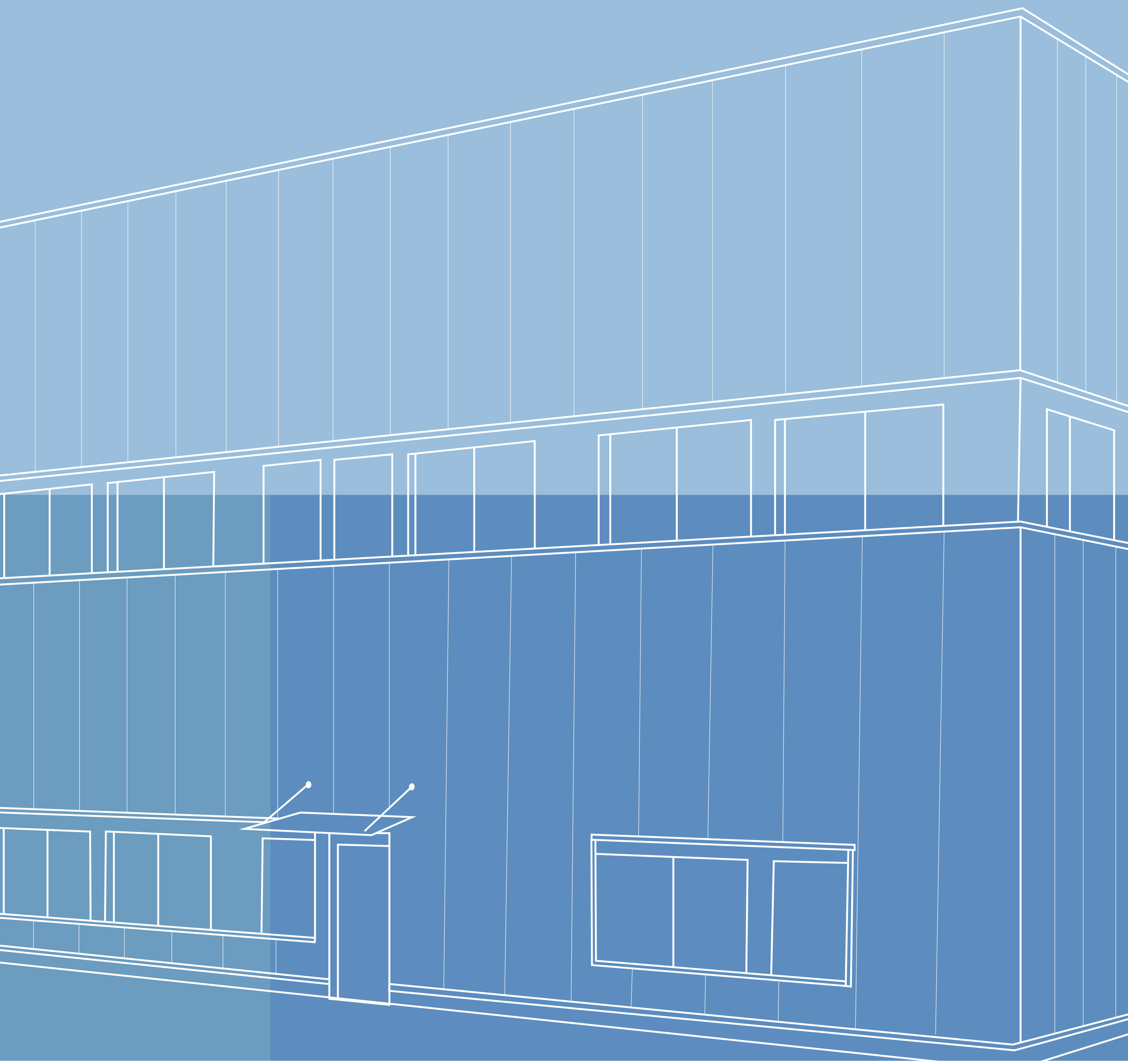
VIB Vermögen AG



2013 Annual Report

20 Years

// 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, the company has been further developing its core competencies in the acquisition and management of its 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, it develops real estate for its own portfolio, while also acquiring portfolio properties in order to generate rental income. The real estate portfolio of VIB Vermögen AG includes logistics properties, industrial real estate, shopping centres and retail parks, as well as commercial and service centres.

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

// Key Group indicators

In EUR thousand	2009	2010	2011	2012[1]	**2013**	**Change**
Income statement						
Revenue	49,195	51,806	52,373	59,809	64,958	8.6 %
Total operating revenue	51,376[2]	54,557[2]	53,056	60,461	65,711	8.7 %
EBIT	33,781	35,441	38,507	49,974	54,241	8.5 %
EBIT margin	65.8 %	65.0 %	72.6 %	82.7 %	82.5 %	-
Earnings before tax (EBT)	14,389	12,825	18,950	30,446	35,099	15.3 %
EBT margin	28.0 %	23.5 %	35.7 %	50.4 %	53.4 %	-
Consolidated net income	12,343	16,914	15,271	25,540	29,036	13.7 %
Earnings per share (undiluted)	EUR 0.70	EUR 0.91	EUR 0.76	EUR 1.09	EUR 1.16	6.4 %
Balance sheet						
Total assets	662,622	657,177	686,840	788,096	864,693	9.7 %
Equity	193,540	203,785	240,828	272,833	319,884	17.2 %
Equity ratio	29.2 %	31.0 %	35.1 %	34.6 %	37.0 %	-
Net debt	425,514	413,374	378,513	440,549	473,368	7.4
Gearing	242 %	222 %	185 %	189 %	170.3 %	-
Net asset value (NAV) per share	EUR 11.85	EUR 12.36	EUR 12.22	EUR 13.07	EUR 13.88	6.2 %
Other key financials						
Loan-to-value (LTV) ratio	65.4 %	64.2 %	57.6 %	58.3 %	56.6 %	-
Cash flow from operating activities	37,489	36,950	38,019	41,085	48,224	17.4 %
Funds from Operations (FFO)	EUR 0.95	EUR 0.97	EUR 0.95	EUR 1.03	EUR 1.07	13.7 %
FFO return (based on stock market price as of December 31)	14.64 %	12.19 %	14.31 %	11.16 %	9.18 %	-
Dividend per share	EUR 0.25	EUR 0.30	EUR 0.35	EUR 0.40	EUR 0.45[3]	12.5 %
Number of shares	17,735,894	17,771,870	21,328,828	21,364,306	22,151,331	3.7 %

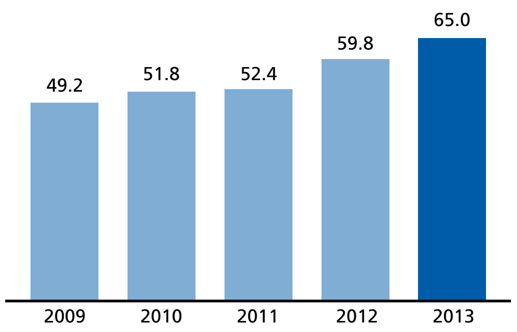
[1] Partly, figures of the year 2012 have been adapted due to amendments of the IFRS reporting regulations.

[2] Compared with the information in the 2010 annual report, this item no longer includes value changes to investment properties.

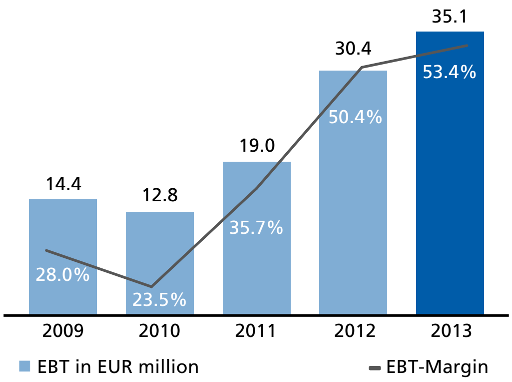
[3] Management's proposal

// Five year growth comparison

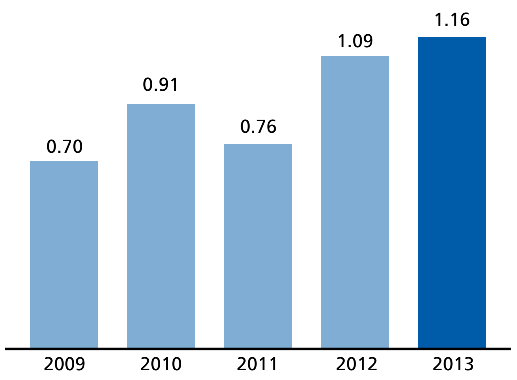
Revenue (in EUR million)



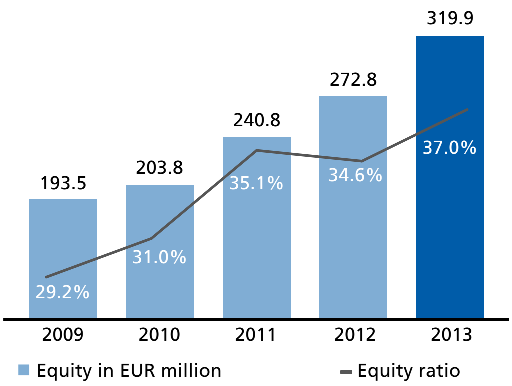
Earnings before tax (EBT) and EBT margin



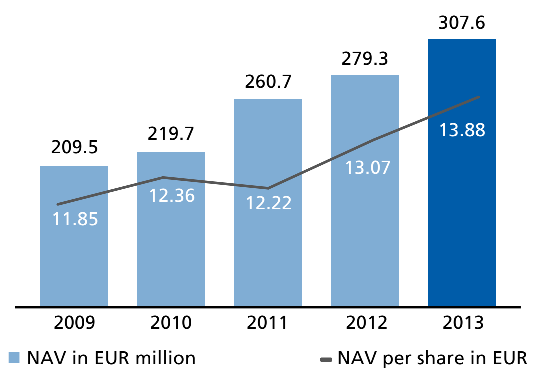
Earnings per share (in EUR, undiluted)



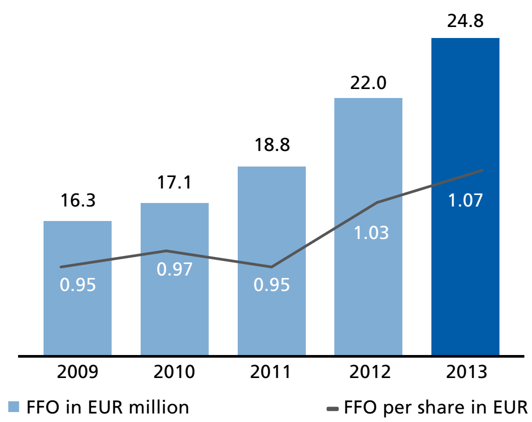
Equity and equity ratio



NAV (Net Asset Value)



FFO (Funds from Operation)



Equity Story //

- **A real estate company with strong net asset backing** and an investment focus on the high-growth Southern German region and predominantly on the logistics and retailing growth sectors

- **Well-diversified portfolio consisting of** currently 100 commercial properties with a rentable space of 915,000 m², low vacancy rates, and an **above-average, high rental yield** of around 7.3 %

- **Significant operating growth and high profitability:** Average growth of revenue of 7.2 % since 2009, EBIT margin of 82.5 % in the 2013 fiscal year

- **Sustainable financing structure:** Equity ratio of 37.0 % and loan-to-value (LTV) ratio of 56.6 % reduce financing risks

- **No refinancing problems** thanks to long-term financing approach utilising annuity loans; average interest-rate on borrowings only 4.03 %

- **Strong cash flow business model:** Sustainable growth in funds from operations (FFO) thanks to long-term rental agreements form basis for continuation of an attractive dividend policy

- **Seasoned management team:** more than 20 years of experience in the German real estate market

// Contents

* The structure of the Group management report as of December 31, 2013 is oriented to the German financial reporting standard 20 (“DRS 20”), which has been adopted in September 2012 from DRSC. Thus the structure has changed compared with the previous year.

// To our shareholders

Holger Pilgenröther Ludwig Schlosser Peter Schropp

// Dear shareholders,

2013 was quite a special year for VIB in many ways – and not only given our 20th corporate anniversary that forms the centrepiece of our annual report this year. It was also another record year for VIB, and consequently represents a fitting start to the next two decades of the company's success story.

We acquired more major properties than ever before, committing an investment volume totalling more than EUR 95 million. In mid-2013, we realised our largest acquisition to date: as part of a share deal, we took over two logistics properties in Erlangen, comprising a combined rentable space of 63,000 m², for a total outlay of EUR 58 million. This site is where state-of-the-art logistics services for Siemens medical technology and Faber Castell are rendered.

In the final quarter of 2013 alone, we expanded our portfolio to include a total of three further properties: in the Middle Franconian city of Uffenheim, for example, we purchased a logistics property comprising almost 27,000 m² for an investment volume of around EUR 22 million. In Kulmbach, in Upper Franconia, we bought a specialist market centre whose tenants include Europe's leading specialist electronics retailer Media Markt. And two further attractive retail properties have already been added during the first two months of the current fiscal year.

As a consequence, VIB reached a new milestone at the end of February 2014: it now holds a total of 100 commercial properties in its portfolio. Based on year-end 2013 market values, our properties generated an average 7.3 percent rental yield, and our 1.9 percent vacancy rate is very low on a sector comparison.

The latest figures also show how successfully VIB is operating: revenue was up by almost 9 percent to just short of EUR 65 million, ahead of our budget. When adjusted to reflect around EUR 7 million valuation gains from the current market valuation of our real estate portfolio, earnings before interest and tax (EBIT) amounted to some EUR 47 million, at the upper end of our forecast. Earnings per share stood at EUR 1.16. FFO (funds from operations), an indicator of operating cash inflows from our business, rose from EUR 1.03 to EUR 1.07 per share. And a further increase in NAV (net asset value) to EUR 13.88 per share reflects the constant appreciation of the value of our real estate portfolio.

Dear shareholders, it goes without saying that it is our wish that you should also participate again this year in the company's success and profitability. For this reason, we will propose a dividend increase from EUR 0.40 to EUR 0.45 per share to the Annual General Meeting to be held on July 2, 2014.

We financed a proportion of the aforementioned investments with the proceeds from the mandatory convertible bond that we issued in November 2013. This EUR 25 million bond was subscribed for by institutional investors as part of a private placing. This time, demand was even higher than for our first bond issue in December 2012 – reflecting the extent to which investors appreciate our business model's sustainable cash flow strength.

VIB owes its successes to its solid financing structure and clear investment strategy. We are systematically expanding our earnings base by acquiring high-yielding properties in the growth sector of logistics, as well as much sought-after retail properties. We buy them on attractive terms, and then rent them long-term to tenants with high credit ratings. This is not as easy as it might sound during periods of growing demand and rising real estate prices. Thanks to our focus on the economically strong region of Southern Germany, precise market knowledge, and a close network of regional contacts, we are repeatedly able to identify properties that offer the promise of success and to develop them further. Our partners appreciate our flexibility and, in particular, our reliability – which generates competitive advantages for us.

Against this backdrop, we are also confident for 2014. We anticipate revenue of between EUR 69.0 million and EUR 72.0 million, earnings before interest and tax (EBIT) of between EUR 50.5 million and EUR 52.0 million, and earnings before tax (EBT) of between EUR 29.0 million and EUR 30.5 million – excluding valuation effects and one-off effects.

Esteemed shareholders, we would like to thank you for the trust and confidence that you have invested in us to date. We will bring all our efforts to bear in order to continue our company's success story over the next twenty years.

We would like to take this opportunity to also thank our business partners for twenty years of trusting cooperation, and, of course, our staff who have played a decisive role in the success of VIB Vermögen AG with their commitment.

Yours sincerely

Neuburg/Danube, April 8, 2014

Ludwig Schlosser	Holger Pilgenröther	Peter Schropp
(Managing Board Chairman)	(Member of the Managing Board)	(Member of the Managing Board)

Franz-Xaver Schmidbauer Rolf Klug Jürgen Wittmann

// Supervisory Board report

Dear shareholders,

VIB Vermögen AG celebrated a successful anniversary year in 2013. A number of investments in highly profitable properties generated strong growth, which will also feed through to higher revenue and income in 2014. The successful placing of our second mandatory convertible bond in November 2013 also created the basis for additional investments in the 2014 fiscal year. Some of the proceeds have already been directed into high-yielding properties. The Supervisory Board attentively and extensively accompanied this corporate development, thereby fulfilling 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

During the course the fiscal year, the Supervisory Board supervised the Managing Board's work on a regular basis, and consulted with it concerning its management of the company's business. The Supervisory Board was always included in important decisions. The Managing Board's activities gave rise to no objections. The Managing Board informed the Supervisory Board regularly, 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 new investment opportunities. The Supervisory Board Chairman was in frequent contact with the Managing Board, and was informed in detail about significant business transactions.

Supervisory Board, meetings and resolutions

A total of six Supervisory Board meetings were held in 2013, 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 transactions, particularly potential real estate transactions, as well as the issuing of another mandatory convertible bond, were also discussed at the meetings, and the resolutions that are required due to statutory provisions, or due to regulations contained in the company's articles of incorporation, were passed. The proposed resolutions for the AGM on July 3, 2013 were approved at the meeting on April 16, 2013. No committees were formed due to the small size of the Supervisory Board in 2013.

2013 separate and consolidated financial statements

The Supervisory Board reviewed the separate annual financial statements as of December 31, 2013, 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 8, 2014. The review of the 2013 annual financial statements led to no modifications, and an unqualified audit opinion was issued. The separate annual financial statements as of December 31, 2013 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 2013 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 8, 2014. The audit of the 2013 consolidated financial statements also resulted in no amendments, with an unqualified audit opinion being issued and the consolidated financial statements as of December 31, 2013 being approved by the Supervisory Board. At its meeting on April 8, 2014, the Supervisory Board also approved the proposed resolutions for the General Meeting on July 2, 2014.

The Supervisory Board is pleased with the positive corporate developments of the VIB Group, and continues to provide the Managing Board with unlimited support in realising its strategy of further expanding the real estate portfolio on a targeted basis.

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

Neuburg/Danube, April 8, 2014

On behalf of the Supervisory Board
Franz-Xaver Schmidbauer, Chairman

// 20 successful years – the company history of VIB Vermögen AG

// 1993

- Founding of VIB as an unincorporated firm with the aim of constructing a plant for car seat manufacturer Faurecia, thereby safeguarding jobs in Neuburg/Danube.

// 2000

- Conversion into a public stock corporation with the core competences of acquiring, developing and managing the company's own real estate Issue of new shares to 300 new shareholders from the region.

// 2002

- Purchase of several manufacturing and office premises, development of the Neuburg-Schrobenhausen founder centre

// 2005

- IPO in the m:access Munich Stock Exchange, and on the Open Market of the Frankfurt Stock Exchange. The number of shares in issue increases to 9,792,000
- Purchase and development of numerous properties, including the DonauCityCenter in Ingolstadt, which has expanded into an attractive shopping centre

// 2006

- Takeover of 94.45 percent of the shares in listed company BBI AG (Bürgerliches Brauhaus Ingolstadt AG). Besides the Herrnbräu brewery, BBI AG also owns extensive real estate assets.
- First capital increase after the IPO generates EUR 17.2 million. The number of shares in issue increases to 12,188,000

// 2007

// The value of VIB AG's real estate portfolio rises to over EUR 250 million.//

- VIB AG's equity increases by EUR 53 million through the issuing of 4,896,000 new shares as part of what is the company's second capital increase after IPO.
- The proceeds are invested in real estate worth more than EUR 120 million, including numerous logistics properties

// 2008

- The VIB Group's total assets exceed the EUR 500 million level for the first time. The portfolio already comprises a rentable space of around 600,000 m².

// 2009

- Completion of the first two MAN service stations. MAN offers its customers extensive fleet-related services at these locations spread across the whole of Germany.
- Founding of BHB Brauholding Bayern-Mitte AG (BHB AG) as the cornerstone for the spin-off of the brewery business, and VIB Group's clear focus on the real estate sector.

// 2010

// VIB AG achieves revenue above EUR 50 million for the first time.//

- As part of a cash capital increase at BHB AG, VIB AG's interest falls to 35.5 percent. The focus returns exclusively to the real estate business.

// 2011

- Further capital increase generating EUR 28.4 million of funds for VIB AG with which it realises around EUR 64 million of new investments.

// 2012

- Handover to Anylink Systems AG of manufacturing premises in Ingolstadt. This property was planned and constructed within a period of just one year.
- Successful placing of a EUR 17 million mandatory convertible bond.

// 2013

// Real estate assets exceed the EUR 750 million level .//

- Completion of VIB Group's largest purchased to date: The EUR 58 million, it acquires two logistics properties in Erlangen with a combined rentable space of 63,000 m².
- Enthusiastic investor interest in second mandatory convertible bond. Volume amounts to EUR 25.6 million.

// 20 years of VIB – Review and outlook

An interview with CEO Ludwig Schlosser

The roots of VIB – and this is part of what makes you special – lie in its support for the regional economy. As a former member of the Managing Board of the Neuburger Volksbank, you played a key role in this. How did this come about?

In early 1993, I was told that automotive seating manufacturer RHW – which is called Faurecia today – was going close its site in Neuburg, and build a larger plant somewhere else. This would have meant the loss of around 400 local jobs. To prevent this, I gathered a group of people who were as interested as I was in finding a suitable alternative real estate location for the company, and I mobilised local investors. We used a property company as an investment vehicle and bought a plot of land, signed an agreement with RHW, and had the plant up and running within the span of a year. In this way, the jobs were kept in Neuburg, while the workforce was also expanded significantly in the following. This property company is, so to speak, the nucleus of today's VIB Vermögen AG.

How did this property company then become a fully-fledged public stock corporation with an extensive real estate portfolio?

It was already becoming clear at that time that a business model of building and acquiring properties, and then renting them long-term, would be very promising and successful. But eventually the previous corporate form no longer fitted this model, which is why we looked for an alternative. Given our ambitions, the legal form of a public stock corporation was far superior to that of the previous unincorporated firm because of share fungibility, which gave our idea a ready audience.

To what extent is support for the regional economy still relevant to VIB today – what benefit do your investors derive from it?

Industrial policy thinking still plays a key role in our activities, and our investors benefit from this. We don't act on short-term considerations, but instead adopt a long-term perspective and a view to relevant future trends. And we've built up a contact network over the last twenty years that brings us tangible benefits in terms of information. This network now spans the whole of South Germany. We maintain close contacts to local companies, official authorities, local authority representatives and banks. You can get a lot done through these channels, and you also benefit from a good deal of detailed information.

// We were also visionary – when predicting the significance of logistics properties, for example.//

Ludwig Schlosser

The abbreviation "VIB" stands for "Visionary, Individual and Constant" ("Visionär, Individuell und Beständig" in German) – so, what is so "visionary" about the company's approach?

The VIB abbreviation originally stood simply for "Wealth from Real Estate Ownership" ("Vermögen durch Immobilienbesitz" in German) – which came up during a brainstorming session among the predecessor company's shareholders. But later we also wanted to use it to express our future-oriented thinking for our company's further development. Perhaps the individuality and constancy of our approach is what tends to spring to mind first spontaneously, but we were also visionary – when predicting the significance of logistics properties, for example. Until quite recently, investors regarded these as too dependent on industry, and comparatively risky. We identified the opportunities in this area early on, and we were able to invest at attractive prices accordingly. And our logistics properties are constantly rising in value because large spaces in heavily-populated economic centres are becoming increasingly hard to find these days.

Will logistics properties still be attractive investment targets in the future?

Logistics is not simply logistics, it is not all the same – but the general trends, overarching trends are unmistakable. This holds true not only for growth in goods distribution along major transportation axes, or for the much talked-about e-commerce – here goods also have to be warehoused and distributed somewhere. It's also particularly true of the growing role of small components in business. Just think of the increasingly complicated parts involved in automotive manufacturing, such as speed control systems. Lots of components and related replacement parts must also be stored somewhere, and that needs corresponding spaces. But in other areas, too, we must understand that our tenants' requirements will change. A quick example: An Aldi supermarket previously required perhaps 400 m² – in some cases today they need three times as much space. So, good locations are not everything. You also need to be able to expand the space. If you don't anticipate this as a real estate portfolio manager, you're going to run into problems.

Even if it's difficult to reduce what's special about VIB AG into a single word, what would be the first thing that springs to mind for you?

Our reliability. We carry out our projects consistently and single-mindedly, and we keep to our commitments, also if they're just verbal commitments. This fosters trust among all our partners – whether entrepreneurs who we're working together with us on developments, or tenants, banks and local authorities. And this ensures long-term partnerships for us, and fair terms.

Your conservative financing strategy using annuity loans also fits in well in this context. Have you never called this into question?

Before the Lehman Brothers crash, we sometimes had discussions with investors about why we weren't using block funding. Since then, the same people have been asking us – with some concern – whether we're going to continue with the annuity loans. The word has got around that it reduces risks enormously if you don't need to enter into any covenants, and after five or ten years you then discuss just the prolongation of the interest rate with the bank, and not the loan itself.

If we can turn our attention to the future: What will remain, and what will be changing?

We have very streamlined structures, but we've gradually adapted them in line with the company's growth – in the project management area, for example, or risk management. We're going to continue to do this in the future. We're also going to be placing a high priority on having the right people on board in the future – not only in terms of qualifications and skills, but also in terms of personality. And of course, there are always changes in the economy and society, and new trends. We need to continue to monitor these closely, and anticipate the consequences for our business.

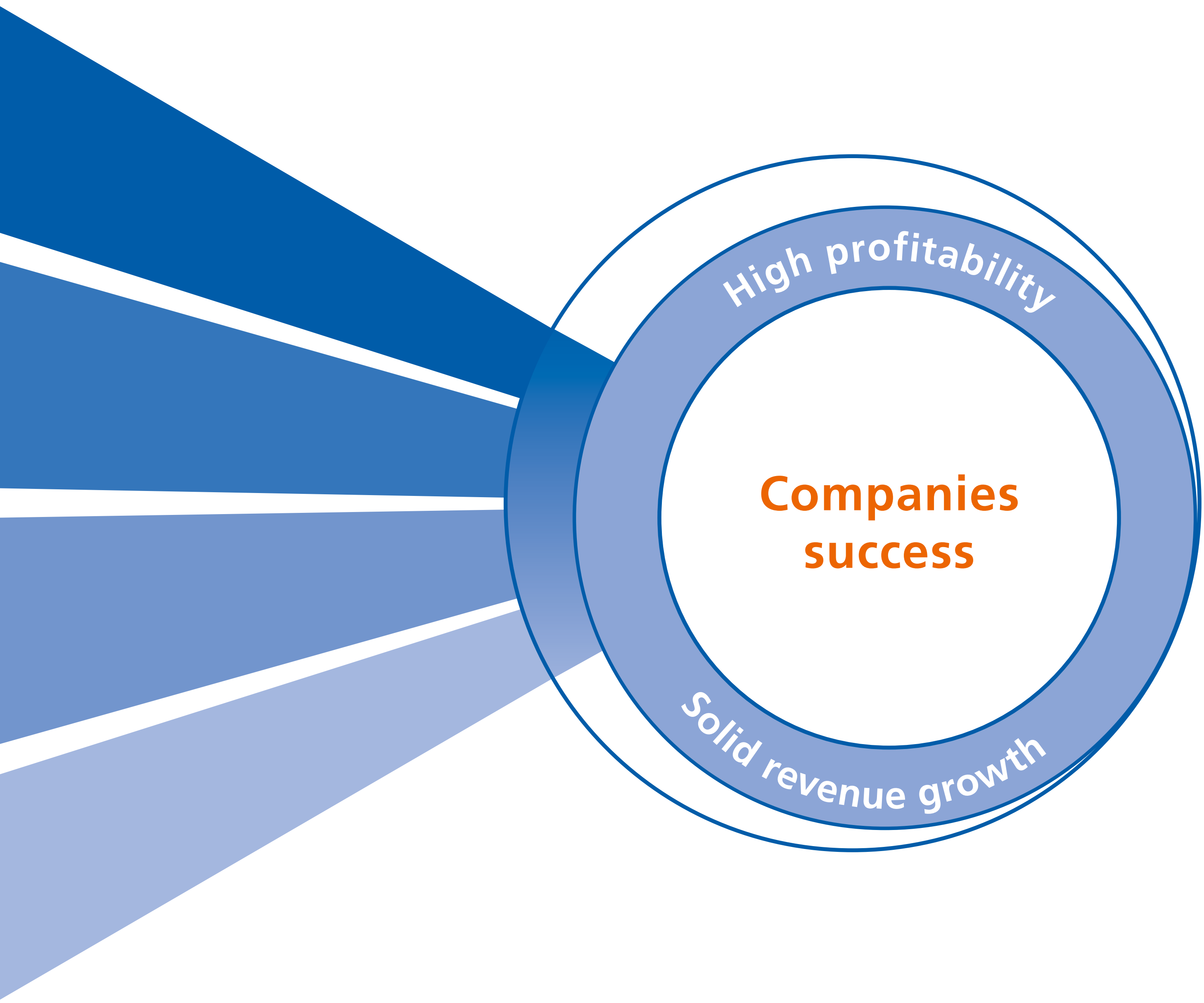
Do you have a vision of how VIB is going to look in twenty years' time?

Over the past twenty years, VIB has pursued a policy of sustainable growth. We feel very comfortable with this strategy, and if the entire team performs this reliably over the next twenty years, then VIB could be a significantly larger player on the German commercial real estate market by then. We'll have a real estate portfolio worth a billion euros in the foreseeable future. I assume that the first billion euros is the most difficult, and that there are still interesting growth prospects in a changing world.

Thank you.

// Success factors: today and tomorrow

Strategic orientation	▸ Portfolio manager of real estate properties in the high-growth Southern German region ▸ Focus on long-term locations, and capacity for alternative uses for properties ▸ Broadly diversified portfolio with strategic focus on retail and logistics growth sectors ▸ Predictable cash flows due to long-term rental agreements with tenants with high credit ratings
Purchasing and project development	▸ Strong regional network facilitates access to attractive properties ▸ Stringent investment criteria secure long-term rental returns and a low vacancy ▸ All acquisitions with additional costs as low as possible, and optimised tax structures ▸ Focussed, high-yield project developments
Financing	▸ Annuity loans minimise refinancing risks through constant repayment, feeding through to sustained net asset value growth ▸ Balanced gearing and favourable financing thanks to good credit rating ▸ Balanced financing mix in order to combine opportunities from currently favourable short-term financing costs with financing benefits in long-term area ▸ Established access to capital market in order to exploit investment opportunities
Administration	▸ In-house real estate management: proximity to properties and tenants reduces vacancy risks ▸ Low management costs thanks to streamlined personnel structures ▸ Long-term asset management boosts overall value of real estate portfolio


High profitability
Companies success
Solid revenue growth


NORMA
BayWa
FOTO · CD · TELEKOMMUNIKATION
Media Markt
Truck & Bus Service

20
Years


CONRAD
BayWa
MAN
Service

100 Properties

// Neuburg / Danube

VIB's founding property – an example of how supporting the economy proves successful

It all began with car seats. In 1993, French company Faurecia, today one of the world's largest automotive suppliers, was looking for a location to produce seats for Audi. It had acquired a small operation in Neuburg / Danube, but had its eyes on constructing a large plant in Ingolstadt.

And this caught the attention of Ludwig Schlosser. As a director of the local savings bank at that time, one of his main priorities was to support the regional economy, and he wanted to keep this company in the area. He succeeded in mobilising the local authority and local Neuburg investors to make a suitable offer that also would prove persuasive to the French.

The new plant was up and running within a year. Today, Faurecia employs more than 1,100 individuals there. Following the recent rental contract extension for a further ten years, the rental contract runs for thirty years in total – a testament to the initial vision of sustainability.

Neuburg / Danube	
Addition:	1993
Sector:	Industry
Investment volume:	EUR 9.1 million
Rentable space:	12,400 m²
Tenant:	Faurecia Autositze GmbH
Rental ratio:	100 %

// For two decades, VIB has been ensuring that we work under optimal conditions. The team responds quickly, and always finds a solution for our needs, which generates trust and confidence. It's not by chance that we've just extended our rental agreement by a further ten years.//

Faurecia Autositze GmbH


BayWa
Bau & Garten
BayWa

// Nördlingen

The 100th property in the portfolio – retail property in an optimal location

This DIY and garden centre located in the Bavarian city of Nördlingen, which was completed in 2013, is a typical retail property in line with VIB's taste. Located at the entry to a well-established commercial area, the property enjoys favourable transport connections, and offers attractive shopping opportunities. Local purchasing power is well above average, and this centre's offerings for consumers and shoppers is largely unrivalled in the area. The property is rented for more than fourteen years to a subsidiary of MDAX equity index constituent BayWa Group, which operates more than 100 DIY and garden centres in Germany and Austria, and has already been present in this area for fifteen years.

This property was around 30 percent financed from equity from the last mandatory convertible bond and with borrowings from a local bank – whereby the inclusion of financing partners from the region is also typical of VIB’s approach.

Nördlingen	
Addition:	2014
Sector:	Retail
Investment volume:	EUR 9.1 million (total)
Initial Yield:	7.2 %
Rentable space:	8,580 m²
Tenant:	BayWa Bau- und Gartenmärkte GmbH & Co. KG
Rental ratio:	100 %

// The name VIB stands for stability and a sustainable business policy. These are values that connect our houses, and foster trust and confidence. Accordingly, our cooperation to date has run smoothly and constructively. We are happy to be a financing partner to VIB.//

Raiffeisen-Volksbank Ries eG, Nördlingen


Continental

// Ingolstadt

The largest development project – in duo with the city's industrial support scheme

Regional networks make sense. Which is why joint-venture projects such as this come about between the Industrial Support Scheme of the City of Ingolstadt (IFG) and VIB. In 2011, the opportunity arose to construct a new plant for automotive supply company Continental together with IFG, a wholly-owned subsidiary of the City of Ingolstadt. A suitable plot of land with a dilapidated school building was situated in close vicinity to Continental's headquarters and was acquired by both joint venture partners.

Within a year, a state-of-the-art industrial building along with production locations, warehouses and office premises was created on a plot of land in the Ringlerstrasse. Since May 2012, the user of the building has been developing and producing the latest high-tech products such as safety distance systems, as well as camera and radar systems for major automotive manufacturers such as Audi, BMW and Mercedes.

Ingolstadt	
Addition:	2012
Sector:	Industry
Investment volume:	EUR 27.7 million
Initial Yield:	8.7 %
Rentable space:	21,292 m²
Tenant:	Anylink Systems AG
Rental ratio:	100 %

// This project had to proceed quickly, and we needed a partner with extensive experience in the development of industrial properties. VIB proved very professional in this context, in both the planning and implementation phases. We also found them to be very experienced property managers during the operational phase, which we appreciate very much as asociate.//

IFG Ingolstadt AöR


PERBER
39

// Erlangen

The largest acquisition – far more than just logistics

Logistics properties are desirable, especially if they enjoy optimal transportation connections, as with this former EON Kraftwerke land plot: It is located on two motorways, has its own railway connection, and is situated directly on the Main-Danube Canal.

Franconian Geis Group, one of the Germany's major logistics service providers, is the original developer and current tenant of the property with a ten-year rental contract. VIB acquired both properties in Erlangen as part of a share deal in mid-2013. The two logistics halls are equipped to the latest standards – including a dock leveller for trucks and ground-level gates. Faber Castell and Siemens Healthcare products are not only warehoused here, but often also assembled and packaged. The Geis technician teams are also coordinated from here. They transport highly-sensitive equipment such as magnetic resonance imaging scanners directly to hospitals, where they are then installed.

Erlangen	
Addition:	2013
Sector:	Logistics
Investment sum:	EUR 58.0 million
Initial Yield:	7.25 %
Rentable space:	63,000 m²
Tenant:	Geis Industrie-Service GmbH
Rental ratio:	100 %

// The negotiatians during the aquisition period have been very constructive and effective. For us it was important to find a partner, who knows the needs of the logistics industry. It was crucial as well that VIB Vermögen AG is experienced in the renting and management of properties since the property in Erlangen is a decisive factor for our operational business.//

Geis Group Global Logistics

// Real estate portfolio

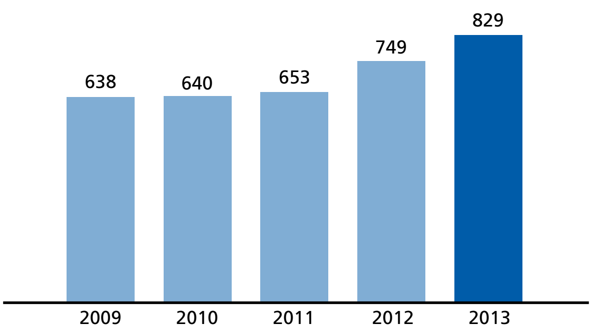
Overview

Key figures	
Number of properties	100
Rentable area	around 915,000 m²
Annualised rental income	arround 61.3 Mio. EUR
Vacancy rate	arround 2.9 %

Status as of: April 1, 2014

As of April 1, 2014, the real estate portfolio of VIB Vermögen AG consisted of 100 properties with a total rentable space of around 915,000 m². As the company has established a close network in Southern Germany over the last decades, the by far greater proportion of its properties are also located there. A low vacancy ratio of 2.9 % of the total portfolio reflects its high quality, and makes it clear that the company understands market demand precisely, and cultivates very close contacts with its tenants.

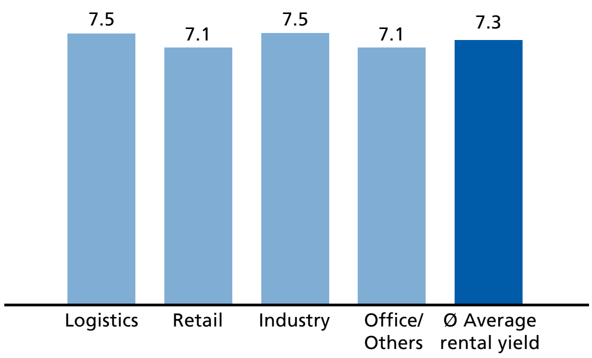
Change in market value of portfolio
(each as of year end, in EUR million)



The market value of the real estate portfolio (including property under construction) amounted to EUR 829 million as of December 31, 2013. In this context, VIB Vermögen AG places a strong emphasis on a well-based and realistic valuation of its portfolio in order to thereby minimise devaluation risks. The annualised net rental income on the total portfolio amounted to around EUR 61.3 million as of April 1, 2014.

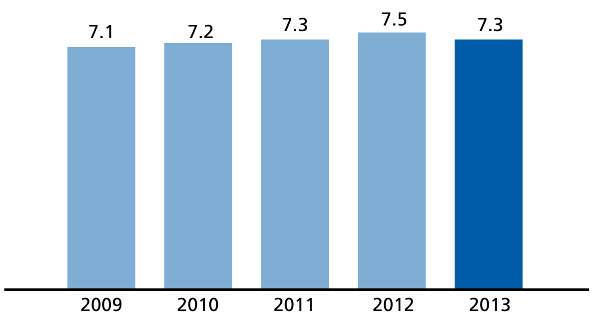
A property's profitability is a decisive investment criterion for VIB Vermögen AG. Thanks to its good regional network, VIB Vermögen AG is also able to generate attractive rental yields in an environment in which returns on investments are falling. The average rental yield on the total portfolio stood at 7.3 % as of December 31, 2013. Only minor differences exist between asset classes in this context: Yields in the industrial area are particularly attractive at 7.5 %, and 7.5 % in the logistics area. Retail properties generate average annual yields of around 7.1 %, and properties from the office, service-provider and other areas 7.1 %. At the same time, stable cash flows characterise all properties given their long-run rental agreements.

Rental yield by sector (market values, in %)



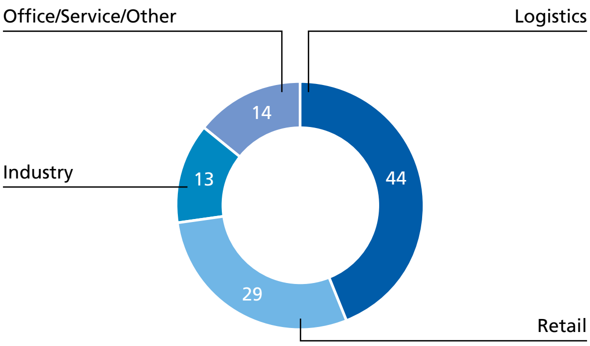
Status as of: December 31, 2013

Trend in average rental yield (each as of year end, in %)



VIB Vermögen AG places an emphasis on ensuring a diversified real estate portfolio in terms of asset class. For instance, around 29 % of net rental income is generated through renting retail properties, whereas the logistics segment contributes 44 % to the company's rental income. A total of 13 % of net rental income derives from the renting of industrial properties, with the remaining 14 % being attributable to the areas of office, service and other. By focusing on logistics and retail properties, the company benefits from the rising significance of e-commerce, global trade interconnections, and continuous gains in purchasing power in Southern Germany.

VIB Group real estate portfolio by net rental revenue per segment (in %)



Status as of: December 31, 2013

The above-average long residual term of the rental agreements of 6 years and 9 months also reduces portfolio risks. It additionally secures high income predictability as the basis for an attractive dividend policy, as VIB Vermögen AG has already pursued over the past years. Moreover, even rental contracts with short remaining terms are cancelled only in the most seldom cases. Instead, most extend automatically to repeat the agreed duration, or are converted into rental contracts of indefinite duration.

Before entering into any rental contract, VIB Vermögen AG carefully reviews a potential contractual partner in order to secure a solvent and multi-layered tenant structure, and to reduce rental default to a minimum. Although VIB Vermögen AG tenants include one tenant that accounts for more than 10 % of total net rental income, it is an established operator of garden shopping centres in Germany, which enjoys a market leading position and has operated a proven business model for decades. More than half of the tenants comprise medium-sized industrial and logistics companies, and retail groups, with strong credit ratings. The other half also consists of a large number of tenants of high credit standing with which the company also maintains close contact, thereby also making rent default risk manageable.

VIB Group's top 10 tenants

Tenant	Share of total annual net rental income	Locations
Gartenfachmarkt Dehner	10.69 %	15
Rudolph-Gruppe	7.39 %	10
Geis Industrie-Service GmbH	6.80 %	2
Gillhuber Logistik GmbH	4.38 %	2
Loxxess-Gruppe	4.15 %	2
Anylink Systems AG	3.92 %	1
Continental Automotive GmbH	3.75 %	2
LIV Logistik-immobilien-vermietung GmbH	2.87 %	3
Distriparts Deutschland GmbH	2.76 %	1
Edeka-Gruppe	2.24 %	7
Others	51.05 %	-
VIB Group total	**100.00 %**	**-**

Status as of April 1, 2014

Real Estate Locations

New Investments 2013

1 + 2 Erlangen

Type of use:	Logistics
Rental area:	63,000 m²
Investment volume:	EUR 58.0 million

3 Neuss

Type of use:	Logistics
Rental area:	5,100 m²
Investment volume:	EUR 9.8 million

4 Uffenheim

Type of use:	Logistics
Rental area:	26,854 m²
Investment volume:	EUR 22.1 million

5 Kulmbach

Type of use:	Retail
Rental area:	3,495 m²
Investment volume:	EUR 5.2 million

New Investments 2014

A Bischberg-Trosdorf (near Bamberg)

Type of use:	Retail
Rental area:	13,770 m²
Investment volume:	EUR 22.2 million

B Nördlingen

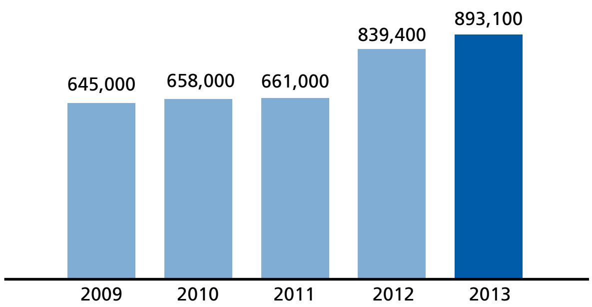
Type of use:	Retail
Rental area:	8,580 m²
Investment volume:	EUR 9.1 million

The portfolio's focus on the Southern German region results, firstly, from the company having been founded in Neuburg/Danube in Upper Bavaria, Germany, and, secondly, from its well established network within the region. The management's many years of personal contacts characterised by mutual trust enable VIB Vermögen AG to exploit new market opportunities at an early stage – representing a significant competitive advantage. This is not the only reason for the company's almost entire focus on Germany's southern states, however. Rather, Southern Germany is also Germany's region exhibiting the fastest growth rate, being characterised by high prosperity and a diversified economic structure. This region is also located at Europe's heart, enjoys favourable transportation connections, and is forecasted to achieve sociodemographic trends ahead of the German average. All of these factors boost portfolio value stability. Locations outside the Southern German region reflect the high degree of confidence that VIB Vermögen AG enjoys among its tenants, underlining its extensive expertise on the commercial estate market. The latter locations are the result of the expansion activities of VIB tenants who have used Southern Germany as a base from which to extend into other regions of Germany, and in doing so have explicitly wished to retain the services of its reliable partner, VIB Vermögen AG.

Portfolio development

Along with expanding its real estate portfolio, VIB Vermögen AG in 2013 focused to an even greater extent than in previous years on portfolio optimisation. In April 2013, the company sold the Günzburg logistics and industrial real estate park with a rentable space of 24,154 m² as part of a share deal. The property having underlaid this asset disposal is valued at 3 % above its IFRS carrying amount as of December 31, 2012, allowing a gain to be realised. An industrial property in Dingolfing with a rentable space of 27,585 m² and an annual net rent (excluding heating and additional cost) of around EUR 1.5 million was sold. The aim was to utilise the approximately EUR 9 million of free liquidity generated by the sales proceeds to invest in new properties. Due to the current interest-rate level, these funds can be refinanced on a more favourable basis, achieving higher yields than the property that was sold. Both disposals, one of which was realised at its carrying amount based on the fair value approach, and the other slightly above its carrying amount, make it equally clear that VIB Vermögen AG sets great store by long-term and meaningful real estate valuation.

Trend in rentable space (each as of year end, in m²)



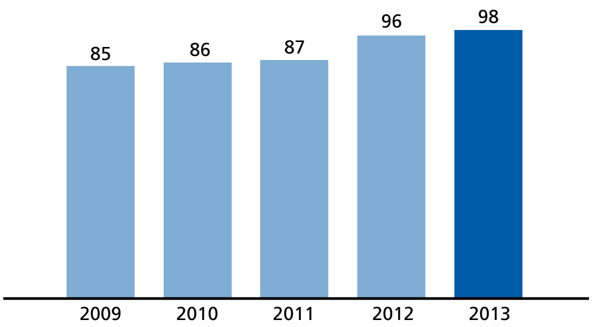
Sustainable growth forms the core of the company's philosophy. Accordingly, the VIB Group again realised several attractive purchases during the 2013 fiscal year. In particular, the company strengthened its logistics and retail portfolio – two areas representing growth for the coming years:

- In June, the company acquired two modern logistics properties in Erlangen for a total amount of around EUR 58 million, which already transferred to the portfolio in July 2013. Both properties together comprise a rentable space of 63,000 m², which are already rented for ten years, generating a 7.25 % yield. Of the total investment in the property, EUR 41 million was financed through bank loans with a favourable interest rate of below 3 %, and EUR 17 million using equity. In November 2013, the VIB Group transferred a further MAN service station to the tenant. The property, entailing an investment volume of around EUR 9.8 million generates a 7.6 % rental yield. The rental contract runs for 20 years, and a rentable space amounts to around 5,100 m². A plot of land was acquired for a further service station in Freiburg im Breisgau (rental area: approx. 3,000 m²). The completion of this property, comprising an investment volume of EUR 6.7 million and a 7.6 % rental yield, is planned for the fourth quarter of 2014. A rental contract spanning more than 20 years has also been concluded for this property. The MAN properties have been quickly financed through local banks. This underscores the good reputation that VIB Vermögen AG enjoys among banks.

- The proceeds from the 2013/2015 mandatory convertible bond issue in November created further scope for investment that the company soon utilised in December. It invested EUR 22.1 million in a logistics property with a rentable space of 26,854 m² in Uffenheim in Middle Franconia, for example. The rental contract that runs until June 2025 caters for predictable income and a gratifying 7.9 % rental yield. Distriparts Deutschland GmbH, a subsidiary of Simon Hegele GmbH, which ensures pan-European replacement parts supplies for Sweden's Electrolux Group, is a further tenant with a high credit rating that strengthens the portfolio.

- Besides this, VIB Vermögen AG utilised some of the proceeds from the mandatory convertible bond to acquire a specialist market centre with a rentable space of 3,495 m² in Kulmbach in Upper Franconia. With an approximately EUR 5.2 million investment volume, this retail property generates an attractive rental yield of 7.5 %. In the case of this property, too, the company opts for long-term rental: The rental agreements – including with Europe's leading specialist electronics retailer Media Markt – run until October 2022 and September 2024, with subsequent extension options. This investment further bolstered the portfolio in the 2013 fiscal year, also with respect to the second growth sector – retailing.

Number of properties (each as of year end)



- Following the balance sheet date, in January 2014, the company acquired a retail centre with a rentable space totalling 13,770 m² for EUR 22.2 million in Bischberg-Trosdorf near Bamberg. Multi-year rental agreements with retention periods of between 5 and 15 years exist with the tenants, whereby the rental agreements with the two tenants renting the largest spaces carry terms of 11 and 15 years respectively. This retail property was constructed in 2012, and generates an attractive annual rental yield of 7.4 %. The purchase of this property was financed with some of the proceeds from the mandatory convertible bond that was issued in November 2013, and through a loan.

- In February 2014, VIB Vermögen AG also acquired a modern retail property in Nördlingen for EUR 9.1 million. This property, comprising 8,580 m² of usable space, is rented to agricultural group BayWa AG for more than 14 years. Having been newly constructed in 2013 it generates a 7.2 % rental return. Here, too, the financing consisted of both equity deriving partly from the 2013/15 convertible bond issue proceeds, and debt.

Given its growth strategy, VIB Vermögen AG will strengthen its existing portfolio not only through portfolio optimisation, but especially also through further targeted investments in line with its stringent investment criteria. Investments will continue to be made only on a robust and sustainable financial basis in this context.

Real estate portfolio financing

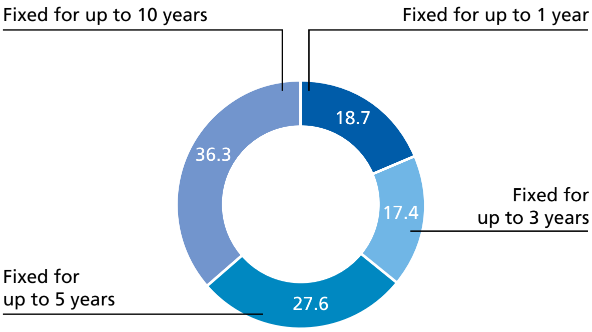
The long-term and secure financing of investments has formed an important pillar of the company's success over recent years. A solid equity ratio of 37 % plays a key role in this context, as does the healthy relationship between the total debt to the total value of the real estate portfolio ("loan to value"), which stood at around 56.6 % as of December 31, 2013. Given these good ratios, VIB Vermögen AG enjoys very good access to favourably-priced financing facilities, which it secures long-term through good relationships with its financing partners.

Annuity loans form the centre of the financing strategy – in other words, loans with constant annuity 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 to steadily grow the company's net asset value (NAV). An annuity loan offers several advantages compared with other borrowing forms:

- future cash outflows 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,
- 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 the original fixed-interest period has elapsed. VIB Vermögen AG basically encounters no problems in refinancing loans as a consequence.

In addition, VIB Vermögen AG focuses to a great extent on fixed-interest instruments given their predictable expected future interest payments. Long-term fixed-interest arrangements were predominantly agreed in the fiscal year elapsed. Around 63.9 % of the Group's loans carry a fixed-interest period of between three and ten years. 36.3 % even carry fixed interest rates for more than five years. In the case of loans with fixed interest periods of less than one year, the company utilised the continued low level of EURIBOR-based lending in the year under review, obtaining refinancing on attractive terms. The company typically enters into loans without covenants.

Structure of loans by remaining period of interest-rate fixing (in %)

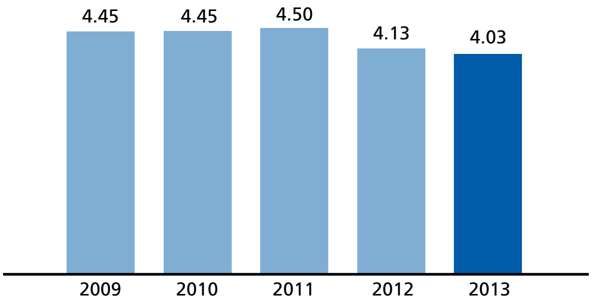


Status as of: December 31, 2013

Besides annuity loans, since 2012 the company has also financed itself through issuing mandatory convertible bonds. This financing form offers two types of benefits: Firstly, in the process of the acquisition of properties the proceeds from the mandatory convertible bond can already be used as equity; secondly, VIB Vermögen AG can broaden its investor base in this way, further diversifying its financing sources.

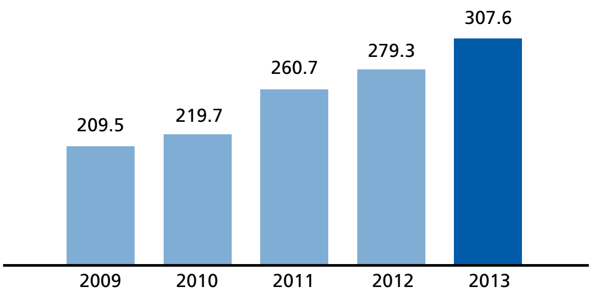
This combination of predominantly long-term fixed interest arrangements with currently favourable interest rates for short-term fixed interest resulted in lower interest costs overall in the fiscal year under review. Accordingly, the average interest rate for the entire portfolio of borrowings of VIB Vermögen AG amounted to 4.03 % as of December 31, 2013 (previous year: 4.13 %).

Change in average interest rate for borrowings portfolio (each as of year end, in %)



This interplay of annuity loans, strong portfolio growth and solid equity backing resulted in a continuous enhancement of net asset value (NAV) at VIB Vermögen AG. Since 2005, NAV has more than tripled from EUR 78.1 million to currently EUR 307.6 million. NAV per share amounted to EUR 13.88 as of the end of the 2013 fiscal year.

Net asset value (NAV, each as of year end, in EUR million)



// VIB Vermögen AG – share

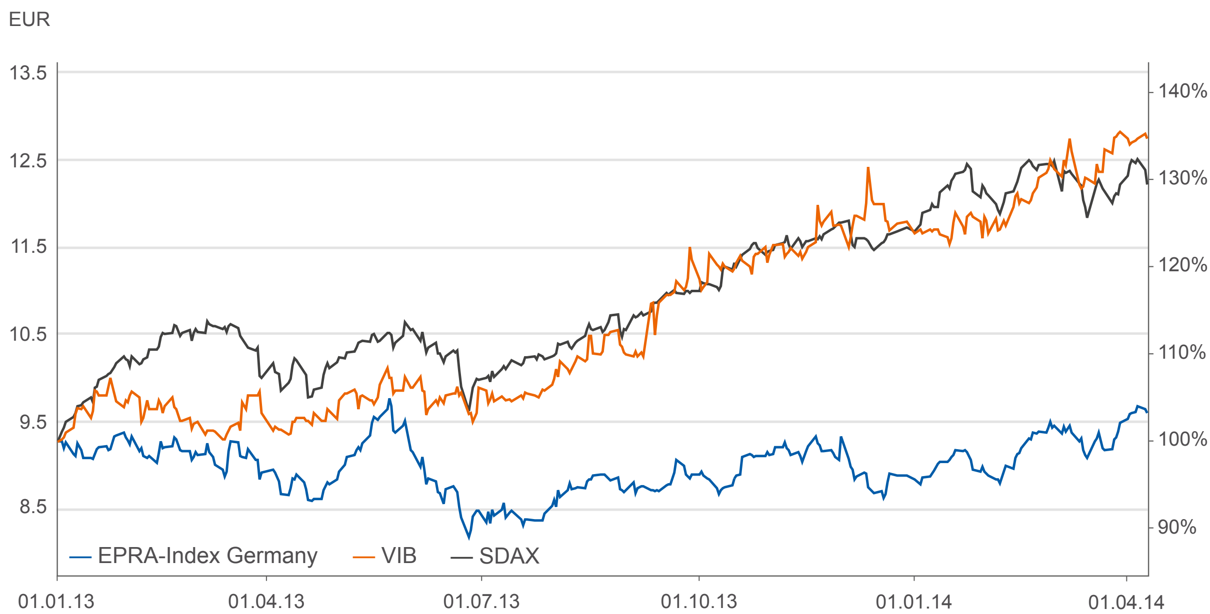
Key data and share data

Key data	
Sector	Real estate
German Securities Code (WKN)	245751
ISIN	DE0002457512
Ticker symbol	VIH
Initial listing	November 28, 2005
Stock exchanges/market segment	Munich: Open market (m:access) Frankfurt: Open Market/XETRA
Share class	Ordinary bearer shares (no-par value)

Key share data	
Subscribed capital	EUR 22,151,331
Notional value per share	EUR 1.00
Number of shares in issue (December 31, 2013)	22,151,331
Net asset value (NAV) per share (December 31, 2013)	EUR 13.88
Consolidated balance sheet equity (December 31, 2013)	EUR 319,884 thousand
Dividend per ordinary share for the 2013 fiscal year	EUR 0.45*
Year-end share price	EUR 11.66
Year-high share price (December 11, 2013)	EUR 12.42
Year-low share price (January 2, 2013)	EUR 9.30
Average daily share turnover	EUR 14,973
Market capitalisation on December 31, 2013	EUR 258.3 million

* Management's proposal

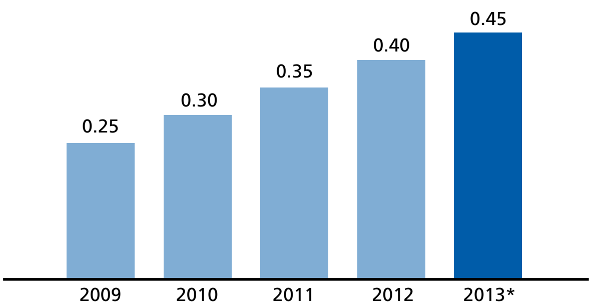
Share price performance since January 1, 2013



Share price performance since IPO in 2005

The 2013 stock market year performed very well overall for shareholders. The DAX index of leading German shares registered a marked appreciation of 23 %, rising from 7,779 points at the start of the year to 9,552 points as of December 31, 2013. The SDAX index of smaller German shares also put in a strong performance of 24 % over the year, closing the year at 3,598 points on December 31, 2013.

Dividend per share growth
(for the respective financial years in EUR)

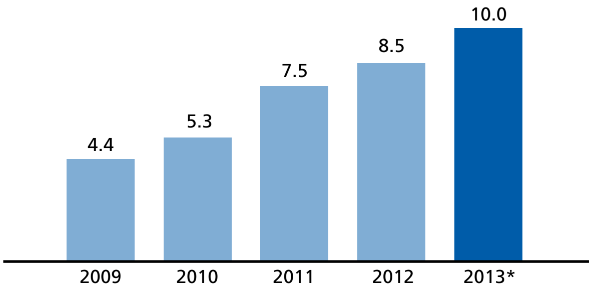


*Management's proposal

The VIB Vermögen AG share performed equally well in the 2013 fiscal year. Having first fluctuated during the first half of the year in a corridor between EUR 9.30 and EUR 10.00, it gained momentum at the end of June and climbed continuously until the year-end. The VIB share reached its high for the year on December 11, 2013 at EUR 12.42. It then failed to maintain this price completely, falling slightly until the year-end to quote at EUR 11.66 on December 31, 2013, representing a EUR 258.3 million market capitalisation.

Given a full-year performance of 25 %, the VIB AG share even slightly outperformed the SDAX index. The EPRA Germany real estate equity index, and consequently the overall listed German real estate sector, with a 5 % decline, was outperformed to an even greater extent. The share price continued to perform positively also after the end of the reporting period.

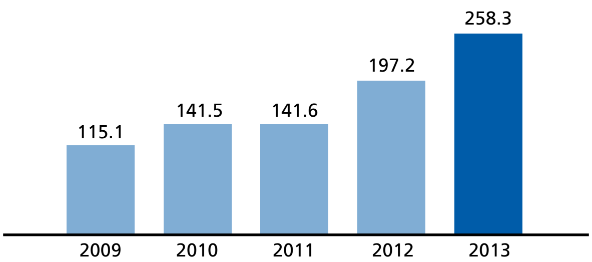
Trend in total dividend payout
(for the respective fiscal years in EUR millions)



*Management's proposal

With a total of almost 3.8 million shares traded through Xetra, the VIB share was in even stronger demand in the year under review than in the previous year (2012: 3.5 million). The average trading volume through Xetra rose correspondingly by a daily amount of 1,000 shares to approximately 14,973 shares per day (2012: 13,972 shares per day).

Change in market capitalisation
(each as of year end, in EUR million)



2013 / 2015 mandatory convertible bond

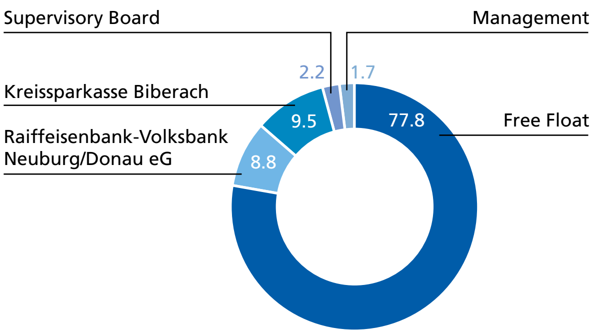
VIB Vermögen AG continues to focus on sustainable growth backed by attractively priced financing. To this end, following the success of its first mandatory convertible bond in December 2012, it successfully issued a further mandatory convertible bond in November 2013. Institutional investors subscribed for EUR 25.6 million in a private placing. The issue excluded subscription rights for existing shareholders. This two-year bond carries an attractive 4.5 % per annum coupon, and is denominated into bonds of EUR 1,000 each. This mandatory convertible bond has been listed on the Frankfurt Stock Exchange's Quotation Board since November 28, 2013 (ISIN DE000A1YCQ52, WKN A1YCQ5).

Given a conversion price of EUR 12.00, investors have two conversion windows: The first comprises the period between July 7, 2014 and November 27, 2014, and the second the period between the third calendar date following the end of the company's AGM in 2015 and the bond's maturity date on November 27, 2015. Conversion will generate a total of 2,136,000 new shares that are to be dividend-entitled from January 1 of the respective conversion year.

The issue proceeds have been invested in the acquisition of high-yielding properties in the report period under review and at the start of the 2014 fiscal year. Please refer to the "Portfolio development" section for more information.

Shareholder structure

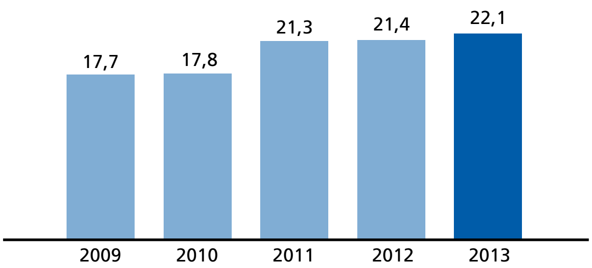
Shareholder structure (in %)



Status as of: December 31, 2013

The shareholder structure of VIB Vermögen AG is characterised by a good mix of free float and committed long-term investors. The free float consists of 77.8 % of the shares. Along with Raiffeisen-Volksbank Neuburg/Donau eG with a voting rights share of around 8.8 %, a further long-term investor from the regional banking sector, Kreissparkasse Biberach, holds a 9.5 % interest in VIB Vermögen AG. In addition, company management holds 1.7 % of the shares, and the Supervisory Board 2.2 % of the shares in VIB Vermögen AG.

Change in number of shares (each as of year end, in million)



Analysts' recommendations

As of March 24, 2014, VIB Vermögen AG is covered by 9 analysts. Almost all of the analysts recommend the company share as a "Buy" with price targets between EUR 12.40 and EUR 14.70. Bankhaus Lampe started to cover the VIB share in January 2014 – a reflection of the share's continued attractiveness.

	Date	Recommen-dation	Price Target	Premium on the current share price (EUR 12.75)
Baader Bank	19.03.2014	Buy	13.50	5.9 %
Bankhaus Lampe	20.02.2014	Buy	13.50	5.9 %
equinet Bank	20.03.2014	Accumulate	14.00	9.8 %
GBC AG	14.03.2014	Buy	14.70	15.3 %
HSBC	16.01.2014	Neutral	12.40	-
Mirabaud	04.03.2014	Buy	13.60	6.7 %
Petercam	19.03.2014	Add	13.50	5.9 %
SRC Research	24.03.2014	Buy	13.50	5.9 %
Warburg Research	19.03.2014	Buy	14.00	9.8 %

VIB Vermögen AG is permitted to make some of these research reports available to its shareholders for downloading at www.vib-ag.de within the "Investor Relations" area.

Investor Relations

The listing of VIB Vermögen AG shares in the Open Market (Open Market) of the Frankfurt Stock Exchange (FWB) and in the m:access of the Munich Stock Exchange entails high requirements of the company in terms of open and comprehensible communication. Quite apart from this, active dialogue with analysts, investors, small shareholders and the specialist press continues to enjoy a high priority at the company.

Prompt and transparent reporting is geared to enabling interested members of the public to gain an extensive and realistic overall view of strategy and current corporate trends. Through publishing all publications of relevance to the capital market in both German and English, international investors are also addressed in this context. The company also seeks regular active contact with the financial community. The Managing Board conducts regular discussions with analysts, investors and the media. VIB Vermögen AG attended a large number of capital market conferences in the 2013 fiscal year, explaining its strategy, corporate development and current business results to a broad public. Finally, the company responded to questions from interested investors at several roadshows both in Germany and abroad.

Financial calendar

Financial calendar	
May 14, 2014	Publication of the Q1 2014 report
July 2, 2014	2014 Annual General Meeting
August 7, 2014	Publication of the 2014 semi-annual report
November 12, 2014	Publication of the Q3 2014 report

Annual General Meeting

As in previous years, the Ordinary Annual General Meeting for the 2013 fiscal year was held in Ingolstadt on July 3, 2013. A total of 46.8 % of the voting-entitled share capital was present. Shareholder approval of the agenda items was again very high. The General Meeting approved five agenda items by a vote of at least 99.89 %. The AGM approved the increase in the dividend from EUR 0.35 to EUR 0.40, which was distributed to shareholders on July 4, 2013. The discharge of the Managing Board, the election of the auditor for the 2013 fiscal year, the creation of Authorised Capital 2013, and the partial cancellation of Conditional Capital 2009 were also approved almost unanimously. The management's proposals to discharge the Supervisory Board, and to authorise the Managing Board to issue convertible bonds and/or bonds with warrants in a total nominal amount of up to EUR 35 million, and to exclude subscription rights, along with the creation at the same time of Conditional Capital 2013 in an amount of EUR 2,136,430, were also approved by a large majority of 94.94 % and 86.52 % respectively of the voting-entitled shareholders.

Roadshow activities since the IPO in 2005

Amsterdam	Roadshow
Berlin	Roadshow
Brussels	Roadshow Petercam Real Estate Seminar
Düsseldorf	Roadshow
Edinburgh	Roadshow
Frankfurt	Roadshow HSBC Real Estate Conference Commerzbank Real Estate Conference DVFA Real Estate Conference SRC Forum Financial eff European Finance Forum Solventis Equities Forum m:access Analysts Conference
Hamburg	Roadshow
Helsinki	Roadshow
Cologne	Roadshow
Copenhagen	Roadshow
London	Roadshow WestLB German Property Day
Munich	Roadshow Baader Small + Mid Cap/ Baader Investment Conference Munich Capital Market Conference (MKK)
Paris	Roadshow
Stuttgart	Roadshow
Vienna	Roadshow Vienna Investment Forum Forum Value
Zürich	Roadshow

// NAV, FFO and LTV in detail

NET ASSET VALUE (NAV) – UNDILUTED

in TEUR	**31.12.2013**	31.12.2012
Investment properties	828,993	748,608
Other non-current assets	443	507
Interests in associated companies	2,718	2,548
Assets held for sale	2,838	2,792
+/– other assets/equity and liabilities (including minority interests)	-22,086	-19,273
Net debt	-473,368	-440,549
Share premium from mondatory convertible bond	-31,970	-15,369
NAV/Net assets (undiluted)	**307,568**	**279,264**
Number of shares (balance sheet date)	22,151,331	21,364,306
NAV per share in EUR (undiluted)	**13.88**	**13.07**

NET ASSET VALUE (NAV) – DILUTED

in TEUR	**31.12.2013**	31.12.2012
NAV/Net assets (diluted)	307,568	279,264
Effects from mandatory convertible bond	34,553	16,802
Effects from conversion of shares of BBI Immobilien AG	7,115	6,837
NAV/Net assets (diluted)	**349,236**	**302,903**
Number of shares (balance sheet date)	22,151,331	21,364,306
Potential ordinary shares from:		
Mandatory convertible bond	3,075,900	1,700,000
Conversion BBI shares in VIB shares	595,660	622,804
Number of shares (diluted)	25,822,891	23,687,110
NAV per share in EUR (diluted)	**13.52**	**12.79**

FUNDS FROM OPERATIONS (FFO) – INDICATES THE PORTFOLIO'S EARNINGS STRENGTH

in TEUR	**31.12.2013**	31.12.2012
Earnings before interest and tax (EBIT)	**54,241**	**49,974**
Adjusted for:		
Income/expenses (non-cash effective)	211	56
Changes in value for Investment Properties	-7,199	-6,100
	47,253	**43,930**
Interest cost and similar expenses	-19,967	-19,736
Other interest ans similar income	149	199
Income from equity accounted investments	231	119
Guaranteed dividend	-468	-232
	27,198	**24,280**
Effective tax expense	-1,516	-1,403
	25,682	**22,877**
Minority interest (adjusted for valuation gains/losses)	-879	-876
FFO in absolut terms	**24,803**	**22,001**
Average number of shares in fiscal year	23,263,868	21,400,197
FFO per share	**1.07 EUR**	**1.03 EUR**
Share price on the respective closing date	11.66 EUR	9.23 EUR
FFO yield on the respective closing date	9.18 %	11.16 %

LOAN TO VALUE (LTV) – RELATION BETWEEN DEBTS AND ASSETS

in TEUR	**31.12.2013**	31.12.2012
Investment Properties	828,993	748,608
Property, plant and equipment	427	467
Financial assets	3,192	2,974
Assets held for sale	2,838	2,792
Assets	**835,450**	**754,841**
Non-current financial debt	456,718	441,021
Current financial debt	41,492	28,011
Bank balance	-25,502	-29,143
Financial liabilities (net)	**472,708**	**439,889**
LTV ratio	**56.58 %**	**58.28 %**

// Group management report*

* The structure of the Group management report as of December 31, 2013 is oriented to the German financial reporting standard 20 ("DRS 20"), which has been adopted in September 2012 from DRSC. Thus the structure has changed compared with the previous year.

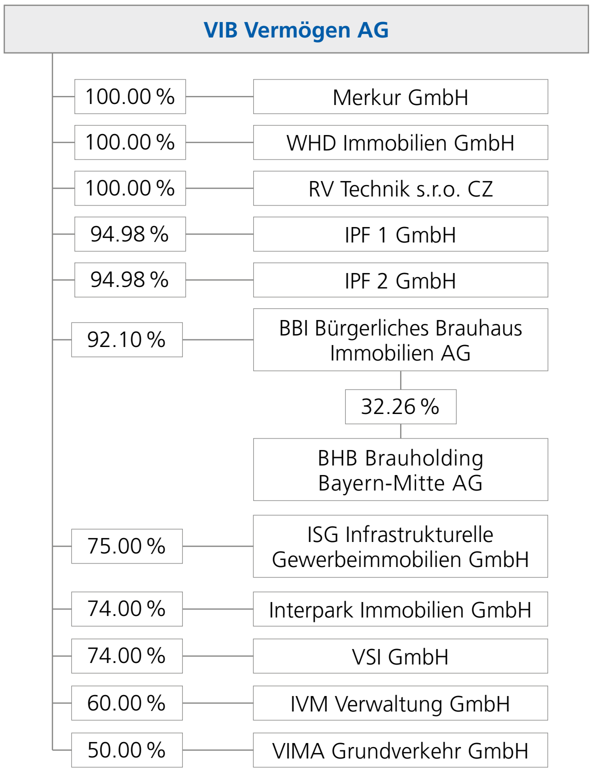
// Basis of the Group

1. Business activities, Group structure and participations

VIB Vermögen AG (also referred to below as the "VIB Group") is a medium-sized company that specialises in commercial real estate management. The VIB Group focuses on commercial properties in the high-growth economic region of Southern Germany. Founded as an unincorporated firm in 1993, it was converted into a public stock corporation in 2000. The shares of VIB Vermögen AG have been listed on the stock exchanges of Munich (m:access) and Frankfurt (Open Market) since 2005.

A "develop-or-buy-and-hold" strategy forms the core of the business model. The company acquires portfolio properties or develops properties for its own portfolio, in order to then hold them over the long term. VIB Vermögen AG also holds investments in companies with real estate assets. In total, the VIB Group portfolio, as of December 31 of the year under review comprises 98 attractive logistics properties, industrial buildings, shopping and specialist market centres, as well as commercial and service centres with a total rentable space of around 893,100 m². The real estate portfolio is managed both by VIB Vermögen AG itself and its wholly-owned subsidiary Merkur GmbH.

Overview of participating interests
as of December 31, 2013



VIB Vermögen acquired a majority interest in BBI Immobilien AG in 2007.

Its interest in this company currently amounts to 92.10 %. 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.

A profit transfer and loss 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 for this share swap. As of December 31, 2013, this conditional capital still amounted to EUR 603,257 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. As far as pending lawsuits against VIB Vermögen AG relating to the level of the exchange ratio and the guaranteed dividends are concerned, the relevant court passed a ruling on February 14, 2014. Accordingly, the guaranteed dividend was set at EUR 0.74 (gross) per ordinary share. As a consequence, all shareholders in BBI Immobilien AG are entitled to supplementary compensation of EUR 0.10 (gross) per ordinary share. This is applicable for each year in which they have held the BBI share on the payment date for the guaranteed dividend. Pursuant to the court's ruling, the ratio to exchange shares in BBI AG into shares of VIB AG remained unchanged. This ruling has not yet become legally effective as the opposing party has raised objections. The end of the exchange period has not yet been determined as a consequence.

In April 2013, the shares in Gewerbepark Günzburg GmbH were sold for portfolio optimisation reasons. Since July 2013, VIB Vermögen AG has held interests in two companies of 94.98 % each. This investment occurred as part of investing in two modern logistics properties in Erlangen. As a consequence, the number of companies in which VIB Vermögen AG held direct or indirect interests as of the balance sheet date increased from eleven to twelve year-on-year (excluding subsidiaries of BHB Brauholding Bayern-Mitte AG). Two of these companies are not fully consolidated because of the level of interests held.

2. Employees

Besides the three Managing Board members, the VIB Group employed 23 salaried staff at the end of the 2013 fiscal year (previous year: 22 staff members) and 10 industrial employees (previous year: 14). In relation to rents excluding operating and heating costs, management costs remain lower than the sector average.

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.

The Managing Board comprised Ludwig Schlosser (Managing Board Chairman), Holger Pilgenröther (Chief Financial Officer) and Peter Schropp (Managing Board Member responsible for the Real Estate Division). Holger Pilgenröther joined the Managing Board on May 1, 2013.

3. Corporate targets and strategy

The aim of VIB Vermögen AG is to sustainably enhance corporate value through growing its high-yield commercial real estate portfolio. Selective and targeted purchases in the high-growth Southern German region outside metropolitan conurbation areas form the core of the corporate strategy. The investment strategy in this context focuses especially on the future sectors of logistics and retail. While the logistics sector is benefiting from the growth e-commerce sector and growing global trade, the retail sector in Southern Germany is characterised by growing purchasing power. This is strengthening tenants' credit ratings, and consequently the value retention of the real estate portfolio. Besides these sectors, the company is also investing in industrial and office premises in order to secure a diversified and balanced structure for the overall portfolio.

VIB Vermögen AG generally invests on the basis of the following criteria:

- 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 alternative usage options for the properties.

Along with its portfolio of existing business, VIB Vermögen AG also focuses on its own property developments in order to boost its profitability. Deploying its own personnel to manage the existing portfolio of properties long-term and on a cost efficient basis, instead of having them managed by third parties entailing related costs and time intensity, forms a further pillar of the company's success. In many instances the long-term rental to solvent individual tenants also minimises administrative expenditure and related costs.

VIB Vermögen AG pursues a long-term financing approach deploying annuity loan funding. VIB Vermögen AG is able to continuously boost the company's net asset value (NAV) through the ongoing repayment of these loans. At the same time, this approach also weakens potential refinancing risks from the maturing of loans.

4. Steering system

The Managing Board of VIB Vermögen AG steers the company using key financial indicators whose changes impact the company's value in various ways. They are constantly monitored and form part of monthly and quarterly reporting to the Managing Board. The steering system ensures that any deviations from plan are quickly disclosed, allowing adequate measures to be adopted immediately. Corresponding target/actual analyses help to develop action options. Further specific analyses are performed if required. Analysing general corporate trends and changes in the relevant key figures of competitors of VIB Vermögen AG also forms part of corporate steering.

The financial and non financial indicators utilised for corporate steering, and their calculation methodologies, are presented in the following table.

Steering indicators

Key figure	Calculation methodology	**Value as of 31/12/2013**	Value as of 31/12/2012
Key earnings indicators			
Revenue	Revenue as per P&L	EUR 64.96 million	EUR 59.81 million
EBIT	Earnings before interest and tax (excluding valuation profit/loss)	EUR 47.04 million	EUR 43.87 million
EBT	Earnings before tax (excluding valuation profit/loss and one-off effects)	EUR 27.00 million	EUR 24.22 million
Other key indicators			
Vacancy rate	based on effective annual net rent	1.9 %	2.2 %
Average interest rate on borrowing portfolio	-	4.03 %	4.13 %

In order to assess the trend in the real estate portfolio, statistics are also prepared concerning the structure of the rental contract base, which provide information about residual terms and tenant structure.

// Business report

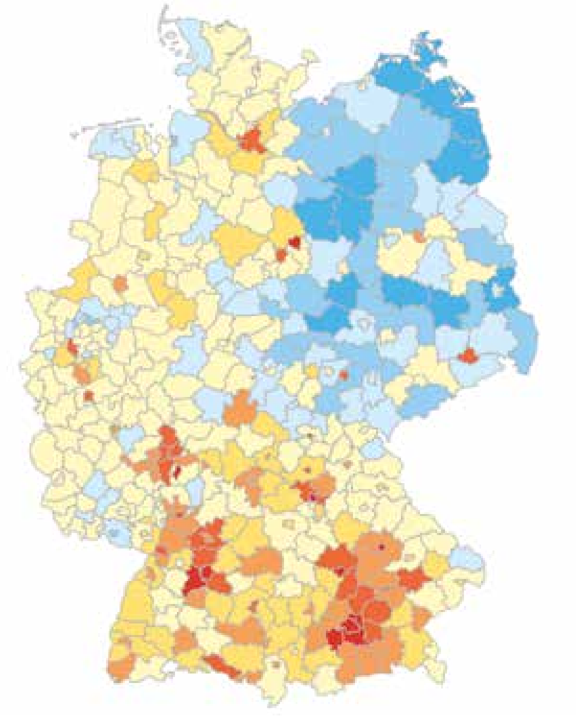
1. Market and competitive environment

MACROECONOMIC TRENDS

In 2013, the German economy in 2013 grew by 0.4 % on a price-adjusted basis, compared with a 0.7 % GDP growth in the previous year, according to data from the German Federal Statistical Office. Strong domestic demand – private consumption was up by 0.9 % on a price-adjusted basis, for example – partially offset the moderate growth of the global economy and the effects of the continuing recession in Europe. By contrast, the German labour market proved to be very robust. At an average of 6.9 %, the unemployment rate was almost unchanged compared with the previous year (6.8 %), according to statistics from the German Federal Employment Agency. Global trade volumes grew by 2.7 % compared with 2012, according to estimates from the International Monetary Fund (IMF).

Inflation and purchasing power trends are of particular significance for retail property tenants. The inflation rate in 2013 averaged 1.5 %, compared with 2.0 % in the previous year, according to German Federal Statistical Office data. Despite this, the European Central Bank (ECB) cut interest rates again last November – to 0.25 %. Despite the higher price level, purchasing power per capita rose in 2013, as wages grew faster than prices. Compared with the other states GfK market research estimates the Southern German states of Bavaria (EUR 23,168) and Baden-Württemberg (EUR 22,760) after Hamburg (EUR 23,469) to be on the top of the purchasing power per capita rankings for 2014. In Bavaria and Baden-Württemberg, starting from an already-high level, the forecast purchasing power growth in 2014 of 2.9 % in each case lies within the upper third of the German average. The future atlas of Germany produced by economic research institution Prognos AG (see map), which assesses future opportunities of individual regions, reflects the attractiveness of these two German states.

Germany Future Atlas 2013 identifies best future opportunities for Bavaria and Baden-Württemberg



Regions and their chances in future:

Best chances, Very good chances, Good chances, Light chances, Balanced chances and risks, Light risks, High risks, Very high risks

Source: Prognos AG

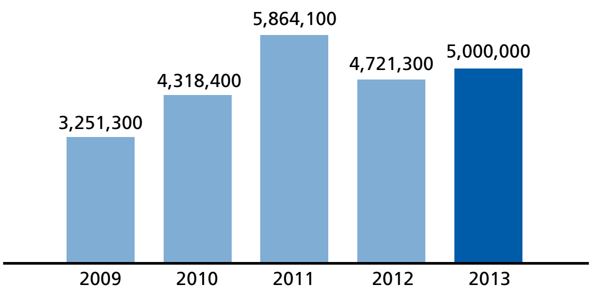
SECTOR TRENDS

Given the low interest-rate level, the importance of real estate as an asset class increased further in 2013, also due to the fact that the supply of appropriate properties remains insufficient, according to real estate service-provider Jones Lang LaSalle. On the German investment market, commercial properties worth a total of EUR 30.7 billion changed hands in 2013, representing a 21 % year-on-year increase. As a consequence, 2013 was the highest transaction year since its high in 2007. No significant changes compared with the previous year occurred in terms of the distribution of transaction volumes among asset classes: office properties comprise the greater share of transaction volumes at 46 % (previous year: 42 %), and retail properties comprised 26 %, compared with 31 % in the previous year. The share of mixed-use properties was almost stable at 11 %, other properties comprise 10 %, and warehousing and logistics real estate amounted to some 7 %.

Germany is one of the most important logistics centres worldwide. According to the World Bank's "Logistics Performance Index" (LPI), which draws on various indicators to assess the attractiveness of more than 150 countries as logistics locations, Germany ranks fourth after Singapore, Hong Kong and Finland. This is reflected in rising warehouse space turnover rates, in other words, the sum of warehouse areas rented and sold per year, in square metres. According to data from Jones Lang LaSalle, Germany last year registered the second-highest turnover level for two decades. E-commerce retailing is also becoming increasingly important, which is exerting a positive effect on the logistics sector. According to the latest figures for 2012, e-commerce companies were already responsible for 7 % of warehouse space turnover.

Trend in warehouse space turnover in Germany

(in m²)



Source: Jones Lang LaSalle 2013

2. Business progress

The 2013 fiscal year was another record year for VIB Vermögen AG. This performance was based on greater investment in high-yielding properties combined with active asset management. Firstly, the company strengthened its real estate portfolio with total new investments of EUR 111 million. These investments focused on the growth areas of logistics and retail properties. Secondly, VIB Vermögen AG sold its industrial property in Dingolfing and its interest in Gewerbepark Günzburg GmbH during the period under review, in order to optimise its portfolio and reported gains on these disposals. Given the market environment at the time, the company identified opportunities to invest in even higher-yielding investments.

The proceeds from the successful issuing of the first mandatory convertible bond in December 2012 enabled the company to already realise investments by the end of 2012 that generated rental income from the start of the year under review: some of the issue proceeds were invested in the purchase of two logistics properties in Neufahrn (investment volume: EUR 6.5 million) and Grossmehring (investment volume: EUR 7.5 million).

As part of two share deals (94.98 % interest in each case), the company in June 2013 acquired two modern logistics properties in Erlangen with a rentable space of around 63,000 m² and entailing an approximately EUR 58 million investment volume. Both properties are fully rented. The company also developed a service station in Neuss for commercial vehicle manufacturer MAN in the year under review. The property, comprising 5,100 m² of rentable space and a EUR 9.8 million investment volume, was transferred to the tenant in December 2013. A further project development with MAN reflects the trusting relationship with tenants, and their satisfaction with the work carried out by VIB Vermögen AG: in Freiburg in Breisgau, VIB Vermögen AG acquired a plot of land that will be used to construct a further service station (rental area: approx. 3,000 m²). Completion of this property is planned by the end of 2014.

In November 2013, VIB Vermögen AG also issued a further mandatory convertible bond, which was successfully placed with institutional investors in a cautious capital market environment, generating EUR 25.6 million of issue proceeds. The bond was oversubscribed, and placed quickly. In December, the company utilised some of the proceeds to acquire a logistics property in Uffenheim in Middle Franconia (rentable space: 26,854 m², rental yield: 7.9 %, investment volume: EUR 22.1 million) and a specialist retail centre in Kulmbach in Upper Franconia (rentable space: 3,495 m², rental yield: 7.5 %, investment volume EUR 5.2 million).

The broadly diversified real estate portfolio, which focuses on the growth sector of logistics and on retail, comprised a total of 98 high-quality properties as of December 31, 2013 (previous year: 96), with a total rentable space of around 893,100 m² (previous year: 839,000 m²) and a vacancy rate of just 1.9 %. Annualised net rental income increased to around EUR 59.6 million (previous year: EUR 54.6 million), and the market value of the total portfolio appreciated to EUR 829.0 million (previous year: EUR 748.6 million).

One VIB Vermögen AG property is rented to the "Praktiker" DIY chain, which is in insolvency. The impact on 2013 profitability was minor.

The very gratifying course of business during 2013 fed through to further revenue and income growth. The targets contained in the forecast for the 2013 fiscal year that was published in April – total operating revenue of between EUR 63.0 million and EUR 64.0 million, EBIT of between EUR 46.0 million and EUR 47.0 million, and earnings before tax (EBT) of between EUR 26.0 million and EUR 27.0 million, in each case before valuation effects and extraordinary items – VIB Vermögen AG achieved these, or exceeded them.

3. Comments on business results and analysis of results of operations, net assets and financial position

RESULTS OF OPERATIONS

VIB Vermögen AG reported further revenue growth in the 2013 fiscal year – from EUR 59.8 million to EUR 65.0 million (+8.6 %). This growth is mainly attributable to the successful expansion of the real estate portfolio during the fiscal year under review. In addition, the company achieved first-time rental income over the entire 12-month period with the properties that it had already acquired in the previous year. Rental income of around EUR 2.1 million was nevertheless relinquished as a result of the disposal of the properties in Günzburg and Dingolfing. The revenue item includes rental income and operating cost payments rendered by tenants.

Other operating income, which comprises mainly insurance compensation payments and the passing-on of costs to tenants, amounted to EUR 0.8 million (previous year: EUR 0.7 million). Total operating revenue stood at EUR 65.7 million (previous year: EUR 60.5 million), thereby exceeding VIB Vermögen AG's forecast of achieving between EUR 63.0 million and EUR 64.0 million of operating income in the reporting year.

As in the previous year, the market valuation of the real estate portfolio as of December 31, 2013 resulted in a positive net balance of valuation changes of EUR 7.2 million (previous year: EUR 6.1 million). All of the properties that were newly included in the portfolio in the fiscal year elapsed as a result of acquisition or proprietary development reported positive value changes that account for most of the aforementioned effect. Properties already held in the portfolio reported both upwards and downwards revaluations reflecting assumptions relating to the market, specific properties and valuation parameters. Operating costs rose in line with the growth of the real estate portfolio. Expenses for investment properties, which predominantly comprise operating costs for properties and renovation maintenance costs, were up by 9.7 % to EUR 13.4 million (previous year: EUR 12.2 million). Personnel expenses increased to EUR 2.7 million (previous year: EUR 2.4 million), as an additional Managing Board member was newly appointed in line with the company's growth, and two further staff members were hired. A special bonus was also paid to staff members marking the occasion of the company's 20th anniversary. Other operating expenses of EUR 2.4 million were a little higher than the EUR 1.9 million in 2012, mainly reflecting higher legal and consulting costs, as well as specific valuation allowances applied to receivables. Overall, however, VIB Vermögen AG enjoys an extremely streamlined organisational structure on a sector comparison, with a correspondingly low cost level.

After deducting depreciation and amortisation, the Group reported earnings before interest and tax (EBIT) of EUR 54.2 million (previous year: EUR 50.0 million), reflecting 8.5 % year-on-year growth. The 82.5 % EBIT margin underscores the high profitability of the operating business, and was almost unchanged compared with the previous year (82.7 %). EBIT adjusted for valuation effects amounted to EUR 47.0 million, at the upper end of the forecast range (EUR 46.0 million to EUR 47.0 million).

VIB Vermögen AG generated a profit of EUR 0.2 million (previous year: EUR 0.1 million) from its at-equity accounted interests in BHB Brauholding Bayern-Mitte AG and VIMA Grundverkehr GmbH. The company also realised a deconsolidation gain of EUR 1.0 million from the sale of its shares in Gewerbepark Günzburg GmbH. The expense from the measurement of financial derivatives amounted to EUR 0.1 million (previous year: gain of EUR 0.1 million).

Interest income stood at EUR 0.1 million (previous year: EUR 0.2 million). Given the financing of new investments, interest expenses reported a slight increase to EUR 20.0 million (previous year: EUR 19.7 million). The net interest result (expense) consequently amounted to EUR -19.9 million, up to EUR 0.4 million compared with the previous year (EUR -19.5 million).

Expense from the guaranteed dividend increased to EUR 0.5 million (previous year: EUR 0.2 million). In the proceedings relating to the level of the guaranteed dividend that has been disputed to date, the relevant court passed a ruling on February 14, 2014 that has not yet become legally effective since the opposing party has lodged an appeal against it. According to the ruling, the guaranteed dividend was set at EUR 0.74 (gross) per ordinary share. As a consequence, all shareholders in BBI Immobilien AG are entitled to supplementary compensation of EUR 0.10 (gross) per ordinary share. This is applicable for each year in which they have held the BBI share on the payment date for the guaranteed dividend. This supplementary payment obligation and the higher guaranteed dividend for the 2013 fiscal year resulted in a one-off EUR 0.3 million increase in the expense arising from the guaranteed dividend.

Overall, earnings before tax (EBT) of EUR 35.1 million were significantly ahead of the previous year's EUR 30.4 million (+15.3 %). Adjusted earnings before tax (adjusted for valuation results and extraordinary items such as deconsolidation and the measurement of financial derivatives) of EUR 27.0 million lay at the upper end of the forecast range of between EUR 26.0 million and EUR 27.0 million. This is particularly attributable to the strong investment activity over the course of the past fiscal year.

Taxes on income amounted to EUR 6.1 million in the year under review (previous year: EUR 4.9 million), of which EUR 1.5 million were attributable to effective taxes and EUR 4.6 million to deferred taxes. The income tax rate stood at 17.3 % (previous year: 16.1 %). At EUR 29.0 million, the consolidated net income of VIB Vermögen AG was significantly higher than in the previous year (EUR 25.5 million). Basic (undiluted) earnings per share amounted to EUR 1.16, compared with EUR 1.09 in the previous year (diluted earnings per share: EUR 1.15; 2012: EUR 0.99).

Results of operations

In EUR thousand	2013	2012	Change
Revenue	64,958	59,809	+8.6 %
Total operating revenue	65,711	60,461	+8.7 %
EBIT	54,241	49,974	+8.5 %
EBIT margin	82.5 %	82.7 %	–
Earnings before tax (EBT)	35,099	30,446	+15.3 %
Consolidated net income	29,036	25,540	+13.7 %
Earnings per share (undiluted)	1.16 EUR	1.09 EUR	+6.4 %
Earnings per share (diluted)	1.15 EUR	0.99 EUR	+16.2 %

NET ASSETS

Due to strong investment activity, total assets rose from EUR 788.1 million to EUR 864.7 million as of December 31, 2013.

On the assets side of the balance sheet, non-current assets rose by EUR 80.4 million to EUR 832.8 million (December 31, 2012: EUR 752.4 million). This was mainly due to an increase in the value of portfolio of properties, and acquisitions and investments in the year under review. At EUR 829.0 million, investment properties continued to comprise the by far most important asset item (previous year balance sheet date: EUR 748.6 million). Interests in associated companies grew to EUR 2.7 million (December 31, 2012: EUR 2.5 million). Offsetting this, current assets reported a slight fall of EUR 3.9 million to EUR 31.9 million. This particularly reflected a fall in cash and cash equivalents from EUR 29.1 million to EUR 25.5 million due to the exercised investments.

Given the net income that was generated by the Group during the year, and cash inflows from the issuing of the convertible mandatory bond, equity was EUR 47.1 million higher than in the previous year, standing at EUR 319.9 million (December 31, 2012: EUR 272.8 million). The marked increase in the equity ratio to 37.0 % (December 31, 2012: 34.6 %) again underscores the sustainable financing structure of VIB Vermögen AG.

Due to considerable investment activity, non-current liabilities were up by EUR 16.5 million to EUR 494.4 million (December 31, 2012: EUR 477.9 million). Financial liabilities of EUR 456.7 million comprise the most important item in this context (December 31, 2012: EUR 441.0 million). Derivative financial instruments fell by EUR 10.3 million given a positive interest-rate trend and the further approaching of the final term of the unchanged derivative position (December 31, 2012: EUR 13.5 million).

Current liabilities stood at EUR 50.4 million as of the balance sheet date, EUR 13.0 million higher than in the previous year (December 31, 2012: EUR 37.4 million). The largest items related to current financial debt, at EUR 41.5 million (December 31, 2012: EUR 28.0 million). At EUR 7.8 million, other liabilities reported only a slight change (December 31, 2012: EUR 8.1 million).

The fact that VIB Vermögen AG sustainably financed its new investments largely from its equity, and also continuously repaid loans, reflects its solid financing structure. For example, EUR 82.0 million of net investments in the year under review were offset by only an approximately EUR 29.2 million increase in financial liabilities. This allowed the company's net asset value (NAV) to be further expanded in 2013 – from EUR 279.3 million to EUR 307.6 million as of the balance sheet date.

Key balance sheet figures

In EUR thousand	**31/12/2013**	31/12/2012	Change
Total assets	864,693	788,096	+9.7 %
Equity	319,884	272,833	+17.2 %
Equity ratio	37.0 %	34.6 %	-

FINANCIAL POSITION

Given the high level of consolidated net income cash inflow from operating activities rose by EUR 7.1 million to EUR 48.2 million in the year under review (previous year: EUR 41.1 million). The cash outflow from investing activities stood at EUR 49.5 million (previous year: EUR 92.3 million). In this context, cash outflows for new investments (EUR 78.2 million) were mainly offset by cash inflows from property sales (EUR 28.9 million). The cash outflow from financing activities amounted to EUR 2.4 million (previous year: cash inflow of EUR 53.3 million). While higher cash inflows compared with the previous year were recorded from the issuing of the mandatory convertible bond, and redemption payments for financing loans were at a high level, as scheduled, VIB Vermögen AG made less use of new borrowing in the year under review. An amount of EUR 8.5 million (previous year: EUR 7.5 million) was also disbursed for the dividend paid to VIB Vermögen AG shareholders. On a net basis, the company's cash and cash equivalents position amounted to EUR 25.5 million as of the balance sheet date (December 31, 2012: EUR 29.1 million).

As of the balance sheet date VIB Group disposes of credit lines and current account credit lines in an amount of EUR 7.4 million (previous year: EUR 12.4 million), that had not yet been utilised.

Financial position

In EUR thousand	**2013**	2012	Change
Cash flow from operating activities	48,224	41,085	+17.4 %
Cash flow from investing activities	-49,463	-92,257	-46.4 %
Cash flow from financing activities	-2,402	53,314	-104.5 %
Cash and cash equivalents at the end of the period	25,502	29,143	-12.5 %

4. Overall statement on the company's business position

The Managing Board of VIB Vermögen AG appraises the trend in the net assets, financial position and results of operations during the fiscal year under review as very positive. The company reported significant further growth in revenue and earnings, which were partially above forecasts. The equity ratio increased significantly again, underscoring the company's solid financing situation. The value of the real estate portfolio also grew further in the reporting year. Moreover, the company has sufficient liquid assets to continue to successfully structure the company's continued development.

// Report on events after the balance sheet date

Following the balance sheet date, in January 2014, the company acquired a retail centre with a rentable space totalling 13,770 m² for EUR 22.2 million in Bischberg-Trosdorf near Bamberg. Multi-year rental agreements with retention periods of between 5 and 15 years exist with the tenants, whereby the rental agreements with the two tenants renting the largest spaces carry terms of 11 and 15 years respectively. This retail property was constructed in 2012, and generates an attractive annual rental yield of 7.4 %. The purchase of this property was financed with some of the proceeds from the mandatory convertible bond that was issued in November 2013, and through a loan.

In February 2014, VIB Vermögen AG also acquired a modern retail property in Nördlingen for EUR 9.1 million. This property, comprising 8,580 m² of usable space, is rented to agricultural group BayWa AG for more than 14 years. Having been newly constructed in 2013 it generates a 7.2 % rental return. Here, too, the financing consisted of both equity deriving partly from the 2013/15 convertible bond issue proceeds, and debt.

No further events occurred after the end of the 2013 fiscal year that have a material impact on the results of operations, net assets or financial position.

// Report on outlook, opportunities and risks

1. Outlook

The issue of the mandatory convertible bond in November last year forms the basis for further targeted investments in high-yielding commercial properties in 2014. Additional financing options will enable further investments, if required. The properties acquired and developed during the last fiscal year should already result in overall high rental income and earnings already this year.

The Managing Board is assuming a positive sector trend in 2014: Jones Lang LaSalle, for instance, perceives real estate continuing to rank as a highly important asset class. The real estate experts also anticipate that 2014 will start on a very lively footing. Among other factors, this is due to the fact that not all commercial real estate market transactions that have already been negotiated were registered by notaries during the last days of December 2013.

As far as the full 2014 year is concerned, the Managing Board expects VIB Vermögen AG to report further growth in revenue to around EUR 69.0 million to EUR 72.0 million. It is forecasting between EUR 50.5 million and EUR 52.0 million of earnings before interest and tax (EBIT), and EUR 29.0 million to EUR 30.5 million of earnings before tax (EBT) – in each case before valuation effects and one-off effects. An average vacancy ratio based on effective annual net rents of less than 5.0 % is expected. A level of less than 4.0 % is expected for the average interest rate on the portfolio borrowings, an important metric for annual profitability. This forecast could be affected by a serious change to macroeconomic conditions, changes to the general interest-rate level, and further acquisitions or sales of properties during the 2014 fiscal year.

2. Opportunities

Demand for inflation-proof physical assets with secure returns such as real estate should remain strong given the continued low interest-rate level – with a rising trend. Growing rental and transaction turnover in German commercial and residential real estate have represented tangible indications of such a trend over recent years. A greater level of foreign investments might play a significant role in this context – since 2010, these investments have accounted for a high share of more than 30 % of total transaction volumes. Moreover, demand for commercial properties continues to significantly exceed supply, as only few new commercial properties have been developed over recent years.

Leading economies, including those from the International Monetary Fund (IMF), for example, assume that both the global economy and the German economy will resume considerably faster growth in 2014 than in the two previous years. Better domestic demand might further boost demand for commercial real estate space, which should feed through to higher rental prices and rental rates. As a consequence, VIB Vermögen AG could achieve higher rental income on both re-rentals and new rentals.

The continued low interest-rate level offers the opportunity to finance new investments on significantly more attractive terms than existing properties. The opportunity also exists to further optimise debt structures when entering into new interest-rate agreements. This could allow VIB Vermögen AG to further reduce its borrowing costs in relation to its rental income, thereby further boosting its profitability.

Over the past years, the management of VIB Vermögen AG has established a reliable network within the Southern German region. The company can continue to utilise this network in the future to gain early and exclusive information about attractive project developments and property sales, and to exploit favourable market opportunities. It also opens up opportunities to further grow revenue and earnings in the coming years.

VIB Vermögen AG intentionally and specifically focuses its investments on the fast-growing Southern German region: most of the properties in the real estate portfolio of VIB Vermögen AG are located in Bavaria and Baden-Württemberg. As a consequence, the company focuses on the particularly high-growth regions of Germany holding trong purchasing power, and which also are distinguished by favourable sociodemographic trends. This geographic orientation generates additional growth and income prospects for VIB Vermögen AG.

The rental contracts that the company agrees with its tenants are often indexed. This entails variably adjusting the rental level two parameters agreed by both contractual partners – for example the consumer price index. Growth in rental income consequently offsets rising costs from general inflation, and secures the high long-term profitability of VIB Vermögen AG.

3. Risk report

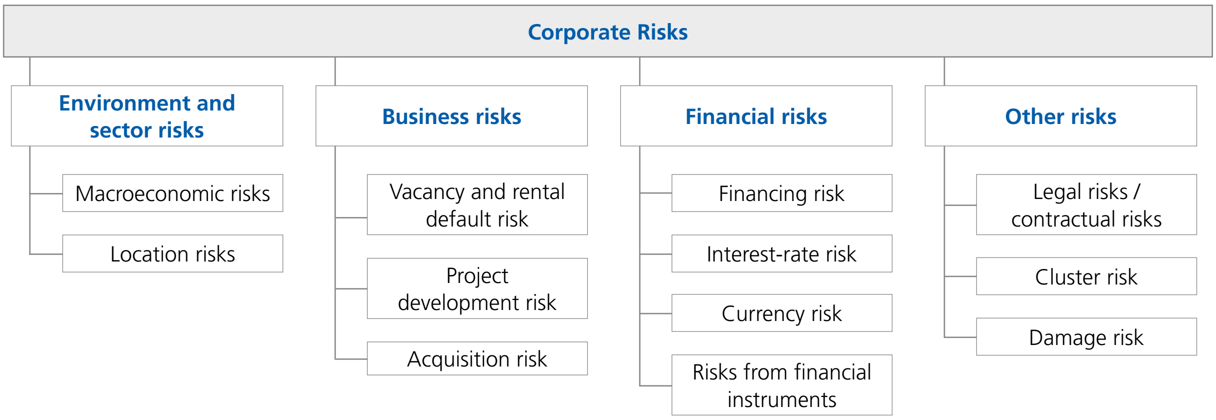
RISK MANAGEMENT

The operating activities of VIB Vermögen AG are connected with various risks. The company partly enters into such risks consciously in order to consistently exploit the opportunities offered by the real estate market. In order to minimise potential risks, the company has implemented a risk early identification and management system that is regularly adapted to the operating business. This ensures that the Managing Board receives early notification, and can immediately implement adequate countermeasures. At its core, the risk management system is oriented to reporting and assessing the most important parameters for VIB Vermögen AG's business model. These parameters include 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.

VIB Vermögen AG deploys interest-rate swaps to minimise interest-rate risks arising from variable-rate loans. These derivatives are generally 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 as far as possible. The derivatives' value changes are reviewed constantly in order to respond quickly and appropriately to unfavourable developments.

RISKS

The following chart illustrates the categorization of risks of VIB Vermögen AG:



COMPANY RISKS

Environment and sector risks

Macroeconomic risks

Real estate markets are closely connected with macroeconomic and financial market trends. 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, VIB Vermögen AG focuses on tenants of high credit standing, and on ensuring 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 could have negative effects on the results of operations. This risk is nevertheless mitigated by the strong regional orientation of VIB Vermögen AG 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.

Location risk

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 VIB Vermögen AG. 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. VIB Vermögen AG counters this risk by carefully reviewing the respective properties and strictly upholding its investment criteria, including as part of due diligence, for instance.

Business risks

Vacancy and rental default risk

As a real estate company, VIB Vermögen AG is subject to a certain level of tenant risk that comprises potential rental default and outstanding rental payments. Rental 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 rapidly find a new tenant. In the case of short-term rental agreements, the possibility also exists that such agreements cannot be extended, and that a new tenant cannot be found promptly. For VIB Vermögen AG, this can be accompanied by temporary vacancies and rental income defaults. As the company manages its own real estate, it is in close contact with its tenants, which reduces the risk of temporary vacancies. At the same time, this results in possible valuation risks for the real estate portfolio.

The company minimises such risk by focusing on tenants of high credit standing and the sectoral diversification of its portfolio. 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.

Project development risk

The business model of VIB Vermögen AG also 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 for the financing of a property. 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 loss compensation claims. VIB Vermögen AG works together with general contractors with strong credit ratings, as well as construction engineers for construction monitoring purposes, on larger construction projects to actively counter such risks. This largely ensures that project developments are completed within the planned time and cost parameters. By contrast, no cost risks exist in the case of the gradual acquisition of properties which are created by project developers. In such cases, 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.

Acquisition risk
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 core business of VIB Vermögen AG 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 results of operations, net assets and financial position of VIB Vermögen AG.

Financial risks

Financing risk
Selective and targeted investments will continue to play a role in implementing the VIB Group's growth strategy in 2014. 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 results of operations, net assets and financial position. 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 VIB Vermögen AG as being generally positive due to its solid equity backing and high profitability. In 2013, the bank borrowings to finance the extensive real estate investments were quickly arranged without problem. The risk that it proves impossible to obtain debt funding in a sufficient scope, or on significantly worse terms, is consequently regarded as manageable. Rolling liquidity planning and controlling minimises any remaining risk of insufficient cash inflows in the debt and equity capital area.

VIB Vermögen AG 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 company'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 for IPOs and capital increases failed to improve significantly during the course of the fiscal year under review. Given these circumstances, an insufficient inflow of funds cannot be entirely ruled out for either debt or equity funding. In November 2013, VIB Vermögen AG nevertheless successfully placed a EUR 25.6 million mandatory convertible bond, thereby proving that it enjoys investor confidence even in a cautious capital market environment.

The VIB Group's good level of equity backing and its profitability mean that it currently envisages no significant financing risks. 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 is associated with the risk of deterioration of refinancing terms for VIB Vermögen AG. This can affect not only the conclusion of new lending agreements for the financing

of further properties, but also the agreement 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 17.0 % of all finance liabilities as of December 31, 2013. 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 VIB Vermögen AG as of December 31, 2013.

Risks from financial instruments

The company has entered into several interest-rate swaps based on operative underlying transactions in order to hedge long-term interest rates, and to make it easier to plan its future interest payments. Together with their underlying transactions, these interest-rate swaps form a valuation unit (synthetic fixed interest rate loans), and consequently – on the basis of the effectiveness test as of December 31, 2013 – exhibit only manageable risks above and beyond their fixed interest arrangements.

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/EUR 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/EUR 1.20. 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/EUR 1.20 or higher. Consequently, the risk should be fully covered by the current level of the liability. Given a rate of less than CHF/EUR 1.20, a remaining risk exists beyond this. The derivative has a term until 2015.

Other risks

Legal risks/contractual risks

Contractual risks could result for VIB Vermögen AG 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.

Cluster risk

The BBI Immobilien AG subsidiary holds a portfolio of 26 specialist and retail markets, 15 of which are operated by a tenant. This creates a certain cluster risk. This tenant's share of total rental income nevertheless amounted to around 11.0 % as of December 31, 2013. This risk has been further reduced through the acquisition of additional properties over recent years. Additional diversification effects will prospectively arise through further VIB Group acquisitions as part of its growth strategy. The risk of needing to re-rent properties quickly is reduced due to the long-term rental agreements with tenants of high credit standing.

Damage risk

Damages to, or the destruction, of the company's existing properties constitute a further potential risk. Under certain circumstances, 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 snowy winters), requiring in-depth structural architectural inspection. VIB Vermögen AG counters such risks primarily through extensive insurance protection for its individual properties (including rent default insurance).

SUMMARY OF RISK POSITION

The risk management system of VIB Vermögen AG is appropriate, and is continuously further developed in line with market requirements. No risks currently exist that might jeopardise the company as a going concern.

Neuburg/Danube, March 28, 2014

Ludwig Schlosser
(Managing Board
Chairman)

Holger Pilgenröther
(Member of the
Managing Board)

Peter Schropp
(Member of the
Managing Board)

// Group financial statements

// Consolidated income statement (IFRS)

FOR THE PERIOD FROM JANUARY 1, 2013 UNTIL DECEMBER 31, 2013

in EUR thousand	Notes	2013	2012*
Revenue	D. 1	**64,958**	**59,809**
Other operating income	D. 2	753	652
Total operating revenue		**65,711**	**60,461**
Changes in value for investment properties	D. 3	7,199	6,100
Expenses for investment properties	D. 4	-13,403	-12,215
Personnel expenses	D. 5	-2,737	-2,386
Other operating expenses	D. 6	-2,427	-1,898
Earning before interests, taxes, depreciation and amortisation (EBITDA)		**54,343**	**50,062**
Amortisation and depreciation	D. 7	-102	-88
Earnings before interests and taxes (EBIT)		**54,241**	**49,974**
Profit / loss on investments accounted for using the equity method	D. 8	231	119
Profit / loss from deconsolidation	D. 9	1,015	0
Financial derivatives measurement profit / loss	D. 10	-102	122
Other interest and similar income	D. 11	149	199
Interest and similar expenses	D. 12	-19,967	-19,736
Expenses from guaranteed dividend	D. 13	-468	-232
Earnings before tax (EBT)		**35,099**	**30,446**
Income tax	D. 14	-6,063	-4,906
Consolidated net income		**29,036**	**25,540**
Earnings attributable to Group shareholders		27,084	23,280
Earnings attributable to non-controlling shareholders	D. 16	1,952	2,260
Earnings per ordinary share in EUR			
Earnings from continuing operations	D. 17	1.16	1.09
Earnings per share (undiluted)		**1.16**	**1.09**
Diluted earnings per share in EUR			
Earnings from continuing operations	D. 17	1.15	0.99
Earnings per share (diluted)		**1.15**	**0.99**

* Some of the figures differ from the figures in the Group financial statement 2012 due to adjustments (see notes chapter C)

// Consolidated statement of comprehensive income (IFRS)

FOR THE PERIOD FROM JANUARY 1, 2013 UNTIL DECEMBER 31, 2013

in EUR thousand	Notes	2013	2012*
Consolidated net income		**29,036**	**25,540**
Other comprehensive income			
Other income to be regrouped in the consolidated income statement in subsequent period			
Foreign currency effects on translation of independent subsidiaries		151	17
Income tax effect		0	0
		151	**17**
Cash flow hedges – value changes in effective hedging relationships		2,559	-2,167
Income tax effect	D. 26	-374	375
		2,185	**-1,792**
Other income to be regrouped in the consolidated income statement in subsequent period		**2,336**	**-1,775**
Other income not to be regrouped in the consolidated income statement in subsequent period			
Actuarial gains / losses of pension plans		44	-181
Income tax effect	D. 26	-7	-29
		37	**-210**
Other income not to be regrouped in the consolidated income statement in subsequent period		**37**	**-210**
Other income after tax		**2,373**	**-1,985**
Total operating income after tax		**31,409**	**23,555**
Total comprehensive income is attributable as follows:			
Group shareholders		29,348	21,363
Non-controlling shareholders		2,061	2,192

* Some of the figures differ from the figures in the Group financial statement 2012 due to adjustments (see notes chapter C)

// Consolidated balance sheet (IFRS)

AS OF DECEMBER 31, 2013

ASSETS

in EUR thousand	Notes	**31/12/2013**	31/12/2012
Non-current assets			
Intangible assets	D. 19	16	40
Property, plant and equipment	D. 19	427	467
Investment Properties	D. 20	828,993	748,608
Interests in associated companies	D. 21	2,718	2,548
Financial assets	D. 22	474	426
Deferred tax	D. 30	201	291
Total non-current assets		**832,829**	**752,380**
Current assets			
Receivables and other assets	D. 23	2,837	3,305
Income tax receivables	D. 23	202	91
Bank balance and cash in hand	D. 24	25,502	29,143
Prepaid expenses		485	385
Assets held for sale	D. 25	2,838	2,792
Total current assets		**31,864**	**35,716**
Total assets		**864,693**	**788,096**

EQUITY AND LIABILITIES

in EUR thousand	Notes	**31/12/2013**	31/12/2012
Equity	D. 26		
Subscribed capital		22,151	21,364
Share premium		162,339	139,338
Retained earning		55,136	50,237
Net retained profits		73,431	59,754
		313,057	**270,693**
Cash flow hedges		-7,281	-9,357
Asset group categorized as held for sale		19	-132
Non-controlling shareholders´ share of earnings		14,089	11,629
Total equity		**319,884**	**272,833**
Non-current liabilities			
Profit participation capital	D. 27	660	660
Financial liabilities	D. 28	456,718	441,021
Derivative financial instruments	D. 29	10,287	13,496
Deferred tax	D. 30	23,657	20,224
Pension provisions	D. 31	1,108	1,228
Other non-current liabilities	D. 32	1,981	1,230
Total non-current liabilities		**494,411**	**477,859**
Current liabilities			
Financial liabilities	D. 33	41,492	28,011
Income tax liabilities	D. 35	171	476
Liabilities to associated companies	D. 36	710	442
Other liabilities	D. 37	7,755	8,129
Accruals and deferred income		270	346
Total current liabilities		**50,398**	**37,404**
Total equity and liabilities		**864,693**	**788,096**

// Consolidated cah flow statement (IFRS)

FOR THE PERIOD FROM JANUARY 1, 2013 UNTIL DECEMBER 31, 2013

in EUR thousand	**01/01/2013 - 31/12/2013**	01/01/2012 - 31/12/2012*
A. Cash flow from operating activities		
Net income for the year (after tax)	29,036	25,540
+/– Net interest income	19,818	19,537
+/– Income taxes	6,063	4,935
+/– Depreciation/amortisation/impairment charges applied to non-current assets	102	88
+/– Increase/decrease in provisions	-120	-16
+/– Fair value changes to investment properties	-7,199	-6,100
+/– Profit/loss from deconsolidation	-1,015	0
+/– At equity results	-231	-119
+/– Income tax paid	-1,966	-847
Cash flow from operating activities after taxes (before interest expenses)	**44,488**	**43,018**
+/– Other non-cash expense/income	352	-860
+/– Changes in inventories, receivables and other assets not attributable to investing activities	124	-1,050
+/– Change in liabilities that is not attributable to financing activities	3,260	-23
Cash flow from operating activities (before interest expenses)	**48,224**	**41,085**
B. Cash flow from investing activities		
– Payments for investments in property, plant and equipment	-42	-17
– Payments for investments in investment properties	-53,615	-92,503
– Payments for the acquisition of subsidiaries	-24,618	0
– Payments for investments in intangible assets	-1	-11
– Payments for investments in non-current financial assets	-48	-90
+ Proceeds from the disposal of fixed assets and investment properties	20,630	77
+ Proceeds from the disposal of subsidiaries	8,231	0
+ Proceeds from disposals applied to non-current financial assets	0	287
Cash flow from investing activities	**-49,463**	**-92,257**

in EUR thousand	**01/01/2013 - 31/12/2013**	01/01/2012 - 31/12/2012*
C. Cash flow from financing activities		
+ Proceeds from the issuing of a mandatory convertible bond	25,653	16,765
– Payments to company owners and non-controlling shareholders (dividends)	-8,546	-7,465
+ Interest received	149	199
– Interest paid	-19,967	-19,736
+ Proceeds from the drawing down of financial debt	24,714	143,528
– Payments for the redemption of financial debt	-24,673	-80,523
+/– Proceeds from non-controlling shareholders	268	546
Cash flow from financing activities	**-2,402**	**53,314**
D. Cash and cash equivalents at the end of the period		
Net change in cash and cash equivalents		
+/– Cash flow from operating activities	48,224	41,085
+/– Cash flow from investing activities	-49,463	-92,257
+/– Cash flow from financing activities	-2,402	53,314
Cash flow change	**-3,641**	**2,142**
Cash and cash equivalents at the start of the period (liquide Funds)	29,143	27,001
Cash and cash equivalents at the end of the period	**25,502**	**29,143**

* Some of the figures differ from the figures in the Group financial statement 2012 due to adjustments (see notes chapter C)

// Consolidated statement of changes in equity (IFRS)

FOR THE PERIOD FROM JANUARY 1, 2013 UNTIL DECEMBER 31, 2013

in EUR thousand	Subscribed capital	Share premium	Retained earnings
Status as of January 1, 2013	**21,364**	**139,338**	**50,237**
Operating income of the period	0	0	0
Other income	0	0	0
Total comprehensive income	**0**	**0**	**0**
Issue of VIB shares as part of share exchange	27	269	0
Transfer to retained earnings	0	0	4,899
Mandatory convertible bond	760	22,732	0
Dividends paid	0	0	0
Interest of non-controlling shareholders in IPF 1 GmbH	0	0	0
Interest of non-controlling shareholders in IPF 2 GmbH	0	0	0
Deconsolidation Gewerbepark Günzburg GmbH	0	0	0
Asset group categorized as held for sale	0	0	0
Status as of December 31, 2013	**22,151**	**162,339**	**55,136**

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

in EUR thousand	Subscribed capital	Share premium	Retained earnings
Status as of January 1, 2012	**21,329**	**123,707**	**50,112**
Operating income of the period	0	0	0
Other income	0	0	0
Total comprehensive income	**0**	**0**	**0**
Issue of VIB shares as part of share exchange	35	261	0
Transfer to retained earnings	0	0	125
Mandatory convertible bond	0	15,370	0
Dividends paid	0	0	0
Interest of non-controlling shareholders in Interpark Immob. GmbH	0	0	0
Asset group categorized as held for sale	0	0	0
Status as of December 31, 2012	**21,364**	**139,338**	**50,237**

* Some of the figures differ from the figures in the Group financial statement 2012 due to adjustments (see notes chapter C)

Cash flow hedge reserve	Foreign currency translation reserve	Net retained profits	Non-controlling shareholders	Asset group categorized as held for sale	**Group equity**
-9,357	**0**	**59,754**	**11,629**	**-132**	**272,833**
0	0	27,084	1,952	0	29,036
2,076	151	37	109	0	2,373
2,076	**151**	**27,121**	**2,061**	**0**	**31,409**
0	0	0	-296	0	0
0	0	-4,899	0	0	0
0	0	0	0	0	23,492
0	0	-8,545	0	0	-8,545
0	0	0	775	0	775
0	0	0	529	0	529
0	0	0	-609	0	-609
0	-151	0	0	151	0
-7,281	**0**	**73,431**	**14,089**	**19**	**319,884**

Cash flow hedge reserve	Foreign currency translation reserve	Net retained profits	Non-controlling shareholders	Asset group categorized as held for sale	**Group equity**
-7,633	**-149**	**44,274**	**9,188**	**0**	**240,828**
0	0	23,280	2,260	0	25,540
-1,724	17	-210	-68	0	-1,985
-1,724	**17**	**23,070**	**2,192**	**0**	**23,555**
0	0	0	-296	0	0
0	0	-125	0	0	0
0	0	0	0	0	15,370
0	0	-7,465	-26	0	-7,491
0	0	0	571	0	571
0	132	0	0	-132	0
-9,357	**0**	**59,754**	**11,629**	**-132**	**272,833**

// Notes

// Notes to the consolidated financial statements for the 2013 fiscal year

A. General information and presentation of the consolidated financial statements

VIB Vermögen AG, Neuburg/Danube, Germany (also referred to below as "VIB AG" or the "company") has its corporate seat at Luitpoldstrasse C 70 in 86633 Neuburg/Danube, 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 large 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 drawn up 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 summarised 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 Vermögen 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, 2013. 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 Group must be applied as of January 1, 2013:

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. 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. To date, VIB has reported 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. Please refer to the section entitled "Effects of new and amended standards and interpretations" in Chapter C for information about effects on the income statement and other compounds of income. Apart from this, revised IAS 19 results in no significant effects on the consolidated financial statements.

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 resulted in a corresponding grouping of items within other comprehensive income in the consolidated financial statements of VIB Vermögen AG. The presentation of statements of comprehensive income changed compared with the previous year accordingly.

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. For the company, IFRS 13 results in a greater scope of disclosure duties relating to the fair value measurement of investment properties and financial liabilities. For more information, please refer to notes 18, 20 and 45 in Chapter D.

In December 2011, the IASB published amendments to IFRS 7 – Financial Instruments: Disclosures, relating to the offsetting of financial assets and financial liabilities. These amendments 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. The amendments come into force for fiscal years commencing on or after January 1, 2013. The amendments and clarifications have no significant effects on the company's consolidated financial statements.

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. These improvements come into force 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.

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 2013 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. IFRS 9 amends the recognition and measurement regulations for financial assets, including various hybrid contracts. It applies a uniform approach of determining whether to recognise a financial asset at amortised cost or fair value. This determination depends on how company manages its financial instruments (its business model), and what characteristics the contractually agreed cash flows of the financial assets exhibit. In October 2010, the requirements of IAS 39 relating to financial liabilities were adopted largely unchanged into IFRS 39. In December 2011, IFRS 9 was supplemented to the extent that, on first-time application, no adaptation of previous year's financial statements as required, additional disclosure requirements need to be satisfied, and the mandatory application date was postponed to fiscal years commencing on or after January 1, 2015. As part of the current project entitled "Classification and Measurement: Limited Amendments to IFRS 9", the IASB reached a preliminary decision in July 2013, however, to postpone the mandatory first-time application date again, and to leave it open until the completion of the limited amendments and until the conclusion of the second phase of IFRS 9 relating to impairment methodology. Earlier application remains permissible. The European Financial

Reporting Advisory Group postponed the recommendation relating to the adoption of the currently published IFRS 9 within the EU. Due to the IASB's continuing adjustments to IFRS 9, the company has not yet concluded its review of what effects the application of IFRS 9 will have on the consolidated financial statements.

In December 2011, the IASB published amendments to IAS 32, Financial Instruments: Presentation. These amendments clarify and establish specific rules for the netting of financial assets and liabilities without modifying the previous regulations in doing so. The amendments come into force for fiscal years commencing on or after January 1, 2014. Earlier application is permissible, although only in connection with the simultaneous application of the amendments to IFRS 7, Financial Instruments: Disclosures (in this connection, please also refer to the chapter above "New accounting principles – implemented"). The EU adopted these amendments to IAS 32 into European law in December 2012. The company does not anticipate that this will have significant effects on the consolidated financial statements.

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, IFRS 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 October 2012, the IASB published its promulgation entitled "Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27". With this promulgation, the IASB created an exemption for certain parent companies from the consolidation requirement pursuant to IFRS 10, and from the application of IFRS 3 "Business Combinations". This amendment affects parent companies that meet the preconditions of an investment entity pursuant to IFRS 10.27. VIB AG does not satisfy these preconditions. Accordingly, the company anticipates no effects on the consolidated financial statements.

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 to exist when the majority of voting rights for a subsidiary (including special purpose enterprises) are held by one or several Group companies. Subsidiaries are generally 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 at the fair value of the assets and liabilities recognised in equity equivalent to 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, 2013, ten (previous year: nine) companies were included in VIB Vermögen AG's consolidated financial statements.

Companies included in the consolidated financial statements as of December 31, 2013:

Company	Equity interest (%)
Merkur GmbH	100.00
WHD Immobilien GmbH	100.00
RV Technik s.r.o., CZ	100.00
BBI Bürgerliches Brauhaus Immobilien Aktiengesellschaft	92.10
IPF 1 GmbH	94.98
IPF 2 GmbH	94.98
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 soon conclude the sale of the shares in RV Technik. As a consequence, the company's assets and liabilities are reported as assets held for sale pursuant to IFRS 5 (please also refer to note 25 in Chapter D).

SIGNIFICANT ACQUISITIONS AND DISPOSALS

The purchase costs of the BBI shares exchanged for VIB shares in 2013 amounted to EUR 296 thousand, with 26,925 VIB shares being rendered.

As part of portfolio rationalisation, all shares in the 87.5 % subsidiary Gewerbepark Günzburg GmbH were sold during the fiscal year elapsed. In a parallel step, 94.98 % of the shares in each of the two new subsidiaries IPF 1 GmbH and IPF 2 GmbH were acquired as part of a share deal. The two companies are property companies, each of which holds a developed a plot of land. Both companies' share capital amounts to EUR 25 thousand each. No acquisition of a "business" in the meaning of IFRS 3 occurred with the acquisition of IPF 1 GmbH and IPF 2 GmbH. IFRS 3 does not need to be applied as a consequence. In the consolidated financial statements, the acquired assets were recognised on initial consolidation at cost adjusted to reflect the minority interest.

FAIR VALUE MEASUREMENT

On each balance sheet date, the Group measure certain financial instruments (e.g. derivatives) and certain non-financial assets (e.g. investment properties) at fair value. The fair value is the price that would be received for the sale of an asset or would be paid for the transfer of a liability in a regular business transaction between market participants on the measurement date. When measuring fair value, it is assumed that the business transaction as part of which the sale of the asset or transfer of the liability occurs happens on the

- main market for the asset or liability, or
- on the most beneficial market for the asset or the liability, if no main market is available.

The Group must have access to the main market or to the most beneficial market.

The fair value of an asset or liability is measured on the basis of the assumptions that market participants apply as the basis for price formation for the asset or liability. In this context, it is assumed that the market participants operate in their best economic interest.

When measuring the fair value of non-financial assets, the ability of the market participant is taken into account to generate economic benefit through the highest and best utilisation of the asset, or through its sale to another market participant that finds the highest and best utilisation for the asset.

The Group applies valuation techniques that are appropriate under the respective circumstances, and for which sufficient data to measure fair value are available. Both observable and non-observable input factors are utilised in this context.

All assets and liabilities for which fair value is determined, or which are reported in the financial statements, are allocated to the fair value hierarchy described below, based on the input parameters for the lowest level for which fair value measurement is significant overall:

Level 1 – (Unadjusted) prices listed on active markets for identical assets or liabilities.

Level 2 – Valuation methods where the input parameter of the lowest level for which fair value measurement is overall significant is directly or indirectly observable on the market.

Level 3 – Valuation methods where the input parameter of the lowest level for which fair value measurement is overall significant is not observable on the market.

In the case of assets and liabilities that are recurrently reported in the financial statements, the Group determines whether regroupings between the hierarchy levels have occurred by reviewing the classification at the end of each reporting period (based on the input parameter for the lowest level for which fair value measurement is significant overall).

Together with the Managing Board, the staff who are chiefly responsible for Group financial accounting determine the guidelines and procedures for recurring (e.g. investment properties) and non-recurring (e.g. non-current assets classified as held for sale) fair value measurement.

Recourse is made to an external surveyor to value the real estate portfolio. The related decision for this is made annually by the Managing Board. Market knowledge, reputation, independence, expertise and compliance with professional standards are the main criteria for selecting the valuation surveyor. Following discussions with the external valuation surveyor, the relevant managerial staff who are responsible for real estate valuation and the managers who are responsible for the properties decide which valuation techniques and input factors are to be applied in each specific case.

On each balance sheet date, the managerial staff who are responsible for real estate valuation analyse the value changes of assets and liabilities that must be remeasured or reappraised pursuant to Group financial accounting methods. This entails reconciling the significant input factors that are applied in the valuation with contracts and other relevant documents. Fair value changes for each property are reviewed together with the valuation surveyor, and any changes are investigated as to their plausibility.

In order to comply with fair value disclosure requirements, the Group has determined groups of assets and liabilities based on their type, characteristics and risk, as well as levels in the aforementioned fair value hierarchy.

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 capitalised 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, 2013, 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.

ASSET 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 exists a corresponding agreement and 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 extended 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 capitalised 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 130 thousand were capitalised during the past fiscal year (previous year: EUR 156 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 either taxable income or 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 (LICENCES, INCLUDING SOFTWARE)

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 tested annually for impairment (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 impairment tests. All impairments are expensed immediately. They are 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:

- Other property, plant and 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 it fair value through profit or loss, whereby fair value is reduced to reflect ancillary purchase costs for a potential, typical purchaser.

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
- Discounting 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. The discounting factor is calculated separately for each property to be valued. A discount rate of between 4.54 % and 8.44 % was applied. The transaction costs for a potential, typical purchaser are reflected through a discount from present value.

Please refer to note 20 in Chapter D for more information about the discounted cash flow method and the input parameters 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, 2013 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 summarised at the lowest level for which separate cash flows can be identified (cash generating units). The value in use is given by discounting the cash generating unit's estimated future cash flows.

On each balance sheet date, VIB Vermögen AG reviews whether or not 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 up to the new estimated recoverable amount. The increase in the carrying amount is limited to the carrying amount which would have been determined if no impairment had been 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 BALANCES AND CASH IN HAND

Bank balances and cash in hand include cash, demand deposits, other current highly liquid financial assets with an original maximum maturity of three months and current account overdrafts. Current account overdrafts are carried in the balance sheet as 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 as at fair value through profit or loss on 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 such evidence exists 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 categorised 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 shares of the 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 carried directly to other comprehensive income, while taking into account deferred tax. The service cost contained in the pension expense is reported under personnel expenses, and the interest portion is carried through the income statement with 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 RV Technik s.r.o, CZ.

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. Except for derivative financial instruments measured at fair value, financial liabilities are measured 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 2014 fiscal year.

EFFECTS OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

In the fiscal year under review, the Group for the first time applied new standards and amendments to existing standards that might require an adjustment to the previous year's financial statements under certain circumstances. These mainly comprise IFRS 13 Fair Value Measurement, the amendments to IAS 19 Employee Benefits (revised 2011) and the amendments to IAS 1 Presentation of Financial Statements. Some other amendments are also to be applied for the first time in 2013. However, these do not have any effects on the consolidated financial statements (please also refer to Chapter B).

The type and effects of the new standards and amendments to existing standards are described below:

IFRS 13 Fair Value Measurement
This standard set standards guidelines to calculate fair value. It does not settle the question as to when assets and liabilities are to be measured at fair value, but instead only as to how fair value is to be calculated appropriately under IFRS. IFRS 13 defines fair value as the disposal price. Due to these IFRS 13 guidelines, the Group has reviewed its accounting methods for fair value measurement, especially including input parameters as well as the non-satisfaction risk for the fair value calculation of liabilities. IFRS 13 defines further disclosure requirements that need to be taken into particular consideration under note 18, 20 and 45 in Chapter D. The application of IFRS 13 has no significant effects on the Group's fair value measurement.

IAS 19 Employee Benefits
Pursuant to the transition regulations in the revised standard, the Group has retrospectively applied IAS 19 (revised 2011) during the current reporting period. Pursuant to this new regulation, actuarial gains and losses must be reported in other comprehensive income. The Group previously reported such gains and losses in the net result for the period. As a consequence, this amendment has no effect on total comprehensive income. The transition has no effects on the balance sheet item of pension provisions, the cash flow statement and equity. There were otherwise no significant effects on diluted and basic consolidated earnings per share.

The effects on the income statement and other comprehensive income are presented below:

In EUR thousand	**2013**	2012
Personnel expenses	-44	181
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**-44**	**181**
Earnings before interest and tax (EBIT)	**-44**	**181**
Earnings before tax (EBT)	**-44**	**181**
Income taxes	-7	29
Consolidated net income	**-37**	**152**
Group shareholders' share of earnings	-37	152
Non-controlling shareholders' share of earnings	0	0
Statement of comprehensive income		
Actuarial gains/losses	44	-181
Income tax effect	-7	29
Other comprehensive income after tax	**37**	**-152**
Total comprehensive income after tax	**0**	**0**
Group shareholders' share of total comprehensive income	0	0
Non-controlling shareholders' share of total comprehensive income	0	0

IAS 19 requires more extensive disclosures. These are presented in note 31 in Chapter D. Due to the utilisation of the relief provision of IAS 19.173 (b), the Group provides notes sensitivity information about defined benefit obligations for the comparable period (fiscal year as of December 31, 2012).

Amendment to IAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income

This amendment IAS 1 requires a regrouping of items of other comprehensive income. Items that are recycled to the income statement in subsequent reporting period are to be reported separately from items that will not be recycled. These amendments affect only presentation, and do not affect the Group's net assets, financial position and results of operations.

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	**2013**	2012
Revenue from rents excluding utilities charges	56,294	51,301
Revenue from operating costs	8,475	8,235
Miscellaneous revenue	189	273
	64,958	**59,809**

The revenue relates almost exclusively to revenue from investment properties.

2. OTHER OPERATING INCOME

Other operating income is composed as follows:

In EUR thousand	**2013**	2012
Miscellaneous operating revenue	614	634
Disposal gains on properties	139	18
	753	**652**

Miscellaneous operating income in the year under review primarily arises from insurance compensation payments, house management activities, and the reversal of individual impairment charges applied to receivables.

3. CHANGES IN VALUE FOR INVESTMENT PROPERTIES

In EUR thousand	**2013**	2012
Reversals to impairment charges arising from changes in market value IAS 40	17,023	19,352
Impairment charges arising from changes in market value IAS 40	-9,824	-13,252
	7,199	**6,100**

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 17,023 thousand break down as follows:

In EUR thousand	**2013**	2012
Increase in the value of development projects and acquisition after completion of the development and start of property use	6,628	15,524
Increase in the value of portfolio properties	10,395	3,828
	17,023	**19,352**

4. EXPENSES FOR INVESTMENT PROPERTIES

The expenses connected with investment properties are composed as follows:

In EUR thousand	**2013**	2012
Land expenses/operating costs	10,220	9,699
Maintenance expenses	3,183	2,516
	13,403	**12,215**

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	**2013**	2012
Wages and salaries	2,452	2,027
Social security contributions	285	359
	2,737	**2,386**

The VIB Group employed an average of 35 staff excluding the Managing Board members (previous year: 35). The previous year's figure for social security contributions was restated (IAS 19 revised).

6. OTHER OPERATING EXPENSES

Other operating expenses increased from EUR 1,898 thousand in 2012 to EUR 2,427 thousand. This EUR 529 thousand rise is primarily due to a higher level of legal and consultancy costs. The loss on currency translation differences reported in the income statement amounts to EUR 107 thousand (previous year: EUR 122 thousand).

7. AMORTISATION AND DEPRECIATION

In EUR thousand	2013	2012
Amortisation Vermögensgegenstände	25	24
Depreciation	77	64
	102	**88**

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	2013	2012
VIMA Grundverkehr GmbH	-13	-16
BHB Brauholding Bayern-Mitte AG	244	135
	231	**119**

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. PROFIT / LOSS ON DECONSOLIDATION

The sale of the shares in the subsidiary Gewerbepark Günzburg GmbH generated deconsolidation income of EUR 1,015 thousand (previous year: EUR 0 thousand).

10. INCOME / EXPENSE FROM MEASUREMENT OF FINANCIAL DERIVATIVES

In 2013, an expense from the measurement of a foreign-currency derivatives of EUR -102 thousand arose (previous year: EUR +122 thousand). This expense is cash-effective in an amount of EUR 751 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.

11. OTHER INTEREST AND SIMILAR INCOME

Other interest and similar income in the amount of EUR 149 thousand (previous year: EUR 199 thousand) is mostly due to interest on current account balances and demand deposits as well as loans extended comprising part of financial assets.

12. INTEREST AND SIMILAR EXPENSES

Interest and similar expenses of EUR 19,967 thousand (previous year: EUR 19,736 thousand) arise primarily from interest on bank borrowings, and interest payments on interest-rate swaps which comprise effective hedges.

13. EXPENSES FROM GUARANTEED DIVIDEND

This expense results from the dividend guaranteed to outstanding shareholders as set out in the profit and loss transfer agreement with BBI Immobilien AG, and reduces earnings in the amount of EUR 468 thousand (previous year: EUR 232 thousand). This includes an expected retrospective payment for the 2009-2012 years in an amount of EUR 213 thousand due to the provisional supplementary settlement claim of the outstanding shareholders of BBI Immobilien AG.

14. INCOME TAXES

Income taxes are composed as follows:

In EUR thousand	**2013**	2012
Current income tax expense	1,516	1,403
Deferred income tax expense	4,547	3,503
Expense from taxes on income	**6,063**	**4,906**

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	**2013**	2012
Earnings before income taxes	35,099	30,446
Anticipated income tax rate: 15.825 %		
Anticipated income tax expense	5,554	4,818
Prior-year's taxes (current and deferred)	587	-53
Utilisation of non-capitalised loss carryforwards	0	-7
Tax impact of subsidiaries and at equity participations	-37	-19
Tax effects from deconsolidation gains	-153	0
Corporation tax on compensation payment	42	44
Corporation tax on supplementary compensation claim	-39	0
Tax rate differences (trade tax)	-27	-38
Tax-free income (especially § 8b KStG)	51	37
Non-tax-deductible expenses	13	12
Deferred taxes on issue costs for mandatory convertible bond	48	37
Other	24	75
	6,063	**4,906**
Effective tax rate	17.28 %	16.11 %

15. PROFIT / LOSS ON DISCONTINUED OPERATIONS

In the 2013 fiscal year, no earnings components exist arising from discontinued operations.

16. NON-CONTROLLING SHAREHOLDERS' SHARE OF EARNINGS

The consolidated net income in the amount of EUR 29,036 thousand includes non-controlling shareholders (BBI Immobilien AG, IPF 1 GmbH, IPF 2 GmbH, ISG Infrastrukturelle Gewerbeimmobilien GmbH, Interpark Immobilien GmbH, VSI GmbH, IVM Verwaltung GmbH) in the amount of EUR 1,952 thousand (previous year: EUR 2,260 thousand).

17. EARNINGS PER SHARE

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

In EUR thousand	2013	2012
Net income		
Consolidated net income	29,036	25,540
Less: Earnings attributable to non-controlling interests	-1,952	-2,260
Basis for undiluted earnings per share	**27,084**	**23,280**
Less: Profit/loss on discontinued operations	0	0
Basis for undiluted earnings per share for continuing operations	**27,084**	**23,280**
Impact of dilutive potential shares	468	232
Basis for diluted earnings per share	**27,552**	**23,512**
Less: Profit/loss on discontinued operations	0	0
Basis for diluted earnings per share for continuing operations	**27,552**	**23,512**
Number of shares		
Weighted average number of shares in circulation for undiluted earnings per share	23,263,868	21,344,307
Impact of dilutive potential shares	595,660	2,322,804
Weighted average number of shares in circulation for diluted earnings per share	23,859,528	23,667,111
Diluted earnings per share in EUR	**1.16**	**1.09**
Undiluted earnings per share for continuing operations (in EUR)	**1.16**	**1.09**
Diluted earnings per share (in EUR)	**1.15**	**0.99**
Diluted earnings per share for continuing operations (in EUR)	**1.15**	**0.99**

The dilutive potential ordinary shares are based on the creation of conditional capital (see No. 25), with the modified earnings for the calculation of diluted earnings per share being corrected to reflect the guaranteed dividend.

Dividends paid

In the 2013 fiscal year, according to the resolution of the General Meeting on July 3, 2013, an amount of EUR 8,545,722.40 was disbursed from VIB Vermögen AG's 2012 net retained profits. This corresponds to a dividend of EUR 0.40 per share.

The Managing and Supervisory boards of VIB Vermögen AG will propose to the shareholders at the company's General Meeting for the 2013 fiscal year that a dividend of EUR 0.45 per share is disbursed from VIB Vermögen AG's net retained profits (total of EUR 9,968,098.95).

18. FAIR VALUE MEASUREMENT

Following table shows the fair value measurement of the Group's assets and liabilities by hierarchy levels.

Quantitative information about the fair value measurement of assets by hierarchy levels as of December 31, 2013

			Fair value measurement applying		
In EUR thousand	Measure-ment date	Total	Prices listed on active markets (Level 1)	Significant observable input parameters (Level 2)	Significant non-obser-vable input parameters (Level 3)
Assets measured at fair value:					
Investment properties (note 20)					
Industrial properties	31/12/2013	105,073	-	-	105,073
Retail properties	31/12/2013	240,031	-	-	240,031
Logistics properties	31/12/2013	346,367	-	-	346,367
Office / service / other properties	31/12/2013	122,387	-	-	122,387
Assets held for sale	31/12/2013	2,838	-	-	2,838
Liabilities measured at fair value:					
Derivative financial liabilities (note 29)					
Interest-rate swaps	31/12/2013	8,855	-	8,855	-
Forward currency contract (CHF)	31/12/2013	1,432	-	1,432	-
Liabilities for which fair value is reported in the notes					
Interest-bearing loans (note 45)					
Fixed interest loans	31/12/2013	414,095	-	414,095	-

No regroupings occurred between the levels of the measurement hierarchies in the period under review.

19. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

19.1 Intangible assets

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**

In EUR thousand	Other rights	Total
Cost as of January 1, 2013	**136**	**136**
Additions	1	1
Disposals	0	0
Balance December 31, 2013	**137**	**137**
Amortisation / impairment as of January 1, 2013	**96**	**96**
Additions	25	25
Balance December 31, 2013	**121**	**121**
Carrying amount December 31, 2013	**16**	**16**
Carrying amount January 1, 2013	**40**	**40**

19.2 Property, plant and equipment

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

In EUR thousand	Other property, plant and equipment	Total
Cost as of January 1, 2013	**1,385**	**1,385**
Additions	41	41
Disposals	0	0
Change to consolidation scope	-5	-5
Balance December 31, 2013	**1,421**	**1,421**
Depreciation / impairment as of January 1, 2013	**918**	**918**
Additions	76	76
Disposals	0	0
Change to consolidation scope	0	0
Balance December 31, 2013	**994**	**994**
Carrying amount December 31, 2013	**427**	**427**
Carrying amount January 1, 2013	**467**	**467**

20. INVESTMENT PROPERTIES

In EUR thousand	2013	2012
Investment properties, measured at fair value	813,858	734,597
Plant under construction measured at amortised cost	15,135	14,011
	828,993	**748,608**

Investment properties, measured at fair value

In EUR thousand	2013	2012
Carrying amount January 1	**734,597**	**628,881**
Change to consolidation scope	-13,588	0
Additions	93,776	61,596
Disposals	-20,509	-58
Reclassified from plant under construction	12,383	38,078
Unrealised increases in market value	17,023	19,352
Unrealised reductions in market value	-9,824	-13,252
Carrying amount December 31	**813,858**	**734,597**

The investment properties (IAS 40) relate to properties held for rental and value appreciation purposes deriving from the Group's core business. The Group measures the properties on the fair value model basis. External valuation surveys were 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. The properties are allocated to the categories of industrial properties, retail properties, logistics properties, and properties addressing the office/other/service sectors.

At the Group, no restrictions exist relating to the disposability of investment properties, and no contractual obligations exist to purchase, construct or develop investment properties. Moreover, no contractual obligations exist relating to repairs, maintenance and improvements.

Note 18 includes information concerning the fair value hierarchy for investment properties measured at fair value.

The changes in the fair values per category are as follows:

In EUR thousand	Logistics	Retail	Industry	Office / Service / Other	Total
Carrying amount January 1, 2013	**271,481**	**235,937**	**103,909**	**123,270**	**734,597**
Change to consolidation scope	-13,588	0	0	0	-13,588
Additions	86,998	5,309	307	1,162	93,776
Disposals	-19,761	0	0	-748	-20,509
Reclassified from plant under construction	12,360	0	23	0	12,383
Unrealised changes in market value	8,886	-1,251	811	-1,247	7,199
Carrying amount December 31, 2013	**346,376**	**239,995**	**105,050**	**122,437**	**813,858**

The applied measurement methods and significant input parameters of investment properties measured at fair value are as follows*:

Category*	Measurement method	Significant non-observable input parameters	Range / value
Industrial properties	Discounted cash flow method	Estimated rent per sqm and month	EUR 3 – EUR 9 (weighted average: EUR 5)
		Average estimated residual useful life of property	25 years
		Discounting rate	5.4 % - 6.9 %
		Average vacancy rate	0.431 %
Retail properties	Discounted cash flow method	Estimated rent per sqm and month	EUR 5 – EUR 14 (weighted average: EUR 8)
		Average estimated residual useful life of property	33 years
		Discounting rate	5.5 % - 7.2 %
		Average vacancy rate	2.45 %
Logistics properties	Discounted cash flow method	Estimated rent per sqm and month	EUR 3 – EUR 12 (weighted average: EUR 5)
		Average estimated residual useful life of property	30 years
		Discounting rate	5.0 % - 8.4 %
		Average vacancy rate	4.21 %
Office / other / service properties	Discounted cash flow method	Estimated rent per sqm and month	EUR 3 – EUR 28 (weighted average: EUR 7)
		Average estimated residual useful life of property	40 years
		Discounting rate	4.5 % - 7.7 %
		Average vacancy rate	1.64 %

* The average value is presented in the table are derived from the arithmetic average of the respective values of a category

The properties are generally valued applying the discounted cash flow (DCF) method. The annual operating cash flows are calculated the entire economic useful life of the properties being valued. The values were calculated on the basis of a two-phase model comprising a detailed phase over 10 years. The second phase, a finite duration was assumed relating to the residual economic useful life from the end of the first phase. This useful life generally depends on the technical useful life of the specific property. It is recalculated annually depending on the quality of the property. The appropriate duration is usually determined according to market participants' typical behaviour for a property class.

The duration of cash flows and the dates of cash inflows and cash outflows are calculated applying parameters such as rent resets, extension of rental agreements and related contractual modifications, and restoration or renovation. The periodic cash flows are usually estimated applying gross income taking into account vacancies, unrecoverable expenses, collection losses, maintenance expenses, and other operating and administrative expenses.

The discount rate for the operating cash flows and the land value at the end of the economic useful life of the building is comprised of a risk-free base interest-rate and a premium based on regional, sectoral and, potentially, property-specific factors.

The base interest rate is based on an estimate of the future average interest-rate level derived from yield curve data provided by the Deutsche Bundesbank. The calculated risk-free rate stood at 2.75 % as of December 31, 2013. The quality of the locations of the properties being valued was reflected through regional premiums to the base interest rate. The type of utilisation of the properties is reflected in sector-related premiums. Property-specific circumstances were also taken into account through corresponding premiums. Any identifiable structural vacancies on the valuation date were deducted from the value of the corresponding properties. A similar approach is utilised for any maintenance backlog or any emerging indications of rental default.

In addition, ancillary purchase costs (transaction costs) – land purchase tax, notary and land registry costs – of potential buyers were reflected in the form of a discount from the calculated present value.

Significant increases (reductions) to the expected market rent would result in a significantly higher (lower) fair value for the respective property. Significant increases (reductions) to the residual useful lives would also result in a considerably higher (lower) fair value. Moreover, marked fluctuations in the discounting rate exert a significant impact on fair value.

Changes to the discounting rate result in opposite effects on fair value. In addition, changes to assumptions concerning expected market rent generally exert an opposite effect on vacancy rates.

Plant under construction measured at amortised cost

In EUR thousand	**2013**	2012
Carrying amount January 1	**14,011**	**23,974**
Additions	16,927	30,853
Disposals	-3,420	-2
Exchange-rate effects	47	54
Reclassified to investment properties measured at fair value	-12,383	-38,078
Reclassified to assets held for sale IFRS 5	-47	-2,790
Carrying amount December 31	**15,135**	**14,011**

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 2,837 thousand (previous year: 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.

21. 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	**2013**	2012
VIMA Grundverkehr GmbH	149	163
BHB Brauholding Bayern-Mitte AG	2,569	2,385
	2,718	**2,548**

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

In EUR thousand	VIMA Grund-verkehr GmbH	BHB Brau-holding AG
Balance January 1	**163**	**2,385**
Additions/disposals	0	0
Share of annual earnings 2013	-14	155
Valuation write-up	0	89
2013 dividend payout	0	-60
Balance December 31	**149**	**2,569**

As a result of its proportionate interests, the following assets, liabilities, revenue and periodic earnings are due to the Group as of December 31, 2013:

In EUR thousand	VIMA Grund-verkehr GmbH	BHB Brau-holding AG
Assets	751	4,265
Liabilities	601	783
Revenue	0	5,241
Net income for the period	-14	155

22. FINANCIAL ASSETS

In EUR thousand	**2013**	2012
Cost on January 1	**426**	**378**
Additions	48	48
Net carrying amount on December 31	**474**	**426**
Composition of financial assets		
Loan extended to VIMA Grundverkehr GmbH	474	426
Financial assets December 31	**474**	**426**

No indications of impairment existed as of December 31, 2013. No impairment losses were reported as a consequence.

23. RECEIVABLES AND OTHER ASSETS

In EUR thousand	**2013**	2012
Trade receivables	1,921	1,842
Other assets	916	1,463
	2,837	**3,305**

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

Individual write-downs were required in the amount of EUR 313 thousand (previous year: EUR 111 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	**2013**	2012
Balance – start of year	111	75
Additions	266	85
Consumed in derecognition	-50	-41
Release	-14	-8
	313	**111**

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 Managing Board 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 202 thousand (previous year: EUR 91 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.

24. BANK BALANCES AND CASH IN HAND

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 22,232 thousand (previous year: EUR 24,722 thousand), BBI Immobilien AG in an amount of EUR 1,809 thousand (previous year: EUR 984 thousand), and ISG GmbH in an amount of EUR 348 thousand (previous year: EUR 359 thousand).

25. ASSETS HELD 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 was categorised as held for sale, and are measured at market value of EUR 2,837 thousand. Other current assets in the form of bank deposits of EUR 1 thousand were also reclassified. Although it was anticipated that sales negotiations would be concluded in the 2013 fiscal year, this group of assets were still categorised as held for sale as of the balance sheet date. The delay in concluding the sales transaction is due to the fact that not all of the approvals are available from the relevant Czech construction authorities that the purchaser needs in order to realise its construction project. These delays occurred unexpectedly during the 2013 fiscal year. There are nevertheless no indications that the construction approval will not be granted eventually. Instead, it is anticipated that the requisite approvals will be made available during the first half of the 2014 fiscal year. The buyer's intention to conclude a transaction is reflected in non-reimbursable advance purchase price payments that have already been rendered. The circumstances do not result in a significant modification to the fair value, which was calculated pursuant to IFRS 5 as part of first-time classification. For these reasons, this asset group continued to be classified as held for sale as of December 31, 2013.

The fair value calculation for non-current assets held for sale was also performed in this instance using the same methods and taking into account the same non-observable input parameters as are utilised to calculate fair value for the investment properties. For this reason, please refer to the corresponding remarks in notes 18 and 20.

26. EQUITY

Subscribed capital

VIB Vermögen AG's subscribed capital in the amount of EUR 22,151,331 (previous year: EUR 21,364,306), comprises 22,151,331 (previous year: 21,364,306) no par value ordinary bearer shares. The shares have a notional par value of EUR 1 each. All issued shares are fully paid in.

In the fiscal year elapsed, minority shareholders in BBI Immobilien AG again accepted the offer to exchange their shares into shares in VIB Vermögen AG. As BBI Immobilien AG shareholders accepted this offer during the reporting period, VIB Vermögen AG's subscribed capital increased by EUR 26,925 correspondingly. In addition, holders of the 2012/14 mandatory convertible bond utilise their right to make early conversion of individual bonds. A total of 760,100 new shares have been issued to date.

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 139,338 thousand to a total of EUR 162,339 thousand in connection with the 2013/15 mandatory convertible bond issue that was successfully placed, and the exchange of shares in BBI Immobilien AG into shares in VIB Vermögen AG.

A further mandatory convertible bond (2013/15) with a nominal volume of EUR 25.6 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 November 28, 2013 (ISIN DE000A1YCQ52).

The bond offers two conversion windows between July 5, 2014 and November 27, 2014, as well as between the third calendar date following the end of the company's AGM in 2015 and the bond's maturity date on November 28, 2015. The conversion price stands at EUR 12. The increase in the share capital due to the conversions and exchanges into new shares will be entered in the commercial register in January 2015 and 2016 respectively. A total of 2.14 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 2013/15 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 25.6 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 2,160 thousand (non-current financial debt) and an equity component of EUR 23,472 thousand. The share premium account increased by a net amount of EUR 23,215 thousand after deducting issue costs and deferred tax.

Due to the early exchange of individual bonds by holders of the 2012/14 mandatory convertible bond, an amount of EUR 277 thousand was released to share premium account from the debt component that was newly added in the previous year. The shares that were newly created by the exchange reduce the share premium account by EUR 760 thousand.

The share exchange from BBI shares into VIB shares increased the share premium by a further amount of EUR 269 thousand.

Retained earnings

As part the preparation of its annual financial statements as of December 31, 2013, VIB Vermögen AG's Managing Board added EUR 4,899 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 2012 (EUR 8,545 thousand), the addition to retained earnings (EUR 4,899 thousand), plus the current consolidated net income from the 2013 fiscal year that is due to Group shareholders ((EUR 27,084 thousand), and the other comprehensive income from the statement of total comprehensive income (EUR 37 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.

Assets held for sale

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, IPF 1 GmbH, IPF 2 GmbH, ISG Infrastrukturelle Gewerbeimmobilien GmbH, Interpark Immobilien GmbH, VSI GmbH and IVM Verwaltung GmbH.

This item changed as follows:

In EUR thousand	**2013**	2012
Balance – start of year	11,629	9,188
Distribution to shareholders	-296	-323
Share of annual earnings	1,952	2,260
Non-controlling shareholders' share of other comprehensive income	109	-68
Recognition of share of non-controlling shareholders IPF 1 GmbH and IPF 2 GmbH (previous year: Interpark Immobilien GmbH)	1,304	572
Deconsolidation of Gewerbepark Günzburg GmbH	-609	0
Balance – end of year	**14,089**	**11,629**

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. 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 18,570 shares in BBI Immobilien AG were exchanged into 26,925 shares in VIB Vermögen AG in 2013. A total of EUR 752,857 of conditional capital had been utilised to exchange shares in BBI Immobilien AG into shares in VIB Vermögen AG until December 31, 2013. The participating interest in BBI Immobilien AG increased from 82.01 % as of December 31, 2008 to 92.10 % as of the end of 2013.

With a resolution of the General Meeting of July 7, 2009, further conditional capital of EUR 3,416,800 was created. With a resolution of the General Meeting of July 3, 2013, an amount of EUR 1,716,800 was cancelled from this conditional capital. Of the remaining conditional capital of EUR 1,700,000 an amount of EUR 760,100 is to be utilised by December 2013 as holders of the 2012/14 mandatory convertible bond have utilised their right to exchange, and have converted bonds early into new shares.

With a resolution of the General Meeting of July 3, 2013, further conditional capital of EUR 2,136,430 was created. None of this conditional capital had yet been utilised as of December 31, 2013 since none of the 2013/15 mandatory convertible bonds issued in November 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	2013			2012		
	Before tax	Taxes	After tax	Before tax	Taxes	After tax
Foreign currency effects on translation of independent subsidiaries	151	0	151	17	0	17
Mark-to-market valuation of cash flow hedges	2,559	-374	2,185	-2,167	375	-1,792
Actuarial gains/losses on pension plans	44	-7	37	-181	-29	-210
Income and expenses taken directly to equity	**2,754**	**-381**	**2,373**	**-2,331**	**346**	**-1,985**

27. PROFIT PARTICIPATION CAPITAL

VIB Vermögen AG issued profit-participation rights with a repayment amount of EUR 675 thousand in 2003. An amount of EUR 5 thousand from this was cancelled in previous years. 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.

No further amounts were cancelled as of the end of the 2013 fiscal year.

28. NON-CURRENT FINANCIAL DEBT

In EUR thousand	2013	2012
Remaining term between 1 and 5 years	113,231	118,802
Remaining term more than 5 years	343,487	322,219
	456,718	**441,021**

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

In EUR thousand	**2013**	2012
Langfristige Finanzschulden		
VIB Vermögen AG	282,913	300,096
BBI Bürgerliches Brauhaus Immobilien AG	102,638	107,768
ISG Infrastrukturelle Gewerbeimmobilien GmbH	19,340	20,214
IPF 1 GmbH	14,194	0
IPF 2 GmbH	15,140	0
VSI GmbH	13,139	6,287
Interpark Immobilien GmbH	7,400	0
Gewerbepark Günzburg GmbH	0	4,614
IVM Verwaltung GmbH	1,688	1,742
Merkur GmbH	266	300
	456,718	**441,021**

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.

29. LIABILITIES ARISING FROM DERIVATIVE FINANCIAL INSTRUMENTS

The Group utilises interest rate swaps to manage risk and to optimise 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 -102 thousand).

The cash flows and their effects on profit or loss are expected to occur in the 2014 to 2020 reporting periods.

In EUR thousand	**2013**	2012
Derivative financial instruments		
Interest-rate swaps (payer swaps)	8,855	11,415
CHF derivative	1,432	2,081
	10,287	**13,496**

30. 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	**2013**	2012
Deferred tax assets		
Derivative assets	1,643	2,211
Pension provisions/other	47	51
Intragroup profit elimination	35	30
Loss carried forward	0	0
Total deferred tax assets	**1,725**	**2,292**

In EUR thousand	**2013**	2012
Deferred tax liabilities		
Investment properties	25,182	22,225
Total deferred tax liabilities	**25,182**	**22,225**
Netting of deferred tax assets and liabilities	-1,525	-2,001
Carrying amount after netting (in EUR thousand)		
Deferred tax assets	**200**	**291**
Deferred tax liabilities	**23,657**	**20,224**

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

Losses carried forward on December 31, 2013 were reported as follows:

- Trade tax EUR 3,391 thousand (previous year: EUR 2,556 thousand)
- Corporation tax EUR 0 thousand (previous year: EUR 0 thousand)

No deferred tax was capitalised for trade losses due to expanded scope of tax reduction.

No deferred tax liabilities were recognised for EUR 31,101 thousand of outside basis differences since the parent company is able to control a reversal, and reversal is currently not anticipated.

31. 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 pensions' values are linked to the inflation index. No plan assets in the meaning of IAS 19 exist.

The Group's commitments from retirement benefit plans totalling EUR 1,108 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	**2013**	2012
Balance January 1	**1,228**	**1,034**
Newly acquired benefit claims	0	0
Plan amendments	0	92
Interest expense	42	46
Pensions paid	-118	-125
Actuarial gains/losses		
due to changes to demographic assumptions	0	0
due to changes to financial assumptions	24	105
due to experiential adjustments	-68	76
Balance December 31	**1,108**	**1,228**

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

In EUR thousand	**2013**	2012
Plan amendments	0	92
Balance December 31	**0**	**92**

Calculated actuarial assumptions:

in %	**2013**	2012
Discounting rate	3.30 - 3.90	3.10 - 4.20
Pension trend	1.50 - 2.00	1.50 - 2.00
Salary trend	0.00	0.00
Life expectancy at age of 65		
Men	20 years	20 years

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 solely to employees who already receive a pension.

A quantitative sensitivity analysis for the most important assumptions as of December 31, 2013 generates the following results:

- A 1 % increase in the discounting rate results in a EUR 105 thousand reduction in the DBO, and a EUR 2 thousand increase in the interest expense. A 1 % decrease in the discounting rate results in a EUR 127 thousand increase in the DBO, and an EUR 11 thousand decrease in the interest expense.
- A 1 % increase in the pension growth results in a EUR 98 thousand increase in the DBO, and a EUR 1 thousand increase in the interest expense. A 1 % decrease in the pension growth results in an EUR 84 thousand decrease in the DBO, and a EUR 7 thousand decrease in the interest expense.

This sensitivity analysis was conducted using a method that extrapolates the effects of realistic modifications to the most important assumptions on the defined benefit obligation until the end of the reporting period.

The following amounts will prospectively be paid out over the coming years as part of the defined benefit obligation:

In EUR thousand	**2013**	2012
Within the next 12 months	99	121
Between 2 and 5 years	316	359
Between 5 and 10 years	338	398
	753	**878**

The average duration of the defined benefit obligation amounted to 11 years at the end of the reporting period (previous year: 12).

32. OTHER NON-CURRENT LIABILITIES

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

33. 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	**2013**	2012
VIB Vermögen AG	30,656	19,418
BBI Bürgerliches Brauhaus Immobilien AG	8,114	7,018
ISG Infrastrukturelle Gewerbeimmobilien GmbH	977	946
IPF 1 GmbH	541	0
IPF 2 GmbH	578	0
Gewerbepark Günzburg GmbH	0	295
VSI GmbH	533	186
IVM Verwaltung GmbH	59	115
Merkur GmbH	34	33
	41,492	**28,011**

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).

34. PROVISIONS

The amounts carried as provisions relate to transactions from the 2013 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, 2013. As a consequence, all corresponding amounts are reported among liabilities.

35. INCOME TAX LIABILITIES

The reported income tax liabilities of EUR 171 thousand (previous year: EUR 476 thousand) relate to current tax liabilities for the 2013 year relating to VIB Vermögen AG (EUR 29 thousand), IPF 1 GmbH (EUR 17 thousand), IPF 2 GmbH (EUR 66 thousand), and ISG GmbH (EUR 59 thousand).

36. 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.

37. OTHER LIABILITIES

In EUR thousand	**2013**	2012
Trade payables	2,437	3,990
Miscellaneous current liabilities	5,318	4,139
	7,755	**8,129**

38. 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.

39. 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 25,502 thousand (previous year: EUR 29,143 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.

The following payments and cash arose as part of the acquisition and disposal of subsidiaries (as of the acquisition and disposal dates):

In EUR thousand	Acquired subsidiary	Divested subsidiary
Total payment received/paid (-)	-24,618	8,950
Portion of payment consisting of cash	-24,618	8,950
Cash of acquired/divested subsidiary	1	510

The acquired or sold assets (except cash) and liabilities of the acquired all divest its subsidiaries are as follows as of the purchase or disposal dates:

In EUR thousand	Acquired subsidiary	Divested subsidiary
Assets		
Investment properties	57,134	13,588
Other current assets	250	16
	57,384	**13,604**
Liabilities		
Non-current financial debt	-	4,234
Deferred tax liabilities	-	1,354
Liabilities to associated companies of the acquired companies	31,140	-
Other current liabilities	272	155
	31,412	**5,743**

40. 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, 2013, 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 43 thousand (previous year: EUR 50 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 52 thousand (previous year: EUR 994 thousand) exists arising from investment projects that have already commenced.

41. LEASES

VIB Vermögen AG as lessee

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 2014, VIB AG will receive the following minimum lease payments from uncancellable existing rental agreements.

In EUR thousand	**2013**	2012
Due within one year	57,799	53,539
Due within 1 to 5 years	176,832	153,982
Due in more than 5 years	170,845	151,290
	405,476	**358,811**

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

The company reported through the income statement EUR 291 thousand of contingent rental payments in the fiscal year under review.

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 TEUR	**2013**	2012
Remaining term up to 1 year	126	112
Remaining term 1 year to 5 years	69	39
Remaining term > 5 years	0	0
	195	**151**

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 128 thousand in the 2013 financial year (previous year: EUR 115 thousand).

42. 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, 2013, the Group had at its disposal unutilised credit lines in an amount of EUR 7,413 thousand (previous year: EUR 12,353 thousand).

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	Financial loans with variable interest	Financial loans with fixed interest	Trade payables	Miscellaneous non-current and current liabilities
Maturity analysis as of December 31, 2013				
due in 1 – 12 months	21,863	19,206	2,437	6,469
due in 12 – 60 months	18,118	92,953	1,981	0
due in > 60 months	44,134	299,353	0	0
Maturity 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 > 60 months	39,884	282,335	0	0

The average interest rate on the variable-rate financial loans amounted to 1.84 % as of December 31, 2013 (previous year: 1.74 %). The average interest rate on the fixed-rate financial loans amounted to 4.48 % as of December 31, 2013 (previous year: 4.58 %).

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 2013, earnings would have been approximately EUR 706 thousand lower (higher) and equity (before the earnings effect) would have been approximately EUR 2,204 thousand higher (lower).

43. 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, 2013 was as follows:

In EUR thousand	**2013**	2012
Assets in CZK	2,838	2,792
Liabilities in CZK	0	0

If the Euro been 10 % stronger against the Czech kroner (CZK), equity would have been EUR 50 thousand lower (previous year: EUR 279 thousand).

44. 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, 2013			
Gross carrying amount	474	2.234	916
of which overdue but not impaired	0	0	0
of which impaired	0	475	0

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 not impaired	0	97	0
of which impaired	0	278	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.

45. CATEGORIES OF FINANCIAL INSTRUMENTS

The following table shows by category the carrying amounts and fair values of all of the Group's financial instruments reported in the consolidated financial statements. No fair value is stated for financial instruments whose carrying amounts represent appropriate approximations of fair value.

2013 In EUR thousand	IAS 39 and IFRS 7 measurement categories	IFRS 13 fair value category
ASSETS		
Non-current financial assets		
Loans	LaR	n.a.
Receivables and other assets		
Trade receivables	LaR	n.a.
Other assets	LaR	n.a.
Income tax receivables	n.a.	n.a.
Bank balances and cash in hand	LaR	n.a.
EQUITY AND LIABILITIES		
Profit participation capital	FLAC	n.a.
Variable-rate loans	FLAC	Level 2
Fixed interest loans	FLAC	Level 2
Hedge accounting derivatives	CF-Hedge	Level 2
Derivatives not subject to hedge accounting	FLHfT	Level 2
Income tax liabilities	n.a.	n.a.
Liabilities to participating interests	FLAC	n.a.
Trade payables	FLAC	n.a.
Miscellaneous liabilities	FLAC	n.a.
of which aggregated according to IAS 39 measurement categories		
Financial assets		
Loans and Receivables (LaR) (measured at amortised cost)		
Financial liabilities		
Financial Liabilities At Cost (FLAC) (measured at amortised cost)		
Financial Liabilities Held for Trading (FLHfT) (measured at fair value through P&L)		
Derivatives with cash flow hedge (measured at fair value directly in equity)		

Carrying amount as of 31/12/2013	Fair value as of 31/12/2013	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
474	n.a.	474	-	-	-
1,921	n.a.	1,921	-	-	-
916	n.a.	916	-	-	-
202	n.a.	-	-	-	202
25,502	n.a.	25,502	-	-	
660	n.a.	660	-	-	-
84,115	n.a.	84,115	-	-	-
414,095	442,144	414,095	-	-	-
8,855	8,855	-	-	8,855	-
1,432	1,432	-	1,432	-	-
171	n.a.	-	-	-	171
710	n.a.	710	-	-	-
4,418	n.a.	4,418	-	-	-
5,318	n.a.	5,318	-	-	-
28,813	-	-	-	-	-
509,316	-	-	-	-	-
1,432	-	-	-	-	-
8,855	-	-	-	-	-

2012 In EUR thousand	IAS 39 and IFRS 7 measurement categories	IFRS 13 fair value category
ASSETS		
Non-current financial assets		
Loans	LaR	n.a.
Receivables and other assets		
Trade receivables	LaR	n.a.
Other assets	LaR	n.a.
Income tax receivables	n.a.	n.a.
Bank balances and cash in hand	LaR	n.a.
EQUITY AND LIABILITIES		
Profit participation capital	FLAC	n.a.
Variable-rate loans	FLAC	Level 2
Fixed interest loans	FLAC	Level 2
Hedge accounting derivatives	CF-Hedge	Level 2
Derivatives not subject to hedge accounting	FLHfT	Level 2
Income tax liabilities	n.a.	n.a.
Liabilities to participating interests	FLAC	n.a.
Trade payables	FLAC	n.a.
Miscellaneous liabilities	FLAC	n.a.
of which aggregated according to IAS 39 measurement categories		
Financial assets		
Loans and Receivables (LaR) (measured at amortised cost)		
Financial liabilities		
Financial Liabilities At Cost (FLAC) (measured at amortised cost)		
Financial Liabilities Held for Trading (FLHfT) (measured at fair value through P&L)		
Derivatives with cash flow hedge (measured at fair value directly in equity)		

As far as items for which no fair values are stated in the tables above are concerned, the management has determined that the carrying amounts almost correspond to their fair values due to their short terms or standard market interest rate.

Carrying amount as of 31/12/2012	Fair value as of 31/12/2012	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
426	n.a.	426	-	-	-
1,842	n.a.	1,842	-	-	-
1,463	n.a.	1,463	-	-	-
91	n.a.	-	-	-	91
29,143	n.a.	29,143	-	-	-
660	n.a.	660	-	-	-
73,518	n.a.	73,518	-	-	-
395,514	434,543	395,514	-	-	-
11,415	11,415	-	-	11,415	-
2,081	2,081	-	2,081	-	-
476	n.a.	-	-	-	476
442	n.a.	442	-	-	-
5,220	n.a.	5,220	-	-	-
4,139	n.a.	4,139	-	-	-
32,874	-	-	-	-	-
479,493	-	-	-	-	-
2,081	-	-	-	-	-
11,415	-	-	-	-	-

The fair value of fixed interest loans and derivative financial instruments is stated at the amount at which the respective instrument could be exchange between business partners that were willing to enter into agreement concerning a current transaction (except forced disposal or liquidation).

The methods and assumptions applied to calculate fair value are as follows:

- The fair values of the Group's fixed interest loans are calculated applying the discounted cash flow method. This is based on the discounting rate that reflects the issuer's debt funding rate at the end of the period under review. The proprietary risk of non-satisfaction was categorised as low as of December 31, 2013.
- The Group enters into derivative financial instruments with various parties, especially banks with good credit ratings. Derivatives measured applying a valuation method comprising observable market input parameters comprise mainly interest-rate swaps and forward currency contracts. The most frequently applied valuation methods include option pricing and swap models utilising present value calculations. These models include various quantities such as business partners' credit ratings, cash and forward currency exchange rates, and yield curves. Derivative positions are marked-to-market as of December 31, 2013; the default risk for the Group and the bank is classified as low in this context.

The VIB Group has pledged financial assets in the amount of EUR 46,770 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	**2013**	2012
Loans and receivables	-252	-77
Bank balances and cash in hand	149	199
Assets and liabilities measured at fair value through P&L	-102	122
of which: held for trading	*-102*	*122*
Available-for-sale financial assets	0	0
Financial liabilities measured at amortised cost	-18,364	-18,146
Derivative financial instruments designated and effective as hedging instruments (cash flow hedges)	746	-3,938
of which in Group profit or loss	*-1,813*	*-1,771*
of which in other comprehensive income	*2,559*	*-2,167*

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 212 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.

46. CAPITAL RISK MANAGEMENT

The Group manages its capital with the aim of maximising income for its stakeholders by optimising its debt to equity 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	**2013**	2012
Equity in EUR thousand	319,884	272,833
Equity as % of total capital	37.0	34.6
Liabilities in EUR thousand	544,809	515,263
Liabilities as % of total capital	63.0	65.4
Total capital (equity plus liabilities) in EUR thousand)	**864,693**	**788,096**

47. THE COMPANY'S EXECUTIVE BODIES

During fiscal year 2013, the company's Managing Board comprised:

Mr. Ludwig Schlosser (mathematics graduate), Neuburg/Danube, CEO
Activities in controlling bodies on December 31, 2013 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

Mr. Holger Pilgenröther, Neuburg/Danube, responsible for the Finance and Controlling area (since May 1, 2013)
As of December 31, 2013, Mr. Pilgenröther carries out no activities in controlling bodies.

Mr, 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, 2013 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 2013:

- Mr. Franz-Xaver Schmidbauer, engineering graduate, Managing Director of FXS Vermögensverwaltung GmbH (Chairman)
- Mr. Jürgen Wittmann, savings bank managing board member (Deputy Supervisory Board Chairman)
- Mr. Rolf Klug, Kaufmann, Managing director of MK Vermögensverwaltungs GmbH

48. 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 10, 2014 (and previously on March 11, 2013), 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.

49. TOTAL REMUNERATION OF THE MANAGING BOARD

Total remuneration of EUR 1,156 thousand (previous year: EUR 795 thousand) was paid to the members of the Managing Board of the parent company VIB Vermögen AG in 2013 (of which performance-related: EUR 630 thousand (previous year: EUR 420 thousand).

50. SUPERVISORY BOARD REMUNERATION

Total compensation for the Supervisory Board for VIB Vermögen AG and BBI AG amounted to EUR 162 thousand in the fiscal year under review (previous year: EUR 138 thousand).

51. AUDITOR'S FEES

The expenses reported in the 2013 fiscal year for the auditor of the parent company relating to audit services for the (consolidated) financial statements amounts to EUR 111 thousand for 2013, and EUR 112 thousand for 2012. A total of EUR 8 thousand was reported for other certification services (previous year: EUR 15 thousand)

52. EVENTS AFTER THE REPORTING DATE

After the balance sheet date, in January 2014, VIB Vermögen AG purchased a shopping centre in Bischberg-Trosdorf, near to Bamberg, for EUR 22.2 million, and a further retail property in Nördlingen in February 2014 for EUR 9.1 million. The purchase prices were paid in February 2014. The transfer of ownership, benefits and encumbrances for these plots of land occurred at the end of February 2014. The purchase price finance partly through equity from the 2013/15 mandatory convertible bond, and partly from newly drawn-down bank borrowings.

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 2013.

53. 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.

Shareholder loans of EUR 500 thousand were extended to Interpark Immobilien GmbH in order to further strengthen the capital base for forthcoming property investments. An additional loan of EUR 740 thousand was extended to VSI GmbH, also for current investments. A further loan of EUR 400 thousand was extended to the wholly-owned subsidiary Merkur GmbH. The loans extended were entered into on standard market terms.

Receivables of EUR 599 thousand due from VIMA Grundverkehr GmbH were reported as of December 31, 2013 (previous year: EUR 601 thousand). This includes a loan of EUR 125 thousand that carried a 1.725 % p.a. interest rate as of December 31, 2013. A second loan of EUR 474 thousand does not bear interest as further shareholders have each granted loans of an equivalent level II VIMA Grundverkehr GmbH.

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 for the South Region 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 60 million. The loans extended were entered into on standard market terms.

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 Stadtsparkasse Ingolstadt. The company's total exposure amounts to EUR 18.1 million and the conditions are in line with the market (previous year: EUR 11.7 million). The loans extended were entered into on standard market terms.

54. EMPLOYEES

The company employed an average of 35 staff in the 2013 fiscal year (previous year: 35 staff).

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

The Managing Board approved these consolidated financial statements on March 28, 2014 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, March 28, 2014

Ludwig Schlosser (Managing Board Chairman)	Holger Pilgenröther (Member of the Managing Board)	Peter Schropp (Member of the Managing Board)

// Shareholdings

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

Interest	**Interest in %**	**Equity in EUR thousand**	**Profit / loss in EUR thousand**
Merkur GmbH, Neuburg / Donau	100.00	55	-29
WHD Immobilien GmbH, Neuburg / Donau	100.00	201	12
RV Technik s.r.o., Plzen (Tschechien)	100.00	36	1
IPF 1 GmbH, Neuburg / Donau	94.98	764	760
IPF 2 GmbH, Neuburg / Donau	94.98	308	633
BBI Bürgerliches Brauhaus Immobilien AG, Ingolstadt*	92.10	50,233	3,480
ISG Infrastrukturelle Gewerbeimmobilien GmbH, Ingolstadt	75.00	6,304	819
Interpark Immobilien GmbH, Neuburg / Donau	74.00	1,920	-256
VSI GmbH, Neuburg / Donau	74.00	1,124	54
IVM Verwaltung GmbH, Neuburg / Donau	60.00	1,078	183
VIMA Grundverkehr GmbH, Neuburg / Donau	50.00	-617	-26
BHB Brauholding Bayern-Mitte AG, Ingolstadt**	32.26	10,791	264

* 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, 2013. 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 statements 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, March 28, 2014

S&P GmbH
Wirtschaftsprüfungsgesellschaft

ppa. Dr. Burkhardt — Auditor

Thürauf — 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.
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 total operating 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 tax.
EBT margin	Ratio between total operating revenue and earnings before tax. Is used as a comparative indicator for companies earnings power in international comparisons, as income taxes are not taken into account. 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, withou sales revenues for properties, development projects and valuation yield. This figure shows, how much cash flow is generated in the operative business.
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.
Fair value	Market value at which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.
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 between the assets and the net debts (= financial debts less bank balance)
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.
Mandatory convertible bond	A mandatory convertible bond is a special type of the common convertible bond, which binds the investor to convert the bond into shares at the latest at the end of the retention period. The mandatory convertible bond thus has the character of a bond, for which is paid a coupon during the retention period but is liquidated with new shares at the latest at the end of the retention period.
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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