021	Non-current financial debt
Property, plant and equipment	467	28,011	Current financial debt
Participating interests	5,766	-29,143	Bank balance
Assets	**754,841**	**439,889**	**Financial liabilities (net)**
LTV ratio	**58.28 %**		

Net-Asset-Value (NAV) – net asset

in EUR thousand	31.12.2012	31.12.2011
Investment property	748,608	652,855
Other non-current assets	507	567
Interests in associated companies	2,548	2,727
Assets held for sales	2,792	0
+ / - other assets / equity and liabilities (including minority interests)	-19,273	-16,942
Net debt	-455,918	-378,513
NAV / Net assets	**279,264**	**260,694**
Number of shares (balance sheet date)	21,364,306	21,328,828
NAV per share in EUR	**13.07**	**12.22**

**Funds from operations (FFO) –
indicates the portfolio's earnings strength**

in EUR thousand	31.12.2012	31.12.2011
EBIT	**49,793**	**38,507**
Adjusted for:		
Income / expenses (non-cash effective)	56	0
Changes in value for investment properties	-6,100	-326
Changes in value for currency (Changes in market value)	0	298
Subtotal	**43,749**	**38,479**
Interest cost and similar expenses	-19,736	-18,496
Other interest and similar income	199	301
Income from equity-accounted investments	119	-26
Guaranteed dividend	-232	-245
Subtotal	**24,099**	**20,013**
Effective tax expense	-1,403	-983
Subtotal	**22,696**	**19,030**
Minority interests	-876	-212
FFO in absolut terms	**21,820**	**18,818**
Average number of shares in fiscal year	21,344,307	19,856,626
FFO per share	**1.02 EUR**	**0.95 EUR**
Stock market price on the respective closing date	9.23 EUR	6.64 EUR
FFO return on the respective closing date	11.05 %	14.31 %
FFO / NAV return on the respective closing date	7.80 %	7.77 %

Rainer Hettmer,
Officer with statutory authority,
Head of Financing and Participations

GROUP MANAGEMENT REPORT

Business report

1. COMPANY SITUATION AND UNDERLYING CONDITIONS

A. BUSINESS ACTIVITIES, GROUP STRUCTURE AND PARTICIPATIONS

As the parent company of the VIB Group, VIB Vermögen AG (also referred to below as the „VIB Group") is a medium-sized real estate company whose investments are focused on commercial properties in Southern Germany. Formed as a partnership in 1993, the company was transformed to become a German public limited company (Aktiengesellschaft) in 2000. The shares of VIB Vermögen AG have been listed on the stock market since 2005. The VIB Group's operating activities focus on the purchase, development and management of its own properties, as well as on investing in companies with real estate assets. The VIB Group pursues a „develop-or-buy-and-hold" strategy in this context, acquiring portfolio properties and also developing properties for its own portfolio, in order to then hold them over the long term. The VIB Group's portfolio comprises a total of 96 properties with a total rental area of around 839,000 m², including various logistics properties and industrial facilities, shopping centres and specialist stores, as well as commercial centres and service complexes. The real estate portfolio is managed by VIB Vermögen AG itself, by its wholly-owned subsidiary Merkur GmbH, and by its listed subsidiary BBI Bürgerliches Brauhaus Immobilien AG (BBI Immobilien AG).

A profit transfer agreement was concluded between VIB Vermögen AG and BBI Immobilien AG on May 6, 2008. Accordingly, VIB Vermögen AG has undertaken to pay the free float shareholders of BBI Immobilien AG reasonable monetary compensation (a guaranteed dividend) of EUR 0.64 (gross) per ordinary share for the duration of this agreement as a repeat annual payment. As an alternative to paying compensation, VIB Vermögen AG undertakes, upon request by the shareholder, to acquire their ordinary shares in BBI Immobilien AG at a conversion ratio of 8.02 to 11.62, in other words, against compensation in shares in the amount of 1.45 ordinary shares in VIB Vermögen AG per ordinary share in BBI Immobilien AG. A resolution by the General Meeting on June 25, 2008 created conditional capital of up to EUR 1,356,114.00 for this share swap. As of December 31, 2012, this conditional capital still amounted to EUR 630,182 as a result of the shares exchanged.

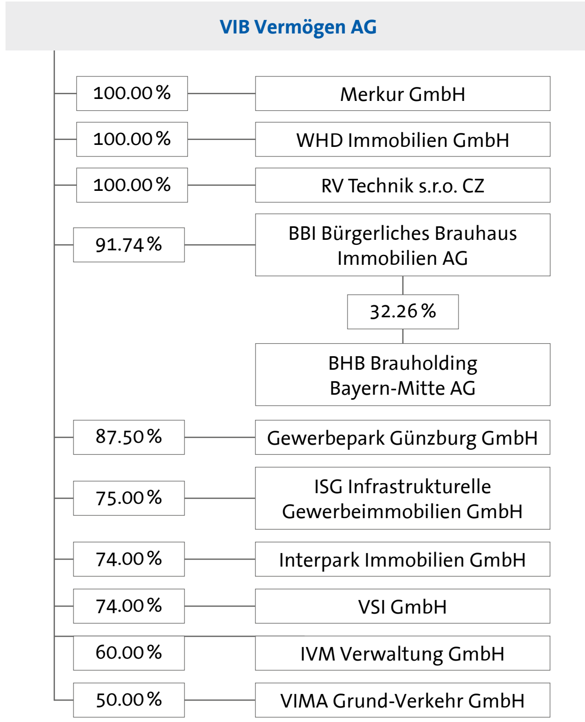
The deadline for acceptance of the settlement offer (exchange of shares) is generally two months after the settlement offer is published. The settlement offer was published on March 3, 2009. Since lawsuits against VIB Vermögen AG relating to the level of the exchange ratio and the guaranteed dividend are still pending, the exchange period will not end until these proceedings have been concluded. It is impossible to predict a precise date in this context.

VIB Vermögen AG acquired a majority interest in BBI Immobilien AG in 2007. The company indirectly holds 32.26 % of the shares of its subsidiary, BHB Brauholding Bayern-Mitte AG (BHB Brauholding AG), which was founded in November 2009.

Interpark Immobilien GmbH, which has share capital of EUR 0.1 million, was founded in January 2012. VIB Vermögen AG holds a 74.0 % interest in this company.

As a consequence, the number of companies in which VIB Vermögen AG held direct or indirect interests as of the end of 2012 increased from ten to eleven year-on-year (excluding subsidiaries of BHB Brauholding Bayern-Mitte AG). As a result of the amount of the participations, two of these companies are not fully consolidated.

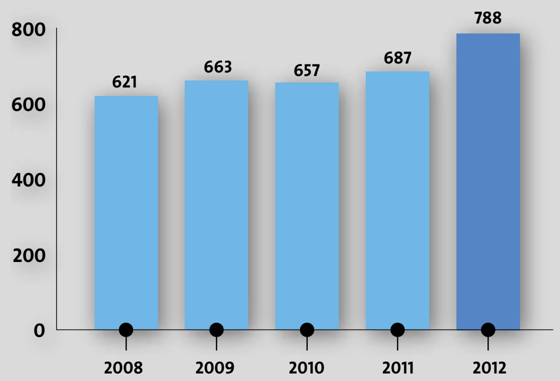
Overview of participating interests as of December 31, 2012



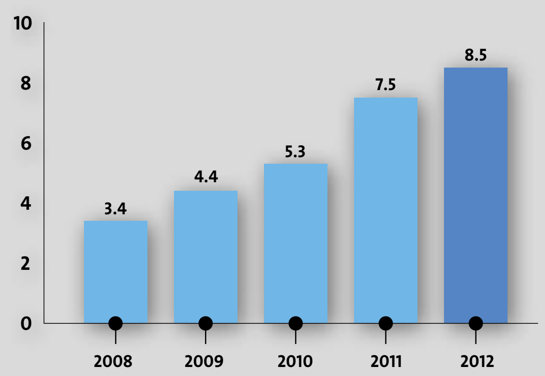
B. EMPLOYEES

As of December 31, 2012, the number of VIB Group employees in the commercial area was at a total of 22 (previous year: 19 excluding both Managing Board members) and the Group employed 14 industrial staff (previous year: 12). The industrial employees are mostly caretakers and cleaners (mainly part-time employees), who are hired to manage individual properties. The resulting expenses are charged on to the respective tenants as part of the settlement of incidental costs.

Development of total assets (in EUR million)



Development of dividend disbursement for the respective financial years (in EUR million)



The diagrams do not form part of the audited consolidated management report

C. MARKET AND COMPETITIVE ENVIRONMENT

Germany as the motor of European economic growth

The difficult international environment due to the continued indebtedness of some European states and political uncertainties in the United States of America placed a considerable burden on German economic output in 2012. While the Eurozone even slid into recession (gross domestic product [GDP] -0.5 %), according to estimates produced by the Kiel Institute for the World Economy (IfW), price-adjusted GDP in Germany nevertheless grew by 0.7 % year-on-year – compared with the significant growth of 3.0% registered in 2011 – according to data issued by the German Federal Statistical Office. In this context, quarter-on-quarter growth was still registered during the first three quarters of the year, according to the German Federal Statistical Office. Germany registered a fall in GDP only in the fourth quarter of 2012 (-0.6 %), as in the previous year.

This economic slowdown was primarily due to companies' reticence to invest, according to the German Federal Statistical Office. In particular, a fall in capital equipment investment (-4.4 % year-on-year) and construction investments (-1.1 % year-on-year) placed a brake on economic growth. Net exports again provided important growth stimuli in 2012, by contrast. Although exports waned over the course of the year, net exports contributed 1.1 percentage points to GDP growth in 2012, due to a low import ratio. As far as consumption in Germany is concerned, private and state consumption spending largely offset the reticence to invest.

Stable private consumer spending largely results from the high employment level. The labour market defied the weaker economy, proving extremely robust when regarding 2012 as a whole. Employment was boosted further, and while unemployment continued to decline. The average annual unemployment rate stood at 6.8 % in 2012, according to the German Federal Employment Agency, down 0.3 percentage points year-on-year, and representing its lowest level since German reunification. The trend in the number of workers required to make social security contributions proved gratifying, in particular. At 41.59 million such workers on an annual average basis, this also represents the highest level since reunification.

The extremely positive consumer spending propensity fed through to an inflation uptick at the year-end. Consumer prices rose by 2.0% in total in 2012, according to the German Federal Statistical Office. This inflation is no longer as strongly attributable to higher energy prices, as was the case in recent years. Instead, the price-drivers were to be found among goods and services that are not attributable to energy products, above all food. The IfW anticipates further price increases induced by the domestic economy in 2013, since it believes that companies will consistently exploit opportunities to increase prices due to a sharp rise in unit wage costs.

Outlook for Germany moderately optimistic; global economic recovery not until during course of the year

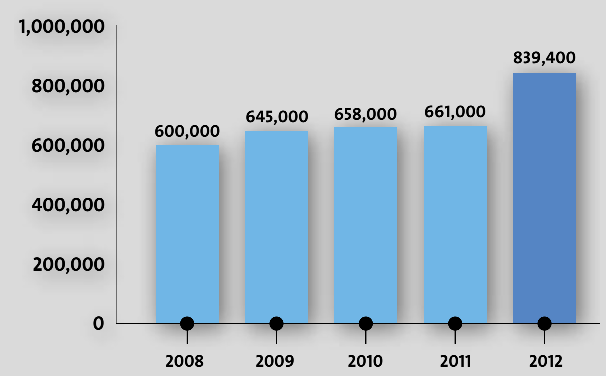
Prospects for 2013 are mixed. Although some sentiment indicators brightened at the end of 2012, such as those published by the Centre for European Economic Research (ZEW), they are still at a relatively low level. The ECB's reduction in its key interest rate last year to an historic low of 0.75 % proved unable to make a difference in this context. Reliefs on income tax and pension contributions nevertheless suggest that consumer confidence should remain consistently high in Germany in 2013. The IfW consequently anticipates that German GDP will grow by 0.3 %.

As far as the global economy is concerned, it is assumed that emerging economies will prove dynamic. Although their strong growth was slowed last year, the IfW anticipates a return to growth in 2013 due to the economic policy measures that have been launched there. By contrast, the IfW forecasts only slight growth for advanced economies. Depending on trends in Europe and the USA, a tangible uptrend will not occur until during the course of the year. The IfW forecasts global production growth of 3.4 %, compared with 3.2 % in 2012.

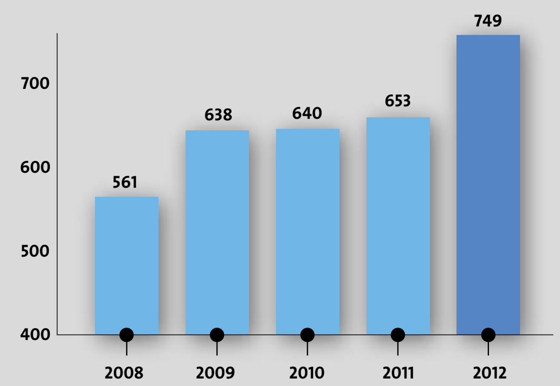
Record investments on German commercial real estate market

The real estate market in Germany proved largely able to decouple from the somewhat moderate economic trends in the period under review. With commercial real estate transactions totalling EUR 25.3 billion, the previous year's result was exceeded by 8 % according to an investment market overview published by Jones Lang LaSalle. Especially the year-end spurt in the fourth quarter of 2012, when transactions exceeding EUR 10 billion were realized, contributed to the highest transaction volume on the commercial real estate investment market since 2007. International demand was also its strongest for four years. Foreign investors accounted for 42 % of purchases (around EUR 10.5 billion); in the case of portfolio transactions, investments from abroad accounted for even as much as 77 %. A marked shift occurred compared with 2011 where the distribution of transaction volumes among

Development rentable area (in sqm)



Development of the portfolio's market value (in EUR million)



The diagrams do not form part of the audited consolidated management report

different asset classes is concerned. Whereas real estate properties accounted for as much as 45 % of transaction volumes in the previous year, they fell to less than one third in 2012. The drop in this asset class was less pronounced outside major cities, however. Here, real estate properties still played a significantly stronger role. Real estate properties were replaced by office properties as the most important asset class in the period under review. Their share accounted for 42 % of transaction volumes in 2012, compared with 30 % a year previously. Demand for logistics and industrial properties – which have gained ever greater importance for VIB Vermögen AG over recent months – increased by two percentage points year-on-year to reach 7 % of transaction volumes. Mixed properties, such as hotels, land and specialist properties, were almost unchanged at 11 % (2010: 10 %) and 9 % (2011: 10 %) respectively. In terms of buyer groups, asset and fund managers, which invested around EUR 7.1 billion of capital, or 28 % of transaction volumes, ranked first. Institutional investors such as insurance companies, pension funds and state funds together accounted for around EUR 3 billion, or 12 %.

In its series of specialist publications on the Bavarian real estate market in 2011 / 2012, DG HYP identifies good growth prospects for the Bavarian real estate market for the coming years thanks to its good education system, attractive jobs, and stable immigration. The bank's real estate experts expect demand to continue to grow for office and retail properties in Bavaria's major cities.

Jones Lang LaSalle experts forecast a highly stable user market for 2013, thereby forming a healthy basis for the real estate market. DG HYP's research division assumes that rental prices will report modest increases in all asset classes at top locations. An increase in rental prices of less than 2 % is expected for wholesaling and retail properties, and of around 1 % for office properties.

The BulwienGesa Institute forecasts a reduction in vacancy rates accompanied by moderate price increases for the office segment of the commercial real estate market, given a low level of newbuild activity and a stable labour market. A slight rise in real purchasing power should support consumer sentiment and consequently also retail spending growth, according to BulwienGesa.

D. CORPORATE TARGETS AND STRATEGY

The fiscal year elapsed was again characterised by strong investment activity on the part of VIB Vermögen AG. Selected and targeted acquisitions by the company should also continue to generate sustainable growth in 2013. At the same time, the existing portfolio is to be constantly optimised through individual measures, and is to be further improved in terms of profitability. The Group's financial stability will remain the focus in this context.

In order to achieve these objectives, the VIB Group will continue to focus its business and investment activities on the high-growth Southern German region in the future. The following stringent investment criteria apply in this context:

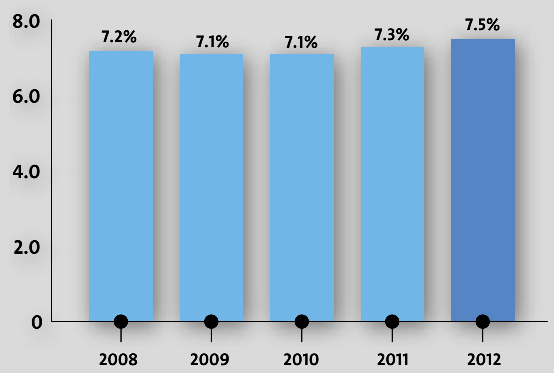
- Commercial properties only in locations enjoying good economic forecasts
- Investment volumes of up to EUR 40 million per property
- Average rental yield from 7.0 % per annum (based on purchase costs)
- Long-term rental agreements with tenants with strong credit ratings
- Good potential for alternative use

The consistent adherence to these stringent criteria ensures sustainable and profitable growth for the VIB Group. When expanding its real estate portfolio, the company focuses on high-yield retail, industrial and logistics properties in order to retain its cost-efficient portfolio structure. Administrative expenses and related costs can be held at a low level through giving preference to renting to renowned anchor tenants with high credit ratings. The VIB Group also benefits from its many years of experience, and the management's extensive regional real estate sector network. Overall, the VIB Group commands a very good basis for broad risk diversification that is accompanied at the same time by an attractive rental yield on its real estate portfolio.

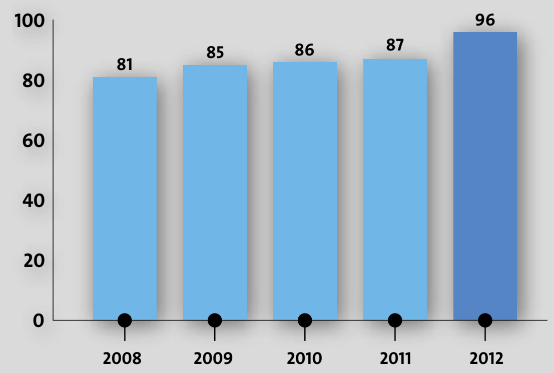
E. BUSINESS PROGRESS

VIB Vermögen AG continued to grow despite the somewhat weaker economic trend in Germany compared with the previous year. The real estate portfolio was expanded continuously over the course of the year, thereby creating the basis for additional rental income in the future. The properties acquired in 2011 in Regensburg, Schwäbisch Gmünd, Schesslitz, Moosburg an der Isar and Mühldorf am Inn transferred to the company's portfolio in the first quarter of 2012. A property in Ingolstadt developed together with a subsidiary of the city of Ingolstadt was also transferred to the tenant in May 2012, after just ten months of construction work. In Nuremberg, the company acquired a mixed property comprising both office and logistics areas, with a total rentable space of around 85,300 m². The investment volume for this property amounted to around EUR 26.8 million including development and reconstruction costs. VIB Vermögen AG has also started with the development of a MAN service station in Neuss (rentable space 5,066 m²; total investment of around EUR 9.8 million), and a logistics hall on a portfolio plot of land in Neufahrn (around EUR 4.5 million investment volume). VIB Vermögen AG acquired two logistics properties in Neufahrn (16,500 m²) and Grossmehring (14,600 m²) entailing investments of EUR 6.5 million and EUR 7.5 million respectively, at the end of 2012. Both of these properties were already generating rental income at the start of 2013. The investment volume for acquired properties and the completion of projects that had already been started totalled around EUR 91.9 million in 2012. VIB Vermögen AG successfully placed a EUR 17.0 million mandatory convertible bond in December 2012. Some of these funds have already been allocated to the financing of investments that occurred in 2012. The overall very gratifying progress of business is reflected in a renewed increase in revenue and earnings.

Development of the average rental yield (market values)



Development of the number of properties



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2. COMMENTS ON BUSINESS RESULTS AND ANALYSIS OF RESULTS OF OPERATIONS, NET ASSETS AND FINANCIAL POSITION

A. RESULTS OF OPERATIONS

VIB Vermögen AG reported a further very successful financial year in 2012. Additional rental income from VIB Vermögen AG's new investments fed through to marked revenue growth in the fiscal year elapsed. The company grew its revenue by 14.2 % year-on-year, from EUR 52.4 million in the previous year to EUR 59.8 million. The revenue item includes rental income and operating cost payments. Other operating income fell slightly to EUR 652 thousand (2011: EUR 683 thousand). This item primarily includes income from insurance compensation payments (EUR 270 thousand), currency exchange-rate differences, and the reduction of specific valuation allowances applied to receivables. As a consequence, total operating income amounted to EUR 60.5 million in the 2012 fiscal year, compared with EUR 53.1 million in the previous year's reporting period.

The market valuation of the real estate portfolio as of December 31, 2012 resulted in a positive balance of valuation changes of EUR 6.1 million (previous year: EUR 0.3 million). This item includes both value increases and value reductions. In this context, the value increases predominantly relate to properties newly acquired in the past year, and to a lesser extent to properties that the portfolio already included. A valuation adjustment to a lower market value was required for various properties due to changes in market circumstances. Expenses for investment properties also rose in line with the expansion of the real estate portfolio. These primarily comprise operating costs for portfolio properties, and costs for renovation and maintenance measures. Whereas expenses for investment properties amounted to EUR 10.8 million in 2011, they rose to EUR 12.2 million in the period under review. Equally, personnel costs increased to EUR 2.6 million (2011: EUR 2.0 million) due to the company's growth, and as a result of a higher level of pension provisions – predominantly reflecting the historically low interest-rate level. Other operating expenses were almost unchanged year-on-year at EUR 1.9 million (EUR -23 thousand). This item includes operating and administrative expenses. In the fiscal year elapsed, these primarily comprised costs for investor relations, legal matters, consultancy services, costs connected with the annual financial statements, property financing costs, costs from issuing a bond, and currency translation differences. Overall, VIB Vermögen AG enjoys an extremely streamlined organisational structure on a sector comparison, with a correspondingly low cost level. After taking into account amortisation and depreciation of EUR 88 thousand (previous year: EUR 91 thousand), this resulted in significantly higher earnings before interest and tax of EUR 49.8 million – a 29.3 % increase. This fed through to a marked rise in the EBIT margin to 82.4 %, compared with 72.6 % in the 2011 fiscal year, underscoring the operating business's high profitability.

Income from participating interests measured at equity amounted to EUR 119 thousand (previous year: EUR -26 thousand), mainly deriving from the interest in BHB Brauholding Bayern-Mitte AG. The profit from the measurement of financial derivatives of EUR 122 thousand arises from the partial release of liability formed for a CHF derivative transaction. For this CHF swap transaction, a EUR 1.1 million expense was reported in the previous year for the BBI Immobilien AG subsidiary deriving from the year 2006. The Swiss National Bank's decision in August 2011 to maintain a minimum exchange rate of CHF 1.20 to the Euro resulted in sustained Swiss franc weakness in the fiscal year elapsed, allowing part of the liability to be released as of December 31, 2012. For the coming months, VIB Vermögen AG assumes a Swiss franc exchange rate at the level of the minimum rate of CHF 1.20 per Euro or higher. Consequently, the risk entailed in a currency-related deterioration of the CHF swap transaction should be fully reflected in the current liability. The interest expenses rose from EUR 18.5 million to EUR 19.7 million due to VIB Vermögen AG's strong investment activity and the related drawing down of new bank borrowings. The net interest result amounted to EUR -19.5 million (previous year: EUR -18.2 million). The expense for the guaranteed dividend for the outstanding shareholders in BBI Immobilien AG fell slightly by EUR 13 thousand to EUR 232 thousand, since further BBI Immobilien AG shareholders converted their shares into VIB shares in the 2012 fiscal year. Earnings before tax stood at EUR 30.3 million in the year under review, a 59.7 % increase compared with the previous year's EUR 19.0 million.

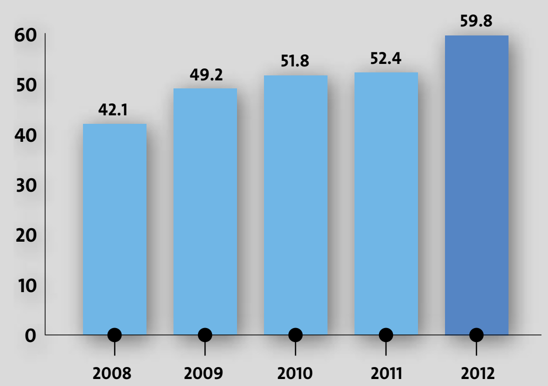
Taxes on income totalling EUR 4.9 million were incurred in the reporting period (2011: EUR 3.7 million). This increase relates to effective taxes in an amount of EUR 1.4 million (previous year: EUR 983 thousand), and deferred tax in an amount of EUR 3.5 million (previous year: EUR 2.7 million). As a consequence, VIB Vermögen AG reported consolidated net income up sharply by 65.9 % to reach EUR 25.3 million (previous year: EUR 15.3 million). This corresponds to EUR 1.08 of earnings per share, compared with EUR 0.76 in the 2011 fiscal year.

B. NET ASSETS

Due to the high level of investments in the real estate portfolio, the total assets of VIB Vermögen AG increased by EUR 101.3 million compared with the December 31, 2011 balance sheet date to reach EUR 788.1 million. On the equity and liabilities side of the balance sheet, this increase is especially reflected in the considerably higher level of a long-term finance debt, and a higher level of equity.

Equity was strengthened significantly through issuing a mandatory convertible bond and the higher level of net retained profits. The subscribed capital of EUR 21.4 million (December 31, 2011: EUR 21.3 million) and the retained earnings of EUR 50.2 million (December 31, 2011: EUR 50.1 million) were almost unchanged. The share premium account grew by EUR 15.6 million

Revenues development (in EUR million)



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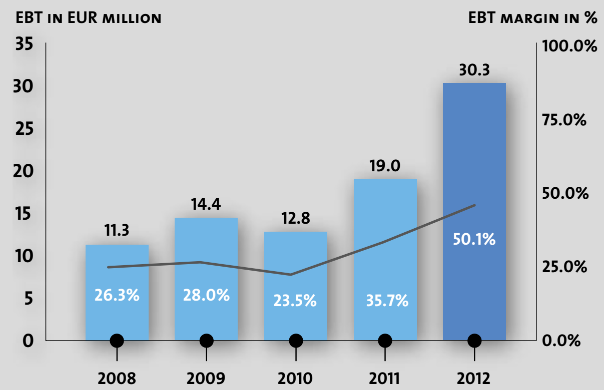
EBT development and development EBT margin



to EUR 139.3 million due to the proportional inflow of funds from the mandatory convertible bond. After including the reported unappropriated retained earnings of EUR 59.8 million (previous year: EUR 44.3 million), a negative effect from the increase in the cash flow hedge reserve, and the higher proportion of non-controlling shareholders, equity was up by EUR 32.0 million to EUR 272.8 million. The resultant 34.6 % equity ratio fell slightly – by 0.5 percentage points – due to the strong increase in total assets.

In the case of the liabilities, a considerable overall shift occurred from short-term (current) to long-term (non-current) liabilities. Firstly, new long-term bank borrowings were drawn down due to the high level of investment activity. Secondly, short-term loans were exchanged for loans with longer terms. Non-current finance debt rose correspondingly by EUR 112.5 million to EUR 441.0 million. The derivative financial instruments position increased slightly to EUR 13.5 million (previous year: EUR 12.2 million). This was due to the further decline in the level of interest rates in the fiscal year elapsed. Deferred tax liabilities amounted to EUR 20.2 million. The EUR 3.0 million year-on-year increase is primarily attributable to the divergence between the balance sheet valuation and the tax law valuation of the real estate portfolio. Pension provisions rose to EUR 1.2 million (+ EUR 0.2 million), while other non-current liabilities were almost unchanged. Total non-current liabilities amounted to EUR 477.9 million (previous year: EUR 361.1 million), with their share of total liabilities rising from 81 % in the previous year to 93 %.

Total current liabilities decreased by EUR 47.5 million to EUR 37.4 million. This is primarily due to the restructuring of numerous short-term bank loans into loans with longer terms. Current financial debt fell by EUR 48.3 million to EUR 28.0 million. Liabilities arising from taxes on income (+EUR 0.4 million), due to participating interests (+EUR 0.3 million), and other liabilities (+EUR 0.1 million) increased only slightly comparatively.

On the assets side of the balance sheet, investment properties rose by EUR 95.8 million to EUR 748.6 million due to VIB Vermögen AG's strong investment activity last year. Intangible assets (EUR 40 thousand) and property, plant equipment (EUR 467 thousand) fell further year-on-year due to amortisation and depreciation. Interests in associated companies and deferred tax assets fell slightly, while financial assets increased slightly. In total, non-current assets were up by EUR 95.4 million compared with the previous year's balance sheet date (+14.5 %) to EUR 752.4 million.

Current assets also grew further, by EUR 5.8 million to EUR 35.7 million. While receivables and other assets increased by EUR 0.9 million to EUR 3.3 million, and cash on hand and at banks was up by EUR 2.1 million to EUR 29.1 million, receivables arising from taxes on income fell by EUR 0.2 million to EUR 0.1 million. Prepaid expenses rose by EUR 0.2 million to EUR 0.4 million. The assets held for sale of EUR 2.8 million are based on current sales negotiations for the subsidiary RV Technik s.r.o., Czech Republic. The land and other assets at this company were reclassified to this item.

C. FINANCIAL POSITION

Cash flow from operating activities reported a marked increase in 2012 to EUR 41.1 million (previous year: EUR 38.0 million). This rise primarily reflects the higher level of annual net profit. Due to the high level of investment activity in the period under review, the cash outflow from investing activities reported a leap to EUR -92.3 million (previous year: EUR -8.3 million). The increase of the cash flow from financing activities to EUR 53.3 million in the 2012 fiscal year (prior year: EUR -8,9 million) is attributable, firstly, to cash inflows from issuing a mandatory convertible bond. Secondly, a greater level of borrowing for the portfolio expansion and the restructuring relating to longer fixed interest periods and terms more than offset scheduled and unscheduled loan repayments. The payout of the dividend to shareholders and minority companies also increased by EUR 2.1 million to EUR 7.5 million. Cash and cash equivalents at Group level consequently totalled EUR 29.1 million as of December 31, 2012, compared with EUR 27.0 million in the previous year.

Overall statement on the company`s business position

Targeted investments and the conclusion of long-run rental agreements formed the basis for sustainable rental income growth in the fiscal year elapsed. The strong equity base of VIB Vermögen AG, its lower net debt level, and its favourable relationship between short-term and long-term liabilities provide good preconditions to continue to operate profitably and sustainably in the future. Overall, the Managing Board appraises both the 2012 operating trend and the existing financing structure as positive.

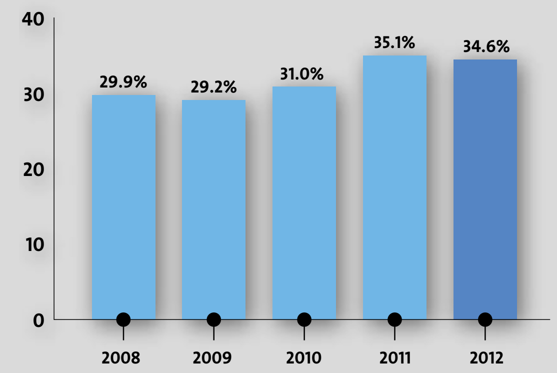
Report on events after the balance sheet date

The Interpark Immobilien GmbH subsidiary entered into contracts to acquire a portfolio plot of land in Grossmehring near Ingolstadt in 2012. The EUR 9.2 million purchase price for the land was paid at the start of February 2013.

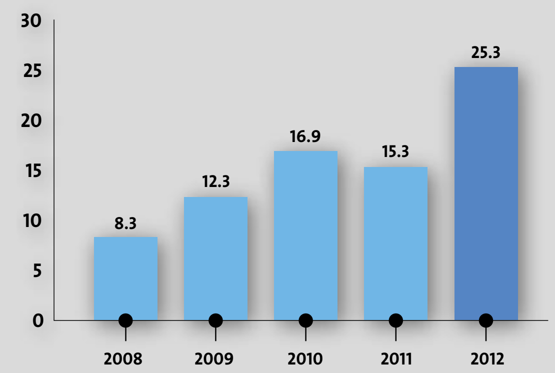
With a notary purchase agreement dated April 3, 2013, VIB Vermögen AG sold the entirety of its 87.5 % interest in its fully-consolidated subsidiary Gewerbepark Günzburg GmbH to a private investor. This disposal exerts a positive impact on the Group's financial position, net assets and results of operations. The funds thereby released will be reinvested in new real estate projects during the course of the current fiscal year, consequently generating additional revenue and earnings contributions. This will prospectively more than offset the reductions in revenue and earnings resulting from the subsidiary's sale.

There were no further events after the balance sheet date that have a material impact on the net assets, financial position or results of operations after the end of fiscal year 2012.

Development of the equity ratio (in %)



Development of the consolidated net income (in EUR million)



The diagrams do not form part of the audited consolidated management report

Risk and forecast report

A. RISK MANAGEMENT

As a real estate group, VIB Vermögen AG faces various risks, and also consciously enters into some of these risks in order to be able to consistently exploit opportunities offered by the real estate market. In order to minimise potential risks to its business activities, the company has implemented a risk early identification and management system that is regularly adjusted to current developments in the operating business. This ensures that the Managing Board receives early notification in the event of any risks arising, and can immediately implement adequate countermeasures. At its core, the risk management system is oriented to reporting and assessing the most important parameters for the VIB Group relating to its business model. These include, in particular, metrics such as occupancy rate / vacancy rate, rent arrears, interest levels and structure of fixed interest terms on bank borrowings, changes in cash and cash equivalents, as well as changes in rental income and current administration costs. The results are regularly reported to the Managing Board. The subsidiaries are also integrated into this risk management system.

The Group companies deploy financial derivatives – particularly interest-rate swaps – in order to minimise interest-rate risks arising from variable-rate loans. These derivatives are generally directly allocated to a corresponding underlying transaction as part of a micro-hedge. The related terms, maturities and nominal amounts are selected on the congruent basis in order to ensure that the hedging relationships are effective. VIB Vermögen AG regularly examined is the changes in values of the derivatives in order to rapidly and appropriately respond to unplanned deviations.

B. COMPANY RISKS

Macroeconomic risks

As shown by the sharp downturn of the 2008 / 2009 economic and financial crisis, real estate markets are always exposed to the risk of being impacted by macroeconomic and financial developments. As far as the commercial property area is concerned, this is accompanied by the risk that companies are less prepared to invest, combined with increased vacancy risk over extended periods for forthcoming new rentals, and a decline in rent levels. This risk affects only a small proportion of the company's rental income since the portfolio properties mostly have long-term leases, however. In order to further minimise this risk, however, the VIB Group also aims to enter into long-term rental relationships with tenants of high credit standing, and to ensure that its properties can be utilised for alternative purposes.

If macroeconomic and sector-specific trends should worsen significantly, the risk also exists that the real estate portfolio could be subject to negative valuation changes. This risk is nevertheless mitigated by the VIB Group's strong regional orientation to investments in the comparatively stable Southern German real estate market, and its stringent adherence to its investment criteria. The real estate portfolio also enjoys balanced diversification in terms of types of use and sector. Consequently, negative trends in individual economic sectors exert only a minor impact on the company's overall portfolio.

Tenant risks

As a real estate company, the VIB Group is subject to a certain level of tenant risk that comprises potential rental default and outstanding rental payments. Rents defaults cannot be entirely excluded, especially in an economic downturn. The risk also exists that, in the case of unforeseen rent default (for example, through cancellation without notice due to rent arrears or insolvency), it proves impossible to quickly locate a new tenant. In the case of short-term rental agreements, the possibility also exists that they cannot be extended, and that a new tenant cannot be located quickly. For VIB Group companies, this can be accompanied by temporary vacancies and rental income defaults. At the same time, this results in possible valuation risks for the real estate portfolio. The Group minimizes this risk by focusing on tenants with strong credit ratings. Rental arrears are processed as soon as they occur in order to identify tenants' payment difficulties at an early juncture. Priority is also placed on good alternative utilisation options when acquiring properties. This makes it easier to rent them again rapidly if rental agreements are terminated.

Construction cost risks / construction risks

The VIB Group's business model entails possible construction cost risks and general construction risks arising from the acquisition of land, and the subsequent development of properties. For example, forecast investment and development costs can be exceeded with the consequence that planned financing resources (equity and bank borrowings) prove insufficient. Delays in the completion of the properties cannot be ruled out as part of general construction risk. This would render it impossible to transfer properties to tenants on time. This could result in rent defaults, rent paid late, and damage compensation claims. The VIB Group works together with general contractors with strong credit ratings on larger construction projects to actively counter such risks. This largely ensures that project developments are completed within the planned time and cost parameters. No cost risks exist in the case of the gradual acquisition of properties which are created by project developers. Such risks are avoided since the properties' purchase prices are generally derived from the annual net rental amount excluding heating for the fully rented property and a fixed agreed purchase price factor.

Property portfolio risks

The locational quality of the Group properties is partially affected by external factors (such as deterioration of infrastructure, changes to social structures, construction activities) which lie beyond the influence of the VIB Group. Such factors could negatively impact the value of a property as well as its achievable rental income. Maintenance and other management costs could be higher than expected. The VIB Group counters this risk by carefully reviewing the respective properties and strictly upholding its investment criteria, including as part of due diligence, for instance. Damages to or the destruction of the company's existing properties constitute a further potential risk. This would have direct and serious consequences for the company's results of operations and financial position. Certain weather scenarios May also result in construction and technical property management challenges for the Group (for instance, heavy snowfall on flat roofs during the snowy winter of 2010 / 11). The VIB Group counters such risks primarily through extensive insurance protection for its individual properties (including rent default insurance).

Financing risk

Selective and targeted acquisitions will continue to play a role in implementing the VIB Group's growth strategy in 2013. The Group's continued growth and further expansion of its real estate assets nevertheless require a sufficient inflow of financing resources in the form of additional debt and / or equity. The risk generally exists that the procurement of bank borrowings is impossible in the future at the corresponding time, or at the requisite level, or only on unfavourable terms. This could negatively affect the company's operating activities, and its net assets, financial position and results of operations. Especially the 2008 / 2009 economic and financial crisis showed that the deterioration in the macroeconomic situation can result in banks tending toward restrictive lending policies. Before binding agreements are entered into, investments are calculated precisely and carefully, and financing is secured through the deployment of equity, or through obtaining lending commitments. However, the banks regard the creditworthiness of the companies in the VIB Group as being generally positive due to their solid equity backing and high profitability. In 2012, the bank loans required to finance the extensive real estate investment were concluded without problem. The risk that it proves impossible to obtain debt funding in a sufficient scope, or on significantly poorer terms, is consequently regarded as manageable.

The VIB Group requires a favourable and stable capital market environment in order to obtain additional equity. Volatile equity markets, and low valuation levels on primary and secondary markets, could diminish the Group's potential ability to access refinancing facilities. In this case, additional debt funding would have to be taken out to finance investments, or the Group would need to refrain from making the respective investments. The capital market environment failed to witness a fundamental improvement over the course of the year under review due to the cooling of the global economy, and some EU countries' state debt problems. Given these circumstances, an insufficient inflow of funds cannot be entirely ruled out for either debt or equity funding. At the same time, VIB Vermögen AG successfully placed a EUR 17.0 million mandatory convertible bond in December 2012.

The VIB Group's good level of equity backing and its profitability mean that no financing risks are currently foreseeable. In addition, the liabilities are practically free of covenants agreements, with the result that long-term financing is secure even in the event of a change in the capitalization or income structures.

Interest-rate risk

A potential increase in the general interest-rate level entails the risk of deterioration of refinancing terms for the VIB Group. This can not only affect the conclusion of new lending agreements for the financing of further properties, but also the agreements of new terms after fixed interest periods have expired. For this reason, the company fixes loan terms at an early stage for a period of predominantly ten years in order to secure real estate financing on a long-term basis. Interest-rate swaps have also been entered into some cases in order to optimise bank loan terms. Given the currently historically low interest-rate level, loans with short-term interest agreements are also being utilised, such as those based on EURIBOR. The portion of bank borrowings that carry short-term interest rates amounted to around 16.5 % of all finance liabilities as of December 31, 2012. Interest-rate risk remains calculable overall in the case of an increase in both short-term interest rates and the general interest-rate level.

Currency risk

In the case of loans denominated in foreign currencies, risks exist to the extent that higher amounts in Euros would be payable in the case of more unfavourable exchange rates for both redemption payments and current interest payments. No foreign currency loans existed at the VIB Group as of December 31, 2012.

Risks from financial instruments

The VIB Group has entered into several interest-rate swaps based on operative underlying transactions in order to hedge long-term interest rates, and to facilitate planning its easier to plan its future interest payments. Such hedging does not generate risks.

A currency derivative transaction based on Swiss francs was concluded in 2006 before the acquisition by VIB Vermögen AG of BBI Bürgerliches Brauhaus Immobilien AG by its management at that time. The change in the CHF / Euro exchange rate required a liability to be recognised at the end of 2010. The Swiss franc was sustainably weakened by the Swiss National Bank's decision in August 2011 to maintain a minimum rate of CHF 1.20 to the Euro. The liability was reduced as of the balance sheet date as a consequence of this, and due to a shortening of the residual term. For the coming months, VIB Vermögen AG assumes a Swiss franc exchange rate at the level of the minimum rate of CHF 1.20 per Euro or higher. Consequently, the risk should be fully covered by the current level of the liability. Given a rate of less than CHF 1.20 to the Euro, a risk extending beyond the risks hedged to date exists. The derivative transaction has a term until 2015.

Legal risks / contractual risks

Contractual risks could result for the VIB Group from concluding rental and purchase agreements, including possible follow-on costs. All of the major agreements are consequently audited internally, and in some cases externally by legal experts from a commercial perspective.

Acquisition risks

Acquisitions and disposals of companies with real estate assets can generally also entail the acquisition of the target company's operational business. The spinning off of businesses that do not form part of the VIB Group's core business May comprise a strategic option. When acquiring a company, however, the resale of its operating business is not essential. This could result in an acquisition risk with negative implications for the VIB Group's net assets, financial position and results of operations.

Cluster risk

In addition, the subsidiary BBI Immobilien AG holds a portfolio of 26 specialist stores, 15 of which are operated by a tenant. This gives rise to a cluster risk. This risk has been further reduced through the acquisition of additional properties over recent years. Additional diversification effects are to be expected if the VIB Group prospectively further expands its acquisition activities in implementing its growth strategy. In addition, the long-term rental agreements with this creditworthy tenant mean that short-term cancellations are impossible.

C. OPPORTUNITIES

Demand for inflation-proof physical assets such as real estate could rise further given continued uncertainties on financial markets, and a historically low level of key interest rates. Rising rental and transaction turnover in commercial and residential real estate in Germany in the period under review has already signalled this trend. In particular, foreign investors could further boost demand for real estate in Germany – their share of transaction volumes has risen continuously since 2009. The fact that relatively few new commercial properties have been built in recent years due to the financial and banking crisis also suggests a positive trend on the real estate market.

Both the global and the German economy will slowly recover momentum over the course of this year, according to expert estimates. This leads to the assumption that demand for commercial property space could rise, potentially feeding through to higher rental prices and a falling vacancy rate. As a consequence, follow-on rents and new rents could entail rising rental income for VIB Vermögen AG. The VIB Group will also continue to benefit from its long-established network in Southern Germany, and realise further investments, thereby continuously expanding its earnings base.

The currently low interest-rate level offers the opportunity to find financing on very favourable terms, and to optimise the structure of debt funding when entering into new interest rate agreements. This could allow the company to reduce its interest expenses in relation to its rental income.

In addition, the good location of the portfolio properties of VIB Vermögen AG in Germany‘s regions that enjoy the highest growth and the strongest purchasing power can allow its properties to appreciate in value. Rental income could also rise during the current year due to the completion of project developments, such as the project in Neuss, and through further new investments and developments. Value-enhancing potentials exist in the medium to long-term for the current real estate portfolio, which can have a positive impact on the company‘s overall value.

D. OUTLOOK

After the past year represented a further record year in the company‘s history in terms of revenue and earnings, we are equally positive for business trends over the further course of 2013. The VIB Group also aims to benefit from the expected brightening of sentiment in Germany.

The company‘s tried and tested „develop-or-buy-and-hold“, which caters for sustainable and predictable income, will form the basis for a successful business year. The VIB Group‘s strength also remains its focus on the high-growth Southern German region. VIB aims to continue to invest in high-yielding commercial properties there in 2013. Optimising the existing real estate portfolio also remains a focus of daily work.

Based on these expectations, the Managing Board of VIB Vermögen AG anticipates that it revenue will increase to around between EUR 63 million and EUR 64 million in the current fiscal year. It is forecasting between EUR 46 million and EUR 47 million of earnings before interest and tax (EBIT), and EUR 26 million to EUR 27 million of consolidated earnings before tax (EBT) – in each case before valuation effects. The precise business trends nevertheless depend on the scope of new acquisitions and on economic circumstances.

Neuburg / Danube, April 4, 2013

Ludwig Schlosser

Peter Schropp

Franz Obermeier,
Head of Accounting

GROUP FINANCIAL STATEMENTS

Consolidated income statement (IFRS)

FOR THE PERIOD FROM JANUARY 1, 2012 UNTIL DECEMBER 31, 2012

in EUR thousand	Note	2012	2011
Revenue	D.1	59,809	52,373
Other operating income	D.2	652	683
Total operating revenue		**60,461**	**53,056**
Changes in value for investment properties	D. 3	6,100	326
Expenses for investment properties	D. 4	-12,215	-10,848
Personnel expenses	D. 5	-2,567	-2,015
Other operating expenses	D. 6	-1,898	-1,921
Earning before interests, taxes, depreciation and amortisation (EBITDA)		**49,881**	**38,598**
Amortisation and depreciation	D. 7	-88	-91
Earnings before interests and taxes (EBIT)		**49,793**	**38,507**
Profit / loss on investments accounted for using the equity method	D. 8	119	-26
Financial derivatives measurement profit / loss	D. 9	122	-1,091
Other interest and similar income	D. 10	199	301
Interest and similar expenses	D. 11	-19,736	-18,496
Expenses from guaranteed dividend	D. 12	-232	-245
Earnings before tax (EBT)		**30,265**	**18,950**
Income taxes	D. 13	-4,935	-3,679
Consolidated net income		**25,330**	**15,271**
Earnings attributable to Group shareholders		23,070	15,059
Earnings attributable to non-controlling shareholders	D. 15	2,260	212
Earnings per ordinary share in EUR			
Earnings from continuing operations	D. 16	1.08	0.76
Earnings per share (undiluted)		**1.08**	**0.76**
Diluted earnings per share in EUR			
Earnings from continuing operations	D. 16	0.98	0.75
Earnings per share (diluted)		**0.98**	**0.75**

Consolidated statement of comprehensive income (IFRS)

FOR THE PERIOD FROM JANUARY 1, 2012 UNTIL DECEMBER 31, 2012

in EUR thousand	Note	2012	2011
Consolidated net income		**25,330**	**15,271**
Other comprehensive income			
Foreign currency effects on translation of independent subsidiaries		17	-32
Cash flow hedges – value changes in effective hedging relationships		-2,167	-2,610
Income tax on other comprehensive income items	D. 24	375	448
Total of income and expenses carried in equity		**-1,775**	**-2,194**
Total comprehensive income		**23,555**	**13,077**
Total comprehensive income is attributable as follows:			
Group shareholders		21,363	12,971
Non-controlling shareholders		2,192	106

Consolidated Balance sheet (IFRS)

AS OF DECEMBER 31, 2012

ASSETS

in EUR thousand	Note	Dec. 31, 2012	Dec. 31, 2011
Non-current assets			
Intangible assets	D.17	40	53
Property, plant and equipment	D.17	467	514
Investment properties	D.18	748,608	652,855
Interests in associated companies	D.19	2,548	2,727
Financial assets	D.20	426	378
Deferred tax	D.28	291	419
Total non-current assets		752,380	656,946
Current assets			
Receivables and other assets	D.21	3,305	2,447
Income tax receivables	D.21	91	253
Bank balances and cash in hand	D.22	29,143	27,001
Prepaid expenses		385	193
Assets held for sale	D.23	2,792	0
Total current assets		35,716	29,894
Total assets		788,096	686,840

EQUITY AND LIABILITIES

in EUR thousand	Note	Dec. 31, 2012	Dec. 31, 2011
EQUITY	D. 24		
Subscribed capital		21,364	21,329
Share premium		139,338	123,707
Retained earnings		50,237	50,112
Net retained profits		59,754	44,274
		270,693	239,422
Cash flow hedges		-9,357	-7,633
Foreign currency translation		0	-149
Disposal group categorised as held for sale		-132	0
Non-controlling shareholders' share of earnings		11,629	9,188
Total equity		272,833	240,828
Non-current liabilities			
Profit participation capital	D. 25	660	665
Financial liabilities	D. 26	441,021	328,567
Derivative financial instruments	D. 27	13,496	12,240
Deferred tax	D. 28	20,224	17,233
Pension provisions	D. 29	1,228	1,034
Other non-current liabilities	D. 30	1,230	1,349
Total non-current liabilities		477,859	361,088
Current liabilities			
Financial liabilities	D. 31	28,011	76,282
Income tax liabilities	D. 33	476	81
Liabilities to associated companies	D. 34	442	182
Other liabilities	D. 35	8,129	7,999
Accruals and deferred income		346	380
Total current liabilities		37,404	84,924
Total equity and liabilities		788,096	686,840

Consolidated cash flow statement (IFRS)

FOR THE PERIOD FROM JANUARY 1, 2012 UNTIL DECEMBER 31, 2012

in EUR thousand	Jan. 1, 2012 - Dec. 31, 2012	Jan. 1, 2011 - Dec. 31, 2011
A. Cash flow from operating activities		
Net income for the year (after tax)	25,330	15,271
+ / - Net interest income	19,537	18,195
+ / - Income taxes	4,935	3,679
+ / - Depreciation / amortisation / impairment charges applied to non-current assets	88	91
+ / - Increase / decrease in provisions	194	-25
+ / - Fair value changes to investment properties	-6,100	-327
+ / - At equity results	-119	26
+ / - Income tax paid	-847	-1,081
Cash flow from operating activities after taxes (before interest expenses)	**43,018**	**35,829**
+ / - Other non-cash expenses / income	-860	546
+ / - Changes in inventories, receivables and other assets not attributable to investing activities	-1,050	-43
+ / - Change in liabilities that is not attributable to financing activities	-23	1,687
Cash flow from operating activities (before interest expenses)	**41,085**	**38,019**
B. Cash flow from investing activities		
- Payments for investments in property, plant and equipment	-17	-38
- Payments for investments in investment properties	-92,503	-22,124
- Payments for investments in intangible assets	-11	0
- Payments for investments in non-current financial assets	-90	-73
+ Proceeds from the disposal of fixed assets and investment properties	77	13,904
+ Proceeds from disposals applied to non-current financial assets	287	0
Cash flow from investing activities	**-92,257**	**-8,331**

in EUR thousand	Jan. 1, 2012 - Dec. 31, 2012	Jan. 1, 2011 - Dec. 31, 2011
C. Cash flow from financing activities		
+ Proceeds from the issuing of a mandatory convertible bond	16,765	0
+ Proceeds from the issue of share capital	0	28,055
- Payments to company owners and non-controlling shareholders (dividends)	-7,465	-5,387
+ Interest received	199	301
- Interest paid	-19,736	-18,496
+ Proceeds from the drawing down of financial debt	143,528	9,159
- Payments for the redemption of financial debt	-80,523	-23,791
+ / - Proceeds from non-controlling shareholders	546	1,250
Cash flow from financing activities	**53,314**	**-8,909**
D. Cash and cash equivalents at the end of the period		
Net change in cash and cash equivalents		
+ / - Cash flow from operating activities	41,085	38,019
+ / - Cash flow from investing activities	-92,257	-8,331
+ / - Cash flow from financing activities	53,314	-8,909
Cash flow change	**2,142**	**20,779**
Cash and cash equivalents at the start of the period (liquide Funds)	27,001	6,222
Cash and cash equivalents at the end of the period	**29,143**	**27,001**

Consolidated statement of changes in equity (IFRS)

FOR THE PERIOD FROM JANUARY 1, 2012 UNTIL DECEMBER 31, 2012

in EUR thousand	Subscribed capital	Share premium	Retained earnings	Cash flow hedge reserve	Foreign currency translation reserve	Net retained profits	Non-controlling shareholders	Disposal group categorised as held for sale	Group equity
December 31, 2010	**17,772**	**99,132**	**48,219**	**-5,577**	**-117**	**36,439**	**7,917**	**0**	**203,785**
Total comprehensive income	0	0	0	-2,056	-32	15,059	106	0	13,077
Issue of VIB shares as part of share exchange	3	15	0	0	0	0	-18	0	0
Transfers to retained earnings	0	0	1,893	0	0	-1,893	0	0	0
Capital increase	3,554	24,560	0	0	0	0	0	0	28,114
Dividends paid	0	0	0	0	0	-5,331	-67	0	-5,398
Capital contribution of interest of non-controlling shareholders in ISG GmbH	0	0	0	0	0	0	1,250	0	1,250
December 31, 2011	**21,329**	**123,707**	**50,112**	**-7,633**	**-149**	**44,274**	**9,188**	**0**	**240,828**
Total comprehensive income	0	0	0	-1,724	17	23,070	2,192	0	23,555
Issue of VIB shares as part of share exchange	35	261	0	0	0	0	-296	0	0
Transfers to retained earnings	0	0	125	0	0	-125	0	0	0
Mandatory convertible bond	0	15,370	0	0	0	0	0	0	15,370
Dividends paid	0	0	0	0	0	-7,465	-26	0	-7,491
Capital contribution of interest of non-controlling shareholders in Interpark Immobilien GmbH	0	0	0	0	0	0	571	0	571
Disposal group categorised as held for sale	0	0	0	0	132	0	0	-132	0
December 31, 2012	**21,364**	**139,338**	**50,237**	**-9,357**	**0**	**59,754**	**11,629**	**-132**	**272,833**

Gertrud Wedel,
Financial Accounting group
and subsidiaries

Notes to the consolidated financial statements for the 2012 fiscal year

A. GENERAL INFORMATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

VIB Vermögen AG, Neuburg / Donau, Germany (also referred to below as „VIB AG" or the „company") has its corporate seat at Luitpoldstrasse C 70 in 86633 Neuburg / Donau, Germany, and is registered in the commercial register of Ingolstadt Local Court with commercial register sheet number 101699.

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

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

The Group's core competence is the purchasing and managing of its own real estate assets, and the holding of participating interests 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 promising high-growth regions in Southern Germany.

VIB Vermögen AG is required to prepare consolidated financial statements pursuant to Section 290 in combination with Section 293 of the German Commercial Code (HGB). However, the consolidated financial statements are prepared voluntarily according to the requirements of the IASB (Section 315a [3] of the German Commercial Code [HGB]).

These consolidated financial statements of VIB AG, including figures from the previous year, were prepared in line with International Financial Reporting Standards (IFRS) as applicable in the European Union, and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

These consolidated financial statements have been prepared in Euros (EUR). All figures, unless otherwise stated, are presented in thousands of Euros. Rounding differences may occur. The separate financial statements of the companies included in the consolidated financial statements are based on uniform accounting and measurement principles. Carrying amounts based on tax regulations are not included in the consolidated financial statements. The separate financial statements were prepared on the same balance sheet date as the consolidated financial statements.

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

The consolidated balance sheet is categorised according to the term structure of its respective assets and liabilities. Assets and liabilities are classified as being current if they can be realised or redeemed within one year. Trade receivables and trade payables, tax receivables, tax liabilities and inventories are generally reported as current items. Deferred tax assets and liabilities are presented as non-current.

Non-controlling interests form part of consolidated 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 it is pertinent and possible. These items break 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 requires 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 AG has applied all of the standards (IFRS, IAS) issued by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC) which applied on December 31, 2012. The corresponding transitional regulations have been applied. The consolidated financial statements also include further information required under the German Commercial Code (HGB) and the German Stock Corporation Act (AktG).

NEW ACCOUNTING PRINCIPLES – IMPLEMENTED

The following accounting principles of relevance for the VIB AG Group must be applied as of January 1, 2012:

In October 2010, the IASB published additions to IFRS 7 Disclosures – Transfers of Financial Assets. The additions expand the notes to the financial statements required for the transfers of financial assets where the transferring party retains a continuing involvement in the transferred assets. Additional disclosures are required if an unusually high amount is transferred at the end of a reporting period. This supplement must be applied for fiscal years commencing on or after July 1, 2011, whereby earlier application is permissible. The application of the additions to IFRS 7 had no significant effect on the consolidated financial statements of VIB AG.

In December 2010, the IASB published amendments to IAS 12 – Deferred Tax: Recovery of Underlying Assets. This added a further exception to the principles of IAS 12. This relates to a refutable assumption that an investment property measured at fair value is realised entirely through sale. The assumption of complete realisation through sale is refuted if the investment property can be depreciated, and if it is held within a business model whose purpose tends to receive all significant economic benefits from the investment property over the course of time, rather than through disposal. Since this is the case with VIB Vermögen AG, the assumption can be refuted. To this extent, the amendments to IAS 12 create no significant effects for the consolidated financial statements.

PUBLISHED ACCOUNTING ANNOUNCEMENTS – NOT YET IMPLEMENTED

The IASB and the IFRIC have published the following promulgations which did not yet require mandatory application in the 2012 fiscal year, or whose recognition by the EU is still outstanding. VIB does not generally apply such accounting regulations until the time when their application is mandatory. The following section presents only those new accounting principles which will be prospectively applicable to the consolidated financial statements of VIB AG.

In November 2009, the IASB published IFRS 9 – Financial Instruments (2009 version) – as well as in October 2010, IFRS 9 – Financial Instruments (2010 version) concerning the categorisation and measurement of financial assets and financial liabilities. IFRS 9 amends the recognition and measurement regulations for financial assets, including various hybrid contracts. It applies a uniform approach of recognising a financial asset at amortised cost or fair value, which replaces the various regulations of IAS 39. The approach in IFRS 9 is based on how a company manages its financial instruments (its business model), and on the type of contractually agreed cash flows from financial assets. The new standard also requires a standard impairment method that replaces the different methods within IAS 39. The IASB has postponed the mandatory application date to fiscal years commencing on or after January 1, 2015 (previously: January 1, 2013). Earlier application is permissible. The IASB also refrains from adjusting comparable prior-year financial statements to reflect the effects of first-time application. Additional transitional information is required instead. VIB Vermögen AG is currently examining the effects of the application of IFRS 9 on the consolidated financial statements.

In June 2011, the IASB published its standard IAS 19 „Employee Benefits“. Among other matters, the amended IAS 19 eliminates the corridor approach, and requires that actuarial gains and losses be reported in other comprehensive income. VIB currently reports actuarial gains and losses immediately through profit or loss. This new regulation requires that such gains and losses be reported in other comprehensive income in the future. As far as total comprehensive income is concerned, no changes arise to this extent for the VIB Group.

The revised IAS 19 also replaces the expected return on plan assets and the interest cost on the pension obligation by a standard net interest component. Past service cost will in future be reported entirely within the period of the related plan amendment. This revision to IAS 19 amends the requirements for benefits arising from the termination of employment contracts, and expands disclosure and clarification requirements. The announced amendment is applicable for fiscal years commencing on or after January 1, 2013. Earlier application is permissible. The company anticipates no significant effects arising from the application of the new regulations.

In June 2011, the IASB published amendments to IAS 1 – Presentation of Items of Other Comprehensive Income. As a consequence, the presentation of other comprehensive income must include subtotals for items depending on whether such items can potentially be recycled to the income statement. The amendments come into force for fiscal years commencing on or after July 1, 2012. These amendments will result in a corresponding grouping of items within other comprehensive income in the consolidated financial statements of VIB Vermögen AG.

In December 2011, the IASB published amendments to IAS 32 – Financial Instruments: Presentation, and IFRS 7 – Financial Instruments: Disclosures, relating to the offsetting of financial assets and financial liabilities. This amendment to IAS 32 clarifies existing offsetting rules, and must be applied for fiscal years commencing on or after January 1, 2014. Early application is permitted, but requires the application of additions to IFRS 7. These additions to IFRS 7 expand the disclosure requirements relating to financial assets and liabilities that are offset in the balance sheet. This includes offsetting agreements where offsetting depends on certain future events. This supplement must be applied for fiscal years commencing on or after January 1, 2013. The EU adopted both additions into European law in December 2012.

In May 2011, the IASB published its improvements to accounting and disclosure regulations relating to the topics of consolidation, off-balance-sheet activities and joint arrangements with IFRS 10, Consolidated Financial Statements, IFRS 11, Joint Arrangements, IFRS 12, Disclosures of Interests in Other Entities, follow-up amendments to IAS 27, Separate Financial Statements (amended 2011) and IAS 28, Interests in Associates and Joint Ventures (amended 2011).

IFRS 10 regulates which entities are to be included in the consolidated financial statements based on the currently applicable principles and applying an extensive control concept. This announcement provides additional guidelines to interpret the concept of control in doubtful cases.

IFRS 11 regulates the accounting treatment of joint arrangements, thereby making a connection to the types of rights and obligations arising from agreements, instead of their legal form.

IFRS 12, as a new and comprehensive ruling, provides regulations for disclosure requirements for all types of interests in other companies, including joint agreements, associates, structured companies and off-balance-sheet units.

According to the IASB, IFRSs 10, 11, 12 and the amended IAS 27 and IAS 28 come into force for fiscal years commencing on or after January 1, 2013. Since the EU will not adopt these regulations into European law until December 2012, they do not require mandatory application within the EU until fiscal years commencing on or after January 1, 2014. The new or amended rules can be applied early, although they must all be applied on the same date. The only exception to this is IFRS 12, whose disclosure requirements can be applied early independently of the other amendments and interpretations. The rules are retrospectively applicable. The company does not anticipate any significant effects on the consolidated financial statements from the new rules.

In May 2011, the IASB published IFRS 13, Fair Value Measurement. The new regulation defines the term „fair value“, and standardises mandatory disclosures for fair value measurement of both financial and non-financial items. According to the IASB, this new rule comes into force for fiscal years commencing on or after January 1, 2013. Since the EU will not adopt these regulations into European law until December 2012, they do not require mandatory application within the EU until fiscal years commencing on or after January 1, 2014. Earlier application is permissible. The company is currently examining effects arising from the future application of IFRS 13.

In May 2012, the IASB published its 2009-2011 annual improvements cycle. This entailed minor amendments and / or clarifications of IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34. The EU has not yet adopted these adjustments into European law. The improvements are applicable for fiscal years commencing on or after January 1, 2013. The amendments and clarifications have no significant effects on the consolidated financial statements of VIB Vermögen AG.

C. GROUP OF CONSOLIDATED COMPANIES AND ACCOUNTING METHODS

These consolidated financial statements have been prepared on the assumption of a going concern.

The VIB Group‘s group of consolidated companies include VIB Vermögen AG and the subsidiaries over which VIB AG 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.

The 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 remeasured equity on the acquisition date. All business combinations are accounted for applying the acquisition 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 transaction date (acquisition date). 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. Non-controlling interests are not taken into account in this context. Goodwill is recognised if the acquisition costs for the acquisition of interests in subsidiaries exceed the proportion of the net assets measured at fair value which is due to the Group. If the acquisition costs are lower than the fair value of the net assets of the acquired subsidiary, and after the purchase price allocation has been reviewed again for correctness, the difference is taken directly through profit or loss (other operating income). The interests of non-controlling shareholders in Group subsidiaries are carried of the fair value of the assets and liabilities recognised in equity at the amount due to the non-controlling shareholders.

The income and expenses 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. Intragroup transactions, balances and unrealised gains from transactions between Group companies are eliminated. Unrealised losses are also eliminated, unless the transaction indicates impairment of the transferred asset.

The portion of the consolidated equity, consolidated annual earnings and comprehensive income due to non-controlling shareholders is shown separately from the portions due to the shareholders of VIB Vermögen AG as the parent company.

The separate 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, 2012, nine (previous year: eight) companies were included in VIB Vermögen AG‘s consolidated financial statements.

Companies included in the consolidated financial statements as of December 31, 2012:

Company	Equity interest (%)
Merkur GmbH	100.00
WHD Immobilien GmbH	100.00
RV Technik s.r.o.	100.00
BBI Bürgerliches Brauhaus Immobilien Aktiengesellschaft	91.74
Gewerbepark Günzburg GmbH	87.50
ISG Infrastrukturelle Gewerbeimmobilien GmbH	75.00
Interpark Immobilien GmbH	74.00
VSI GmbH	74.00
IVM Verwaltung GmbH	60.00

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

The list of shareholdings is attached at the end of the notes to the consolidated financial statements.

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

The Managing Board intends to sell the interest in RV Technik soon. As a consequence, the company‘s assets and liabilities are reported as assets held for sale pursuant to IFRS 5.

SIGNIFICANT ACQUISITIONS

The purchase costs of the BBI shares exchanged for VIB shares in 2012 amounted to EUR 297 thousand, with 35,478 VIB shares being rendered.

The Group founded a subsidiary in the 2012 fiscal year, Interpark Immobilien GmbH, with share capital of EUR 100 thousand. The VIB Group holds a 74 % interest in this company's share capital, which was fully paid in. A shareholder that does not form part of the Group holds the remaining 26 % of the company's shares. A contribution of EUR 1,554 thousand was paid into the share premium account to strengthen the company's capital base for forthcoming real estate investments. The latter does not comprise a business combination in the meaning of IFRS 3.

ASSOCIATED COMPANIES

Associated companies are companies – including partnerships – 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, although not the ability to take such decisions 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 applying 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 full consolidation rules. Positive differences constitute goodwill, which is included in the carrying amount of the participating interest in the associated company, and is not amortised. Negative differences are reported 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 reported from the date of the acquisition or change of status in the financial result in the income statement, and the share of changes to equity directly under equity. Dividends paid by associated companies reduce their carrying amounts.

As of December 31, 2012, the following companies were carried as associated companies according to the equity method:

- VIMA Grundverkehr GmbH (50.0 % equity interest)
- BHB Brauholding Bayern-Mitte AG (32.3 % equity interest)

The associated companies' balance sheet date harmonises with that of the VIB Group.

DISPOSAL GROUP CATEGORISED AS HELD FOR SALE

Non-current assets are reclassified as assets held for sale if the related carrying amount is to be realised predominantly through a disposal transaction rather than through continued utilisation. For this to be the case, it must be possible to sell the asset immediately in its current condition on terms that are current and normal for the disposal of such assets, and such a disposal is highly probable. Non-current assets and disposal groups categorised as held for sale are measured at the lower of their carrying amount and fair value less costs to sell if the measurement rules of IFRS 5 are applicable to the items presented in the disposal group.

SEGMENT REPORTING

In line with IFRS 8.2, companies such as VIB Vermögen AG, in which shares are publicly traded, must prepare segment reports. The so-called management approach is to be utilised for segmentation.

According to IFRS 8, a business segment is a distinguishable component of an enterprise which reports similar non-current income or has comparable economic characteristics. The individual business segments should also differ from the other segments in terms of risks, opportunities and returns.

The VIB Group reported one segment – „Rental and Management of Real Estate Assets" – in the year under review. The VIB Group represents a so-called „one segment company" in this context. The company has refrained from segment reporting for this reason.

RECOGNITION OF REVENUE AND EXPENSES

Revenue is the gross inflow during the period arising in the course of the Group's ordinary activities. Revenues are realised if there is a corresponding agreement, convincing verification that the service has been provided (generally transfer of risk; in the case of 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 recognised on an accrual basis based on the provisions of the associated agreement, in other words, revenues are generally recognised applying the straight line method over the term of the agreement, and if service performance is not straight-line, as soon as the performance has been rendered. Revenues from services are reported when the services are rendered.

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

Interest income is accrued 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 utilised 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 reported when the legal claim to payment arises.

Expenses that cannot be accounted for are deferred in the income statement.

BORROWING COSTS

In line with IAS 23, and if the corresponding conditions apply, borrowing costs must be capitalized as part of the costs of an asset if these can be directly allocated to the acquisition, construction or production of a qualified asset. Borrowing costs of EUR 156 thousand were capitalized during the past fiscal year (previous year: EUR 23 thousand).

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 constitute the total of current tax expenses and deferred tax.

The Group identifies current 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 derived 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). Current 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 financial statements and the tax base, from consolidation measures, and on loss carryforwards that are likely to be realised.

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

Deferred tax assets and deferred tax liabilities are offset if they relate to the same tax authority.

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

Deferred taxes are carried through profit or loss, except for items that are carried in other comprehensive income.

Deferred taxes are identified based on tax rates that applied on the date the liability was settled or the asset was realised. The impact of changes in tax rates on deferred taxes is recognised 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 recognised, 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.

INTANGIBLE ASSETS (LICENSES, INCLUDING SOFTWARE, AND SUPPLY RIGHTS)

Purchased intangible assets are recognised at cost. In the case of acquired software, straight-line amortisation over four years is imputed as a result of its limited useful life. Impairment charges are applied to intangible assets if their recoverable amount is less than their amortised cost on the balance sheet date. They are reversed 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 by 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 acquisition date. Goodwill and intangible assets with indefinite useful lives are not amortised, in line with IFRS 3 and IAS 38. Instead, according to IAS 36, they are subject to an annual impairment test (and also during the year 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 the purposes of impairment testing. All impairments are expensed immediately. They are not reversed 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 is carried at cost less depreciation and impairment charges. Costs include all of the expenses directly attributable to the acquisition of the asset.

Property, plant and equipment is depreciated straight-line or according to the anticipated course of the future utilisation of the equipment. In the case of straight-line depreciation, costs are depreciated as follows over the anticipated useful life of the assets:

- Office and operating equipment: 3-10 years

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

INVESTMENT PROPERTIES

Due to the company's business activities, all properties are treated as investment properties pursuant to IAS 40. Investment properties are initially measured at cost. 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 pursuant to IAS 20. Subsequent measurement is at fair value through profit or loss.

The fair values were ascertained by an independent valuation surveyor (Landestreuhand Weihenstephan GmbH, Wirtschaftsprüfungsgesellschaft). The valuation surveyor generally utilised the discounted cash flow method to identify the present values.

In the discounted cash flow method, the present value of a property mostly depends on the following influencing factors:

- Gross annual income
- Management costs and anticipated maintenance expenses
- Residual useful lives of buildings
- Discount rate
- Land value

The gross annual income was identified based on the current gross annual rent for the individual properties. The land values were identified based on the respective communities' collections of reference rates. A 4.74 % discounting factor was applied.

Inventory land and property under construction is also reported as investment property. Fair value generally applies for valuation within the meaning of IAS 40. In addition to other parameters, this includes rental income from current tenancies and appropriate and reasonable assumptions, which correspond to what would be agreed between knowledgeable, willing parties for rental income generated from future tenancies, and according to current circumstances on the market.

Pursuant to IAS 40.53, a rebuttable presumption exists that an enterprise will be able to determine reliably and on a continuing basis the fair value of an investment property. If fair value of an investment property under construction cannot be reliably determined as a result of the early stage of the project, it is measured at cost. As soon as VIB is able to identify the fair value, this property is carried at fair value. This occurs when the property is completed, at the latest.

As a result of factors including the early development stage of the properties, the VIB Group was not able to reliably determine the fair value of investment property under construction. As of December 31, 2012 these were consequently measured at cost in line with IAS 16.

IMPAIRMENT OF NON-FINANCIAL ASSETS

The VIB Group applies impairment charges to the carrying amount of property, plant and equipment, intangible assets, and inventories, if required, to the extent that prospectively permanent value impairment has occurred due to particular circumstances.

Intangible assets of indefinite useful life are not amortised, but are instead tested annually for impairment. Assets that are amortised are tested for impairment if corresponding events or changes to circumstances give reason to believe that an asset could be impaired. The impairment is measured as the difference between the lower of the recoverable amount and the carrying amount, and is recognised in income. The recoverable amount is the higher of the fair value of the asset less costs to sell and the asset's value in use. During impairment testing, assets are aggregated at the lowest level for which separate cash flows can be identified (cash-generating units). Value in use is derived by discounting the cash-generating unit's estimated future cash flows.

On each balance sheet date, VIB Vermögen AG reviews whether or not grounds exist to believe that impairment can be reversed. In so doing, the carrying amount of an asset or the cash-generating unit is written back 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 reported for the asset (of the cash-generating unit) in previous years. Any reversal of impairment is recognised in income immediately. Goodwill impairments are 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 resulting from an operating lease are expensed straight-line through profit or loss over the lease duration, unless another systematic basis better corresponds to the temporal duration of the benefit for the lessee.

TRADE RECEIVABLES

Trade accounts receivable are carried at fair value. Amortised costs are extrapolated over time applying the effective interest rate method, and after deducting impairment losses. Impairment is recognised 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 carrying amount of the receivable and the cash value of the estimated future cash flow from this receivable, discounted applying the effective interest rate. Such impairments are expensed. Receivables are written up accordingly if the reasons for value adjustments made in prior periods no longer exist.

BANK DEPOSITS AND CASH

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 bank borrowings under current financial liabilities. Bank balances and cash in hand are measured at amortised 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

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. Assets measured 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 or 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 correspondingly by the management. Assets in this category are carried as current assets if they are either held for trading or will probably be realised within twelve months of the balance sheet date.

Derivative financial instruments (in particular interest rate swaps and a forward currency transaction in the VIB Group) are carried at fair value. Changes in the value of derivatives that are not hedges are regarded as being „held for trading“ and are consequently recognised through profit or loss. 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 profit 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. Exceptions include financial assets held for trading, and financial assets that the management has designated as at fair value. Loans and receivables arise when the Group directly provides money, goods or services to a debtor without the intention of selling such receivables on. 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 them to maturity. These do not include investments at fair value through profit or 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 twelve months of the balance sheet date.

Financial assets are measured at fair value plus transaction costs on the date they are first recognised. They are derecognised when the rights to payments from the investment have expired or been transferred, and the Group has essentially transferred all of the opportunities and risks that are associated with owning them.

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

Realised and unrealised gains and losses from changes to the fair value of assets in the „at fair value through profit or loss" category are recognised in income in the period in which they arise. Unrealised gains and losses from changes to the fair value of non-monetary securities in the available-for-sale category are carried to other comprehensive income. If securities in the available-for-sale category are sold or impaired, fair value changes aggregated within other comprehensive income are recognised in income as gains or losses from financial assets.

The fair values of financial assets that are listed on an active market are based on the current bid rate. If no active market for financial assets exists, or if these are unlisted securities, the corresponding fair values are identified applying 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, special option pricing models.

VIB Vermögen AG performs an impairment test on 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 recognised with regard to the financial asset, are derecognised from equity and carried through profit or loss. Impairment losses for equity instruments carried in the income statement are not reversed in income.

CASH FLOW HEDGES

Interest rate swaps are utilised on occasion as part of taking out loans. These are utilised to hedge the fixed interest rate, and some of the lending terms set by the bank. The effectiveness of the hedge is ascertained prospectively applying the critical terms match method under IAS 39.AG108. The effectiveness is reviewed retrospectively on each balance sheet date applying an effectiveness test in the form of a so-called dollar offset test. For these financial instruments utilised as cash flow hedges the unrealised gains and losses from the effective hedge transaction are taken directly to equity. The ineffective portion is recognised immediately through profit or loss. The amounts accumulated under equity are reported in the income statement in the periods in which the underlying transaction affects earnings for the period.

EQUITY

VIB Vermögen AG‘s shares are categorized as equity. Expenses directly connected with the issue of new shares are deducted directly in equity from the issue proceeds after deducting income tax. The share premium account, retained earnings, the Group‘s profit carried forward and non-controlling shareholders are also allocated to equity.

If a Group company acquires its own shares, the value of the compensation paid including directly allocable additional costs (net after taxes) are deducted from the equity due to the company‘s shareholders until the shares have been withdrawn, re-issued or sold on. If such shares are subsequently issued or resold, the consideration received is reported 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. No Group company held any of its own shares as of the balance sheet date.

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 fulfil 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 such obligations result from past transactions. Expenses for the formation of provisions are disclosed in the income statement. If an outflow of funds is to be expected only after more than one year, the provisions are discounted applying a pre-tax interest rate. In the event of discounting, the increase in the provisions over time is carried as interest expenses.

PENSION PROVISIONS

The actuarial valuation of provisions for pensions for company retirement benefits is based on IAS 19. The provision is formed based on the projected unit credit method for defined benefit plans. The differences (so-called actuarial gains and losses) which result at the end of the year between the forecast pension commitments and the actual projected unit credit are recognised as income or expense immediately in the earnings for the period. The interest portion contained in the pension expense is reported under interest and similar expenses.

FOREIGN CURRENCIES

Functional currency and reporting currency
The consolidated financial statements are prepared in Euros, the parent company's functional 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 separate financial statements in the functional currency. This is the Euro for all of the companies with the exception of RVTechnik s.r.o.

Assets (including goodwill and hidden reserves disclosed as part of a purchase price allocation) and liabilities for foreign subsidiaries for which the functional currency is not the Euro, are translated in line with IAS 21.35 and IAS 21.44 at the rate prevailing on the balance sheet date, while income and expenses are translated applying the average rate of exchange. VIB Vermögen AG takes translation differences directly to equity.

Transactions and balances
Foreign currency transactions are translated to the functional currency applying the exchange rate on the transaction date. Gains and losses that result from the fulfilment of these transactions and from conversion at the closing rate of monetary assets and liabilities in foreign currency are reported in the income statement.

FINANCIAL LIABILITIES

The financial liabilities comprise financial liabilities, profit participation capital (Genussrechte), other liabilities and derivative financial instruments to be measured at fair value. Liabilities are carried at amortised cost.

Financial liabilities are initially recognised at fair value. In the case of financial liabilities that are not measured at fair value through profit or loss, they also include transaction costs that are directly attributable to the liability.

Current financial liabilities (that is, liabilities for which repayment is expected within twelve months of the balance sheet date) are carried at their repayment amounts. As part of subsequent measurement, non-current liabilities and finance debt are carried at amortised cost applying the effective interest method. Liabilities from finance leases are carried at the present value of the minimum leasing payments.

The fair values of financial liabilities that are listed on an active market are based on the current bid rate. If no active market for financial liabilities exists, or if these are unlisted securities, the corresponding fair values are identified applying suitable valuation methods. These include references to recent transactions between independent business parties, the use of current market prices for other comparable liabilities, discounted cash flow methods and, if necessary, special option pricing models.

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 (non-controlling) 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 non-controlling 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 that derive 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 solvency.

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

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

VALUATION UNCERTAINTIES, ASSUMPTIONS, ESTIMATING UNCERTAINTIES

Assumptions must be made when applying the accounting and valuation methods. The most important forward-looking assumptions and other key sources of estimating uncertainties which exist on the balance sheet date, and as a result of which a risk exists that could necessitate an adjustment to the carrying amounts of assets and liabilities 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. At VIB Vermögen AG, this applies in particular to the valuation of investment property, and also to financial instruments and derivatives.
- Impairment losses 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 utilised.
- Discount factors and anticipated developments are the key estimates made in accounting for, and measuring, pension provisions and current provision.
- 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.

The best possible information about circumstances prevailing on the balance sheet date is generally utilised for such valuation uncertainties. The actual amounts that result could differ from the estimated amounts. The carrying amounts disclosed in the financial statements which are subject to such uncertainties are detailed on the balance sheet or in the related 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 the 2013 fiscal year.

D. NOTES ON THE INCOME STATEMENT AND BALANCE SHEET

The structure of the income statement for the current fiscal year is the same as in the previous fiscal year.

1. REVENUE

The Group's revenues are composed as follows:

in EUR thousand	2012	2011
Revenue from rents excluding utilities charges	51,301	44,796
Revenue from operating costs	8,235	7,226
Miscellaneous revenue	273	351
	59,809	**52,373**

2. OTHER OPERATING INCOME

Other operating income is composed as follows:

in EUR thousand	2012	2011
Miscellaneous operating income	634	558
Disposal gains on properties	18	125
	652	**683**

Miscellaneous operating income in the year under review primarily arises from insurance compensation payments, exchange-rate differences, and the reversal of individual impairment charges applied to receivables.

3. CHANGES IN VALUE FOR INVESTMENT PROPERTIES

in EUR thousand	2012	2011
Reversals to impairment charges arising from changes in market value IAS 40	19,352	5,111
Impairment charges arising from changes in market value IAS 40	-13,252	-4,785
	6,100	**326**

Rental properties are measured at fair value through profit or loss pursuant to IAS 40. As it is not yet possible to reliably determine the fair value for the properties still being developed, these continued to be measured at amortised cost. Reversals to impairment charges of EUR 19,352 thousand break down as follows:

in EUR thousand	2012
Increase in the value of development projects after completion of the development and start of property use	15,524
Increase in the value of portfolio properties	3,828
	19,352

4. EXPENSES FOR INVESTMENT PROPERTIES

The expenses connected with investment properties are composed as follows:

in EUR thousand	2012	2011
Land expenses / operating costs	9,699	8,434
Maintenance expenses	2,516	2,414
	12,215	**10,848**

Expenses for investment property that did not contribute to generating rental income during the year under review (including in construction, vacancies, etc.) are of minor importance.

5. PERSONNEL EXPENSES

in EUR thousand	2012	2011
Wages and salaries	2,027	1,741
Social security contributions	540	274
	2,567	**2,015**

The VIB Group had an average of 35 employees excluding Managing Board members (previous year: 31).

6. OTHER OPERATING EXPENSES

Other operating expenses fell from EUR 1,921 thousand in 2011 to EUR 1,898 thousand.

The loss on translation differences reported in this position the income statement amounts to EUR 122 thousand (previous year: EUR 287 thousand)

7. AMORTISATION AND DEPRECIATION

in EUR thousand	2012	2011
Amortisation	24	25
Depreciation	64	66
	88	**91**

8. PROFIT / LOSS ON INVESTMENTS ACCOUNTED FOR APPLYING THE EQUITY METHOD

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

in EUR thousand	2012	2011
VIMA Grundverkehr GmbH	-16	165
BHB Brauholding Bayern-Mitte AG	135	-191
	119	-26

The income from investments is recognised pursuant to IAS 28.11, and includes both the share of the profit and loss of the interest held, and adjustments to the carrying amounts of the shares due to impairment charges.

9. FINANCIAL DERIVATIVES MEASUREMENT PROFIT / LOSS

In 2012, income from the measurement of a foreign-currency derivatives of EUR 122 thousand arose (previous year: EUR -1,091 thousand). This expense is cash-effective in an amount of EUR 790 thousand in the year under review. The derivative's future value change depends on interest-rate trends, and the development of the Swiss franc to Euro exchange rate. Due to the Swiss National Bank's decision in August 2011 to maintain a minimum rate of CHF 1.20 to the Euro, the risk of a currency-related deterioration in the foreign currency derivative was minimised.

10. OTHER INTEREST AND SIMILAR INCOME

Other interest and similar income in the amount of EUR 199 thousand (previous year: EUR 301 thousand) is mostly due to interest on current account balances and demand deposits as well as loans extended comprising part of financial assets.

11. INTEREST AND SIMILAR EXPENSES

Interest and similar expenses of EUR 19,736 thousand (previous year: EUR 18,496 thousand) arise primarily from interest on bank borrowings, and interest payments on interest-rate swaps which comprise effective hedges.

12. EXPENSES FROM GUARANTEED DIVIDEND

This expense results from the guaranteed dividend to outstanding shareholders as set out in the profit and loss agreement with BBI Immobilien AG, and depresses earnings in the amount of EUR 232 thousand (previous year: EUR 245 thousand).

13. INCOME TAXES

Income taxes are composed as follows:

in EUR thousand	2012	2011
Current income tax expense	1,403	983
Deferred tax expense	3,532	2,696
Expense from taxes on income	**4,935**	**3,679**

The current tax expense mostly comprises corporation tax including the solidarity surcharge.

The deferred tax expense arises primarily from deferred taxes on the valuation differences on investment properties.

The differences between the reported tax expense and the expected tax expense are reported in the statement of reconciliation below. The expected income tax expense arises from the earnings before taxes multiplied by the expected 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 consequently 15.825 %. Any trade tax effects are reported as reconciliation issues as part of reconciliation.

in EUR thousand	2012	2011
Earnings before income taxes	30,265	18,950
Anticipated income tax rate: 15.825 %		
Anticipated income tax expense	4,789	2,999
Taxes for previous years	-53	-25
Use of non-capitalized loss carryforwards	-7	-10
Tax impact of subsidiaries and equity participations	-19	0
Corporation tax on compensation payment	44	46
Tax rate differences (trade tax)	-38	-153
Tax free domestic dividend income (especially § 8b KStG)	37	0
Non-tax-deductible expenses	12	0
Effects relating to other accounting periods	37	727
Other	133	95
Reported income tax expense (previous year: tax income)	4,935	3,679
Effective tax rate	16.31 %	19.41 %

14. PROFIT / LOSS ON DISCONTINUED OPERATIONS

In the 2012 fiscal year, no earnings components exist arising from discontinued operations.

15. NON-CONTROLLING SHAREHOLDERS' SHARE OF EARNINGS

The consolidated net income in the amount of EUR 25,330 thousand includes non-controlling shareholders (BBI Immobilien AG, Gewerbepark Günzburg GmbH, ISG Infrastrukturelle Gewerbeimmobilien GmbH, Interpark Immobilien GmbH, VSI GmbH, IVM Verwaltung GmbH) in the amount of EUR 2,260 thousand (previous year: EUR 212 thousand).

16. EARNINGS PER SHARE

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

in EUR thousand	2012	2011
Earnings		
Consolidated net income	25,330	15,271
Less: Earnings attributable to non-controlling interests	-2,260	-212
Basis for undiluted earnings per share	**23,070**	**15,059**
Less: Profit on discontinued operations	0	0
Basis for undiluted earnings per share for continuing operations	**23,070**	**15,059**
Impact of dilutive potential shares	232	245
Basis for diluted earnings per share	**23,302**	**15,304**
Less: Profit on discontinued operations	0	0
Basis for diluted earnings per share for continuing operations	**23,302**	**15,304**
Number of shares		
Weighted average number of shares in circulation for undiluted earnings per share	21,344,307	19,856,626
Impact of dilutive potential shares	2,322,804	658,242
Weighted average number of shares in circulation for diluted earnings per share	23,667,111	20,514,868
Undiluted earnings per share (in EUR)	**1.08**	**0.76**
Undiluted earnings per share for continuing operations (in EUR)	**1.08**	**0.76**
Diluted earnings per share (in EUR)	**0.98**	**0.75**
Diluted earnings per share for continuing operations (in EUR)	**0.98**	**0.75**

The dilutive potential ordinary shares are based on the issuing of the manatory convertible bond from the conditional capital (see No. 24), with the modified earnings for the calculation of diluted earnings per share being corrected to reflect the guaranteed dividend.

Dividends paid
In the 2012 fiscal year, according to the resolution of the General Meeting on July 4, 2012, an amount of EUR 7,465,089.80 was disbursed from VIB Vermögen AG's 2011 net retained profits. This corresponds to a dividend of EUR 0.35 per share.

The Managing and Supervisory boards of VIB Vermögen AG will propose to the shareholders at the company's General Meeting for the 2012 fiscal year that a dividend of EUR 0.40 per share is disbursed from VIB Vermögen AG's net retained profits (total of EUR 8,545,722.40).

17. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

17.1 Intangible assets

in EUR thousand	Other rights	Total
Cost as of January 1, 2011	**125**	**125**
Additions	0	0
Disposals	0	0
Balance December 31, 2011	**125**	**125**
Amortisation / impairment as of January 1, 2011	**47**	**47**
Additions	25	25
Balance December 31, 2011	**72**	**72**
Carrying amount December 31, 2011	**53**	**53**
Carrying amount January 1, 2011	**78**	**78**

in EUR thousand	Other rights	Total
Cost as of January 1, 2012	**125**	**125**
Additions	11	11
Disposals	0	0
Balance December 31, 2012	**136**	**136**
Amortisation / impairment as of January 1, 2012	**72**	**72**
Additions	24	24
Balance December 31, 2012	**96**	**96**
Carrying amount December 31, 2012	**40**	**40**
Carrying amount January 1, 2012	**53**	**53**

17.2 Property, plant and equipment

in EUR thousand	Other plant, operating and office equipment	Prepayments rendered and plant under construction	Total
Cost as of January 1, 2011	**1,337**	**15**	**1,352**
Additions	38	0	38
Disposals	0	-15	-15
Reclassification to investment properties	-7	0	-7
Balance December 31, 2011	**1,368**	**0**	**1,368**
Depreciation / impairment as of January 1, 2011	**788**	**0**	**788**
Additions	66	0	66
Disposals	0	0	0
Balance December 31, 2011	**854**	**0**	**854**
Carrying amount December 31, 2011	**514**	**0**	**514**
Carrying amount January 1 2011	**549**	**15**	**564**

in EUR thousand	Other plant, operating and office equipment	Prepayments rendered and plant under construction	Total
Cost as of January 1, 2012	**1,368**	**0**	**1,368**
Additions	17	0	17
Disposals	0	0	0
Reclassification to investment properties	0	0	0
Balance December 31, 2012	**1,385**	**0**	**1,385**
Depreciation / impairment as of January 1, 2012	**854**	**0**	**854**
Additions	64	0	64
Disposals	0	0	0
Balance December 31, 2012	**918**	**0**	**918**
Carrying amount December 31, 2012	**467**	**0**	**467**
Carrying amount January 1, 2012	**514**	**0**	**514**

18. INVESTMENT PROPERTIES

in EUR thousand	2012	2011
Investment properties, measured at fair value (IAS 40)	734,597	628,881
Plant under construction measured at amortised cost	14,011	23,974
	748,608	**652,855**

Investment properties measured at fair value (IAS 40)

in EUR thousand	2012	2011
Carrying amount January 1	**628,881**	**630,265**
Additions	61,596	946
Disposals	-58	-7,747
Reclassified from PPE	0	-7
Reclassified from plant under construction	38,078	5,098
Unrealised increases in market value	19,352	5,111
Unrealised reductions in market value	-13,252	-4,785
Carrying amount December 31	**734,597**	**628,881**

The investment properties (IAS 40) relate to properties held for rental and value appreciation purposes deriving from the Group's core business. The VIB Group measures the properties on the fair value model basis. An external valuation survey was obtained for this purpose.

The properties relate predominantly to commercial real estate assets that are largely rented to renowned tenants on a long-term basis.

Plant under construction measured at amortised cost

in EUR thousand	2012	2011
Carrying amount January 1	**23,974**	**9,307**
Additions	30,853	21,203
Disposals	-2	-1,383
Exchange-rate effects	54	-55
Reclassified to investment properties measured at fair value	-38,078	-5,098
Reclassified to assets held for sale IFRS 5	-2,790	0
Carrying amount December 31	**14,011**	**23,974**

Plant under construction relates predominately to developed land plots with buildings under construction and undeveloped portfolio land plots measured at amortised cost.

Due to the current sales negotiations relating to the shares in wholly-owned subsidiary RV Technik s.r.o., Czech Republic, its capitalised plot of land with a market value of EUR 2,790 thousand was reclassified to the „available-for-sale assets“ item.

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

19. INTERESTS IN ASSOCIATED COMPANIES

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 recognised at the corresponding remeasured equity.

in EUR thousand	2012	2011
VIMA Grundverkehr GmbH	163	179
BHB Brauholding Bayern Mitte AG	2,385	2,548
	2,548	**2,727**

The at-equity participations changed as follows in the year under review:

in EUR thousand	VIMA Grund-verkehr GmbH	BHB Brauholding AG
Balance January 1	**179**	**2,548**
Additions / disposals	0	-232
Share of annual earnings 2012	-16	224
Impairment charge	0	-89
Dividends paid 2012	0	-66
Balance December 31	**163**	**2,385**

As a result of its proportionate interests, the following assets and liabilities are due to the Group as of December 31, 2012:

in EUR thousand	VIMA Grund-verkehr GmbH	BHB Brauholding AG
Assets	741	4,245
Liabilities	579	1,715
Revenue	0	5,258
Profit for the period	-16	224

20. FINANCIAL ASSETS

in EUR thousand	2012	2011
Aquisition costs as of January 1	378	330
Additions	48	48
Net carrying amount on December 31	**426**	**378**
Composition of financial assets		
Loan: VIMA Grundverkehr GmbH	426	378
Financial assets on December 31	**426**	**378**

No indications of impairment existed as of December 31, 2012, as a consequence of which no impairment charges were reported.

21. RECEIVABLES AND OTHER ASSETS

in EUR thousand	2012	2011
Trade receivables	1,842	1,483
Other assets	1,463	964
	3,305	**2,447**

The trade receivables are mostly from renting, and the capitalization of the settlement of incidental costs due from tenants.

Individual write downs were required in the amount of EUR 111 thousand (previous year: EUR 75 thousand).

Other assets primarily relate to maintenance reserves, VAT reimbursement claims, insurance payments and short-term loans extended.

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:

in EUR thousand	2012	2011
Balance – start of year	75	82
Additions	85	29
Consumed in derecognition	-41	-21
Release	-8	-15
	111	75

When determining whether trade receivables are impaired, every change in credit rating since the time when the payment target was granted through to the balance sheet date is taken into account. No notable concentration in credit risk exists, as the customer base is broadly distributed, and correlations do not exist. Correspondingly, the management is convinced that no risk provisions are required over and above the impairments already reported.

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

The receivables from income taxes of EUR 91 thousand (previous year: EUR 253 thousand) are mainly due to corporation tax credits at BBI Immobilien AG, which is due to the change from the imputation tax credit system to the half income method.

22. BANK DEPOSITS AND CASH

This item is utilised 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 item is mostly attributable to VIB Vermögen AG in an amount of EUR 24,722 thousand (previous year: EUR 16,967 thousand), BBI Immobilien AG in an amount of EUR 984 thousand (previous year: EUR 8,404 thousand), and Interpark Immobilien GmbH in an amount of EUR 1,585 thousand (previous year: EUR 0 thousand).

23. ASSETS AVAILABLE FOR SALE

Due to the current sales negotiations relating to the shares in wholly-owned subsidiary RV Technik s.r.o., Czech Republic, its capitalised plot of land with a market value of EUR 2,790 thousand was reclassified to this item. Other current assets in the form of bank deposits of EUR 2 thousand were also reclassified.

24. EQUITY

Subscribed capital
VIB Vermögen AG‘s subscribed capital in the amount of EUR 21,364,306 (previous year: EUR 21,328,828), comprises 21,364,306 (previous year: 21,328,828) no par value ordinary bearer shares. The shares have a notional par value of EUR 1 each. All issued shares are fully paid in.

Minority shareholders in BBI Immobilien AG again accepted the offer to exchange their shares into shares in VIB Vermögen AG in the fiscal year under review. As BBI Immobilien AG shareholders accepted this offer during the reporting period, VIB Vermögen AG‘s subscribed capital increased correspondingly. A total of 35,478 shares were issued in the 2012 fiscal year.

Share premium account
The share premium account arises from the share premium of VIB Vermögen AG (adjusted to reflect capital raising costs after tax). The share premium account increased from EUR 123,707 thousand to a total of EUR 139,338 thousand in connection with the mandatory convertible bond issue that was successfully placed, and the exchange of shares in BBI Immobilien AG into shares in VIB Vermögen AG.

A mandatory convertible bond with a nominal volume of EUR 17 million was placed as part of a private placing among selected institutional investors in the fiscal year elapsed. The bond carries a 4.5 % coupon, is denominated into bonds of EUR 1,000, and has a two-year maturity. Subscription rights for existing shareholders were excluded. This mandatory convertible bond was included in trading on the Quotation Board of the Frankfurt Stock Exchange on December 19, 2012 (ISIN DE000A1R0S50).

The bond offers two conversion windows between July 6, 2013 and December 18, 2013, as well as between the third calendar date following the end of the company‘s AGM in 2014 and the bond‘s maturity date on December 18, 2014. The conversion price stands at EUR 10. The increase in the share capital due to the conversions and exchanges into new shares will be entered in the commercial register in January 2014 and 2015 respectively. A total of 1.7 million new shares will arise from the complete conversion, which will be dividend-entitled from January 1 of the year in which conversion occurs.

This mandatory convertible bond represents a hybrid financial instrument in the meaning of IAS 32.28, to which so-called „split accounting“ pursuant to IAS 32.31f is applicable. The EUR 17 million issue proceeds were split into equity and debt components pursuant to IAS 32.29. Application of the residual value method pursuant to IAS 32.31f generates a debt component of EUR 1,433 thousand (non-current financial debt) and an equity component of EUR 15,567 thousand. The share premium account increased by a net amount of EUR 15,369 thousand after deducting issue costs and deferred tax.

The share exchange from BBI shares into VIB shares increased the share premium by a further amount of EUR 262 thousand.

Retained earnings
As part the preparation of its annual financial statements as of December 31, 201 2, VIB Vermögen AG's Managing Board added EUR 125 thousand to retained earnings.

Net retained profits
The Group's net retained profits derives from the previous year's net retained profits less the distribution for 2011 (EUR 7,465 thousand), the addition to retained earnings (EUR 125 thousand), plus the current consolidated net income from fiscal year 2012 which is due to Group shareholders (EUR 23,070 thousand).

Cash flow hedges
The cash flow hedge reserve is utilised to report the market value of cash flow hedge derivatives (including deferred tax), to the extent that these serve to hedge (interest) cash flows for specific underlying transactions.

Reserve for foreign currency conversion
This reserve includes the differences from the conversion of foreign currencies at the foreign subsidiaries to the Group's functional currency.

The cumulative foreign currency translation effects were reclassified to the corresponding reserve due to the classification of the corresponding assets denominated in foreign currencies as a disposal group held for sale.

Non-controlling shareholders' share of earnings
The interest for non-controlling shareholders is attributable to the interests in BBI Immobilien AG, Gewerbepark Günzburg GmbH, ISG Infrastrukturelle Gewerbeimmobilien GmbH, Interpark Immobilien GmbH, VSI GmbH and IVM GmbH.

This item changed as follows:

in EUR thousand	2012	2011
Balance – start of year	9,188	7,917
Distribution to shareholders	-323	-85
Share of annual earnings	2,260	212
Non-controlling shareholders' share of other comprehensive income	-68	-106
Recognition of share of non-controlling shareholders in Interpark GmbH (previous year: ISG GmbH)	572	1,250
Balance – year-end	**11,629**	**9,188**

Authorised capital
On July 6, 2010 the AGM passed a resolution to create authorised capital (Authorised Capital 2010) in the amount of EUR 5,451,147.00. Of this amount, a sum of EUR 137,574 was utilised through the capital increase in June 2011. As a result this authorised capital now amounts to EUR 5,313,573. The authorisation granted to the Managing Board to issue, with Supervisory Board assent, new shares in return for cash and non-cash capital contributions runs until July 5, 2015.

Conditional capital
Conditional capital totalling EUR 1,356,114 was created by way of a resolution by the General Meeting on June 25, 2008 for the outstanding shareholders of BBI Bürgerliches Brauhaus Immobilien AG, who were granted the option of exchanging their shares for shares of VIB Vermögen AG. Shareholders of BBI Immobilien AG utilised this right of exchange during the fiscal year. A total of 24,470 shares in BBI Immobilien AG were exchanged into 35,478 shares in VIB Vermögen AG in 2012. A total of EUR 725,932.00 of conditional capital had been utilised to exchange shares in BBI Immobilien AG into shares in VIB Vermögen AG until December 31, 2012. The participating interest in BBI Immobilien AG increased from 82.01 % as of December 31, 2008 to 91.74 % as of the end of 2012.

With a resolution of the General Meeting of July 7, 2009, further conditional capital of EUR 3,416,800 was created. None of this conditional capital had yet been utilised as of December 31, 2012 since none of the mandatory convertible bonds issued in December 2012 had been exchanged.

Deferred taxes on income and expenses taken directly to equity
The following table shows individual details of the expenses and income taken directly to equity:

in EUR thousand			2012			2011
	Before tax	Taxes	After tax	Before tax	Taxes	After tax
Foreign currency effects on translation from independent subsidiaries	17	0	17	-32	0	-32
Mark-to-market valuation of cash flow hedges	-2,167	375	-1,792	-2,610	448	-2,162
Income and expenses taken directly to equity	-2,150	375	-1,775	-2,642	448	-2,194

25. PROFIT PARTICIPATION CAPITAL

VIB Vermögen AG issued profit-participation rights with a repayment amount of EUR 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 three years from the date of their issue with a two-year notice period as of the year-end.

An amount of EUR 5 thousand was cancelled as of the end of the 2012 fiscal year.

26. NON-CURRENT FINANCIAL DEBT

in EUR thousand	2012	2011
Remaining term between 1 and 5 years	118,802	69,507
Remaining term more than 5 years	322,219	259,060
	441,021	**328,567**

Financial liabilities with a term of more than twelve months comprise loans of the following Group companies:

in EUR thousand	2012	2011
Non-current financial debt		
VIB Vermögen AG	300,096	218,157
BBI Bürgerliches Brauhaus Immobilien AG	107,768	91,370
ISG Infrastrukturelle Gewerbeimmobilien GmbH	20,214	6,759
VSI GmbH	6,287	5,151
Gewerbepark Günzburg GmbH	4,614	4,928
IVM Verwaltung GmbH	1,742	1,869
Merkur GmbH	300	333
	441,021	**328,567**

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

27. LIABILITIES ARISING FROM DERIVATIVE FINANCIAL INSTRUMENTS

The Group utilises interest rate swaps to manage risk and to optimize interest expenses connected with bank loans drawn down.

One derivative (CHF foreign currency derivative) also exists whose market value changes are presented in the „Profit / loss from the valuation of financial derivatives“ (EUR +122 thousand).

The cash flows and their effects on profit or loss are expected to occur in the 2013 to 2020 reporting periods.

in EUR thousand	2012	2011
Derivative financial instruments		
Interest-rate swaps (payer swaps)	11,415	9,247
CHF derivative	2,081	2,993
	13,496	**12,240**

28. DEFERRED TAX

Deferred tax results from differing valuations between IFRS and tax values for Group companies and consolidation measures.

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

in EUR thousand	2012	2011
Deferred tax assets		
Derivative assets	2,211	2,113
Pension provisions / other	51	32
Intragroup profit elimination	30	23
Loss carried forward	0	5
Total deferred tax assets	**2,292**	**2,173**

in EUR thousand	2012	2011
Deferred tax liabilities		
Investment properties	22,225	18,987
Total deferred tax liabilities	**22,225**	**18,987**
Netting of deferred tax assets and liabilities	**-2,001**	**-1,754**
Balance sheet valuations after offsetting (in EUR ,000)		
Deferred tax assets	**291**	**419**
Deferred tax liabilities	**20,224**	**17,233**

Deferred tax assets and deferred tax liabilities are offset if they relate to the same tax authority.

Losses carried forward on December 31, 2012 were reported as follows:

- Trade tax EUR 0 thousand (previous year: EUR 25 thousand)
- Corporation tax EUR 0 thousand (previous year: EUR 38 thousand)

No deferred tax was capitalised for trade losses due to expanded scope of tax reduction. The deferred tax assets formed for this purpose were released in the 2012 fiscal year due to the consumption of corporation tax loss carryforwards.

No deferred tax liabilities were recognised for EUR 23,165 thousand of outside basis differences since the parent company is able to control a reversal, and reversal is currently not anticipated.

29. PENSION PROVISIONS

Provisions for pensions include company retirement benefit commitments to beneficiaries and their surviving dependants. The pension commitments are based on individual contractual benefit commitments. The beneficiaries can generally claim a fixed old-age and invalidity pension when they reach pensionable age (63 to 65) depending on their period of service. Other benefits are not planned after the end of employment contracts.

The Group's commitments from retirement benefit plans totalling EUR 1,228 thousand as disclosed on the balance sheet correspond to their projected unit credit value.

The projected unit credit values of the defined benefit obligations changed as follows:

in EUR thousand	2012	2011
Balance – January 1	**1,034**	**1,059**
Plan amendments	92	0
Interest cost	46	47
Pensions paid	-125	-118
Actuarial gains / losses	181	46
Balance as of December 31	**1,228**	**1,034**

The present value of the defined benefit obligation for the past four reporting periods is presented in the following overview:

in EUR thousand	2011	2010	2009	2008
Present value	1,034	1,059	750	818

The expenses for benefits included in personnel expenses break down as follows:

in EUR thousand	2012	2011
Plan amendments	92	0
Reported actuarial gains / losses	181	46
Balance December 31	**273**	**46**

Calculated actuarial assumptions:

in %	2012	2011
Discount interest rate	3.10 - 4.20	4.60 - 5.14
Pension trend	1.50 - 2.00	2.00
Salary trend	0.00	0.00

The salary trend was carried at 0.0 % – as was also the case for the probability of staff turnover – as the benefit commitments – with one exception – are only to employees who already receive a pension.

The experience-based adjustments, in other words, the divergences between expected and actual actuarial assumptions, are presented in the following table:

in %	2012	2011	2010	2009	2008
Difference between expected and actual progression as % of current value of obligation	21.66	40.52	-6.82	9.32	-0.93

30. OTHER NON-CURRENT LIABILITIES

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

31. CURRENT FINANCIAL DEBT

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

Current financial liabilities are from the following companies:

in EUR thousand	2012	2011
VIB Vermögen AG	19,418	52,244
BBI Bürgerliches Brauhaus Immobilien AG	7,018	22,994
ISG Infrastrukturelle Gewerbeimmobilien GmbH	946	391
Gewerbepark Günzburg GmbH	295	259
IVM Verwaltung GmbH	115	184
VSI GmbH	186	178
Merkur GmbH	33	32
	28,011	**76,282**

The current financial liabilities are secured by land charges, and the assignment of rental claims and a securities deposit account (including shares in fully-consolidated BBI Immobilien AG).

32. PROVISIONS

The amounts carried as provisions relate to transactions from the 2012 fiscal year 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, uncertainty exists surrounding the date on which these will become due and the exact amount of the liability.

No obligations entailing significant uncertainties existed as of December 31, 2012. As a consequence, all corresponding amounts are reported among liabilities.

33. INCOME TAX LIABILITIES

The reported income tax liabilities of EUR 476 thousand (previous year: EUR 81 thousand) relate to current tax liabilities for the 2012 year relating to VIB Vermögen AG (EUR 365 thousand), ISG GmbH (EUR 91 thousand), IVM GmbH (EUR 13 thousand), Gewerbepark Günzburg GmbH (EUR 4 thousand) and Merkur GmbH (EUR 3 thousand).

34. LIABILITIES TO PARTICIPATING INTERESTS

The reported liabilities relate to liabilities of fully-consolidated companies to their non-controlling shareholders. This instance relates to interest-bearing liabilities on the part of VSI GmbH.

35. OTHER LIABILITIES

in EUR thousand	2012	2011
Trade payables	3,990	5,144
Miscellaneous short-term liabilities	4,139	2,855
	8,129	**7,999**

36. SEGMENT REPORTING

Please refer to the comments under section C relating to the scope of the segment reporting.

Pursuant to IFRS 8, VIB Vermögen AG defines its primary business area, as in the previous year, as the utilisation and development of its own real estate portfolio (Real Estate segment). One reporting segment pursuant to IFRS 8 was calculated since the Group's business activities are restricted almost exclusively to the rental of properties to predominantly commercial tenants in Germany. This segment comprises all of the VIB Group's operating activities.

As business activities are geared almost exclusively to Germany, no secondary, „Regions", reporting format is presented in the company's internal reporting. The company has consequently refrained from such segmentation. Internal reporting to the Managing Board is in line with this reporting.

37. CASH FLOW STATEMENT

The consolidated cash flow statement shows how the VIB Group's cash and cash equivalents have changed in the year under review and the previous year. In line with IAS 7, cash flows are presented as cash flows from operating, investing and financing activities.

The cash and cash equivalents in the amount of EUR 29,143 thousand (previous year: EUR 27,001 thousand) comprise 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 starts with consolidated net profit / loss. Cash flow from operating activities shows surplus income before any funds are tied up. Cash flow from operating activities also includes working capital changes. Interest expenses are allocated to cash flow from financing activities in this context.

38. OTHER FINANCIAL LIABILITIES AND CONTINGENT LIABILITIES

Contingent liabilities comprise existing or future liabilities which are based on past events, but for which an outflow of resources is not deemed to be probable. According to IAS 37, these liabilities are to be listed in the notes to the financial statements. No contingent liabilities required recognition as of December 31, 2012, or in the previous year.

Shares in the provident fund of Bürgerliches Brauhaus Ingolstadt GmbH were transferred to BHB Brauholding Bayern-Mitte AG in 2010. BBI Bürgerliches Brauhaus Immobilien AG is indirectly liable on the basis of subsidiary liability for the provision of company pensions in an amount of EUR 50 thousand (previous year: EUR 57 thousand). Utilisation is not anticipated as of the balance sheet date due to business and financial circumstances.

As of the balance sheet date, an order obligation of EUR 994 thousand exists arising from investment projects that have already commenced.

A purchase agreement to acquire a further portfolio plot of land was also entered into in December 2012. The resultant purchase price of EUR 9.2 million was settled at the start of 2013.

39. LEASES

VIB Vermögen AG as lessor

As part of its operating business activities, VIB Vermögen AG leases the investment properties carried on its balance sheet as part of operating leases.

For fiscal years from 2013, VIB AG will receive the following minimum lease payments from uncancellable existing rental agreements.

in EUR thousand	2012	2011
Due within one year	53,539	44,387
Due within 1 to 5 years	153,982	134,360
Due in more than 5 years	151,290	137,354
	358,811	**316,101**

The minimum lease payments include the contractually agreed payments from tenants through to the end of the contract or the earliest possible date of termination.

VIB Vermögen AG as lessee

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 applying the straight-line method, and are included in other operating expenses.

On the balance sheet date, the Group carried open obligations from operating leases that were due as follows:

in EUR thousand	2012	2011
Residual term up to 1 year	112	108
Residual term 1 to 5 years	39	44
Residual term > 5 years	0	0
	151	**152**

Payments from operating leases relate to vehicles and office equipment. 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 utilised.

Operating leases incurred expenses of EUR 115 thousand in the 2012 financial year (previous year: EUR 115 thousand).

40. LIQUIDITY AND INTEREST-RATE RISK

Liquidity risk reflects a scenario in which the Group is unable pay its own liabilities. The Group manages its liquidity centrally so that it has sufficient funds available at all times in order to service its liabilities when they fall due. As of December 31, 2012 the Group had reasonable lines of credit available in a sufficient amount that had not yet been utilised.

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.

in EUR thousand	Bank loans with variable interest	Bank loans with fixed interest	Trade payables	Other non-current and current liabilities
Term analysis as of December 31, 2012				
Due in 1 - 12 months	11,351	16,661	699	5,403
Due in 12 - 60 months	22,284	95,085	4,521	0
Due in more than 60 months	39,884	282,335	0	0
Term analysis as of December 31, 2011				
Due in 1 - 12 months	62,909	15,016	1,853	3,498
Due in 12 - 60 months	11,506	53,554	4,640	0
Due in more than 60 months	30,396	231,468	0	0

The average interest rates for financial liabilities amounted to 4.13 % as of December 31, 2012 (previous year: 4.50 %).

Changes to interest rates are presented 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. No significant concentration of interest-rate risks exists in the Group.

The Group takes out non-current bank borrowings at fixed and variable interest rates. Changes in market interest rates for bank borrowings with fixed interest rates impact earnings only if they are measured at fair value. Measurement is always performed at amortised 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 bank borrowings with variable interest rates are, in part, hedged against the risk of interest rate changes applying interest rate swaps; to this extent no interest-rate risk exists. 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 financial borrowings.

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

If the market interest level had been 100 basis points higher (lower) in 2012, earnings would have been EUR 621 thousand lower (higher) and equity (before the earnings effect) would have been EUR 2,425 thousand higher (lower).

41. FOREIGN CURRENCY RISKS

The foreign currency risks of VIB Vermögen AG arise primarily from receivables and liabilities between German and foreign Group companies which are not denominated in the functional currency. A derivative financial instrument based on Swiss francs (CHF swap) also exists, whose market value is also subject to currency fluctuations. In order to present market risks, IFRS 7 calls for sensitivity analyses which show the impact of hypothetical changes in relevant risk variables on earnings and equity.

The carrying amount of the Group's monetary assets and liabilities denominated in foreign currencies on the balance sheet date of December 31, 2012 was as follows:

in EUR thousand	Dec. 31, 2012	Dec. 31, 2011
Liabilities in CHF	0	10,273
Assets in CZK	2,792	2,736
Liabilities in CZK	0	0

If the Euro had been 10 % stronger against the Swiss franc (CHF) as of December 31, 2012, both earnings and equity would have been EUR 1,081 thousand (previous year: EUR 3,123 thousand) higher. If the Swiss franc had been 10 % weaker against the Euro, both earnings and equity would have been EUR 2,919 thousand lower (previous year: EUR 3,026 thousand).

If the Euro been 10 % stronger against the Czech kroner (CZK), equity would have been EUR 279 thousand lower (previous year: EUR 274 thousand).

42. DEFAULT RISKS

The maximum default risk is reflected by the carrying amount of each financial asset on the balance sheet. The breakdown of carrying amounts into balance sheet items and categories within the meaning of IFRS 7 is presented in the „Notes to the balance sheet". No other material off-balance-sheet default risks exist.

No de facto default risk exists relating to 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 consequently focus on „Loans and receivables". This affects the balance sheet items non-current and current financial investments, 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:

in EUR thousand	Non-current and current financial assets	Trade receivables	Miscellaneous receivables and assets
Loans and receivables - December 31, 2012			
Gross carrying amount	426	1,953	917
of which overdue but unimpaired	0	97	0
of which with individual impairment losses	0	278	0

in EUR thousand	Non-current and current financial assets	Trade receivables	Miscellaneous receivables and assets
Loans and receivables - December 31, 2011			
Gross carrying amount	378	1,558	963
of which overdue but unimpaired	0	87	0
of which with individual impairment losses	0	173	0

In the case of the trade receivables and other receivables and assets that were neither impaired nor in default, no signs existed on the balance sheet date that the debtors would fail to fulfil their payment obligations.

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

43. CATEGORIES OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities break down into various categories of financial instruments according to IAS 39 and IFRS 7. Totals are also shown for the valuation categories. The following table shows the carrying amounts of all categories of financial assets and liabilities:

2012 in EUR thousand	IAS 39 and IFRS 7 measurement categories	IFRS 7 fair value category	Carrying amount as of 31/12/12	Fair value as of 31/12/12	Of which at amortised cost	Of which at fair value through P&L	Of which at fair value through equity	Of which not in IFRS 7 application scope
ASSETS								
Non-current financial assets								
Loans	LaR	n.a.	426	426	426			
Receivables and other assets								
Trade receivables	LaR	n.a.	1,842	1,842	1,842			
Other assets	LaR	n.a.	1,463	1,463	1,463			
Income tax receivables	n.a.	n.a.	91	91				91
Bank balances and cash in hand	LaR	n.a.	29,143	29,143	29,143			
EQUITY AND LIABILITIES								
Profit participation capital	FLAC	n.a.	660	660	660			
Non-current and current financial liabilities	FLAC	n.a.	469,032	507,890	469,032			
Hedge accounting derivatives	CF-Hedge	Level 2	11,415	11,415			11,415	
Derivatives not subject to hedge accounting	FLHfT	Level 2	2,081	2,081		2,081		
Other non-current liabilities								
Trade payables	FLAC	n.a.	1,230	1,143	1,230			
Income tax liabilities	n.a.	n.a.	476	476				476
Liabilities to participating interests	FLAC	n.a.	442	442	442			
Other current liabilities								
Trade payables	FLAC	n.a.	3,990	3,990	3,990			
Miscellaneous liabilities	FLAC	n.a.	4,139	4,139	4,139			
OF WHICH AGGREGATED ACCORDING TO IAS 39 MEASUREMENT CATEGORIES								
FINANCIAL ASSETS								
Loans and Receivables (LaR)			32,874	32,874				
FINANCIAL LIABILITIES								
Financial Liabilities At Cost (FLAC)			479,493	518,264				
Financial Liabilities Held for Trading (FLHfT)			2,081	2,081				
Derivatives with cash flow hedge			11,415	11,415				

2011 in EUR thousand	IAS 39 and IFRS 7 measurement categories	IFRS 7 fair value category	Carrying amount as of 31/12/11	Fair value as of 31/12/11	Of which at amortised cost	Of which at fair value through P&L	Of which at fair value through equity	Of which not in IFRS 7 application scope
ASSETS								
Non-current financial assets								
Loans	LaR	n.a.	378	378	378			
Receivables and other assets								
Trade receivables	LaR	n.a.	1,483	1,483	1,483			
Other assets	LaR	n.a.	963	963	963			
Income tax receivables	n.a.	n.a.	253	253				253
Bank balances and cash in hand	LaR	n.a.	27,001	27,001	27,001			
EQUITY AND LIABILITIES								
Profit participation capital	FLAC	n.a.	665	665	665			
Non-current and current financial liabilities	FLAC	n.a.	404,849	427,731	404,849			
Hedge accounting derivatives	CF-Hedge	Level 2	9,247	9,247			9,247	
Derivatives not subject to hedge accounting	FLHfT	Level 2	2,993	2,993		2,993		
Other non-current liabilities								
Trade payables	FLAC	n.a.	1,349	1,254	1,349			
Income tax liabilities	n.a.	n.a.	81	81				81
Liabilities to participating interests	FLAC	n.a.	182	182	182			
Other current liabilities								
Trade payables	FLAC	n.a.	5,144	5,144	5,144			
Miscellaneous liabilities	FLAC	n.a.	2,855	2,855	2,855			
OF WHICH AGGREGATED ACCORDING TO IAS 39 MEASUREMENT CATEGORIES								
FINANCIAL ASSETS								
Loans and Receivables (LaR)			29,825	29,825				
FINANCIAL LIABILITIES								
Financial Liabilities At Cost (FLAC)			415,044	437,831				
Financial Liabilities Held for Trading (FLHfT)			2,993	2,993				
Derivatives with cash flow hedge			9,247	9,247				

Financial instruments carried at fair values are measured applying the following valuation categories:

Level 1: Valuation referring to the price of an identical asset or liability on an active market.

Level 2: Valuation applying stock market or market prices for similar assets or liabilities or derived from observable prices.

Level 3: Valuation applying valuation methods that are not based on observable market data.

The VIB Group ha or think you s pledged financial assets in the amount of EUR 46,475 thousand (this amount corresponds to the carrying amount of the shares held in BBI Immobilien AG) as security for loans drawn down. The carrying amount of the collateral is less than fair value.

The following net gains and losses were reported for the individual categories of financial assets and liabilities in the income statement and statement of comprehensive income:

in EUR thousand	2012	2011
Loans and receivables	-77	8
Bank deposits and cash	199	301
Assets and liabilities measured at fair value through profit or loss	122	-1,091
Of which: Held for trading	122	-1,091
Financial liabilities carried at amortised cost	-18,146	-17,096
Derivative financial instruments designated and effective as hedging instruments (cash flow hedges)	-3,938	-4,095
Of which carried in Group earnings	-1,771	-1,484
Of which carried in other comprehensive income	-2,167	-2,611

The net gains comprise interest expenses, interest income, dividends, impairment charges and reversals of impairment charges, as well as valuation gains / losses on financial instruments. Commissions and fees for financial liabilities carried cost incurred EUR 180 thousand of charges to earnings.

As part of its risk management, the company mostly utilises interest rate swaps to hedge against interest rate risks from variable-interest loans. It mostly utilises cash flow hedges, which compensate for the risks from future changes in interest cash flows.

44. CAPITAL RISK MANAGEMENT

The Group manages its capital with the aim of maximising income for its stakeholders by optimizing the equity / borrowing ratio. This ensures that all of the Group companies can operate on a going-concern basis.

The Group's capital structure 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:

in EUR thousand	Dec. 31, 2012	Dec. 31, 2011
Equity	272,833	240,282
Equity as % of total capital	34.6	35.1
Liabilities in	515,263	446,012
Liabilities as % of total capital	65.4	64.9
Total capital (equity plus liabilities)	**788,096**	**686,840**

45. THE COMPANY'S EXECUTIVE BODIES

During fiscal year 2012, the company's Managing Board comprised:

Ludwig Schlosser (mathematics graduate), Neuburg / Danube, CEO

Activities in controlling bodies on December 31, 2012 were as follows:

- Chairman of the Supervisory Board of BBI Bürgerliches Brauhaus Immobilien AG, Ingolstadt
- Chairman of the Supervisory Board of BHB Brauholding Bayern-Mitte AG, Ingolstadt
- Chairman of the Supervisory Board of Raiffeisen-Volksbank Neuburg / Donau eG, Neuburg / Danube

Peter Schropp, Wörthsee, responsible for the Real Estate segment, also Member of the Managing Board of BBI Bürgerliches Brauhaus Immobilien AG, Ingolstadt

Activities in controlling bodies on December 31, 2012 were as follows:

- Deputy Supervisory Board Chairman of PREBAG Holding AG, Aschheim-Dornach
- Supervisory Board member of PREBAG Gewerbebau AG, Aschheim-Dornach

The following were members of the Supervisory Board in fiscal year 2012:

- Franz-Xaver Schmidbauer, engineering graduate (Chairman)
- Mr Jürgen Wittmann, savings bank managing board member(Deputy Supervisory Board Chairman)
- Mr Rolf Klug, businessman

46. DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE

The statement relating to the German Corporate Governance Code, which is required pursuant to Section 161 of the German Stock Corporation Act (AktG) was issued for BBI Bürgerliches Brauhaus Immobilien Aktiengesellschaft by its Managing and Supervisory boards on March 11, 2013 (and previously on March 12, 2012), and was made accessible to shareholders on the website (www.bbi-immobilien-ag.de).

The Managing and Supervisory Boards of BBI Bürgerliches Brauhaus Immobilien AG issued a corporate governance declaration within the meaning of Section 289a of the German Commercial Code (HGB) and published this in the management report of BBI Bürgerliches Brauhaus Immobilien AG.

47. TOTAL REMUNERATION OF THE MANAGING BOARD

Total remuneration of EUR 795 thousand (previous year: EUR 676 thousand) was paid to the members of the Managing Board of the parent company VIB Vermögen AG in 2012 (of which performance-related: EUR 420 thousand; previous year: EUR 300 thousand).

48. SUPERVISORY BOARD REMUNERATION

Total compensation for the Supervisory Board for VIB Vermögen AG and BBI AG amounted to EUR 138 thousand in the fiscal year under review (previous year: EUR 93 thousand).

49. AUDITOR'S FEES

The expenses reported in the 2012 fiscal year for the auditor of the parent company relating to audit services for the financial statements amounts to EUR 110 thousand for 2012, and EUR 110 thousand for 2011. A total of EUR 15 thousand was reported for other certification services (previous year: EUR 0 thousand)

50. EVENTS AFTER THE REPORTING DATE

The Interpark Immobilien GmbH subsidiary entered into contracts to acquire a portfolio plot of land in Grossmehring near Ingolstadt in 2012. The transfer of ownership, benefits and encumbrances for this plot of land occurred at the start of the 2013 fiscal year. The EUR 9.2 million purchase price was paid at the start of February 2013.

With a notary purchase agreement dated April 3, 2013, VIB Vermögen AG sold the entirety of its 87.5 % interest in its fully-consolidated subsidiary Gewerbepark Günzburg GmbH to a private investor. The disposal group mostly includes the property Gewerbepark Günzburg. In the group financial statements as of December 31, 2012 the property has been measured as investment property with a market value of EUR 13.6 million. As of the balance sheet date the disposal group does not yet meet the criteria of IFRS 5.7 and IFRS 5.8.

No further events occurred after the balance sheet date that have a material impact on the net assets, financial position or results of operations after the end of fiscal year 2012.

51. RELATED PARTIES

VIB Vermögen AG 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.

Receivables of EUR 601 thousand due from VIMA Grundverkehr GmbH were reported as of December 31, 2012 (previous year: EUR 583 thousand).

Liabilities of EUR 0 thousand were due to Herrnbräu GmbH & Co. KG as of December 31, 2012 (previous year: EUR 2,075 thousand).

The company also entered into several loans with Hypothekenbank Frankfurt AG as part of its business activities. The Supervisory Board member of BBI Immobilien AG Rupert Hackl is a branch manager of Hypothekenbank Frankfurt AG in Munich. BBI Immobilien AG concluded a EUR 66 million loan with Hypothekenbank Frankfurt AG, Stuttgart branch to finance the acquisition of investment properties. This loan is currently valued at EUR 62 million.

In addition, the company concluded several loans with Sparkasse Ingolstadt as part of its business activities. Supervisory Board member Jürgen Wittmann is a managing board member of Sparkasse Ingolstadt. The company's total exposure amounts to EUR 11.7 million and the conditions are in line with the market (previous year: EUR 14.3 million).

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

52. EMPLOYEES

The company employed an average of 35 staff in the 2012 fiscal year (previous year: 31 staff).

53. AUTHORISATION OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR PUBLICATION PURSUANT TO IAS 10.17

The Managing Board approved these consolidated financial statements on April 4, 2013 for publication. The Supervisory Board's task is to review the consolidated financial statements and declare whether it approves the consolidated financial statements.

Neuburg / Danube, April 4, 2013

Ludwig Schlosser
(Managing Board Chairman / CEO)

Peter Schropp
(Managing Board member)

SHAREHOLDINGS

The following comprise the company's direct or indirect shareholdings:

Name and headquarters of company	Interest in %	Equity in EUR thousand	Profit / loss in EUR thousand
Merkur GmbH, Neuburg a. d. Donau	100.00	84	45
WHD Immobilien GmbH, Neuburg a. d. Donau	100.00	189	-10
RV Technik s.r.o., Plzen (Tschechien)	100.00	-161	-5
BBI Bürgerliches Brauhaus Immobilien AG, Ingolstadt*	91.74	50,233	2,653
Gewerbepark Günzburg GmbH, Neuburg a. d. Donau	87.50	1,045	227
ISG Infrastrukturelle Gewerbeimmobilien GmbH, Ingolstadt	75.00	5,484	507
Interpark Immobilien GmbH, Neuburg a. d. Donau	74.00	2,176	-24
VSI GmbH, Neuburg a. d. Donau	74.00	1,070	78
IVM Verwaltung GmbH, Neuburg a. d. Donau	60.00	895	282
VIMA Grundverkehr GmbH, Neuburg a. d. Donau	50.00	-591	-32
BHB Brauholding Bayern-Mitte AG, Ingolstadt**	32.26	7,841	251

* Profit / loss before profit-and-loss-transfer
** Indirect interest

Auditors' opinion

We have audited the consolidated financial statements prepared by VIB Vermögen AG, Neuburg / Danube, comprising of the balance sheet, income statement, consolidated statement of comprehensive income, 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, 2012. The preparation of the consolidated financial statements and the consolidated management report in accordance with the IFRS, as adopted by the EU, and the additional requirements of commercial law pursuant to Section 315a (1) of the HGB (German Commercial Code) are the responsibility of the company's Managing Board. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 of the HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW: Institute of Public Auditors in Germany). 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. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. 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 believe that our audit provides a reasonable basis for our opinion.

Our audit led to no objections.

In our opinion, based on the results of our audit, the consolidated financial tatements comply with IFRS 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 operations. 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 4, 2013

S&P GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Burkhardt	Thürauf
Auditor	Auditor

Glossary

Annuity loans	Annuity loans refer to a loan with constant payments (installments) for its entire term. The installments comprise both a redemption payment and interest. As a result, the remaining debt is repaid step by step each time an installment is paid, thus reducing the amount of interest paid in each installment. At the end of the term, the loan is repaid in full. An annuity loan has numerous advantages compared to other types of loans. The agreement of constant installments over the term of the loan means that this type of credit financing allows the future cash flows to be easily forecast. The changes in the remaining debt can be precisely determined and this decreases constantly over the term of the loan. In addition, annuity loans typically do not have long terms, which means that the monthly repayments can be kept constant.
Associated company	A company is an associated when it is subject to a significant influence by a group company which holds a participating interest in it. According to the Handelsgesetzbuch (HGB – German Commercial Code), this is always assumed when the group company holds an equity interest with voting rights of at least 20 % (Section 311 of the HGB). The significant influence is shown by representation in the Supervisory Board and participation in key company decisions. Associated companies are carried in the consolidated financial statements at equity within the meaning of Section 312 of the HGB. In so doing, the respective value of the participating interest is recognized in income and adjusted for proportionate earnings from participating interests, based on what are generally annually amortized costs. The annual earnings of the associated company are carried separately in the consolidated income statement.
Cash flow	KPI for analyzing equities or companies. The cash flow is mostly calculated by adding the net income, amortisation / depreciation, changes in non-current provisions and income taxes. It shows the cash provided within a specific accounting period. It is used in investment accounting, which aims to provide quantifiable data to be used in decision making when assessing pending investment projects. The cash flow is also a key indicator for balance sheet and financial analysis. There is no uniform definition. The DVFA / SG cash flow attempts to provide a uniform definition.
Cash flow hedge	Financing instrument to hedge the company against cash flow fluctuations as defined in IAS 39.
Cash earnings	The “cash earnings” (cash flow) are of key importance when assessing the funds that a company earns. Cash earnings show the financial surplus provided by ongoing business activities recognized in income, however without taking the change in net current assets into account. Put in simpler terms, it shows the excess revenues – the amount by which payments received are greater than expenses.
Covenants	Covenants are not standardised loan conditions. A distinction is made between affirmative covenants, which require a party to do or to refrain something, and financial covenants, which entitle creditor grantors an extraordinary right to cancel the loan in case of infringement or deterioration of certain KPIs.

Corporate Governance	Corporate governance is the set of processes, customs, policies, laws, and institutions affecting the way a corporation is directed, administered or controlled. For this purpose, corporate governance offers a legal and factual framework – concerning the relationships of the company to its stakeholders in particular. The goal of good corporate governance is to strengthen the competiveness of the company and thus to increase the long-term value of the company.
EBIT	EBIT is a corporate indicator and stands for earnings before interest and taxes.
EBIT margin	The EBIT margin shows the percentage of earnings from operations before interest, taxes and the financial result that a company was able to record per unit of revenue. This indicator thus provides information on a company's earnings power and profitability. The EBIT margin is suitable for use as a relative indicator in international, cross-industry comparisons of companies.
EBITDA	EBITDA stands for „earnings before interest, taxes, depreciation and amortisation." This figure is cash flow like, as the write-downs not reflected in liquidity are added to the operating income in a similar manner to calculations for the indirect cash flow.
EBT	Abbreviation for earnings before taxes (including extraordinary result).
Equity method	A valuation method for interests in companies for which a significant influence can be exercised in their business policy (associated companies). The proportionate net profits / losses for the company are included in the carrying amount of the interests. In the case of disbursements, the carrying amount is reduced by the proportionate amount. Specialist store Individual, large-sized, mostly state-of-the-art retail stores, which mostly carry a specialist range of non-food products with great depth and breadth.Specialist store center Collection of medium to large-sized specialist stores or stores similar to specialist stores from various sectors that are close to the customer.
Specialist store	Individual, large-sized, mostly state-of-the-art retail stores, which mostly carry a specialist range of non-food products with great depth and breadth.
Specialist store center	Collection of medium to large-sized specialist stores or stores similar to specialist stores from various sectors that are close to the customer.
Fair value	Market value at which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.
Fair value hedges	A fair value hedge hedges the risk of a change in the fair value of an asset or liability included in the accounts, or a firm commitment not included in the accounts, or a specific proportion of such an asset or liability or such a fixed commitment, if this proportion can be allocated to a specific risk and could impact earnings for the period.
Funds from Operations (FFO)	In the real estate sector, Funds from Operations (FFO) are a key performance indicator to assess the operative business development. The ratio contains the earnings before depreciations, amortisations and taxes, as well as the sales revenues for properties and development projects. This figure shows, how much cash flow is generated in the operative business.
Finance leasing	Transfer of an asset from the lessor to the lessee for a basic lease period which cannot be terminated
IAS	International Accounting Standards, see IFRS
IFRS	Abbreviation for International Financial Reporting Standards, formerly International Accounting Standards (IAS). These accountings standards have been compulsory for listed companies in the EU since January 2005. IFRS are developed by the IASB (International Accounting Standards Board), a private accounting body.
LTV	Loan to Value (LTV) is defined as the ratio of the maximum mortgaging respectively loan amount to the identified value of the assets. For this reason, this figure is used to calculate the equity, which is required for the investment.
m:access	m:access is a market segment of the Munich Stock Exchange for medium-sized enterprises, which is conceived as a stock exchange regulated market across various segments. Access is obtained via IPO, Listing or segment change. Due to the target group, listing requirements and follow-up admission rules are specifically designed with the needs of small and medium-sized companies in mind.
NAV	Abbreviation for net asset value. This is the value of all of a company's tangible and intangible assets, less liabilities. This figure reflects the company's fundamental value, however it does not provide any information on the company's potential future prospects.
Interest rate swap	Exchange of fixed or variable interest commitments for two nominal capital amounts for a fixed period.

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 reflect its present beliefs and expectations with regard to future occurrences. Such forward-looking statements can be recognized 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 influence are without any claim to completeness, e.g. the development of the real estate market, competitive influences 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.