Annual Report 2014

WE DEVELOP GROWTH

// 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.

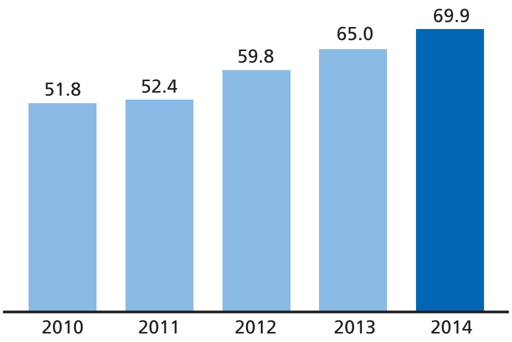
// Key Group indicators

In EUR thousand	2010	2011	2012	2013	**2014**	**Change**
Income statement						
Revenue	51,806	52,373	59,809	64,958	69,869	+7.6 %
Total operating revenue	54,557	53,056	60,461	65,711	70,536	+7.3%
Earnings before interest and tax (EBIT)	35,441	38,507	49,974	54,241	59,124	+9.0%
Earnings before tax (EBT)	12,825	18,950	30,446	35,099	38,306	+9.1%
EBT margin	23.5 %	35.7 %	50.4 %	53.4 %	54.3 %	-
Consolidated net income	16,914	15,271	25,540	29,036	32,404	+11.6%
Earnings per share[1] (undiluted, in EUR)	0.91	0.76	1.09	1.16	1.23	+5.8%
Balance sheet						
Total assets	657,177	686,840	788,096	864,693	942,199	+9.0%
Equity	203,785	240,828	272,833	319,884	371,655	+16.2%
Equity ratio	31.0 %	35.1 %	34.6 %	37.0 %	39.4 %	-
Net debt	413,374	378,513	440,549	473,368	484,560	+2.4%
Gearing	222.5 %	185.2 %	188.9 %	170.3 %	153.5 %	-
NAV per share[2] (net asset value, undiluted, in EUR)	12.36	12.22	13.07	13.88	14.54	+4.7%
NAV per share[3] (diluted, in EUR)	12.36	12.22	12.79	13.52	14.52	+7.4%
LTV (loan-to-value ratio)	64.2 %	57.6 %	58.3 %	56.6 %	53.7 %	-
Other key financials						
FFO (funds from operations), absolute	17,143	18,818	22,001	24,803	28,592	+15.3%
FFO per share[1] (in EUR)	0.97	0.95	1.03	1.07	1.13	+5.6%
FFO return (based on stock market price as of December 31)	12.2 %	14.3 %	11.2 %	9.2 %	7.9 %	-
Share price (Xetra closing price as of December 31, in EUR)	7.96	6.64	9.23	11.66	14.24	+22.1%
Dividend per share[2] (in EUR)	0.30	0.35	0.40	0.45	0.48 *	+6.7%
Number of shares[2] (December 31 reporting date)	17,771,870	21,328,828	21,364,306	22,151,331	24,783,906	+11.9%
ICR (interest coverage ratio: interest expense / net basic rents)	44.4 %	42.1 %	39.8 %	36.6 %	34.4 %	-
Average borrowing rate	4.45 %	4.50 %	4.13 %	4.03 %	3.91%	-

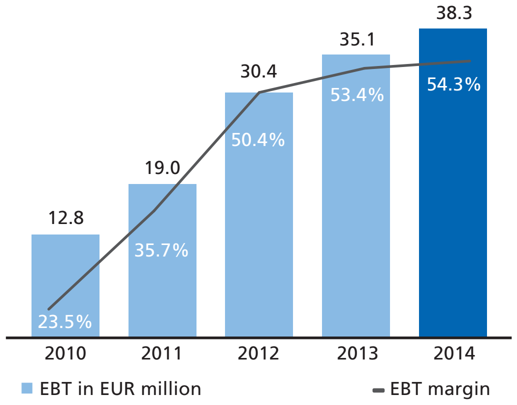
[1] Average number of shares during the fiscal year
[2] Shares in issue as of the reporting date
[3] Number of shares as of the reporting date including potential shares from the 2013/15 and 2014/16 mandatory convertible bonds
* Management's proposal

// Five year growth comparison

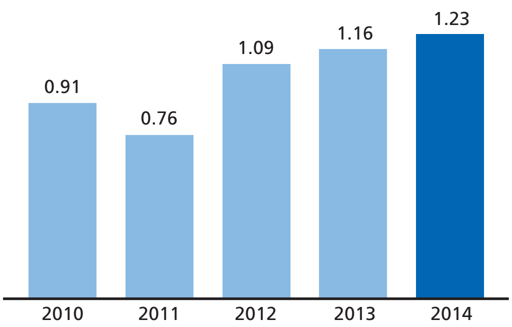
Revenue (in EUR million)



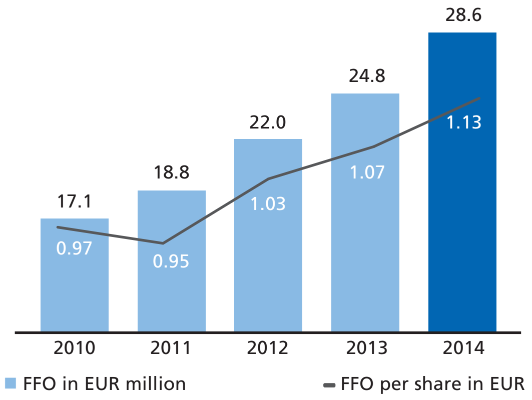
Earnings before tax (EBT) and EBT margin



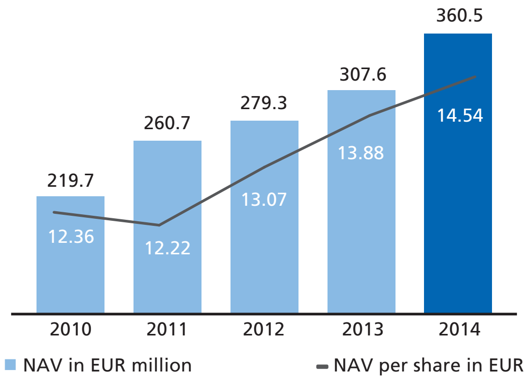
Earnings per share (in EUR, undiluted)



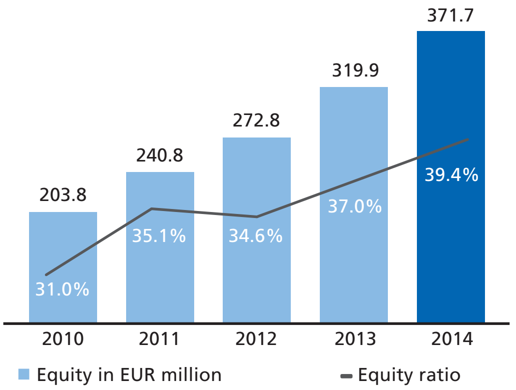
FFO (Funds from Operations)



NAV (Net Asset Value)



Equity and equity ratio



Equity Story //

- **Real estate company with strong net asset backing** and investment focus on high-growth Southern German region
- **Well-diversified portfolio** with 102 properties, a rentable area of around 950,000 sqm, low vacancy rate (2.5%) and above-average rental yield (7.3%)
- **Sustainable growth and high profitability**: average revenue growth of 8.7% p.a. since 2010, EBT-margin rose from 33% in 2010 to currently 44% (w/o valuation effects)
- **Sustainable financing structure**: equity ratio of 39.4% and LTV ratio of 53.7%
- **Long-term funding**: annuity loans with average interest rate of 3.91%
- **Strong cash flows:** sustainable growth of FFO allows new investments & attractive dividend policy (dividend per share increase by 60% since 2010)
- **Experienced management** with strong network and successful track record of more than 20 years

// Contents

We develop growth

DEVELOP-OR-BUY-AND-HOLD STRATEGY

We buy or develop commercial properties for our own real estate portfolio, renting them long-term to companies with strong credit ratings – particularly from the promising future sectors of logistics and retailing.

IN-HOUSE REAL ESTATE PORTFOLIO MANAGEMENT

We manage our properties ourselves, thereby keeping close contact with our tenants and having an ear for the market. These structures ensure our short decision paths and efficient cost management.

ANNUITY LOAN FINANCING

The debt financing of our portfolio is carried out mainly through annuity loans. We keep our borrowing costs low through ongoing repayments, and continuously grow our net asset value (NAV).

DEVELOPMENT PROJECTS

We have been developing commercial properties ourselves since VIB Vermögen AG was founded in 1993. Given strong demand in the current market environment, development projects are also particularly attractive when considered under the aspect of yield. We differ from many other project developers insofar as we transfer the properties that we have built to our own long-term portfolio once they have been completed, and also rent them long-term.

LAND ACQUISITION

ATTRACTIVE LOCATIONS
When buying land, we pay attention to good transport connections, and an attractive industrial or commercial environment.

STRONG NETWORK
We are optimally networked in Southern Germany. This secures us access to attractive investments.

RENTING

LONG-TERM RENTAL CONTRACTS
We enter into long-term rental agreements with tenants of high credit standing, thereby ensuring calculable rental income.

RENT INDEXATION
Our rents are coupled to a consumer price index. This secures our profitability long-term.

PLANNING

CUSTOMISED PLANNING
We coordinate closely with our future tenants before building commences, tailoring properties exactly to their requirements.

FOCUS ON SUSTAINABILITY
We optimise energy requirements already at the planning stage in order to reduce operating costs and the burden on the environment.

FINANCING

ANNUITY LOANS
We finance development projects through equity and long-term annuity loans, thereby gradually boosting our net asset value.

INDEPENDENT OF BANKS
Given our solid financial structure, we are flexible in selecting our financing partners.

AWARDING OF ORDERS

EVERYTHING ON A ONE-STOP-SHOP BASIS
We work regularly with carefully selected general contractors as part of our own development projects.

PACKAGE CONTRACTS
We reduce building cost risks through agreeing package contracts.

CONSTRUCTION

VIB OPERATES LOCALLY
Our experts personally supervise the realization of the construction project and customer wishes.

BUILDING ACCEPTANCE
We carry out the acceptance of buildings ourselves in order to satisfy our customers' final wishes before the final hand-over.

Strong partner to the German economy

Project development enjoys a long tradition with us: in 1993, we developed a factory building for French automotive supply company Faurecia – thereby embarking on VIB Vermögen AG success story.

Development projects continue to play an important role in Germany in 2014: 97 % of the German population orders regularly through the Internet – logistics space is needed to meet this demand. At the same time, consumers expect more of the retail shopping experience. Demand for suitable commercial properties is high as a consequence, while supply is short.

With our development projects, we are positioning ourselves as a strong partner to business in Southern Germany – and differentiating ourselves from conventional project development in one important aspect: once properties have been completed, we transfer them to our own portfolio for the long term – and also rent them long-term to growth-sector tenants of high credit standing, thereby benefiting from attractive development prospects without the typical sales risks of project developments.

On the following pages, we present an example of the most important steps in a typical development project.

SHARP FOCUS ON LAND SELECTION

A typical development project starts with the selection of an appropriate plot of land. As a recognised partner to business, we receive attractive offers, particularly via our network and individually search for properties tailored specifically to the intended use. We set great store by favourable locations as we have specialised in the sectors of wholesaling and retailing, logistics and light industry. We only buy land in regions that enjoy positive economic outlooks, paying particular attention to good transport connections and an attractive commercial or industrial environment. Where a logistics property is to be developed on a plot of land, for example, it is critical that building rights allow 24-hour utilisation of the property seven days a week. Close contact with adjacent communities – in other words, being good neighbours – is of great importance to us.

Location, location, location

In the context of buying land, we also pay attention to factors such as transportation connections and an attractive industrial and/or commercial environment.

INTERPARK, INGOLSTADT

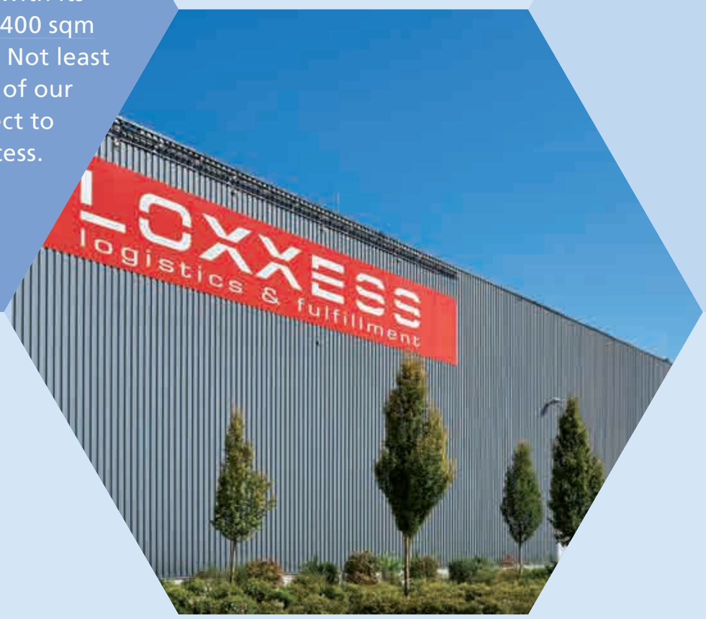
Situated centrally between the regional cities of Munich, Augsburg, Ingolstadt and Regensburg, as well as between several motorways, our recent development project at Interpark offers a textbook example of good land selection. Its generous rental area of 95,000 sqm also allows us to meet our tenants' need for spaces that can be structured flexibly.

GOOD RENTAL COMPRISES HALF OF PLANNING

We already start with rental activities during the planning stage for a property, as a rule. As we possess extensive experience in our target sectors, we speak on equal terms with our future tenants – who we also examine carefully as to their creditworthiness. We prioritise the agreement of standard market and sustainably achievable rents when structuring contacts. We also pay attention to the long-term rental of our properties, frequently agreeing contract durations of five or ten years as a consequence. We protect ourselves against rising management costs by coupling rents to a consumer price index, thereby sustainably securing profitability of our properties.

HAIMING LOGISTICS CENTRE

Even before we started planning the logistics centre in Haiming, we were already engaged in intensive communication with its future tenant in order to tailor the 38,400 sqm directly to the company's requirements. Not least for this reason, the long-term rental of our largest logistics development project to date has proved to be a great success.



Already thinking about tomorrow today

We have already rented our own developments in the main even before building starts – to companies with high credit ratings from the growth sectors of logistics and retailing.

WELL-PLANNED IS AS GOOD AS HALF BUILT

The selection of a suitable area of land is usually already inseparable from the planning of the building that is to be developed. We dialogue at an early stage with our future tenants about their needs, which allows us to tailor properties precisely to their requirements. We place a high priority on sustainability and energy efficiency in this context – in each case depending on the varying demands that our customers make of their properties. We are exclusively utilising LED lighting in the development of the Interpark logistics centre (near Ingolstadt), for example – which allows us to reduce our tenants' operating costs, and reduce the burden on the environment. In addition to meeting the individual needs of our tenants also the third party use is absolutely an important criterion.

Planning instead of chance

As part of planning, we coordinate with a property's future tenants at early stage, thereby allowing us to meet their needs exactly.

FACILITY METAWELL, NEUBURG

Project development according to the needs of our tenants also means to us to ensure the sustainability and energy efficiency of our properties – not only for companies from energy-intensive industries. After building our foundation property we could once again prove our project development expertise with this property for a Neuburg-based company in the aluminum industry.

THE FINANCING COMES FIRST!

We make recourse to both equity and conventional bank funding to finance development projects. Given our conservative financing structure and high profitability, we are independent of individual banks – and receive attractive terms as well as long-term fixed interest rates. We also finance development projects primarily through annuity loans from regional banks with which we cultivate close contacts. We are continuously boosting our net asset value (NAV) through ongoing repayment and continued lowering of interest expenses– thereby laying the foundation for further investments.

CONTINENTAL LOGISTICS CENTRE

The construction period plays a decisive role in a development project's profitability. In a period of just nine months, we built a logistics, office and production building for Continental – tailored precisely to the tenant's wishes, of course.

We finance conservatively

We generally finance development projects through long-term annuity loans – which enables us to grow our net asset value continuously.

EVERYTHING FROM A SINGLE SOURCE

Before awarding orders, and in coordination with our tenant, we conduct intensive discussions with general contractors that could potentially realise a construction project. Decisions are made in the context of tender processes, and accompanied by a professional construction engineer. Detailed contract specifications for the construction project are prepared in coordination with potential general contractors with the aim of reaching a transparent and comprehensible package agreement in order to establish planning and cost security for all involved. Where warranties are to be claimed, we have one specific counterparty – the general contractor.

One counterparty, one warrantor

By transferring responsibility for building processing to a general contractor, we ensure that construction work is carried out on a one-stop-shop basis.

MAN SERVICE STATION, FREIBURG-UMKIRCH

Following the properties in Kirchheim, Sangerhausen und Düsseldorf-Neuss, we have now already created the fourth service station for our tenant MAN. This service station is situated in Freiburg-Umkirch, and was completed in February 2015. As usual, we worked with an established general contractor in this context in order to ensure planning and cost security.

POST-CONSTRUCTION IS PRE-CONSTRUCTION

Ground can be broken for construction as soon as the building approval has been issued. Our experts accompany the building project together with the respective construction engineer at regular on-site construction meetings and viewings. This allows us to ensure compliance with the cost and time plans during all phases of a construction project. We coordinate closely with our future tenants during the building stage in order to optimally take their needs into account, such as for electrical planning and water supplies, as well as factors such as the location of employee social rooms and the installation of battery charging stations. Once the building has been accepted and the keys have been handed over to the tenants, we transfer the property long-term to our portfolio – and take care of its management over the entire rental contract duration.

DONAUCITYCENTER, INGOLSTADT

The DonauCityCenter in the heart of Ingolstadt was built in several stages. As this entailed a historic building, certain restrictions had to be complied with. Under these conditions, we also created high-quality office premises within the historic brick buildings in addition to the retail centre.

VIB – always on site

Our experts oversee the construction of our own developments intensively – from the breaking of ground through to acceptance of the building and handover of keys.

History of VIB development projects
(in extracts)

1994

NEUBURG/DANUBE
Our founding property comprises 12,400 sqm, and is the first development project of VIB Vermögen AG.

2001

NEUBURG/DANUBE
We develop the Metawell property – a production hall for an aluminium processing company (7,500 sqm).

2007

INGOLSTADT
Quality speaks for itself, and as a consequence we expand the DonauCityCenter by around 4,000 sqm as part of a further development project.

2007

HERTEN (NRW)
In response to a customer wish, we develop a project for the first time outside Southern Germany, creating a logistics centre of around 8,700 sqm.

2014

INGOLSTADT

On a top plot of land of 95,000 sqm, we develop a modern logistics centre in one of Southern Germany's most important commercial parks.

2013

NEUSS

Following Sangerhausen and Kirchheim, we develop a further service station in North Rhine-Westphalia for our customer MAN totalling around 5,100 sqm.

2008

HAIMING

In close collaboration with a customer, we develop the largest single logistics hall in our real estate portfolio (38,000 sqm).

2012

INGOLSTADT

Relationships with the City of Ingolstadt resulted in a joint development project for Continental entailing 21,000 sqm.

// To our shareholders

Holger Pilgenröther

MANAGEMENT BOARD MEMBER
FOR FINANCE SECTOR (CFO)

Martin Pfandzelter

MANAGEMENT BOARD MEMBER
FOR REAL ESTATE SECTOR (COO)

Ludwig Schlosser

MANAGEMENT BOARD
CHAIRMAN (CEO)

// Dear shareholders,

2014 was another excellent year for VIB Vermögen AG. We continued successfully with our strategy of growing substainability and profitability through acquiring commercial real estate from the logistics and retailing areas. We also continued to focus on attractive development projects as a significant element of our business model. The roots of VIB lie in developing our own properties. This area is also particularly attractive in the current market environment: demand for suitable commercial real estate is high, whereas supply tends to be tight.

Our business operations focus on the strong economic regions of Southern Germany. As real estate experts, we have an extensive network of contacts here, which allows us to continuously identify promising properties and develop them ourselves. Since September 2014, we have been creating a further logistics centre in the greater metropolitan area of Ingolstadt, entailing around EUR 34 million of investment and an expected 8.7 % rental yield. By tailoring properties precisely to our target sectors' needs, we are actively positioning ourselves as a strong partner to German business. We also invested EUR 58.8 million in promising properties from the growth sectors of logistics and retailing in the year under review. With the transfer to MAN of our fourth service station in Freiburg-Umkirch and the purchase of a specialist retail centre in Swabia's Neu-Ulm, we have continued successfully further along this path at the start of the current fiscal year.

As of April 1, 2015, the portfolio of VIB Vermögen comprises 102 properties with a total area of around 950,000 sqm – and a vacancy rate of 2.5 % during the year under review. The average rental yield from our properties amounts to 7.25 % on the basis of market values as of December 31, 2014.

Our operational success is also reflected in our key financial results: we are reporting further growth in our total operating revenue in the fiscal year under review of 7.3 % to a level of EUR 70.5 million. Earnings before interest and tax (EBIT), adjusted for extraordinary items, of around EUR 51.6 million lay at the upper end of our forecast range. FFO (funds from operations), an indicator of operating cash inflows from our business, rose from EUR 1.07 to EUR 1.13 per share. Given the low interest-rate level and the expiry of fixed interest arrangements for existing loans, we further reduced the total interest cost on our portfolio borrowings to 3.91 %, and we identify further opportunities to optimise our overall interest expense given a continuation of favourable interest rate levels. Not least, we again underscored the continuous enhancement of the value of our real estate portfolio with further growth in our NAV (net asset value) per share to EUR 14.54.

The price of our share has increasingly approached its NAV over the course of the fiscal year under review. The capital market is thereby acknowledging and rewarding our company's sustainable and profitable growth and development. The VIB share significantly outperformed German share market. In December 2014, we placed a further mandatory convertible bond to finance our continued growth. Institutional investors subscribed for this EUR 33.2 million transaction as part of a private placing, with demand even outstripping the previous two issues. These pleasing developments again confirm the excellent reputation that VIB Vermögen AG enjoys on the capital market.

Dear shareholders, as accustomed, it is our wish that you should participate in the success and profitability of the fiscal year elapsed. Consequently, we will propose a 6.7 % dividend increase from EUR 0.45 to EUR 0.48 per share to the Annual General Meeting to be held on July 1, 2015. Based on the year-end share price of EUR 14.24, the respective dividend yield amounts to 3.4 %.

We also take a confident view of the coming fiscal year: we currently anticipate that we will grow our revenue to between EUR 74.0 million and EUR 77.0 million, our earnings before interest and tax (EBIT) to between EUR 53.5 million and EUR 56.0 million, and our earnings before tax (EBT) to between EUR 33.0 million and EUR 35.0 million – in each case before valuation effects.

We would like to take this opportunity to extend our warm thanks to our Managing Board colleague Peter Schropp. Following more than five years of successful Managing Board activity, Mr. Schropp left VIB Vermögen as of September 30, 2014, on the best amicable basis. We would like to wish him all the very best for the future. We would also like to warmly welcome his successor Martin Pfandzelter, whose previous position was at a significant German real estate financing company. He has many years of experience as well as a very well established network in the real estate area. Mr. Pfandzelter is responsible as Chief Operating Officer for the real estate area.

At this point we would like to express special thanks to our staff as it is only through their outstanding commitment that the success of VIB Vermögen is possible at all, as well as our business partners, with a large number of whom we have already worked together on a trusting basis for many years.

Esteemed shareholders, we would like to thank you for the trust and confidence that you have invested in us to date. It would please us if you would continue to accompany us on our exciting course over the coming years.

Yours sincerely

Neuburg/Danube, April 21, 2015

Ludwig Schlosser
(CEO)

Holger Pilgenröther
(CFO)

Martin Pfandzelter
(COO)

Franz-Xaver Schmidbauer *Rolf Klug* *Jürgen Wittmann*

// Supervisory Board report

Dear shareholders,

VIB Vermögen AG completed another successful fiscal year in 2014, further expanding its portfolio through targeted investments in high yielding properties, and developing projects to add to its own set of investments. This also resulted in higher revenue and income in 2014. The foundation has been laid for further investments in the 2015 fiscal year with the issuing of what is now the company's third mandatory convertible bond in December 2014 at a conversion price above the net asset value per share. As with the two preceding capital market measures, some of the issue proceeds were rapidly reinvested in promising properties. At all times, the Supervisory Board attentively and extensively accompanied the company's development and growth, 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 of the fiscal year, the Supervisory Board monitored 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 its performance and financial position, as well as about new investment opportunities.

Supervisory Board, meetings and resolutions

A total of six Supervisory Board meetings were held in 2014, all of which were attended by all Supervisory Board members. At these meetings, the Managing Board informed the Supervisory Board in depth about the company's business progress. Important individual transactions, particularly potential real estate transactions and development projects, changes to the Managing Board, 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 agenda for the AGM on July 2, 2014 were approved at the meeting on April 8, 2014. As before, no committees were formed due to the small size of the Supervisory Board in 2014.

2014 separate and consolidated financial statements

The Supervisory Board reviewed the separate annual financial statements as of December 31, 2014, 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 21, 2015. The review of the 2014 annual financial statements led to no modifications, and an unqualified audit opinion was issued. The separate annual financial statements as of December 31, 2014 were approved without objections, and are thereby adopted. The Supervisory Board concurs with the Managing Board's proposal concerning the application of retained earnings.

The Supervisory Board also reviewed the 2014 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 21, 2015. The audit of the 2014 consolidated financial statements also resulted in no amendments, with an unqualified audit opinion being issued and the consolidated financial statements as of December 31, 2014 being approved by the Supervisory Board. At its meeting on April 21, 2015, the Supervisory Board also approved the agenda for the General Meeting on July 1, 2015.

The Supervisory Board is pleased with the positive development and growth 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 in a targeted manner.

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 21, 2015

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

// The VIB Vermögen AG share and investor relations

Following 2013, shareholders of VIB can look back on a further successful year in 2014. The VIB share continued to outperform the overall German equity market, appreciating by 22 %. While the SDAX index was up by around 3 %, the DAX index of leading German equities had risen by just 1.5 % by the year-end.

VIB broadened its shareholder base to more than 50 institutional investors during 2014. In December 2014, VIB also successfully placed its third mandatory convertible bond. This EUR 33.2 million bond was placed exclusively among institutional investors, laying the foundation for further sustainable growth and a balanced financing structure for the company.

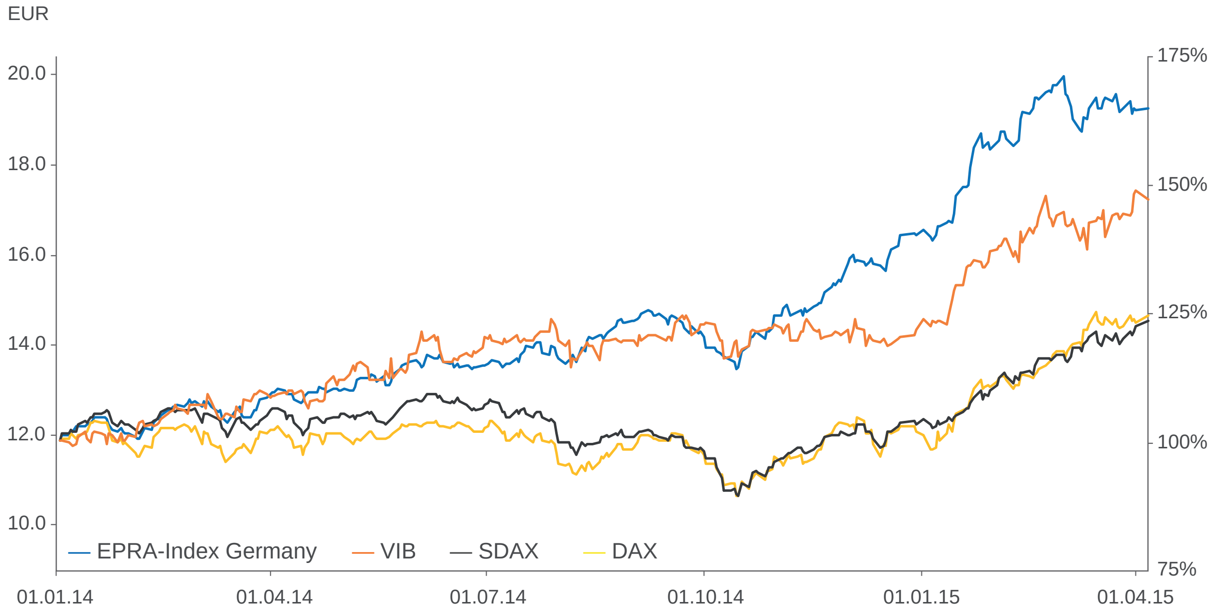
Key data

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 / Regulated Unofficial Market (m:access) Frankfurt / Regulated Unofficial Market; Xetra
Share class	Ordinary bearer shares (no-par value)

Key share data December 31, 2014	
Subscribed capital	EUR 24,783,906
Notional value per share	EUR 1.00
Number of shares in issue	24,783,906 shares
Net asset value (NAV) per share (basic)	EUR 14.54
Balance sheet equity (Group)	EUR 371,655 thousand
Dividend per ordinary share for the 2014 fiscal year	EUR 0.48 *
Year opening share price	EUR 11.70
Year-end share price	EUR 14.24
Year-high share price (September 24, 2014)	EUR 14.60
Year-low share price (January 8, 2014)	EUR 11.54
Average daily share turnover 2014 **	16,647 shares
Market capitalisation on December 31, 2014	EUR 352.9 million

* Administration's proposal
** Xetra and Frankfurt

Share price performance since January 1, 2014 (index comparison with EPRA and DAX and SDAX equity indices)



For the purposes of unrestricted comparison of share price performance, the VIB share is compared only with the DAX and SDAX equity indices below. The share price performance calculation in this context does not include the dividend payments and the subscription rights of the companies included in the indices.

Stock market performance	2013	2014
VIB Vermögen AG	21.8 %	21.7 %
EPRA Germany	- 4.7 %	40.6 %
DAX equity index	18.8 %	1.5 %
SDAX equity index	24.4 %	3.1 %

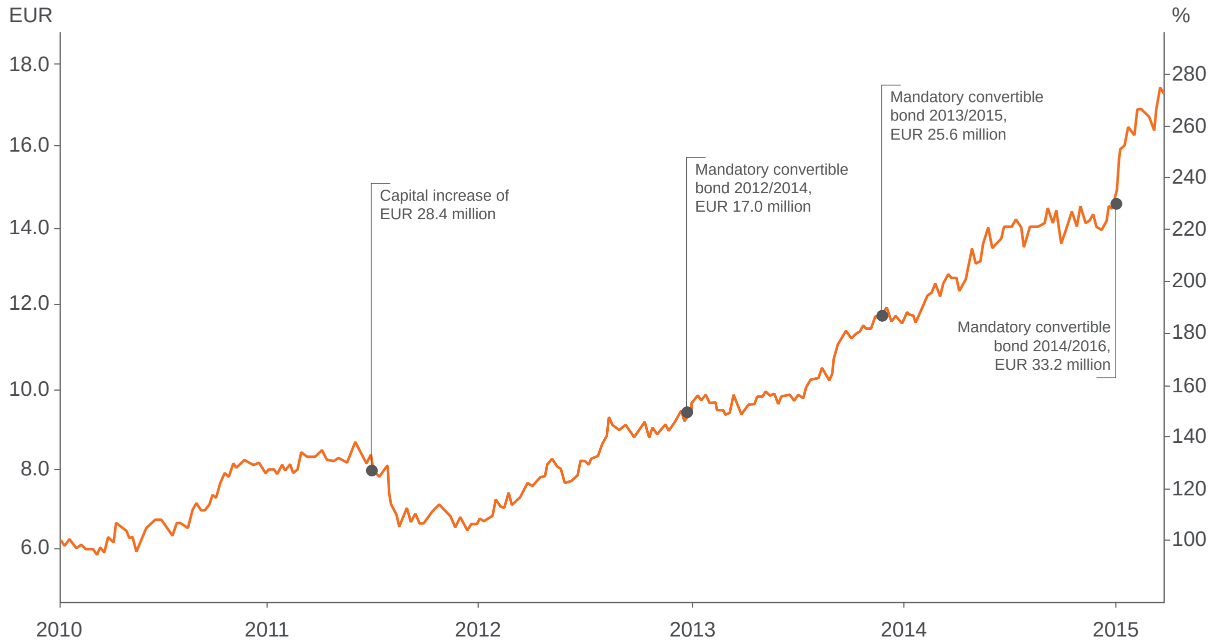
Compared with the previous year, the 2014 stock market year proved to be relatively unsatisfactory overall for shareholders in listed companies in Germany. The German DAX index appreciated by just 1.5 % to 5,044 points as of December 31, 2014, for example. The SDAX equity index, too, recorded an overall moderate trend with an increase of 3.1 % to 3,736 points as of December 31, 2014.

The VIB share traded counter to this stock market trend in 2014, outperforming both the DAX and the SDAX with an increase of 22 %. Having fluctuated in a range between EUR 11.50 and EUR 12.80 during the first quarter, the share gathered momentum in March. The VIB share closed on December 31, 2014 at a price of EUR 14.24, equivalent to a EUR 352.9 million market capitalisation. Only the EPRA Germany index, which is relevant for comparing real estate companies and which comprises the most important German property companies, outperformed the VIB share with an appreciation of 40.6 %. It should be noted in this context that the EPRA Germany index includes a disproportionally strong representation of residential real estate companies, which performed particularly well.

The constant and sustainable performance of the VIB share can be seen in a two-year view. With a share price appreciation of 22 % in 2014 and a similarly positive trend in the previous year, the VIB share could outperform the EPRA Germany index as well as the DAX and SDAX indices in this period.

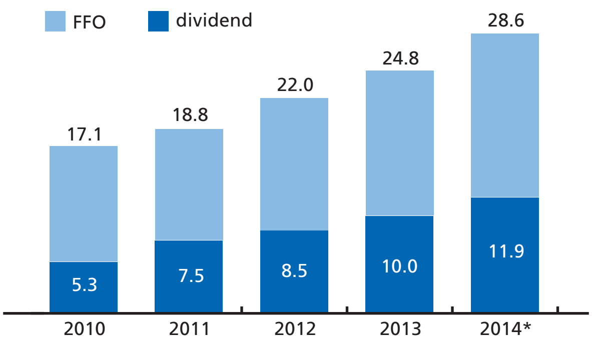
After the end of the period under review, the share of VIB Vermögen AG continued to perform well, increasing by a further 17.2 % to EUR 16.98 during the first three months of 2015.

Five-year price performance of the VIB share



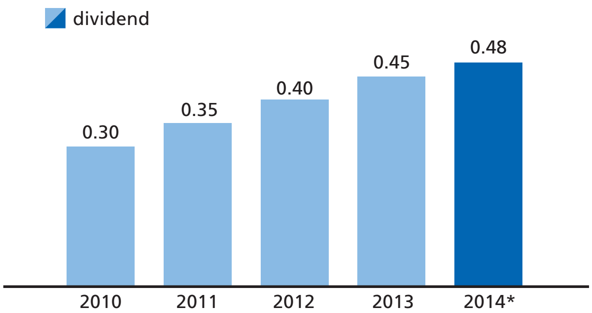
The five-year price performance of the VIB share is also very pleasing. This positive share price trend is primarily due to VIB Group's constant growth, enabled in part by the past years' successful capital measures. Following a capital increase in 2011, and mandatory convertible bond issues in 2012 and 2013, VIB successfully placed its third mandatory convertible bond in December 2014, for instance. This provided the company with sufficient liquid assets at all times to exploit growth opportunities on a targeted and consistent basis.

Dividend payments compared with FFO (in EUR millions)



* Administration's proposal

Dividend per share (in EUR)

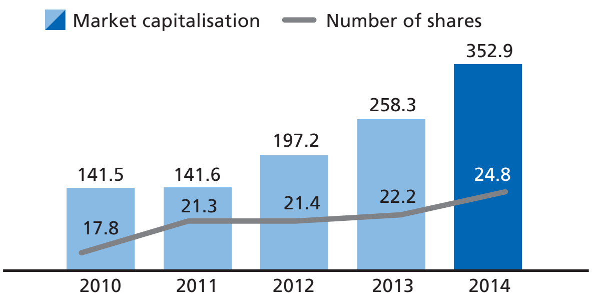


* Administration's proposal

Accordingly, VIB's Managing and Supervisory boards will propose to the Annual General Meeting on July 1, 2015 to approve the payment of a EUR 0.48 per share dividend. As in previous years, dividend growth thereby corresponds with the company's positive FFO trend. With a 3.4 % dividend yield as of December 31, 2014, VIB is thereby also continuing with its policy of its shareholders participating long-term and appropriately in the company's success and profitability.

Market capitalisation and number of shares

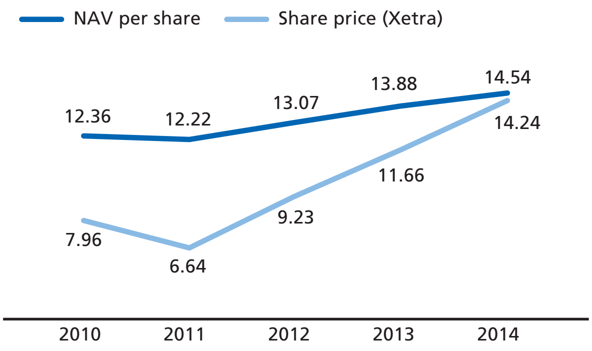
(in EUR millions as bars, and in millions of shares as a line)



Along with the growing number of shares as a result of capital measures, the VIB share's positive performance also boosted the market capitalisation further to EUR 353 million as of December 31, 2014. The difference between the share price and NAV per share has also narrowed thanks to the share price appreciation. As of December 31, 2014, the share price reflected a 2 % discount to net asset value, compared with 16 % as of December 31, 2013. VIB Vermögen AG regards this reduction in the discount to NAV as further evidence of the company's successful development and growth, and of the positive perception of the company on the capital market.

NAV per share and share price

(in each case as of the year-end in EUR)



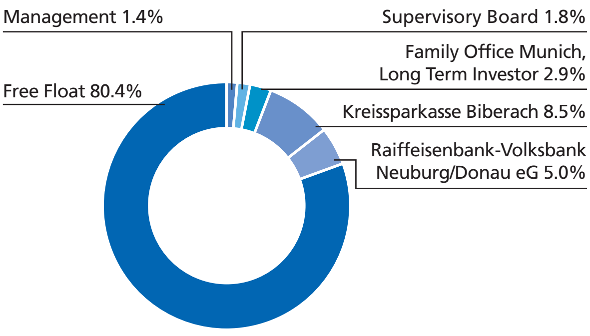
2014/2016 mandatory convertible bond

Following its mandatory convertible bond issues in December 2012 and November 2013, VIB issued a further mandatory convertible bond in December 2014 in order to finance its further growth. Institutional investors subscribed for EUR 33.2 million in a private placing. The issue excluded subscription rights for existing shareholders. This two-year bond carries an attractive 4.0 % per annum coupon, and is denominated into bonds of EUR 1,000 each. This mandatory convertible bond has been listed on the Regulated Unofficial Market of the Munich Stock Exchange since December 5, 2014 (ISIN DE000A13SJL8, WKN A13SJL).

Given a EUR 15.00 conversion price, investors have two conversion windows: the first comprises the period between July 6, 2015 and December 5, 2015, and the second the period between the third calendar date following the end of the company's AGM in 2016 and the bond's maturity date on December 5, 2016. Conversion will generate a total of 2,215,000 new shares that are to be dividend-entitled from January 1 of the respective conversion year. VIB intends to utilise the issue proceeds during the 2015 fiscal year for investment in further promising real estate assets.

Issuing the mandatory convertible bond at a premium offset the dilutive effects of the capital increase for existing shareholders.

Shareholder structure



As of: April 1, 2015

VIB's shareholder structure reflects a consummate balance between free float and a long-term oriented investor base. The free float has increased year-on-year in this context due to the conversion of mandatory convertible bonds into shares. Along with Raiffeisen-Volksbank Neuburg/Donau eG as a founding investor (voting rights interest: 5.0 %), Kreissparkasse Biberach (8.5 %), a financial institution specialising in second-line stocks, comprises a further long-term investor in VIB. A family office has also held a 2.9 % interest in the company since the second half of 2014. The management holds 1.4 %, and the Supervisory Board holds 1.8 %, of the shares in VIB, with both groups of directors thereby underscoring their confidence in the company's future development and growth.

Analysts' recommendations

The VIB share is highly regarded by stock analysts, and is regularly covered and analysed by various German and international research houses. Most of the analysts identify positive development and growth potential for VIB, and currently recommend the VIB share as a "Buy". No "Sell" recommendations have been issued. We always publish updated analyst assessments promptly on our website.

	Date	Recommen-dation	Share price target (EUR)
Baader Bank (Andre Remke)	23.03.2015	BUY	19.00
Bankhaus Lampe (Dr. Georg Kanders)	13.04.2015	BUY	19.50
BHF Bank (Thomas Effler)	04.02.2015	OVERWEIGHT	17.80
Mirabaud (Emmanuel Valavanis)	24.02.2015	BUY	18.00
Petercam (Herman van der Loos)	25.02.2015	ADD	18.10
SRC Research (Dennis Kuhn)	19.03.2015	ACCUMULATE	18.00
Warburg Research (Andreas Pläsier)	10.04.2015	BUY	19.00

As of: April 13, 2015

Investor Relations

In order to address a wide group of shareholders, VIB Vermögen AG more than satisfies the requirements that are made of it as a result of the listing of the VIB share on the Open Market (Regulated Unofficial Market) of the Frankfurt Stock Exchange (FWB) as well as in the m:access segment of the Munich Stock Exchange. Continuous, comprehensible and transparent communication is aimed at meeting capital market expectations in terms of up-to-date and relevant information, and the equal treatment of parties that are interested in such information. To this end, the company engages in communication with analysts, institutional investors and private investors, as well as with the financial, business and specialist press.

VIB Vermögen AG also communicates with international investors by making all publications of relevance to the capital market available in both German and English. The company also cultivates active contact with the financial community: the Managing Board conducts regular discussions with analysts, investors and journalists. VIB was present at many of capital market conferences in the year under review, explaining its strategy, corporate development and current business results to a broad public. The Managing Board of VIB held presentations at the Baader Investment Conference in Munich, the Berenberg Conference in Munich, the German Commercial Property Forum in London, the m:access Conference in Munich, the Petercam Real Estate Conference in Brussels, and the SRC Forum in Frankfurt, for example. VIB's capital market communication is completed by roadshows for current and potential investors both in Germany and abroad.

Annual General Meeting

The Ordinary Annual General Meeting for the year 2014 was held in Ingolstadt on July 2, 2014. A total of 47.3 % of the voting-entitled share capital was present. The agenda items relating to the application of retained earnings, the discharge of the Managing and Supervisory boards, and the election of the auditor were each approved almost 100 % by the AGM. The AGM also approved the increase in the dividend from EUR 0.40 to EUR 0.45, which was distributed to shareholders on July 3, 2014. The management's proposal was also accepted with an 85.3 % majority to authorise the Managing Board to issue convertible bonds and/or bonds with warrants in a total nominal amount of up to EUR 39 million, as well as to create EUR 2,215,133.00 of Conditional Capital 2014.

Financial calendar 2015

May 13, 2015	Publication of Q1 2015 interim report
July 1, 2015	2015 Annual General Meeting
August 6, 2015	Publication of the 2015 semi-annual report
November 11, 2015	Publication of Q3 2015 interim report

IR contact

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// Real estate portfolio

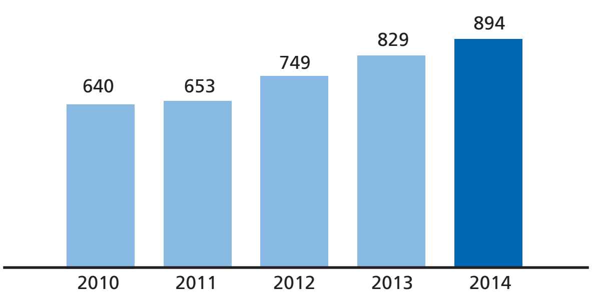
Overview

Key figures	December 31, 2014	April 1, 2015
Number of properties	100 properties	102 properties
Rentable area	around 928,000 sqm	around 950,000 sqm
Annualised rental income	EUR 62.7 million	EUR 64.4 million
Vacancy rate	2.7 %	2.5 %

As of December 31, 2014, the real estate portfolio of VIB Vermögen AG consisted of **100 properties with a total rentable space of around 928,000 sqm**. Due to the strong network that the company has established in Southern Germany over the past two decades, most of the company's properties are also located in this high-growth region. VIB knows its target markets' requirements precisely, and cultivates close contacts with its tenants. For these reasons, VIB achieves a 2.7 % vacancy rate on its total portfolio, which is low by sector comparison.

Market value of the portfolio

(in each case as of the year-end in EUR million)



VIB places special emphasis on a well-founded and realistic valuation of its portfolio. VIB makes recourse to an external property valuation surveyor for this purpose. The surveyor calculates the market value of the estate portfolio at least once a year applying the generally recognised discounted cash flow method.

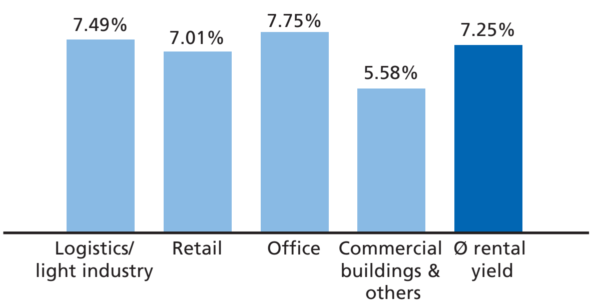
As of December 31, 2014, the **market value of the real estate portfolio** amounted to EUR 894 million (including property under construction). The **average rental yield** on the total portfolio stood at 7.25 % as of December 31, 2014.

VIB has restructured its sector allocations as of December 31, 2014. This reclassification aims not only to provide greater transparency, but also to respond to, and implement, changes in market conditions, especially in the logistics and industry areas.

The significant modification in sector allocation takes into account the general trend whereby modern logistics is no longer understood to refer to just conventional logistics services such as warehousing, transportation and so on. Instead, modern logistics service providers increasingly comprise extended workbenches for their customers, including being responsible for pre-assembly and final assembly, or other specialised services, for example. This logistics area is also referred to as light industry, and is to be reported in the future in VIB's real estate portfolio together with "classical" logistics under the newly created sector of "Logistics / light industry". Properties that have been classified to date in the Retail segment are now listed in the "Retail" segment. Further segments include "Office" and "Business/other". This reclassification is to improve transparency.

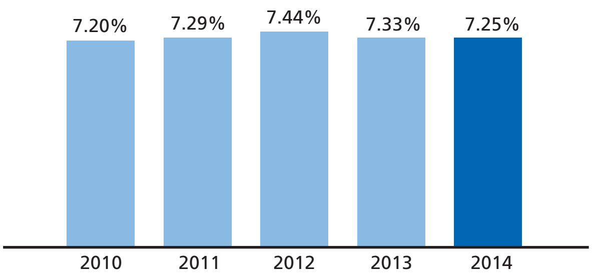
VIB achieved the following rental returns based on these redefined sectors:

Rental return by sector (in %)



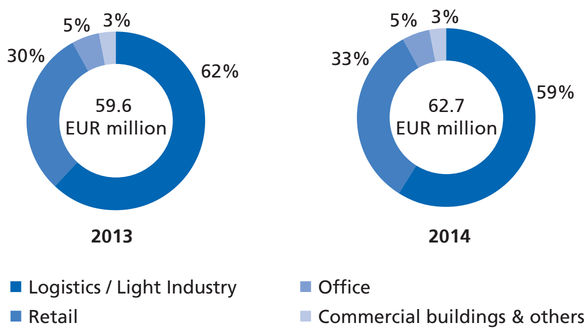
As of: December 31, 2014

Average rental yields (in each case as of the year-end in %)



Diversification of the real estate portfolio is important to VIB, whereby it has focused increasingly on the growth sectors of logistics/light industry and retail over the past years. Of its total net rental income, 59 % is generated in the logistics / light industry area, and 33 % with retail properties.

Annualized net rental income (in EUR millions) and sector shares (in %)



As of: December 31, 2014

Supporting this diversification, the long **average residual term of rental agreements** of 6 years and 7 months reduces portfolio risk, ensuring that income is very calculable. Even rental contracts with short remaining terms are generally not terminated by tenants. Such contracts mostly extend automatically to repeat the agreed duration, or are converted into rental contracts of indefinite duration.

As far as **tenant structure** is concerned, VIB pays attention to diversity among its tenants in order to minimise cluster risk. Before entering into rental agreements, the solvency of all tenants is checked in order to limit rental default risk to a minimum. VIB's ten largest tenants account for almost 50 % of annual net rents.

VIB's top 10 tenants

Tenant	Sector	**Share of total annual net rental income**	**Loca-tions**
Gartenfachmarkt Dehner	Retail	10.5 %	15
Rudolph Group	Logistics	7.2 %	10
Geis Industrie-Service GmbH	Logistics	6.6 %	2
Gillhuber Logistik GmbH	Logistics	4.3 %	1
Loxxess Group	Logistics	4.0 %	2
Anylink Systems AG	Industry	3.8 %	1
Continental Automotive GmbH	Industry	3.7 %	2
Lidl-Schwarz Group	Retail	3.2 %	4
Scherm Group	Logistics	2.8 %	3
BayWa Bau- und Gartenmärkte GmbH & Co. KG	Retail	2.8 %	2
Total for top 10 tenants		**48.9 %**	**42**

As of: December 31, 2014

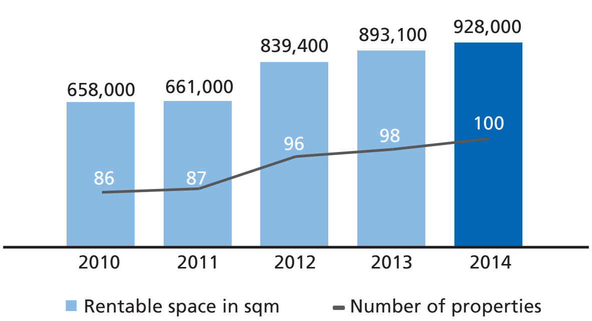
The portfolio's focus on the Southern German region results historically from the company's inception in Neuburg an der Donau in Upper Bavaria, Germany, and from its well established network within the region. Thanks to a success story spanning more than 20 years, VIB management's personal and mutually trusting contacts enable new market opportunities to be exploited at an early stage – representing a significant competitive advantage. Southern Germany is also one of Germany's fastest growing economic regions and is characterised by material prosperity and a diversified economic structure. Geographically, this region is located at Europe's heart in terms of favourable transportation connections, and is also forecasted to achieve socio-demographic trends ahead of the German average. These factors make significant contributions to the stability of the portfolio's value.

Portfolio properties located outside Southern Germany reflect tenants' confidence and trust in their business relationships with the company, paying testament to VIB's extensive expertise on the commercial real estate market. Such properties result from tenants expanding out of Southern Germany into other regions of Germany with the support of a reliable partner: VIB Vermögen AG.

Portfolio development and trends

Rentable space

(in each case as of the year-end in sqm)



A fundamental element of VIB's corporate strategy consists, firstly, in the **acquisition of attractive properties**, and, secondly, in the **development of promising real estate assets**, in each case for the company's own portfolio. This strategy was also pursued with the investments realised in the year under review:

- In January 2014, VIB purchased a retail centre with a rentable space totalling around 13,770 sqm for EUR 22.2 million in **Bischberg-Trosdorf** (Bamberg region). Rental agreements with durations of between 5 and 15 years exist with the tenants, with the rental agreements with the two tenants renting the largest spaces carrying terms of 11 and 15 years respectively. This retail property was constructed in 2012, and generates an annual rental yield of 7.4 %. The purchase of this property was partly financed through a loan, and partly through proceeds from the mandatory convertible bond that was issued in November 2013.

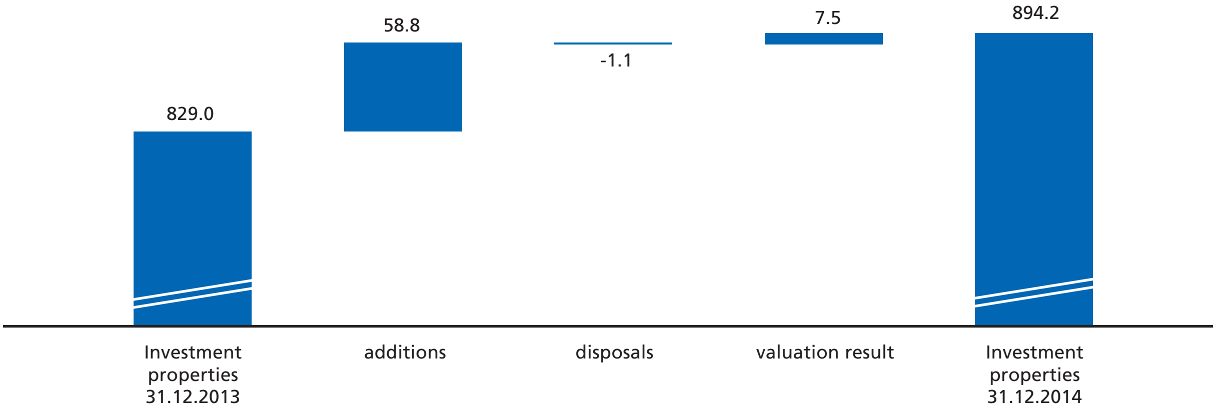
- In February 2014, VIB acquired a modern retail property in **Nördlingen** (Donau-Ries rural region) for EUR 9.1 million. This property, comprising around 8,580 sqm of usable space is rented for more than 14 years to a BayWa DIY and garden centre, and generates a 7.2 % rental return. Financing consisted of both equity deriving partly from the 2013/15 convertible bond issue proceeds, and debt.

- In November, VIB purchased a DIY and garden centre in the Bavarian location of **Poing** (Munich region) with a rentable area of around 11,100 sqm, and entailing investment of EUR 15.5 million. Situated on the periphery Munich at a location enjoying good transport connections, the property is rented for 15 years, and generates a rental yield of 7.1 %. This property was fully renovated in the fiscal year elapsed, and handed over to its tenant.

- Since autumn 2014, VIB has also been developing a modern logistics centre at the **Interpark** (to the north of Ingolstadt), one of Southern Germany's most important commercial parks. The property should be completed in the third quarter of 2015, and comprises a land space of approximately 95,000 sqm. The building area will amount to around 52,000 sqm once the project has been completed. The investment costs stand at approximately EUR 34 million, and the prospective rental yield on the property amounts to around 8.7 %. VIB has already signed a rental agreement for around one third of the rental space with a medium-sized logistics company of high credit standing, and further rental contracts are still being negotiated.

VIB continues to focus on expanding its real estate portfolio through targeted acquisitions and its own developments. Optimising the existing portfolio is also of great importance in order to sustainably secure the properties' values. VIB invested EUR 3.7 million, equivalent to EUR 3.95/sqm, in the ongoing **modernisation of its portfolio** in the fiscal year elapsed. This approach is to be retained in the future.

Market value of the real estate portfolio in the 2014 fiscal year
(in EUR million)



Real estate portfolio financing

Since VIB was founded, sustainable and secure financing of its investments has comprised an elementary building block in the company's success and profitability. A solid **equity ratio** of around 39.4 % (previous year: 37.0 %) 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 53.7 % as of December 31, 2014 (previous year: 56.6 %). Given these solid ratios, VIB enjoys very good access to favourably-priced financing facilities, which it secures long-term through its 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 liability on the 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). Compared with other forms of borrowing, annuity loans also offer the following benefits and advantages from VIB's perspective:

- future cash outflows are very predictable due to the agreement of constant instalments over the loan duration,
- the residual liability can be calculated precisely, and declines constantly over the course of time,
- only the interest rate is to be renegotiated after the expiry of the original fixed interest period, as a rule.

In addition, VIB 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 under review. Around 51 % of the Group's loans carry a fixed interest period of more than three 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.

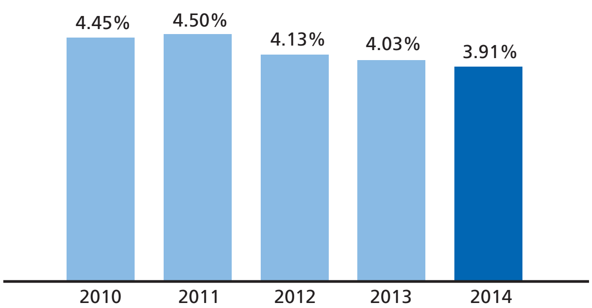
The company has also been financing itself since 2012 through issuing **mandatory convertible bonds**. This financing form offers two types of benefits:

- Firstly, the issue proceeds from the mandatory convertible bonds can already be utilised as equity when buying properties;
- Secondly, VIB is able to broaden its investor base in this manner, further diversifying its financing sources.

A financing mix consisting of both short-term and long-term fixed interest arrangements resulted in low borrowing costs in the year under review. The average interest rate for the borrowing portfolio of VIB amounted to 3.91 % as of December 31, 2014 (previous year: 4.03 %).

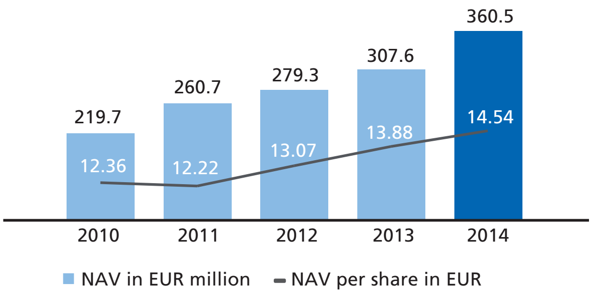
Average interest rate for borrowings portfolio

(in each case as of the year-end)

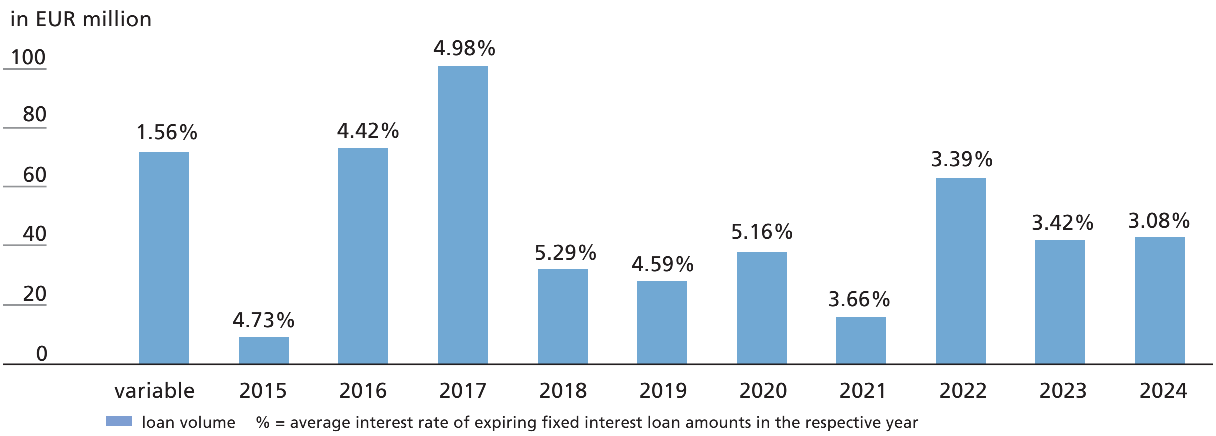


This interplay of a balanced financing mix, strong portfolio growth and solid equity backing resulted in a continuous enhancement of VIB's net asset value (NAV). Since 2010, NAV has grown by 64 % to reach a total of EUR 360.5 million as of December 31, 2014. NAV per share amounted to EUR 14.54 as of the end of the period under review. This corresponds to 18 % growth since 2010.

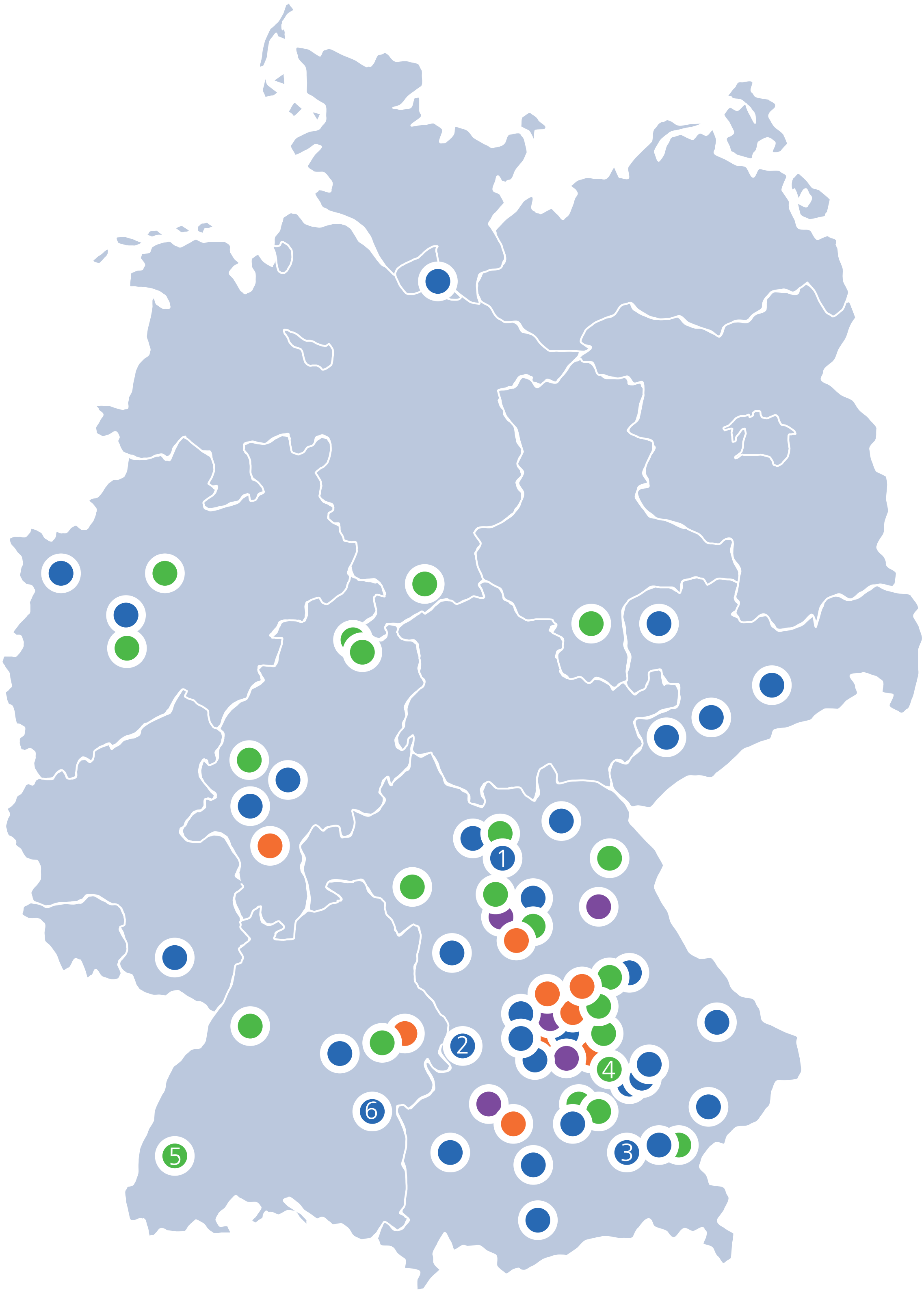
NAV and NAV per share
(in each case as of the year-end in EUR and EUR million)



Structure of loans by remaining period of interest-rate fixing (as of: December 31, 2014)



Real estate locations



Investments 2014

1

January 2014

Bischberg-Trosdorf (near Bamberg)

Rental area:
13,770 sqm

Investment volume:
EUR 22.2 million

2

February 2014

Nördlingen (rural district Donau-Ries)

Rental area:
8,580 sqm

Investment volume:
9.1 million

3

November 2014

Poing (near Munich)

Rental area:
11,100 sqm

Investment volume:
15.5 million

4

Development project from September 2014

Logistics centre in Interpark (near Ingolstadt)

Rental area:
95,000 sqm

Investment volume:
ca. 34 million

Investments 2015

5

Development project from February 2015

MAN service station (Freiburg-Umkirch)

Rental area:
ca. 3,000 sqm

Investment volume:
7.5 million

6

February 2015

Retailpark Neu-Ulm

Rental area:
18,740 sqm

Investment volume:
14.8 million

Logistics/
Light industry

Retail

Offices

Commercial
buildings & others

// NAV, FFO and LTV in detail

NET ASSET VALUE (NAV) – UNDILUTED

in EUR thousand	**31.12.2014**	31.12.2013
Investment properties	894,214	828,993
Other non-current assets	257	443
Interests in associated companies	3,120	2,718
Assets held for sale	2,844	2,838
+/– other assets/equity and liabilities (including minority interests)	-18,293	-22,086
Net debt	-484,560	-473,368
Share premium from mandatory convertible bond	-37,102	-31,970
NAV/Net assets (undiluted)	**360,480**	**307,568**
Number of shares (balance sheet date)	24,783,906	22,151,331
NAV per share in EUR (undiluted)	**14.54**	**13.88**

NET ASSET VALUE (NAV) – DILUTED

in EUR thousand	**31.12.2014**	31.12.2013
NAV/Net assets (diluted)	360,480	307,568
Effects from mandatory convertible bond	39,923	34,553
Effects from conversion of shares of BBI Immobilien AG	0	7,115
NAV/Net assets (diluted)	**400,403**	**349,236**
Number of shares (balance sheet date)	24,783,906	22,151,331
Potential ordinary shares from:		
Mandatory convertible bond	2,795,927	3,075,900
Conversion BBI shares in VIB shares	0	595,660
Number of shares (diluted)	27,579,833	25,822,891
NAV per share in EUR (diluted)	**14.52**	**13.52**

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

in EUR thousand	**31.12.2014**	31.12.2013
Earnings before interest and tax (EBIT)	**59,124**	**54,241**
Adjusted for:		
Income/expenses (non-cash effective)	124	211
Changes in value for Investment Properties	-7,529	-7,199
	51,719	**47,253**
Interest cost and similar expenses	-20,570	-19,967
Other interest and similar income	112	149
Income from equity accounted investments	223	231
Guaranteed dividend	-181	-468
	31,303	**27,198**
Effective tax expense	-1,798	-1,516
	29,505	**25,682**
Minority interest (adjusted for valuation gains/losses)	-913	-879
FFO in absolut terms	**28,592**	**24,803**
Average number of shares in fiscal year	25,411,653	23,263,868
FFO per share	**1.13 EUR**	**1.07 EUR**
Share price on the respective closing date	14.24 EUR	11.66 EUR
FFO yield on the respective closing date	7.94 %	9.18 %

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

in EUR thousand	**31.12.2014**	31.12.2013
Investment Properties	894,214	828,993
Property, plant and equipment	253	427
Financial assets	3,120	3,192
Assets held for sale	2,844	2,838
Assets	**900,431**	**835,450**
Non-current financial debt	495,054	456,718
Current financial debt	26,632	41,492
Bank balance	-37,786	-25,502
Financial liabilities (net)	**483,900**	**472,708**
LTV ratio	**53.74 %**	**56.58 %**

// *Group management report*

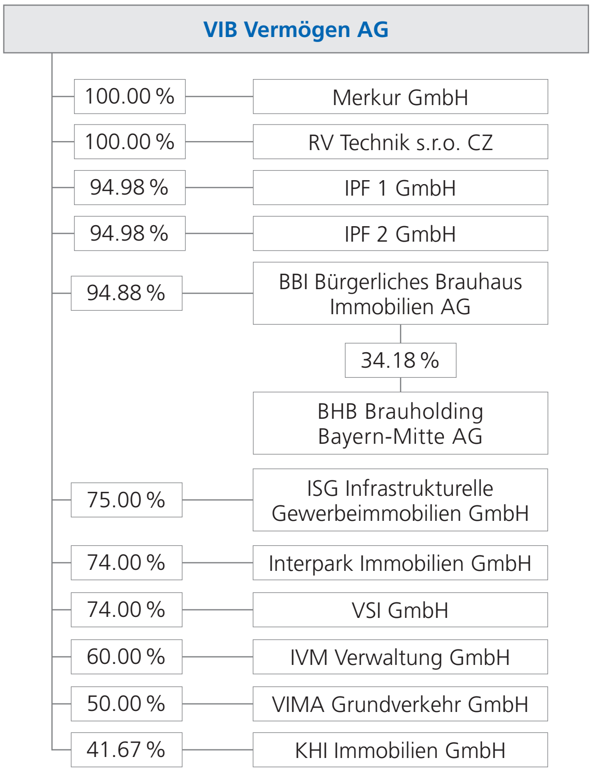
// Basis of the Group

1. Business activities, Group structure and participating interests

VIB Vermögen AG (also referred to below as "VIB" or the "VIB Group") is a medium-sized company specialising in commercial real estate management, and has now been operating successfully for more than 20 years. The company focuses on logistics and retail properties in the economically strong region of Southern Germany. Founded as an unincorporated firm in 1993, it was converted into a public stock corporation in 2000. VIB's shares have been listed on the stock exchange Munich (m:access) and Frankfurt (Open Market) since 2005.

VIB's business model is based on a "develop-or-buy-and-hold" strategy: Firstly, VIB acquires properties that are already rented. Secondly, it completely develops new properties in order to transfer them long-term to its own portfolio, and generate rental income from them. VIB 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 100 attractive logistics properties, shopping and specialist retail centres, industrial buildings, as well as commercial and service centres with a total rentable space of around 928,000 sqm. VIB manages its own real estate portfolio itself, and with the support of its wholly-owned subsidiary Merkur GmbH.

Overview of participating interests
as of December 31, 2014



VIB Vermögen acquired a majority interest in BBI Immobilien AG in 2007. The interest that it currently holds corresponds to 94.9 % of the share capital of BBI Immobilien AG. VIB Vermögen AG indirectly holds 34.2 % of the shares of the subsidiary of BBI Immobilien AG, BHB Brauholding Bayern-Mitte AG (BHB Brauholding AG), which was founded in November 2009.

A profit transfer agreement was concluded between VIB Vermögen AG and BBI Immobilien AG on May 6, 2008, which continues to exist to the present date. Accordingly, VIB Vermögen AG undertook to pay the 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 undertook, upon request by the shareholder, to acquire its 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 EUR 1,356,114 for this share swap.

Since 2009, an appeal has been pending in relation to the level of the settlement offer and settlement payment. On February 14, 2014, the relevant court issued a ruling concerning the pending lawsuits, which became legally effective on September 10, 2014. Accordingly, all outstanding shareholders of BBI Immobilien AG were entitled to an additional payment of EUR 0.10 (gross) per share in relation to a guaranteed dividend paid for the years 2009 to 2014. Pursuant to the court's ruling, the settlement on offer (the exchange of shares in BBI Immobilien AG into shares of VIB AG) remained unchanged. The corresponding publication relating to the conclusion of the appeal proceedings occurred on September 24, 2014. The period for the exchange of the shares of BBI Immobilien AG into the shares of VIB Vermögen AG ended on November 24, 2014. In the 2014 fiscal year, a total of 94,908 BBI shares were converted into 137,602 VIB shares. The remaining minority shareholders of BBI Immobilien AG continue to be entitled to a guaranteed dividend, which was increased to EUR 0.74 (gross) as a consequence of the court ruling.

2. Corporate targets and strategy

VIB pursues the objective of continuously and sustainably growing the company's value through expanding its real estate portfolio. Managing attractive commercial real estate assets creates continuous rental income, a high level of recurring cash flows, ongoing appreciation of the company's net asset value (NAV), and an attractive dividend policy. VIB pursues a threefold strategy to this end:

DEVELOP-OR-BUY-AND-HOLD STRATEGY

VIB is constantly expanding its portfolio through targeted acquisitions in the high-growth regional centres of the Southern German region. The company focuses on business areas that offer attractive future prospects – especially logistics and retailing. While the logistics sector is benefiting from trends in the growth area of e-commerce and global trade expansion, the retail sector in the economically successful regions of Bavaria and Baden-Württemberg is characterised by above-average growth in purchasing power. VIB's tenants enjoy high credit standings, thereby making a substantial contribution to the value retention of VIB's real estate portfolio. VIB is also investing in industrial and office properties in order to ensure broad asset diversification.

Moreover, VIB develops properties itself for its own portfolio. These property developments differ from the conventional acquisition of portfolio properties: VIB mostly operates within the context of its own network, or in response to demand from existing customers. As a rule, VIB does not start building work until a significant portion of the planned properties has already been rented.

VIB is able to make recourse to an extensive regional network in both the acquisition of existing properties and the development of its own real estate assets. This facilitates low transaction costs, rapid processing, and profitable expansion of the real estate portfolio.

SUSTAINABLE FINANCING

VIB pursues a long-term financing approach by deploying annuity loan funding. The company can continuously boost its net asset value (NAV) through the ongoing repayment of these loans. It also reduces the refinancing risk that can arise when concluding interest-only loans. A solid equity ratio of 39 % and a balanced loan-to-value (LTV) ratio of 54 % enable VIB to constantly tap new capital on attractive terms.

IN-HOUSE PORTFOLIO MANAGEMENT

VIB relies on its own staff to manage its properties inexpensively and efficiently, rather on than third-party management, which can often prove both time-consuming and expensive. Through intensive contact with its tenants, the company can respond rapidly to changes in market circumstances and tenant needs, thereby keeping its vacancy rate low. In many cases, management costs are minimised further due to the long-term rental of properties to individual, solvent tenants.

3. Steering system

VIB's Managing Board steers the company with the help of financial and non-financial key indicators that significantly affect the growth of the company's value. These indicators are monitored constantly, and form part of monthly and quarterly reporting to the Managing Board. The steering system ensures that deviations from the budget are identified at an early stage, thereby allowing countermeasures to be launched. Corresponding target/actual comparisons help to develop action options. Further specific analyses are performed if required. VIB also regularly reviews its general corporate development and growth – including in comparison to relevant competitors.

VIB steers its operational business applying the following financial and non-financial performance indicators:

Performance indicators

Key figure	Calculation method	**Value as of December 31, 2014**	Value as of December 31, 2013
Financial performance indicators			
Total operating revenue	Total operating revenue (as per income statement)	EUR 70.5 million	EUR 65.7 million
EBIT	Earnings before interest and tax (excluding valuation result and extraordinary items)	EUR 51.6 million	EUR 47.0 million
EBT	Earnings before tax (excluding valuation result and extraordinary items)	EUR 31.2 million	EUR 27.0 million
Non-financial performance indicators			
Vacancy rate	based on effective annual net rent	2.7 %	1.9 %
Average interest rate on borrowing portfolio	fixed and variable interest borrowings	3.91 %	4.03 %

The properties that VIB holds in its portfolio comprise its central asset base. Consequently, analyses and appraisals are prepared constantly in order to assess the portfolio. These provide information about the most important indicators, such as rental contracts' remaining terms, tenant structure, vacancy rates and open items. The real estate portfolio section includes more detailed related information.

4. Employees

Besides the three Managing Board members, the VIB Group employed 29 salaried staff at the end of the 2014 fiscal year (previous year: 23 staff members) and 8 wage earners (previous year: 10).

The increase in commercial staff is attributable to the expansion of the property management area, as well as the trainee programme.

The wage earners 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 (Chairman/CEO), Holger Pilgenröther (Finance Division) and Martin Pfandzelter (Real Estate Division). Mr. Pfandzelter has been a Managing Board member since October 1, 2014, and has taken over the real estate area from former Managing Board member Mr. Schropp, who left the company as of September 30, 2014.

// Business report

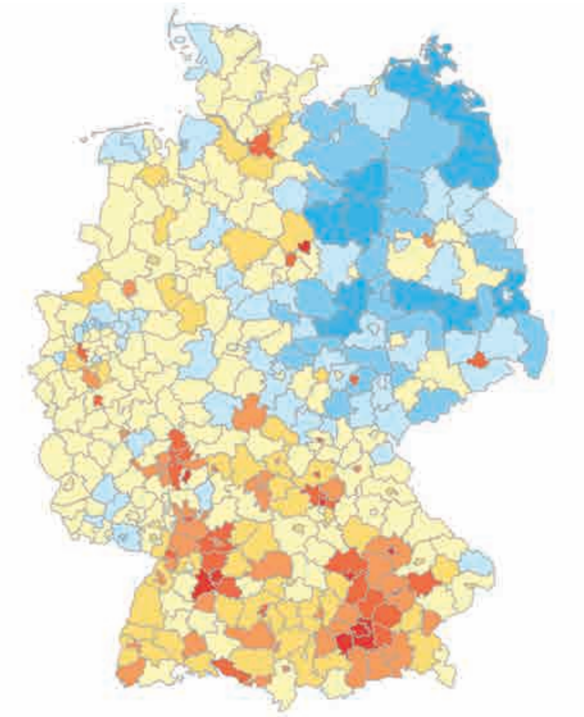
1. Market and competitive environment

MACROECONOMIC TRENDS

Following a weak previous year, the German economy saw a return to growth in 2014, with an increase of 1.5 %, compared with 0.1 % in the prior year, according to data from the German Federal Statistical Office. The German labour market also performed positively, with the average unemployment rate amounting to 6.7 %, compared with 6.9 % in the previous year, according to the German Federal Employment Agency.

Global trade growth and domestic demand in Germany are particularly relevant for tenants of VIB's logistics properties. Both factors registered positive trends in the year under review: global trade volume grew by 3.1 % compared with 2013, according to estimates produced by the International Monetary Fund (IMF), while domestic demand in Germany rose by 1.1 % on a price-adjusted basis, according to the German Federal Statistical Office. Inflation and purchasing power trends in Germany are of particular significance for retail property tenants. The inflation rate in Germany in 2014 averaged 0.9 % (previous year 1.5 %), according to estimates produced by the German Federal Statistical Office, thereby lying significantly below the almost 2 % target level set by the European Central Bank (ECB). The ECB continued its expansive monetary policy in the year under review, reducing the key European interest rate to a historical low of 0.05 %. Purchasing power per inhabitant in Germany grew by 2.85 % in nominal terms in 2014.

The Zukunftsatlas Deutschland (future trend for the regions) sees most optimistic 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, 2013

SECTOR TRENDS

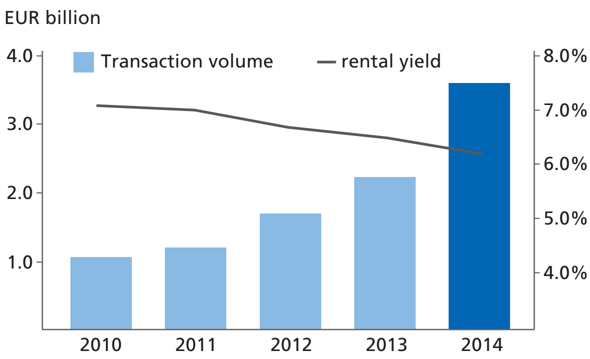
The low interest-rate level in the Eurozone continued to enhance the significance of real estate as an asset class in 2014. According to an appraisal by real estate service provider Jones Lang LaSalle, the German investment market for real estate can look back on its best year since 2007 – because the relative strength of the German economy is attracting foreign investment capital into the comparatively safe investment haven of Germany. The related borrowing environment is seen as an additional positive factor. The financing situation for commercial property at the end of 2014 is deemed to be as favourable as never before in the light of the German Real Estate Financing Index (DIFI), published in a study by Jones Lang LaSalle and the Centre for European Economic Research (ZEW). The German commercial real estate market remains one of the most liquid in Europe, and experts at Jones Lang LaSalle anticipate that capital flows into Germany's commercial properties will continue to grow in the future.

Commercial properties worth a total of EUR 39.8 billion changed hands on the German investment market in 2014, representing a 30 % year-on-year increase. Office properties continue to comprise the highest proportion of transaction volumes, accounting for 44 % of the total, and retail properties reached a share of 22 %. Warehousing and logistics properties comprise 9 %.

Logistics and retailing, VIB's focus sectors, rank among the growth-drivers of the German economy, together comprising around 25 % of gross domestic product. According to the German Trade Association (HDE), retailing achieved nominal sales growth of 1.9 % last year, representing retail sales of EUR 459 billion (previous year: EUR 450 billion). Retail sales have reported growth for the fifth consecutive year as a consequence. Retail sales growth has averaged 1.7 % per year since 2010.

Germany is also one of the most important logistics centres worldwide. According to the World Bank's "Logistics Performance Index" (LPI), which assesses the attractiveness of more than 150 countries as logistics locations, Germany currently ranks first ahead of the Netherlands, Belgium and the United Kingdom. The German Logistics Association (BVL) forecasts sector-wide sales of EUR 235 billion for 2014 (previous year: EUR 230 billion). Average annual sales growth has amounted to 2.8 % since 2010. While transaction volumes in the logistics and industrial real estate area have risen continuously over recent years, average peak yields have been in a slight, but continuous, downtrend since 2010, according to a survey by Jones Lang LaSalle.

Transaction volume and rental yields for logistics and industrial real estate



Source: Jones Lang LaSalle 2015

At the same time, e-commerce continues to gain significance within global trade – with positive effects for the logistics sector. E-commerce companies were among the main demand drivers of warehousing space, according to surveys for 2013. The outlook for e-commerce also remains positive. The German E-Commerce and Distance Selling Trade Association (bevh) expects online retailing to grow by 25 % to EUR 48.8 billion in 2014.

2. Business trends

The 2014 fiscal year represented a further very successful year for VIB. The company achieved all of the **financial targets** that it had set for itself:

- Generating EUR 70.5 million of **total operating revenue** in 2014, VIB reached the EUR 69.0 million to EUR 72.0 million forecast range that it issued at the start of the year.
- **Earnings before interest and tax (EBIT excluding valuation effects and extraordinary items)** of EUR 51.6 million were recorded at the upper end of the forecast range of EUR 50.5 million to EUR 52.0 million.
- In terms of **earnings before tax (EBT excluding valuation effects and extraordinary items)**, VIB slightly exceeded its forecast of between EUR 29.0 million and EUR 30.5 million, with a result of EUR 31.2 million. This was achieved mainly as a result of the company's solid spending policy and the currently favourable interest-rate environment. Therefore, borrowing costs grew less than expected, and not as fast as revenue.

The company also achieved all of the targets that it had set for itself in terms of **non-financial performance indicators**:

- As far as the **vacancy rate** based on effective annual net rents was concerned, VIB was assuming a figure below 5 % for the full 2014 fiscal year. This budget was met with an average of 2.7 %.
- In terms of the **average interest rate on the portfolio of borrowings**, VIB forecast a figure below 4.0 % for 2014. This target was also achieved with a 3.9 % interest rate.

VIB also successfully continued its investment strategy and invested a total of EUR 58.8 million in the expansion of its real estate portfolio. Back in January 2014, the company acquired a retail centre in **Bischberg-Trosdorf** (Bamberg region), involving an investment volume of EUR 22.2 million, a total rentable space of 13,770 sqm and an annual rental yield of 7.4 %. Following the purchase of a second retail property in **Nördlingen** in February 2014, VIB's real estate portfolio for the first time comprised 100 properties, just 20 years after the company was founded. This property in Nördlingen has a rentable space of 8,580 sqm, and generates a 7.2 % rental return on an investment of EUR 9.1 million. In November, VIB purchased a DIY and specialist retail centre in the Bavarian location of **Poing** (Munich region) with a rentable area of around 11,100 sqm, a rental yield of 7.1 %, and an investment of EUR 15.5 million. This property was fully renovated during the year under review and handed over to its tenant.

A gastronomy property owned by the subsidiary BBI Immobilien AG, which made only a low level of revenue contribution, was sold in 2014 as part of the portfolio optimisation measures.

As a consequence, VIB's property portfolio as of December 31, 2014 comprised a total of 100 properties (previous year: 98) with a **total rentable space** of 928,000 sqm (previous year: 893,100 sqm) and a 2.7 % vacancy rate (previous year: 1.9 %). **Annualised net rental income** increased to EUR 62.7 million (previous year: EUR 59.6 million), and the **market value of the total portfolio** appreciated to EUR 894.2 million as of the reporting date (previous year: EUR 829.0 million).

Since autumn 2014, VIB has also been developing a modern logistics centre at the **Interpark** (Ingolstadt region), one of Southern Germany's most important commercial parks. The property should be completed in the third quarter of 2015, and comprises a land space of approximately 95,000 sqm. The investment volume amounted to around EUR 34 million. Once completed, the building will offer usable space of around 52,000 sqm. The property's prospective rental yield amounts to 8.7 %.

In December 2014, VIB successfully issued a mandatory convertible bond to finance its further growth. The issue generated proceeds of EUR 33.2 million and was placed in a private placement with institutional investors.

3. Financial position and performance

RESULTS OF OPERATIONS

VIB Vermögen AG reports a very successful conclusion to its 2014 fiscal year. Additional rental income from new investments fed through to 7.6 % growth in **revenue** to EUR 69.9 million in the year under review (previous year: EUR 65.0 million). This growth also included properties which were already acquired in the previous year, and which generated rental income for the first time for a full twelve months in 2014. Along with rental income, revenue also includes tenants' operating cost payments.

Other operating income stood at EUR 0.7 million (previous year: EUR 0.8 million), chiefly including income from the elimination of specific valuation allowances, income from the disposal of property, plant and equipment, and insurance compensation payments. **Total operating revenue** amounted to EUR 70.5 million (previous year: EUR 65.7 million).

The market valuation of the real estate portfolio as of December 31, 2014 resulted in a EUR 7.5 million increase in the "**changes in value for investment properties**" item (previous year: EUR 7.2 million). This item includes both increases and reductions to the values of properties, with most of the value increases relating to already existing portfolio properties. The smaller share relates to new investments realised in 2014. A value increase was reported for all new properties.

Due to the new investments, **expenses for investment properties** registered a slight increase to EUR 13.8 million (previous year: EUR 13.4 million). This item primarily comprises operating costs, as well as property renovation and maintenance expenses. As a result of hiring new staff in the context of the company's growth, **personnel expenses** increased to EUR 3.0 million (previous year: EUR 2.7 million), while **other operating expenses** fell to EUR 2.1 million as a consequence of a lower level of legal, consultancy and administrative costs (previous year: EUR 2.4 million). VIB continues to enjoy a correspondingly competitive cost level on a sector comparison thanks to its own staff managing most of the real estate portfolio, as well as consistent cost management.

After deducting **depreciation and amortisation**, the Group reported earnings before interest and tax (EBIT) of EUR 59.1 million (previous year: EUR 54.2 million). When adjusted for valuation results and extraordinary items, **adjusted EBIT** improved by 9.7 % to EUR 51.6 million (previous year: EUR 47.0 million).

Equity accounted investments, primarily the interest in BHB Brauholding Bayern-Mitte AG, generated unchanged income of EUR 0.2 million for VIB Vermögen AG (previous year: EUR 0.2 million). The **deconsolidation result** amounted to EUR 0.03 million. In the previous year, deconsolidation income of EUR 1.0 million was reported from the disposal of Gewerbepark Günzburg GmbH. The **expense from the measurement of financial derivatives** that were not designated as part of hedge accounting amounted to EUR 0.4 million (previous year: EUR 0.1 million). **Interest income** of EUR 0.1 million stood at the previous year's level, while **interest expenses** increased at a faster rate than revenue growth to reach a level of EUR 20.6 million (previous year: EUR 20.0 million). The **net interest result** amounted to EUR -20.4 million (previous year: EUR -19.8 million).

The **expense from the guaranteed dividend** paid to the shareholders of BBI Bürgerliches Brauhaus Immobilien AG fell to EUR 0.2 million (previous year: EUR 0.5 million). In the court proceedings (which had been pending until 2014) relating to the guaranteed dividend, the corresponding court issued a ruling on February 14, 2014, that became legally effective on September 10, 2014. Accordingly, all outstanding shareholders of BBI Immobilien AG were entitled to an additional payment of EUR 0.10 (gross) per share in relation to a guaranteed dividend paid for the years 2009 to 2013. The retrospective payment was already recognised in profit or loss in the previous year.

Earnings before tax (EBT) grew by 9.1 % to EUR 38.3 million (previous year: EUR 35.1 million). **Adjusted** for effects from the valuation of real estate and financial derivatives and deconsolidation effects, **EBT** of EUR 31.2 million increased by as much as 15.5 % compared with the previous year's EUR 27.0 million. This result once again underscores the operating performance capacity of VIB Vermögen AG.

Of **income taxes** of EUR 5.9 million (previous year: EUR 6.1 million), EUR 1.8 million were attributable to current taxes (previous year: EUR 1.5 million), and EUR 4.1 million to deferred tax (previous year: EUR 4.6 million). The income tax rate stood at 15.2 % as a consequence (previous year: 17.3 %). At EUR 32.4 million, the **consolidated net income** of VIB Vermögen AG was 11.6 % higher than in the previous year (EUR 29.0 million). **Basic (undiluted) earnings per share** amounted to EUR 1.23 (previous year: EUR 1.16), while **diluted earnings per share** stood at EUR 1.23 (previous year: EUR 1.15).

NET ASSETS

Due to strong investment activity, the **total assets** of VIB Vermögen AG increased to EUR 942.2 million as of December 31, 2014 (previous year: EUR 864.7 million).

Given the new investments realised during the year under review and higher valuations of portfolio properties, **non-current assets** advanced to EUR 897.8 million (previous year: EUR 832.8 million). **Investment properties** of EUR 894.2 million formed the largest asset item by far (previous year: EUR 829.0 million). **Interests in associated companies** increased to EUR 3.1 million (previous year: EUR 2.7 million).

Current assets rose to EUR 44.4 million (previous year: EUR 31.9 million). **Bank balances and cash in hand** comprised the most significant item in this context, rising to EUR 37.8 million (previous year: EUR 25.5 million) mainly as a result of the proceeds from the 2014/16 mandatory convertible bond.

In EUR thousand	**2014**	2013	Change
Revenue	69,869	64,958	+7.6 %
Total operating revenue	**70,536**	**65,711**	**+7.3 %**
EBIT	59,124	54,241	+9.0 %
EBIT (before valuation effects and extraordinary items)	**51,595**	**47,042**	**+9.7 %**
EBT	38,306	35,099	+9.1 %
EBT (before valuation effects and extraordinary items)	**31,179**	**26,987**	**+15.5 %**
Consolidated net income	32,404	29,036	+11.6 %
Earnings per share in EUR (basic)	1.23	1.16	+6.0 %
Earnings per share in EUR (diluted)	1.23	1.15	+7.0 %

Equity increased to EUR 371.7 million (previous year: EUR 319.9 million) due to the consolidated net income that was generated and the cash inflow from the 2014/16 mandatory convertible bond issue. As a consequence, the **equity ratio** rose further to 39.4 % (previous year: 37.0 %). Due to the conversion into shares of the 2012/14 and 2013/15 mandatory convertible bonds, **subscribed capital** advanced by EUR 2.6 million to EUR 24.8 million (previous year: EUR 22.2 million). The **share premium** account increased to EUR 193.0 million (previous year: EUR 162.3 million) as a result of the EUR 30.7 million of net issue proceeds from the 2014/16 mandatory convertible bond. **Net retained profits** stood at EUR 95.2 million as of December 31, 2014 (previous year: EUR 73.4 million). Two countervailing effects, in particular, should be noted in this context: firstly, the consolidated net income that was generated in 2014 increased net retained profits by EUR 31.3 million. Secondly, the dividend that was paid to VIB shareholders in June 2014 reduced net retained profits by EUR 10.0 million.

Investment activity fed through to a slight year-on-year increase in debt, which also reflected a shift from current to non-current borrowings. Firstly, investments resulted in the drawing down of new long-term bank borrowings, resulting in a EUR 38.3 million increase in **non-current financial liabilities** to EUR 495.1 million (previous year: EUR 456.7 million). Secondly, some short-term borrowings were paid, and some were converted into longer-term borrowings. Deferred tax liabilities arise mainly from differing valuations of real estate between the IFRS and the tax accounts, and increased to EUR 27.4 million as of the reporting date (previous year: EUR 23.7 million). The year-on-year increase arises predominantly from the portfolio expansion due to new investments, and positive value changes to investment properties.

Current liabilities fell to EUR 34.8 million as of the reporting date. This is primarily due to the restructuring of short-term bank borrowings into longer-term borrowings. **Current financial liabilities** fell by EUR 14.9 million to EUR 26.6 million (previous year: EUR 41.5 billion). **Other liabilities** reduced to EUR 6.9 million (previous year: EUR 7.8 million).

The solid financing structure is reflected in the fact that VIB sustainably finances a large proportion of its new investments through equity, and that it also continued to repay borrowings during the year under review, as planned: EUR 58.8 million of new investments realised in 2014 resulted in an increase in **financial liabilities** of only EUR 23.5 million, for example. Not least as a consequence of the continuous repayment of annuity loans, the company's **net asset value** (NAV) registered a marked increase to EUR 360.5 million as of the balance sheet date (previous year: EUR 307.6 million).

Net assets

In EUR thousand	**December 31, 2014**	December 31, 2013	Change
Total assets	942,199	864,693	+9.0 %
Investment properties	894,214	828,993	+7.9 %
Net debt (current and non-current financial liabilities ./. bank balances)	484,560	473,368	+2.4 %
Equity	371,655	319,884	+16.2 %
Equity ratio	39.4 %	37.0 %	-

FINANCIAL POSITION

The cash inflow from operating activities amounted to EUR 47.7 million during the year under review (previous year: EUR 48.2 million). This slight reduction arises mainly from a EUR 0.9 million decrease in trade payables. This item had increased by EUR 3.4 million in the previous year.

The **cash outflow from investing activities** rose to EUR 57.2 million (previous year: EUR 49.5 million). In this context, outgoing payments for new investments of EUR 58.8 million (previous year: EUR 78.2 million) were offset mainly by EUR 1.1 million of payments received from the disposal of a smaller property held by BBI Immobilien AG (previous year: EUR 20.6 million).

The **cash inflow from financing activities** rose to EUR 21.9 million (previous year: cash outflow of EUR -2.4 million). Here, VIB Vermögen achieved year-on-year higher cash flow due to the issuing of the 2014/16 mandatory convertible bond, with EUR 33.2 million of issue proceeds (2013/15 mandatory convertible bond: EUR 25.7 million). The net balance arising from the drawing down and repayment of borrowings stood at EUR 19.6 million (previous year: EUR 0.0 million). A cash outflow of EUR 10.6 million was incurred for the dividend payment to the shareholders of VIB Vermögen AG and to non-controlling shareholders (previous year: EUR 8.5 million).

Cash and cash equivalents increased by EUR 12.3 million on a net basis to EUR 37.8 million (previous year: EUR 25.5 million).

Financial position

In EUR thousand	**2014**	2013	Change
Cash flow from operating activities	47,648	48,224	-576
Cash flow from investing activities	-57,222	-49,463	-7,759
Cash flow from financing activities	21,858	-2,402	24,260
Cash and cash equivalents at the end of the period	37,786	25,502	12,284

The Group had access to undrawn credit and overdraft lines of EUR 12.4 million as of the balance sheet date (previous year: EUR 7.4 million).

4. Overall statement on the company's business position

The Managing Board of VIB Vermögen AG appraises the trend in the company's financial position and performance during the fiscal year under review as very positive. Revenue and earnings reported further growth, and all of the forecasts issued at the start of year were met or exceeded. The equity ratio and NAV increased significantly, underscoring the company's solid financing situation. Moreover, the company has sufficient liquid assets to continue to successfully shape the company's continued development and growth.

// Report on events after the balance sheet date

In February 2015, VIB acquired a specialist retail centre in Neu-Ulm with a rentable space of 18,740 sqm for EUR 14.8 million. The property is 100 % rented to companies of high credit standing, most of whom have already been tenants in the property for several years. Rental contracts have been newly negotiated for 15-year periods for two thirds of the rental area. The rental yield amounts to approximately 7.6 %.

Also in February 2015, VIB Vermögen transferred its fourth MAN service station to its portfolio. This service station is situated in Freiburg-Umkirch. VIB Vermögen AG developed this property itself. The service station has been generating rental income since February 1, 2015, yielding a 7.4 % rental return. The total investment stands at EUR 7.5 million, and the rental contract comprises a 20-year term.

The financing in both of these cases consisted of both equity deriving largely from the 2014/16 convertible bond issue proceeds, and debt.

No further events occurred after the balance sheet date that have a material impact on the company's financial position and performance after the end of the 2014 fiscal year.

// Report on risks and opportunities

Risk report

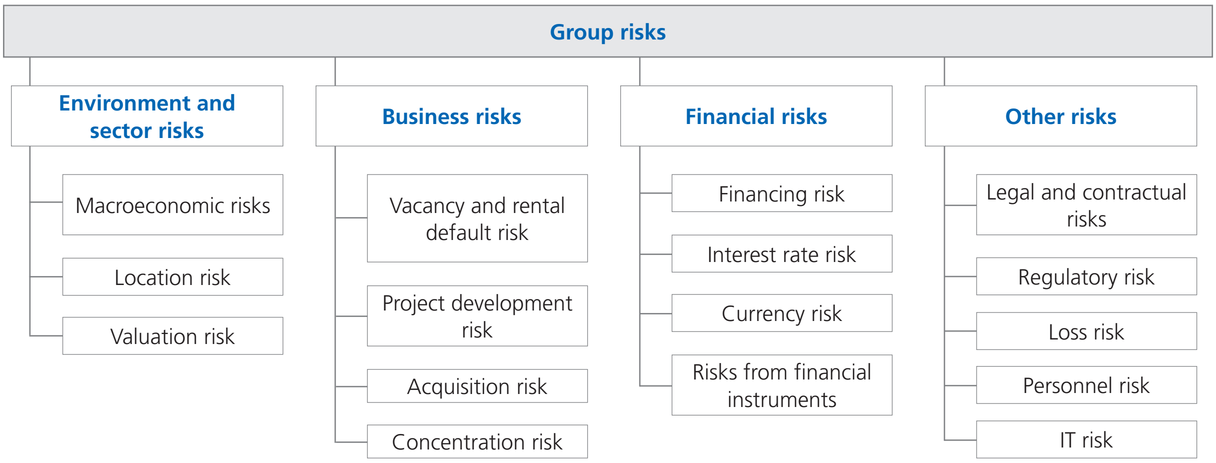
BASIC PRINCIPLES OF RISK MANAGEMENT

VIB's risk policy corresponds to its objective of enhancing the long-term company's value through sustainable growth on the basis of managing or largely avoiding inappropriate risks. For VIB, risk refers to the risk of potential losses or forgone profits. Both can be triggered by both internal and external factors.

Risk management at VIB forms an integral component of its business strategy, with the Managing Board directing risk policy. In order to identify and manage risks at an early stage, VIB has implemented an efficient **risk management system** that is closely integrated into the company's operating procedures and processes – especially controlling and planning processes. The system is also integrated into regular reporting to the Managing and Supervisory boards in order to ensure that risks across the Group are handled effectively and efficiently at all times.

Risk reporting to the Managing and Supervisory boards occurs on a regular basis – at least, however, twice a year. The Managing Board is also to be informed immediately in the form of unscheduled reports about all new risks categorised as material.

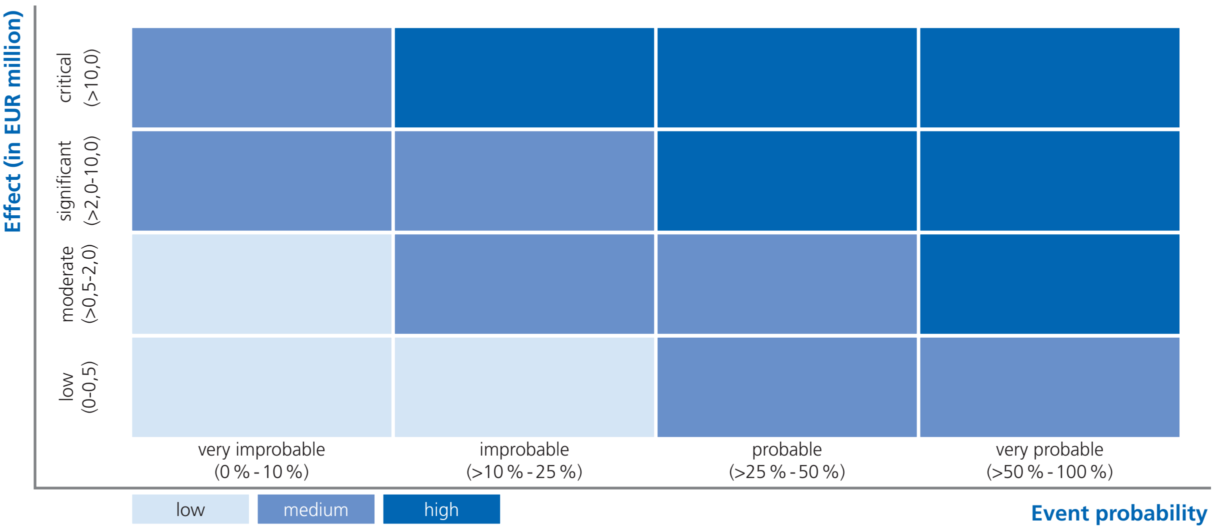
VIB has classified its potential risks into four categories that are also applied Group-wide at all subsidiaries.



Once specific risks have been identified and recorded, they are analysed and classified according to their potential loss level and event probability. This is intended to enable conclusions to be drawn about the specific risk potential for VIB (see risk matrix graph):

- The **event probability** of a risk is divided into the classes of "very improbable", "improbable", "probable" and "very probable". The classes in this context reflect the percentage probability with which a loss is expected to occur within a twelve month period.
- The potential **effect** (loss level) states the potential maximum extent of a loss given the occurrence of the loss event. Here, differentiation is made between low, moderate, significant and critical loss extent.

The VIB Group risk matrix:



As a rule, specific risks are quantified only if this also deemed appropriate for internal risk management. On this basis, suitable measures to avert or manage identified risks are determined in close coordination with the Managing Board.

Multiplication of the maximum loss level by the event probability generates the **risk potential or weighted potential loss amount** of the corresponding event. **Risk potential** is classified into the three categories of "**low**", "**medium**" and "**high**" within the VIB Group.

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 such 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 were to worsen significantly, the risk also exists that the real estate portfolio could be subject to negative valuation changes. This risk is nevertheless mitigated by the strong regional orientation of VIB Vermögen AG to investments in the comparatively stable Southern German real estate market. 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 limited impact on the company's overall portfolio.

VIB anticipates no significant trend change in this context for 2015. For this reason, VIB is of the view that macroeconomic risks are to be categorised as **low**, as in the previous year.

Location risk
The locational quality of the properties is partly affected by external factors (such as infrastructure deterioration, changes to social structures, construction activities) which lie beyond VIB's influence. 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 counters such risk through careful selection and examination of properties as part of due diligence.

For this reason, the risk of a general deterioration of location quality is gauged as **low**, as in the previous year.

Valuation risk
An independent property valuation surveyor calculates the market value of all of the VIB Group's properties every year applying the generally accepted discounted cash flow (DCF) method. The extent to which the real estate portfolio retains its value depends on various factors, including long-term capital market interest-rate trends, macroeconomic and sector-specific trends, properties' general condition, rental income levels, and specific location factors.

Changes to these factors can negatively affect the value of the real estate portfolio and the results of VIB's operations. This risk is somewhat limited given VIB's regional orientation to the comparatively stable Southern German real estate market, and judicious property selection. VIB's real estate portfolio also enjoys balanced diversification in terms of types of use and sector. Consequently, negative trends in individual economic sectors exert only limited impact on the company's overall portfolio value.

For this reason, the risk of a substantial the valuation of the real estate portfolio is gauged as **medium**, as in the previous year.

Business risks

Vacancy and rental default risk

As a real estate company, VIB 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 quickly find a new tenant. In the case of short-term rental agreements, the risk also exists that such agreements cannot be extended, and that a new tenant cannot be found quickly. For the VIB Group, this can be accompanied by temporary vacancies and rental income defaults.

The company minimises such risk by focusing on tenants of high credit standing and 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 quickly if rental agreements are terminated.

Taking into account the requisite countermeasures, VIB appraises vacancy and rental default risk as currently **low**, as in the previous year.

Project development risk

VIB's business model 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) might 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. On larger construction projects, VIB works together with general contractors with strong credit ratings to actively counter such risks. This largely ensures that properties are completed within planned time and cost parameters. By contrast, no cost risks exist in the case of the gradual acquisition of properties that 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.

The company gauges potential risk from the development projects as **low**, as in the previous year.

Acquisition risk

VIB is generally exposed to risk relating to the acquisition of properties and property companies. This can relate to a failure to uncover damage, hidden defects or other obligations that already existed when an asset was purchased. VIB counters such risk through technical, financial and legal due diligence ahead of a transaction, including making recourse to external service providers such as architects, construction engineers, lawyers and tax consultants, where required.

Potential negative consequences arising from such acquisition risk are evaluated as currently **low**, as in the previous year.

Concentration risk

VIB's portfolio includes some tenants that rent several properties from VIB, thereby generating a certain level of concentration risk. In order to largely minimise risk of a potential vacancy or rental default, VIB focuses mainly on tenants of high credit standing, and on long-term rental agreements.

VIB currently gauges the consequences of a potential concentration risk as **low**, as in the previous year.

Financial risks

Financing risk

The risk generally exists that obtaining debt funding for the further expansion of the real estate asset base proves to be 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 eventually the company's financial position and performance. 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.

Such risk is minimised through rolling liquidity planning and controlling, among other measures, and is currently gauged as **low**, as in the previous year.

Interest rate risk

A potential increase in the general interest-rate level entails the risk of a worsening of refinancing terms for VIB. This can not only affect 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 secure terms on bank borrowings. Given the currently historically low interest-rate level, loans with short-term interest agreements are also being utilised, such as those based on EURIBOR.

VIB currently appraises its short-term interest-rate risk as **low**, as in the previous year.

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 positions existed at VIB Vermögen AG as of December 31, 2014.

Currency exchange rate risk is presently characterised as **low**, as in the previous year.

Risks from financial instruments

VIB has entered into several interest-rate swaps based on underlying operative transactions in order to hedge long-term interest rates, and to make it easier to plan its future interest payments. Together with the underlying transactions, these interest rates form a valuation unit (synthetic fixed interest borrowings). VIB currently evaluates resultant potential risks as **low**.

Above and beyond this, BBI Immobilien AG, a subsidiary of VIB Vermögen AG, concluded a currency derivative transaction based on CHF in early 2006. The change in the CHF / EUR exchange rate and the resultant negative market value of the financial instrument required the first-time formation of a corresponding provision for an impending loss as of the end of 2010. This exchange rate is exposed to stronger fluctuations than previously as a result of the Swiss National Bank having relinquished its fixed 1.20 CHF / EUR exchange rate on February 15, 2015. The change in the exchange rate until the next (= last) fixing date affects the level of the final payment obligation.

The derivative has a term until the end of 2015, as a consequence of which VIB gauges risks arising from this currency derivative as **low** under current circumstances.

Other risks

Legal and contractual risks

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

The company presently evaluates the resultant risk as **low**, as in the previous year.

Regulatory risk

An increasing number of measures to regulate and better supervise the financial sector have been implemented across the European Union over recent years. This might also give rise to regulatory measures for listed real estate companies, in principle. In this connection, the European Parliament has approved the Alternative Investment Fund Managers Directive that has been, and is being, enacted into national law in individual member states. Following internal and external review, we have arrived at the conclusion that VIB and its subsidiaries are not to be classified as investment assets in the meaning of the German Investment Code (KAGB). Future appraisal by the German Federal Financial Supervisory Authority (BaFin) is awaited, however.

VIB currently gauges the risk of negative consequences in the form of additional costs and administrative expenses arising from implementation of the AIFM as **low**.

Loss risk

Damages to, or the destruction, of the company's existing properties constitute a further potential risk. Under certain circumstances, this would have consequences for the company's financial position and performance. Certain weather scenarios could also result in construction and technical property management challenges for VIB (for instance, heavy snowfall on flat roofs during snowy winters), requiring in-depth structural-architectural inspection. VIB counters such risks primarily through extensive insurance protection for its individual properties.

VIB presently appraises potential negative consequences arising from unforeseeable and extraordinary loss events as **low**.

Personnel risk

The skills and motivation of VIB staff comprise decisive factors behind the company's long-term success and profitability. Given the relatively low number of staff members, the company is nevertheless dependent on specific individuals in key positions. The departure of top performing individuals could result in a loss of know-how, with the recruitment and integration of replacement technical and managerial staff exerting a negative impact to a limited extent on daily operating business to a limited extent. VIB counters such risk through developing the expertise of existing staff on a targeted basis in line with requirements, through boosting VIB's attractiveness as an employer, and through a strong management and corporate culture.

For this reason, the aforementioned risks are evaluated as **low** overall, unchanged compared with the previous year.

IT risk

All of VIB's significant business processes are now based on IT systems. A loss of the data stock or a protracted downtime of IT systems could negatively affect business processes. VIB is constantly further developing its IT systems in cooperation with external service providers in order to protect against such risk. Data of relevance to its business are backed up daily. All important data can be reproduced within a relatively short time in the case of a hardware or software failure.

IT risks have not changed significantly compared with the previous year. VIB continues to appraise such risk as **low**.

SUMMARY OF RISK SITUATION

Risk management at VIB comprises a continuous process that not only identifies new risks, but also continuously analyses and measures existing risks in order to derive appropriate risk minimisation and risk prevention measures from them. VIB's risk situation during the year under review has not changed significantly compared with the previous year. According to VIB's appraisal, no serious risks are currently identifiable with regard to the company's future development, or in terms of the company as a going concern.

Opportunities report

VIB's sustainable business success and profitability also depends on the extent to which it identifies opportunities at an early stage, and on how it manages and realises them on a forward-looking basis. VIB generally aims for a balanced relationship between opportunities and risks – with the objective of creating added value for its shareholders.

VIB's steering instruments ensure that opportunities are measured and monitored on the basis of their potential, required investments, and risk profile. VIB pays equal attention to macroeconomic and sector-specific trends, as well as regional and local trends, in this context.

Macroeconomic and sector-specific opportunities

Demand for inflation-proof physical assets with secure returns, such as real estate, are likely to remain high given the continued low level of interest rates. 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. They have accounted for a high level – 30 % – of all transaction volumes since 2010. Moreover, demand for commercial properties continues to exceed supply significantly, as only a few new commercial properties have been newly developed over recent years. Continued good domestic demand might further boost demand for commercial real estate space, which should feed through to higher rental prices and rental rates. VIB could achieve higher rental income on both re-rentals and new rentals as a consequence.

Opportunities to acquire and develop new properties

Network: VIB has established a very close network in the Southern German region over the past two decades. As before, the company is able to utilise this network in the future to gain early information about attractive project developments, and about property and land sales. This opens up new opportunities and possibilities to grow revenue and income.

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

Sector focus: VIB has focused its investments to an increasing extent on the growth sectors of logistics and retailing over recent years. VIB aims to continue to exploit its pronounced know-how in relation to these sectors in the future in order to facilitate healthy growth for the company.

Financing opportunities

VIB's financing depends on the capital market environment, which continues to be very favourable due to the low level of interest rates. The continued low interest-rate level offers the opportunity to finance new investments on very attractive terms. As fixed interest arrangements for larger borrowing volumes are due to expire over the coming years at VIB, this also generates further income potential in the form of better borrowing terms.

Opportunities of an improved capital market position for VIB

The perception of VIB on the capital market continued to improve in 2014. This is certainly not only due to a further successful mandatory convertible bond placing December 2014, but also to VIB's constantly maintaining close contact with investors and analysts. The company's market capitalisation amounted to EUR 352.9 million on the balance sheet date, reflecting an increase of 37 % compared with the previous year's reporting date. Assuming that the capital market environment remains stable and that the company continues along its successful growth path, VIB sees an opportunity for the company to improve its position even further on the capital market.

Opportunities from stable rental yields
VIB frequently agrees indexed rental contracts, with rent levels being adjusted to reflect a consumer price index. Growth in rental income consequently offsets rising costs from general inflation, and secures the high long-term profitability of the company's properties.

SUMMARY OF OPPORTUNITIES

VIB's opportunities have not changed significantly compared with the previous year. The company continues to identify potential in an interest-rate trend that remains positive for it, the acquisition and development of new properties on the basis of its close network, as well as favourable sociodemographic trends in the Southern German region.

// Outlook

ECONOMIC CONDITIONS IN 2015

The German economy starts 2015 in good shape: following a phase of economic weakness as of mid-2014, a recovery began during the final months of the year that was characterised by a strong labour market and high consumer spending. This recovery was also reflected in improved sentiment among German corporations.

In their forecasts, both leading economic research institutions and the German government assume that this trend will continue further in 2015. With a look to 2015, the German Federal Ministry for Economic Affairs and Energy expects that gross domestic product will rise by 1.5 % on a year-average basis. The Kiel Institute for the World Economy (IfW) takes an even more optimistic view, forecasting 1.7 % growth in its economic report.

EXPECTED TRENDS AND GROWTH FOR THE VIB GROUP IN 2015

Given the expectation of favourable macroeconomic conditions and the current low interest rate environment, VIB is assuming that the positive trend in the commercial real estate market in Germany will continue in 2015, especially in the Southern German region.

Optimising the cost structure through streamlined portfolio management and the realisation of further savings in the operating cost area continue to form an important element of VIB's business strategy.

VIB's 2015 forecast is based on **corporate planning** derived from the planning and controlling instruments, which takes appropriate account of risks inherent in future development and growth. The report on opportunities and risks presents a separate account of the opportunities and risks extending above and beyond the corporate planning.

The further **mandatory convertible bond** issue in December 2014 forms the basis for further targeted investments in high-yielding commercial properties.

Additional financing options will enable further investments, where required. The properties acquired and developed during the year under review should already result in overall high rental income and earnings in 2015.

With a view to the key financial performance indicators, the Managing Board is expecting for the 2015 fiscal year (in each case before valuation effects and extraordinary items)

- growth in **total operating revenue** to around EUR 74.0 million to EUR 77.0 million (2014 actual: EUR 70.5 million)
- an increase in **earnings before interest and tax (EBIT) before valuation effects and extraordinary items** to between EUR 53.5 million and EUR 56.0 million (2014 actual: EUR 51.6 million)
- higher **earnings before interest and tax (EBT) before valuation effects and extraordinary items** in a range between EUR 33.0 million and EUR 35.0 million (2014 actual: EUR 31.2 million)

This planning is based on the assumption that earnings will grow disproportionately by comparison with revenue. This is to be achieved chiefly through realising further operating cost savings, as well as a lower average interest rate on loan borrowings.

As far as trends in non-financial key performance indicators are concerned, VIB anticipates for 2015

- an average **vacancy rate** based on effective annual net rents of below 5.0 % (2014 actual: 2.7 %),
- an **average interest rate on the portfolio of loan borrowings** of between 3.8 % and 3.9 % (2014 actual: 3.9 %).

This forecast could be affected by a material change to macroeconomic conditions or a change to the general level of interest rates.

Neuburg/Danube, April 2, 2015

Ludwig Schlosser
(CEO)

Holger Pilgenröther
(Management Board member)

Martin Pfandzelter
(Management Board member)

// *Group financial statements*

// Consolidated income statement (IFRS)

FOR THE PERIOD FROM JANUARY 1, 2014 TO DECEMBER 31, 2014

In EUR thousand	Note	**2014**	2013
Revenue	D. 1	69,869	64,958
Other operating income	D. 2	667	753
Total operating revenue		**70,536**	**65,711**
Changes in value for investment properties	D. 3	7,529	7,199
Expenses for investment properties	D. 4	-13,830	-13,403
Personnel expenses	D. 5	-2,997	-2,737
Other operating expenses	D. 6	-2,054	-2,427
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**59,184**	**54,343**
Depreciation and amortisation	D. 7	-60	-102
Earnings before interest and tax (EBIT)		**59,124**	**54,241**
Profit / loss on equity accounted investments	D. 8	223	231
Gain / loss on deconsolidation	D. 9	34	1,015
Income / expense from measurement of financial derivatives	D. 10	-436	-102
Other interest and similar income	D. 11	112	149
Interest and similar expenses	D. 12	-20,570	-19,967
Expenses from guaranteed dividend	D. 13	-181	-468
Earnings before tax (EBT)		**38,306**	**35,099**
Income taxes	D. 14	-5,902	-6,063
Consolidated net income		**32,404**	**29,036**
Group shareholders' share of earnings		31,309	27,084
Non-controlling shareholders' share of earnings	D. 16	1,095	1,952
Earnings per ordinary share in EUR			
Profit/loss on continuing operations	D. 17	1.23	1.16
Consolidated net income (undiluted)		**1.23**	**1.16**
Diluted earnings per share in EUR			
Profit/loss on continuing operations	D. 17	1.23	1.15
Consolidated net income (diluted)		**1.23**	**1.15**

// Consolidated statement of comprehensive income (IFRS)

FOR THE PERIOD FROM JANUARY 1, 2014 TO DECEMBER 31, 2014

In EUR thousand	Note	2014	2013
Consolidated net income		**32,404**	**29,036**
Other comprehensive income			
Other comprehensive income to be reclassified to the income statement in subsequent periods			
Foreign currency effects from the translation of independent subsidiaries		20	151
Income tax effect		0	0
		20	**151**
Cash flow hedges - value changes to effective hedges		-1,299	2,559
Income tax effect	D. 26	240	-374
		-1,059	**2,185**
Other comprehensive income to be reclassified to the income statement in subsequent periods		**-1,039**	**2,336**
Other comprehensive income not to be reclassified to the income statement in subsequent periods			
Actuarial gains / losses pension plans		-284	44
Income tax effect	D. 26	45	-7
		-239	**37**
Other comprehensive income not be reclassified to the income statement in subsequent periods		**-239**	**37**
Other comprehensive income after tax		**-1,278**	**2,373**
Total comprehensive income after tax		**31,126**	**31,409**
Total comprehensive income attributable to			
Group shareholders		29,948	29,348
Non-controlling shareholders		1,178	2,061

// Consolidated balance sheet as of December 31, 2014 (IFRS)

AS OF DECEMBER 31, 2014

ASSETS

In EUR thousand	Note	**31/12/2014**	31/12/2013
Non-current assets			
Intangible assets	D. 19	4	16
Property, plant and equipment	D. 19	253	427
Investment properties	D. 20	894,214	828,993
Interests in associated companies	D. 21	3,120	2,718
Financial assets	D. 22	0	474
Deferred tax	D. 30	160	201
Total non-current assets		**897,751**	**832,829**
Current assets			
Receivables and other assets	D. 23	2,952	2,837
Income tax receivables	D. 23	332	202
Bank balances and cash in hand	D. 24	37,786	25,502
Prepayments and accrued income		534	485
Assets held for sale	D. 25	2,844	2,838
Total current assets		**44,448**	**31,864**
Total Assets		**942,199**	**864,693**

EQUITY AND LIABILITIES

In EUR thousand	Note	**31/12/2014**	31/12/2013
EQUITY	D. 26		
Subscribed share capital		24,784	22,151
Share premium account		192,992	162,339
Retained earnings		54,490	55,136
Net retained profits		95,178	73,431
		367,444	**313,057**
Cash flow hedges		-8,423	-7,281
Asset group held for sale		40	19
Non-controlling shareholders' share of earnings		12,594	14,089
Total equity		**371,655**	**319,884**
Non-current liabilities			
Profit participation capital	D. 27	660	660
Financial debt	D. 28	495,054	456,718
Derivative financial instruments	D. 29	11,292	10,287
Deferred tax	D. 30	27,389	23,657
Pension provisions	D. 31	1,325	1,108
Other non-current liabilities	D. 32	0	1,981
Total non-current liabilities		**535,720**	**494,411**
Current liabilities			
Financial debt	D. 33	26,632	41,492
Income tax liabilities	D. 35	148	171
Liabilities to participating interests	D. 36	827	710
Other liabilities	D. 37	6,896	7,755
Accruals and deferred income		321	270
Total current liabilities		**34,824**	**50,398**
Total Equity and Liabilities		**942,199**	**864,693**

// Consolidated cash flow statement (IFRS)

FOR THE PERIOD FROM JANUARY 1, 2014 TO DECEMBER 31, 2014

In EUR thousand	**01/01/2014 – 31/12/2014**	01/01/2013 – 31/12/2013
A. Cash flow from operating activities		
Net income for the year (after tax)	32,404	29,036
+/– Net interest result	20,458	19,818
+/– Income taxes	5,902	6,063
+/– Amortisation, depreciation and impairment losses	60	102
+/– Increase/decrease in provisions	217	-120
+/– Fair value changes to investment properties	-7,529	-7,199
+/– Deconsolidation results	-34	-1,015
+/– Profits/losses from equity accounted investments	-223	-231
+/– Income taxes paid	-1,951	-1,966
Cash flow from operating activities after tax	**49,304**	**44,488**
+/– Other non-cash expenses/income	-499	352
+/– Changes in inventories, receivables and other assets not attributable to investing activities	-289	124
+/– Change in liabilities not attributable to financing activities	-868	3,260
Cash flow from operating activities (before interest expense)	**47,648**	**48,224**
B. Cash flow from investing activities		
– Outgoing payments for investments in intangible fixed assets	0	-1
– Outgoing payments for investments in property, plant and equipment	-289	-42
– Outgoing payments for investments in investment properties	-58,776	-53,615
– Outgoing payments to acquire subsidiaries	0	-24,618
– Outgoing payments for investments in financial fixed assets	-159	-48
+ Proceeds from the disposal of non-current assets and investment properties	1,543	20,630
+ Proceeds from the disposal of subsidiaries, less cash sold	-15	8,231
+ Proceeds from the disposal of financial fixed assets	474	0
Cash flow from investing activities	**-57,222**	**-49,463**

In EUR thousand	**01/01/2014 – 31/12/2014**	01/01/2013 – 31/12/2013
C. Cash flow from financing activities		
+ Proceeds from issuing mandatory convertible bonds	33,225	25,653
+ Proceeds from the drawing down of borrowings	58,566	24,714
– Payments to company owners and non-controlling shareholders (dividends)	-10,683	-8,546
– Outgoing payments for the redemption of borrowings	-38,969	-24,673
+/– Payments received from non-controlling shareholders	117	268
+ Interest received	112	149
+ Dividends received	60	0
– Interest paid	-20,570	-19,967
Cash flow from financing activities	**21,858**	**-2,402**
D. Cash and cash equivalents at end of period		
Net change in cash and cash equivalents		
+/– Cash flow from operating activities	47,648	48,224
+/– Cash flow from investing activities	-57,222	-49,463
+/– Cash flow from financing activities	21,858	-2,402
Change in cash flow	**12,284**	**-3,641**
Cash and cash equivalents at start of period	25,502	29,143
Cash and cash equivalents at end of period	**37,786**	**25,502**

// Consolidated statement of changes in equity (IFRS)

FOR THE PERIOD FROM JANUARY 1, 2014 TO DECEMBER 31, 2014

In EUR thousand	Subscribed share capital	Share premium account	Retained earnings
Balance 01/01/2014	**22,151**	**162,339**	**55,136**
Net income for the period	0	0	0
Other comprehensive income	0	0	0
Total comprehensive income	**0**	**0**	**0**
Issue of VIB shares as part of share exchange	138	1,821	0
Acquisition of non-controlling interests' shares	0	0	0
Transfers to retained earnings	0	0	525
Withdrawals from retained earnings	0	0	-1,171
Mandatory convertible bonds	2,495	28,832	0
Dividends paid	0	0	0
Non-controlling shareholders' share of capital increase at subsidiary	0	0	0
Asset group held for sale	0	0	0
Balance 31/12/2014	**24,784**	**192,992**	**54,490**

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

In EUR thousand	Subscribed share capital	Share premium account	Retained earnings
Balance 01/01/2013	**21,364**	**139,338**	**50,237**
Net income for the period	0	0	0
Other comprehensive income	0	0	0
Total comprehensive income	**0**	**0**	**0**
Issue of VIB shares as part of share exchange	27	269	0
Transfers to retained earnings	0	0	4,899
Mandatory convertible bonds	760	22,732	0
Dividends paid	0	0	0
Non-controlling shareholders' interest in IPF 1 GmbH	0	0	0
Non-controlling shareholders' interest in IPF 2 GmbH	0	0	0
Deconsolidation of Gewerbepark Günzburg GmbH	0	0	0
Asset group held for sale	0	0	0
Balance 31/12/2013	**22,151**	**162,339**	**55,136**

Cash flow hedge reserve	Foreign currency translation reserve	Net retained profits	Non-controlling shareholders	Asset group held for sale	**Consolidated equity**
-7,281	**0**	**73,431**	**14,089**	**19**	**319,884**
0	0	31,309	1,095	0	32,404
-1,142	21	-239	83	0	-1,277
-1,142	**21**	**31,070**	**1,178**	**0**	**31,127**
0	0	0	-1,959	0	0
0	0	0	-958	0	-958
0	0	-525	0	0	0
0	0	1,171	0	0	0
0	0	0	0	0	31,327
0	0	-9,969	-276	0	-10,245
0	0	0	520	0	520
0	-21	0	0	21	0
-8,423	**0**	**95,178**	**12,594**	**40**	**371,655**

Cash flow hedge reserve	Foreign currency translation reserve	Net retained profits	Non-controlling shareholders	Asset group held for sale	**Consolidated 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**

// Notes

// Notes to the consolidated financial statements for the 2014 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 District Court with commercial register sheet number 101699.

The company's shares are traded in the M:access segment of the Regulated Unofficial Market of the Munich Stock Exchange, and through the Xetra trading system of Deutsche Börse AG, which is headquartered in Frankfurt.

The parent company of the VIB Group, VIB Vermögen AG, is classified as a large corporation pursuant 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, development and management 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-yielding portfolio of properties 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). The consolidated financial statements are prepared voluntarily according to the requirements of the IASB (Section 315a [3] of the German Commercial Code [HGB]), however.

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 policies. 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 are analysed in the notes to consolidated financial statements and discussed accordingly.

Changes to accounting 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 policies had always been applied, unless a differing regulation exists for the respective standard.

B. Application of new accounting standards

VIB AG has applied all of the standards (IFRS, IAS) issued by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC) which applied on December 31, 2014. 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 company applied the following accounting regulations, which are of relevance for the VIB Group, for the first time in the fiscal year under review:

In May 2011, the IASB published its amendments 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, Disclosure of Interests in Other Entities, 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 entities.

The first-time application of IFRS 10 and IFRS 11 has no significant effects on the consolidated financial statements of VIB Vermögen AG. The application of IFRS 12 results for the company in additional and modified disclosures in the notes to the financial statements relating to subsidiaries and associates.

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 criteria of an investment entity pursuant to IFRS 10.27. These changes have no effect on Group financial accounting at VIB AG as the criteria for an investment entity are not met.

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 thereby amending previous regulations. The application guidelines for IAS 32 were expanded to include clarifications of the terms "currently" and "simultaneous". A right to offset pursuant to IAS 32 is taken into consideration only if such a right can be enforced unconditionally on the reporting date. Clarification of the term "simultaneous" relates to the question as to when the realisation of financial assets and the settlement of financial liabilities is to be described as "simultaneous". The amendments have no significant effects on the company's Group financial accounting.

In June 2013, the IASB published amendments to *IAS 39 Financial Instruments: Recognition and Measurement*. The amendments include the retention of a hedge in the case of a novation. Where derivatives designated as hedging instruments are transferred directly or indirectly to a central counterparty as part of a novation, this does not comprise an expiry or termination of the hedge. It is essential for this that the novation should occur as the consequence of new or existing statutory or regulatory provisions, and that the derivative's contractual terms should change only to the extent required for the novation. The amendments have no significant effects on Group financial accounting at VIB AG. No novations based on statutory or regulatory provisions occurred at the company in the year under review.

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 European Union is still outstanding. VIB does not generally apply such accounting regulations until the time when 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 2013, the IASB published amendments to IFRS 9, IFRS 7 and IAS 39 relating to the accounting treatment of hedges. The amendment expands the underlying transactions and hedge transactions that come under consideration for a hedge relationship. The previous interval that was applied to determine the effectiveness of a hedge has also been abolished. In the IFRS 9 model, a financial connection between the underlying transaction and the hedging instrument must be established, although no quantitative thresholds have been set. The amendments also include expanded disclosure requirements relating to the accounting treatment of hedges. These particularly affect disclosures about risk management strategy, cash flows from hedging activities, and the effect of the hedge on the financial statements. These amendments are to be applied at the latest for fiscal years commencing on or after January 1, 2018.

In November 2013, the IASB published amendments to *IAS 19 Employee Benefits*, thereby clarifying the attribution of employer contributions or third-party contributions that are connected with period of service. An exemption was also included for the instance that contributions depend on the number of service years worked. These amendments are to be applied for fiscal years commencing on or after July 1, 2014. No significant effects are anticipated for the VIB Group.

In May 2014, the IASB published amendments to *IAS 16 Property, Plant and Equipment* and *IAS 38 Intangible Assets* relating to permissible depreciation and amortisation methods. These amendments clarify which depreciation and amortisation methods are to be applied. The amendments come into force for fiscal years commencing on or after January 1, 2016. No significant effects are anticipated for the Group.

Also in May 2014, the IASB published *Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)*. The amendments clarify the accounting treatment of acquisitions of interests in a jointly controlled operation, where such an operation comprises a business. The amendments come into force for reporting years commencing on or after January 1, 2016. The VIB Group currently has no joint operations in the meaning of IFRS 11.

In addition, the IASB published *IFRS 15 Revenue from Contracts with Customers* in May 2014. According to IFRS 15, recognition of revenue should reflect the transfer of the agreed goods or services to the customer at the amount that corresponds to the consideration that the entity will prospectively receive in exchange for goods or services. Revenue is recognised if the customer prospectively receives control over the goods or services. IFRS 15 also includes regulations relating to the reporting of performance surpluses or performance obligations existing at contract level. This comprises assets and liabilities deriving from customer contracts that arise irrespective of the relationship between the services rendered by the company and the customer's payments. The new standard also requires the disclosure of a number of quantitative and qualitative items of information that enable users of consolidated financial statements to understand the type, level and timing, as well as uncertainty, of revenues and cash flows from contracts with customers. IFRS 15 replaces *IAS 11 Construction Contracts* and *IAS 18 Revenue*, as well as related interpretations. The standard must be applied to fiscal years commencing on or after January 1, 2017. The company is currently examining the effects that application of IFRS 15 will have on the company's consolidated financial statements.

In July 2014, the IASB concluded its project to replace *IAS 39 Financial Instruments: Recognition and Measurement* through the publication of the final version of *IFRS 9 Financial Instruments*. IFRS 9 introduces a standard approach to classify and measure financial assets. The standard makes recourse to cash flow characteristics and the business model according to which they are managed as its basis. It also includes a new impairment model based on anticipated credit defaults. In addition, IFRS 9 comprises new regulations relating to the application of hedge accounting in order to thereby better present an entity's risk management activities, especially concerning the management of non-financial risks. The new standard is applicable to fiscal years commencing on or after January 1, 2018; voluntary application is permitted. VIB is currently examining the effects that application of IFRS 9 will have on the company's consolidated financial statements.

In September 2014, the IASB published *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)*. These amendments address a conflict between the regulations of *IAS 28 Interests in Associates and Joint Ventures* and *IFRS 10 Consolidated Financial Statements*. It clarifies that the extent of gain or loss recognition for a transaction with an associate or joint venture depends on whether the sold or contributed asset comprise a business. The amendments come into force for reporting years commencing on or after January 1, 2016. VIB is currently examining the resultant effects on its consolidated financial statements.

In December 2014, the IASB published *Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)*. These amendments address circumstances that have arisen in connection with applying the consolidation exception for investment entities. They come into force for reporting years commencing on or after January 1, 2016. As VIB AG does not meet the criteria of an investment entity, no effects for the Group are anticipated.

Also in December 2014, the IASB published Disclosure Initiative – Amendments to IAS 1. The amendments aim to eliminate hurdles that preparing parties of financial statements perceive in relation to the exercising of discretion when preparing financial statements. They come into force for reporting years commencing on or after January 1, 2016. The company is currently examining any effects.

In December 2013, the IASB published Cycle 2010 – 2012 as part of its "Annual Improvements to IFRS" project. This included minor amendments and clarifications relating to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38. The amendments and clarifications are to be applied for the first time for fiscal years commencing on or after January 1, 2015. No significant effects are anticipated for the VIB Group.

Also in December 2013, the IASB published Cycle 2011 – 2013 of its "Annual Improvements to IFRS", comprising minor amendments and clarifications to standards IFRS 1, IFRS 3, IFRS 13 and IAS 40. The amendments and clarifications are to be applied for the first time for fiscal years commencing on or after January 1, 2015. No significant effects are anticipated for the VIB Group.

In September 2014, the IASB published Cycle 2012 – 2014 of its "Annual Improvements to IFRS", comprising minor amendments and clarifications to standards IFRS 5, IFRS 7, IFRS 1, IAS 19 and IAS 34. The amendments and clarifications are to be applied for the first time for fiscal years commencing on or after July 1, 2016. No significant effects are anticipated for the VIB Group.

C. Group of consolidated companies and accounting policies

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 control. As a rule, control is assumed to exist when the majority of voting rights for a subsidiary (including special purpose vehicles) 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 attained. They are deconsolidated on the date on which control ends.

The investment account is consolidated (eliminated) in accordance 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 rendered, the equity instruments issued, and the debts resulting or assumed on the transaction date (acquisition date). On initial consolidation, assets, liabilities and contingent liabilities that are identified as part of a business combination are measured at their fair value on the date of exchange. Goodwill is recognised if the acquisition costs for the acquisition of interests in subsidiaries exceed the proportion of the fair value of the net assets that are attributable 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 for correctness, the difference is recognised directly in 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 non-controlling interests.

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 interests 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 policies. The key accounting policies that were applied when preparing these consolidated financial statements are discussed below.

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.

FAIR VALUE MEASUREMENT

On each balance sheet date, the Group measures certain financial instruments (e.g. derivatives) and certain non-financial assets (e.g. investment properties) at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in a normal transaction between market participants at 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 either

- (a) in the principal market for the asset or liability, or
- (b) in the absence of a principal market, in the most advantageous market for the asset or liability.

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

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 use of the asset, or through its sale to another market participant that finds the highest and best use 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 inputs 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 inputs for the lowest level for which fair value measurement is significant overall:

Level 1 – Listed (unadjusted) prices in active markets for identical assets or liabilities

Level 2 – Measurement methods where the input of the lowest level that is material overall for fair value measurement is directly or indirectly observable in the market.

Level 3 – Measurement methods where the input of the lowest level that is material overall for fair value measurement is not observable in 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 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 in this context is made annually by the Managing Board. Market knowledge, reputation, independence, expertise and compliance with professional standards are the main criteria that are applied to select 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 inputs 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 policies. This entails reconciling the significant inputs 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 a participating interest exists 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 recognised directly in profit or loss as other operating income after a review of the purchase price allocation.

The Group's share of the profits and losses of associated companies are 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, 2014, the following companies were carried as associated companies according to the equity method:

- VIMA Grundverkehr GmbH (50.0 % interest)
- BHB Brauholding Bayern-Mitte AG (34.2 % interest)
- KHI Immobilien GmbH (41.7 % interest)

The associated companies' balance sheet dates harmonise with the balance sheet date of the VIB Group.

ASSET GROUP 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 of disposal 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 8.5, a business segment is a distinguishable component of an entity that 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 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 recognised if a corresponding agreement and convincing verification that the service has been provided exist (generally transfer of risk; in the case of rentals, a contractual agreement and rental period), the amount of revenues can be identified reliably, 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 recognised 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 qualifying asset. Borrowing costs of EUR 18 thousand were capitalised during the fiscal year elapsed (previous year: EUR 130 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 as subsidiaries in the consolidated financial statements. Taxable income differs from the net income derived from the income statement as it excludes income and expenses that will subsequently, 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 that 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 sufficient future taxable surpluses will be available for which the deductible temporary differences can be utilised. No deferred taxes are formed for temporary differences from the recognition of goodwill, or from the 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 sufficient taxable income will be available to recover the deferred taxes either in full or in part.

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

Deferred taxes are identified based on tax rates that apply on the date the liability is settled or the asset is realised. The impact of changes in tax rates on deferred taxes is recognised in profit or loss 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 (outside basis differences) 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

Any goodwill arising on initial consolidation of subsidiaries corresponds to the surplus by which the sum of the consideration transferred and the non-controlling interests in the acquired entity exceeds the fair values of the identified assets and liabilities as measured 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 reason exists 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 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 losses. 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 methods 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 of disposal 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 profit or loss.

INVESTMENT PROPERTIES

Due to the company's business activities, all properties are treated as investment properties pursuant to IAS 40. Investment properties are initially measured at cost. Any investment subsidies to cover additional expenses from listed buildings as a result of investments in real estate are deducted from the acquisition costs of the corresponding asset pursuant to IAS 20. Subsequent measurement is at fair value through profit or loss, whereby fair value is reduced to reflect incidental purchase costs for a potential, typical purchaser.

The fair values were measured by an independent valuation surveyor (Landestreuhand Weihenstephan GmbH, Wirtschaftsprüfungsgesellschaft). The valuation surveyor generally applied 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:

- expected gross rent
- management costs (operating and management costs as well as ground rent not allocable to tenants)
- default risk with regards to rents and assessments
- maintenance expenses
- discount and capitalization rates

Gross rents include contractual rents and customary rents for short-term vacancies. The capitalization and discount rates are calculated individually for each object.

The transaction costs for a potential, typical purchaser are reflected through a discount from present value.

Please see note 20 in Chapter D for more information about the discounted cash flow method and inputs applied:

Inventory land and property under construction is also reported as investment property. Fair value generally applies for valuation in accordance with 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 market conditions.

Pursuant to IAS 40.53, a rebuttable presumption exists that an entity will be able to measure 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 phase of the properties, the VIB Group was not able to reliably measure the fair value of investment property under construction. As of December 31, 2014 these were consequently measured at cost in line with IAS 16.

IMPAIRMENT OF NON-FINANCIAL ASSETS

The VIB Group applies impairment losses to the carrying amount of property, plant and equipment, intangible assets, and inventories, if required, to the extent that prospectively permanent 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 profit or loss. 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 an impairment loss can be reversed. In so doing, the carrying amount of an asset or the cash-generating unit is written up to the re-estimated recoverable amount. The increase in the carrying amount is limited to the carrying amount which would have been determined if no impairment loss had been reported for the asset (of the cash-generating unit) in previous years. Any reversal of an impairment loss is recognised in profit or loss immediately. Goodwill impairment losses 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 over the lease duration, unless another systematic basis better corresponds to the temporal duration of the benefit for the lessee.

TRADE RECEIVABLES

Trade receivables are recognised at fair value. Amortised costs are extrapolated over time applying the effective interest rate method, and after deducting valuation allowances. Valuation allowances are applied to trade receivables if objective indications exist that due receivables will not be collected in full. The amount of the valuation allowance 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 valuation allowances are expensed. Valuation allowances that have been applied to receivables are reversed accordingly if the reasons for which the valuation allowances have been applied in prior periods no longer exist. For more information, please refer to the remarks in this chapter relating to the impairment of financial assets.

BANK DEPOSITS AND CASH

Bank balances and cash in hand include cash, demand deposits, other current highly liquid financial assets with an original maximum term 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

Classification and measurement

Financial assets (all agreements that lead to the recognition of a financial asset at one 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 measured 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 measured 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 (mainly interest rate swaps 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 in profit or loss. If derivatives are included in a cash flow hedge, the fair value adjustments are reported directly in equity taking deferred taxes into account. When derivative financial instruments are included in fair value hedges, the carrying amount of the underlying transaction 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 included in the "receivables and other assets" item in the balance sheet.

3. Held-to-maturity investments

Held-to-maturity investments 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 which are measured at fair value through profit or loss, are 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 "measured 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 "measured at fair value through profit or loss" category are recognised in profit or loss 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 profit or loss 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 measured 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.

IMPAIRMENT OF FINANCIAL ASSETS

With the exception of financial assets measured at fair value through profit or loss, financial assets are investigated for indications of impairment on each reporting date. Financial assets are deemed to be impaired if, as a consequence of one or several events occurring after initial recognition of the asset, an objective indication exists that the expected future cash flows from the financial instrument have suffered a negative change.

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 is taken into account when determining the extent to which the equity instruments are impaired.

In the case of all other financial assets, objective indications of impairment can exist as follows:

- Significant financial difficulties on the part of the counterparty
- Payment defaults or delays to payment above and beyond the debtor's average credit duration
- Default or delay in interest or redemption payments
- Greater probability that the borrower will enter bankruptcy or other financial reorganisation

In the case of assets measured at amortised cost, the impairment loss corresponds to the difference between the asset's carrying amount and the present value of the expected future cash flows calculated applying the financial asset's original effective interest rate.

Impairment results in the direct application of an impairment loss to the carrying amount of the respective financial asset, with the exception of trade receivables whose carrying amounts are reduced through a valuation account. If a trade receivable to which a valuation allowance has been applied is deemed to be uncollectible, consumption is recognised against the valuation account. Subsequent receipts relating to amounts that have already been written down are also recorded against the valuation account.

In the instance that an available-for-sale financial asset is gauged to be impaired, gains and losses that have been recognised previously in other comprehensive income are to be recycled to the consolidated income statement in the period under review.

If the level of impairment of a financial asset measured at amortised cost reduces in a subsequent fiscal year, and if such a reduction can be attributed objectively to an event that occurs after recognition of the impairment, the previously recognised impairment is reversed in profit or loss. A reversal of an impairment loss can nevertheless not exceed the amount that would have arisen given continued amortisation of costs without any impairment.

In the case of available-for-sale equity instruments, past impairments recognised in profit or loss are not reversed in profit or loss. Following the application of an impairment loss, any increase in fair value is recognised in other comprehensive income, and accumulated within the revaluation reserve.

In the case of available-for-sale debt instruments, reversals of impairment losses are recognised in profit or loss if an increase in the instrument's fair value is attributable to an event that occurred after the impairment was recognised.

DERECOGNITION OF FINANCIAL ASSETS

The Group only derecognises a financial asset if the contractual rights to the cash flows from the financial asset expire, or if it transfers the financial asset as well as all opportunities and risks that are essentially connected with ownership of the asset to a third party.

To the extent that the Group neither transfers nor retains all opportunities and risks connected with ownership, but continues to have control over the transferred asset, the Group recognises its remaining interest in the asset, and a corresponding liability equivalent to the amounts that are to be paid potentially. In the case that the Group essentially retains all opportunities and risks connected with ownership of transferred asset, the Group continues to recognise the financial asset, and a financial liability.

When a financial asset is fully derecognised, the difference between its carrying amount and the sum of consideration received and to be received, and all cumulative gains or losses that are recognised in other comprehensive income and accumulated within equity, are recognised in consolidated profit or loss.

Where a financial asset is not fully derecognised (e.g. if the Group retains an option to repurchase part of the transferred asset), the Group allocates the earlier carrying amount of the financial asset between the portion that it continues to recognise in line with its continuing investment and the portion that it no longer recognises, based on these portions' relative fair values on the transfer date. The difference between the carrying amount that was allocated to the portion that is no longer recognised, and the sum derived from the consideration that was received for the portions that are no longer recognised, and all cumulative gains or losses that are allocated to it and that were reported in other comprehensive income, are recognised in consolidated profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values.

DERIVATIVE FINANCIAL INSTRUMENTS

The Group deploys a number of derivative financial instruments to manage its interest-rate and foreign currency exchange rate risks. These mainly comprise interest-rate swap transactions.

Derivatives are initially recognised on their contract dates at fair value, and subsequently measured at fair value on each reporting date. Gains or losses deriving from measurement are recognised in profit or loss immediately, unless the derivative is designated and effective as a hedging instrument as part of a hedge.

Derivatives embedded in non-derivative host contracts are treated as freestanding derivatives if they

- meet the criteria of a derivative,
- the financial characteristics and risks are not closely connected with the host contract, and
- the entire contract is not measured at fair value through profit or loss.

CASH FLOW HEDGES

Interest rate swaps are partly utilised when drawing down 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 in profit or loss. The amounts accumulated under equity are reported in profit or loss in the periods in which the underlying transaction affects earnings for the period.

EQUITY

The ordinary shares of VIB Vermögen AG 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, the cash flow hedge reserve and non-controlling shareholders are also allocated to equity.

If a Group company acquires its own shares, the value of the compensation paid, including directly allocable additional costs (net of tax), is 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 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 a legal or constructive obligation to third parties exists 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 settle 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 expense.

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 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 lease 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 exists from the company's perspective only 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 law. 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, also exist.

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 profit and loss, 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, 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.
- Valuation allowances 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 no significant negative impact will arise for the Group's results of operations that goes beyond the risks taken into account as liabilities or provisions in the financial statements.

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 that 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 2015 fiscal year.

EFFECTS OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

During the fiscal year under review, the Group applied new standards and amendments to existing standards for the first time (see also the remarks in chapter B). Application resulted in no significant effects on the consolidated financial statements of VIB Vermögen AG. The previous year's figures did not need to be restated. Additional and amended disclosure requirements arise from applying IFRS 12. Such disclosures are presented in the following sections: "Disposal of subsidiaries", "Information about subsidiaries", and in chapter D under section 21 "Interests in associated companies".

DISPOSAL OF SUBSIDIARIES

As part of portfolio streamlining, the interest in KHI Immobilien GmbH (formerly: WHD GmbH) was demerged as the result of disposal from 100.00 % to a level of 41.67 % (EUR 100 thousand). This company was deconsolidated due to the resultant loss of control. The remaining interest is reported under interests in associated companies.

Consideration received

EUR thousand	December 31, 2014
Consideration received in the form of cash and cash equivalents	140
Total consideration received	**140**

Assets and liabilities deducted due to loss of control

EUR thousand	December 31, 2014
Non-current assets	75
Current assets	162
Non-current liabilities	0
Current liabilities	-31
Net assets sold	**206**

Disposal gain on disposal of subsidiaries

EUR thousand	December 31, 2014
Consideration received	140
Fair value of shares retained as of the date of loss of control	100
Net assets relinquished	-206
Disposal gain	34
of which from fair value measurement of retained shares	0 %

The disposal gain is included in the deconsolidation result.

Net cash inflow from disposal of subsidiaries

EUR thousand	December 31, 2014
Disposal price settled by cash and cash equivalents	140
Less: cash and cash equivalents relinquished with the disposal	-155
Total net cash outflow arising from disposal	**-15**

INFORMATION ABOUT SUBSIDIARIES

As of December 31, 2014, 9 (previous year: 10) companies were included in the consolidated financial statements of VIB Vermögen AG.

Companies included in the consolidated financial statements as of December 31, 2014:

		Voting rights and equity interest (%)	
Company	Headquarters	December 31, 2014	December 31, 2013
Merkur GmbH	Neuburg a.d. Donau	100.00	100.00
RV Technik s.r.o., CZ	Plzen (Czech Republic)	100.00	100.00
BBI Bürgerliches Brauhaus Immobilien AG	Ingolstadt	94.88	92.10
IPF 1 GmbH	Neuburg a.d. Donau	94.98	94.98
IPF 2 GmbH	Neuburg a.d. Donau	94.98	94.98
ISG Infrastrukturelle Gewerbeimmobilien GmbH	Ingolstadt	75.00	75.00
Interpark Immobilien GmbH	Neuburg a.d. Donau	74.00	74.00
VSI GmbH	Neuburg a.d. Donau	74.00	74.00
IVM Verwaltung GmbH	Neuburg a.d. Donau	60.00	60.00

The interests shown correspond to the proportionate interests attributable to the Group. For more information, please also refer to the list of shareholdings under note 54.

The main business activity of the parent company and of all its subsidiaries consists in the management of commercial real estate.

The purchase costs of the BBI shares that were last exchanged for VIB shares in 2014 amounted to EUR 1,958 thousand, with 137,602 VIB shares being rendered. The appeal procedure that had been pending to date to review the appropriateness of the exchange ratio and the level of the guaranteed dividend was concluded with legally binding effect during the fiscal year elapsed. Exchange period for the outstanding shareholders ended in November 2014.

Non-controlling shareholders also acquired a further 50,000 BBI shares.

The following table contains details about subsidiaries that the Group does not wholly own, and where significant non-controlling interests exist.

Name of subsidiary	Headquarters	Equity interest and voting rights interest of non-controlling shareholders 31.12.2014	Equity interest and voting rights interest of non-controlling shareholders 31.12.2013	Gain or loss attributable to non-controlling interests 31.12.2014	Gain or loss attributable to non-controlling interests 31.12.2013	Cumulative non-controlling interests 31.12.2014	Cumulative non-controlling interests 31.12.2013
BBI Bürgerliches Brauhaus Immobilien AG	Ingolstadt	5.12 %	7.90 %	270	491	3,954	6,519
ISG Infrastrukturelle Gewerbeimmobilien GmbH	Ingolstadt	25.0 %	25.0 %	492	586	3,796	3,429
Subsidiaries with individually immaterial non-controlling interests						4,844	4,141
Total sum of non-controlling interests						12,594	14,089

Summarised financial information about Group subsidiaries with significant non-controlling interests is presented subsequently. The summarised financial information corresponds to amounts before intragroup eliminations.

BBI Bürgerliches Brauhaus Immobilien AG

EUR thousand	**31.12.2014**	31.12.2013
Non-current assets	202,486	201,810
Current assets	3,361	2,128
Non-current liabilities	116,082	116,378
Current liabilities	10,695	12,151
Interest in equity attributable to parent company shareholders	75,021	69,452
Non-controlling shareholders	4,048	5,957

EUR thousand	**31.12.2014**	31.12.2013
Revenue	14,385	14,402
Other income	1,253	2,295
Expenses	-11,339	-12,305
Net profit for the year	**4,299**	**4,392**
Net profit for the year attributable to parent company shareholders	4,079	4,045
Net profit for the year attributable to non-controlling shareholders	220	347
Total net income for the year	**4,299**	**4,392**
Other comprehensive income attributable to parent company shareholders	79	100
Other comprehensive income attributable to non-controlling shareholders	4	9
Total other comprehensive income	**83**	**109**
Total comprehensive income attributable to parent company shareholders	4,158	4,145
Total comprehensive income attributable to non-controlling shareholders	224	356
Total comprehensive income	**4,382**	**4,501**
Dividends attributable to non-controlling shareholders	-	-
Net cash flows from operating activities	601	925
Net cash flows from investing activities	29	56
Net cash flows from financing activities	-703	-915
Total net cash flows	**-73**	**65**

ISG Infrastrukturelle Gewerbeimmobilien GmbH

EUR thousand	**31.12.2014**	31.12.2013
Non-current assets	35,600	35,037
Current assets	532	572
Non-current liabilities	19,904	20,704
Current liabilities	1,069	1,214
Interest in equity attributable to parent company shareholders	11,369	10,268
Non-controlling shareholders	3,790	3,423

EUR thousand	**31.12.2014**	31.12.2013
Revenue	2,538	2,604
Other income	608	1,666
Expenses	-1,177	-1,927
Net profit for the year	**1,969**	**2,343**
Net profit for the year attributable to parent company shareholders	1,477	1,757
Net profit for the year attributable to non-controlling shareholders	492	586
Total net income for the year	**1,969**	**2,343**
Other comprehensive income attributable to parent company shareholders	-	-
Other comprehensive income attributable to non-controlling shareholders	-	-
Total other comprehensive income	-	**-**
Total comprehensive income attributable to parent company shareholders	1,477	1,757
Total comprehensive income attributable to non-controlling shareholders	492	586
Total comprehensive income	**1,969**	**2,343**
Dividends attributable to non-controlling shareholders	125	-
Net cash flows from operating activities	555	452
Net cash flows from investing activities	5	23
Net cash flows from financing activities	-514	-478
Total net cash flows	**46**	**-3**

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:

EUR thousand	**2014**	2013
Revenue from rents excluding utilities charges	61,175	56,294
Revenue from operating costs	8,537	8,475
Miscellaneous revenue	157	189
	69,869	**64,958**

The revenue relates almost exclusively to revenue from investment properties.

2. OTHER OPERATING INCOME

Other operating income is composed as follows:

EUR thousand	**2014**	2013
Miscellaneous operating revenue	604	614
Disposal gains on properties	63	139
	667	**753**

Miscellaneous operating income in the year under review primarily arises from insurance compensation payments, disposal gains arising from the disposal of other property, plant and equipment, house management activities, and the reversal of individual impairment losses applied to receivables.

3. CHANGES IN VALUE FOR INVESTMENT PROPERTIES

EUR thousand	**2014**	2013
Reversals to impairment charges arising from changes in market value IAS 40	11,430	17,023
Impairment charges arising from changes in market value IAS 40	-3,901	-9,824
	7,529	**7,199**

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 are measured at amortised cost. Reversals to impairment loss of EUR 11,430 thousand are composed as follows:

EUR thousand	**2014**	2013
Increase in the value of development projects and acquisition after completion of the development and start of property use	1,721	6,628
Increase in the value of portfolio properties	9,709	10,395
	11,430	**17,023**

4. EXPENSES FOR INVESTMENT PROPERTIES

The expenses connected with investment properties are composed as follows:

EUR thousand	**2014**	2013
Land expenses / operating costs	10,166	10,220
Maintenance expenses	3,664	3,183
	13,830	**13,403**

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

EUR thousand	**2014**	2013
Wages and salaries	2,693	2,452
Social security contributions	304	285
	2,997	**2,737**

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

6. OTHER OPERATING EXPENSES

Other operating expenses fell from EUR 2,427 thousand in 2013 to EUR 2,054 thousand. This EUR 373 thousand decline is primarily due to a lower level of legal and consultancy costs. The loss on currency translation differences reported in the income statement amounts to EUR 14 thousand (previous year: EUR 107 thousand).

7. DEPRECIATION AND AMORTISATION

EUR thousand	2014	2013
Amortisation	12	25
Depreciation	48	77
	60	**102**

8. PROFIT / LOSS ON EQUITY ACCOUNTED INVESTMENTS

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

EUR thousand	2014	2013
VIMA Grundverkehr GmbH	-22	-13
BHB Brauholding Bayern-Mitte AG	245	244
	223	**231**

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 losses.

9. GAIN / LOSS ON DECONSOLIDATION

The sale of the shares in the subsidiary KHI Immobilien generated deconsolidation income of EUR 34 thousand (previous year: EUR 1,015 thousand).

10. INCOME / EXPENSE FROM MEASUREMENT OF FINANCIAL DERIVATIVES

In 2014, an expense from the measurement of foreign-currency derivatives of EUR -436 thousand was incurred (previous year: EUR -102 thousand). The derivative's future value change depends on interest-rate trends, and the development of the Swiss franc to euro exchange rate. This exchange rate is exposed to stronger fluctuations than previously as a result of the Swiss National Bank having relinquished its fixed 1.20 CHF / EUR exchange rate on January 15, 2015. The derivative has a term until 2015.

11. OTHER INTEREST AND SIMILAR INCOME

Other interest and similar income in the amount of EUR 112 thousand (previous year: EUR 149 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 20,570 thousand (previous year: EUR 19,967 thousand) arise primarily from interest on bank borrowings, and interest payments on interest-rate swaps that comprise effective hedges.

The interest expense for financial liabilities that are not measured at fair value through profit or loss amounted to EUR 18,849 thousand in the fiscal year under review (previous year: EUR 18,152 thousand).

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 181 thousand (previous year: EUR 468 thousand). In the previous year, this included 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. The underlying appeal proceeding was concluded during the fiscal year elapsed, and the retrospective payment was rendered. The court increased the retroactive cash settlement from EUR 0.64 to EUR 0.74 (gross) per ordinary share. The exchange ratio was unchanged.

14. INCOME TAXES

Income taxes are composed as follows:

EUR thousand	**2014**	2013
Current income tax expense	1,798	1,516
Deferred income tax expense	4,104	4,547
Expense from taxes on income	**5,902**	**6,063**

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.

EUR thousand	**2014**	2013
Earnings before income taxes	38,306	35,099
Anticipated income tax rate: 15.825 %		
Anticipated income tax expense	6,062	5,554
Prior years' taxes (current and deferred)	-270	587
Tax impact of subsidiaries and equity accounted investments	-35	-37
Tax effects from deconsolidation gains	-5	-153
Corporation tax on compensation payment	29	42
Corporation tax on supplementary compensation claim	39	-39
Tax rate differences (trade tax)	-12	-27
Tax-free income (especially § 8b KStG)	11	51
Non-tax-deductible expenses	14	13
Deferred taxes on issue costs for mandatory convertible bond	59	48
Other	10	24
Reported income tax expense	**5,902**	**6,063**
Effective tax rate	15.41 %	17.28 %

15. PROFIT/LOSS ON DISCONTINUED OPERATIONS

In the 2014 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 32,404 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 1,095 thousand (previous year: EUR 1,952 thousand).

17. EARNINGS PER SHARE

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

EUR thousand	**31.12.2014**	31.12.2013
EARNINGS (in EUR thousand)		
Consolidated net income	32,404	29,036
Less: earnings attributable to non-controlling interests	-1,095	-1,952
Basis for undiluted earnings per share	**31,309**	**27,084**
Less: profit / loss on discontinued operations	0	0
Basis for undiluted earnings per share for continuing operations	**31,309**	**27,084**
Impact of potentially dilutive shares	0	468
Basis for diluted earnings per share	**31,309**	**27,552**
Less: profit / loss on discontinued operations	0	0
Basis for diluted earnings per share for continuing operations	**31,309**	**27,552**
NUMBER OF SHARES		
Weighted average number of shares in circulation for undiluted earnings per share	25,411,653	23,263,868
Impact of potentially dilutive shares	0	595,660
Weighted average number of shares in circulation for diluted earnings per share	25,411,653	23,859,528
Undiluted (basic) earnings per share (in EUR)	**1.23**	**1.16**
Undiluted (basic) earnings per share for continuing operations (in EUR)	**1.23**	**1.16**
Diluted earnings per share (in EUR)	**1.23**	**1.15**
Diluted earnings per share for continuing operations (in EUR)	**1.23**	**1.15**

Following the conclusion of the appeal proceedings relating to the review of the appropriateness of the guarantee dividend for the outstanding BBI shareholders and the exchange ratio for the exchange of BBI shares into VIB shares during the fiscal year elapsed, it will no longer be possible to exchange shares. In addition, no potential dilutive shares will arise in the future as a consequence, (see this section 26 Conditional capital).

Dividends paid

In the 2014 fiscal year, according to the resolution of the General Meeting on July 2, 2014, an amount of EUR 9,968,98.95 (previous year: EUR 8,545,722.40) was disbursed from the 2013 net retained profit of VIB Vermögen AG. This corresponds to a dividend of EUR 0.45 per share (previous year: 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 2014 fiscal year that a dividend of EUR 0.48 per share be disbursed from the net retained profit of VIB Vermögen AG (total of EUR 11,896,274.88).

18. FAIR VALUE MEASUREMENT

The 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, 2014

			Fair value measurement applying		
EUR thousand	Measure-ment date	Total	prices listed on active markets (Level 1)	significant observable inputs (Level 2)	significant non-obser-vable inputs (Level 3)
Assets measured at fair value					
Investment properties (note 20)					
Logistics / Light industry	December 31, 2014	498,330	-	-	498,330
Wholesale / Retail	December 31, 2014	305,270	-	-	305,270
Office	December 31, 2014	36,070	-	-	36,070
Services / Other	December 31, 2014	36,640	-	-	36,640
Assets held for sale	December 31, 2014	2,844	-	-	2,844
Liabilities measured at fair value:					
Derivative financial liabilities (note 29)					
Interest-rate swaps	December 31, 2014	10,153	-	10,153	-
Forward currency contract (CHF)	December 31, 2014	1,139	-	1,139	-
Liabilities for which fair value is reported in the notes					
Interest-bearing loans (note 45)					
Fixed interest loans	December 31, 2014	446,438	-	446,438	-

* Modifications to the categorisation of investment properties were applied as part of internal reporting in the fiscal year under review, with the aim of making reporting more meaningful. The modified categorisation was included in the presentation in the notes to the financial statements. The previous year's figures were restated accordingly.

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

			Fair value measurement applying		
EUR thousand	Measurement date	Total	prices listed on active markets (Level 1)	significant observable inputs (Level 2)	significant non-observable inputs (Level 3)
Assets measured at fair value:					
Investment properties (note 20)					
Logistics / Light industry	December 31, 2013	489,380	-	-	489,380
Wholesale / Retail	December 31, 2013	252,794	-	-	252,794
Office	December 31, 2013	35,618	-	-	35,618
Services / Other	December 31, 2013	36,066	-	-	36,066
Assets held for sale	December 31, 2013	2,838	-	-	2,838
Liabilities measured at fair value:					
Derivative financial liabilities (note 29)					
Interest-rate swaps	December 31, 2013	8,855	-	8,855	-
Forward currency contract (CHF)	December 31, 2013	1,432	-	1,432	-
Liabilities for which fair value is reported in the notes					
Interest-bearing loans (note 45)					
Fixed interest loans	December 31, 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

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**

EUR thousand	Other rights	Total
Cost as of January 1, 2014	**137**	**137**
Additions	0	0
Disposals	0	0
Balance December 31, 2014	**137**	**137**
Amortisation/impairment as of January 1, 2014	**121**	**121**
Additions	12	12
Balance December 31, 2014	**133**	**133**
Carrying amount December 31, 2014	**4**	**4**
Carrying amount January 1, 2014	**16**	**16**

19.2 PROPERTY, PLANT AND EQUIPMENT

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

EUR thousand	Land and buildings	Other property, plant and equipment	Total
Cost as of January 1, 2014	**0**	**1,421**	**1,421**
Additions	20	193	213
Disposals	0	-518	-518
Change to consolidation scope	0	0	0
Balance December 31, 2014	**20**	**1,096**	**1,116**
Depreciation/impairment as of January 1, 2014	0	994	994
Additions	0	48	48
Disposals	0	-179	-179
Change to consolidation scope	0	0	0
Balance December 31, 2014	**0**	**863**	**863**
Carrying amount December 31, 2014	**20**	**233**	**253**
Carrying amount January 1, 2014	**0**	**427**	**427**

20. INVESTMENT PROPERTIES

EUR thousand	2014	2013
Investment properties, measured at fair value	876,310	813,858
Plant under construction measured at amortised cost	17,904	15,135
	894,214	**828,993**

Investment properties, measured at fair value

EUR thousand	2014	2013
Carrying amount January 1	**813,858**	**734,597**
Change to consolidation scope	0	-13,588
Additions	47,662	93,776
Disposals	-1,058	-20,509
Reclassified from plant under construction	8,319	12,383
Unrealised increases in market value	11,430	17,023
Unrealised reductions in market value	-3,901	-9,824
Carrying amount December 31	**876,310**	**813,858**

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 subdivided into the categories of logistics/light industry, wholesale/retail, office, and service and other.

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:*

EUR thousand	Logistics/ Light industry	Retail	Offices	Com- mercial buildings & others	Total
Carrying amount January 1, 2014	**489,380**	**252,794**	**35,618**	**36,066**	**813,858**
Change to consolidation scope	0	0	0	0	0
Additions	571	47,087	0	4	47,662
Disposals	0	0	-454	-604	-1,058
Reclassified from plant under construction	4,692	3,628	0	-1	8,319
Unrealised market value changes recognised in profit or loss for the period	3,687	1,761	906	1,175	7,529
Carrying amount December 31, 2014	**498,330**	**305,270**	**36,070**	**36,640**	**876,310**

EUR thousand	Logistics/ Light industry	Retail	Offices	Com- mercial buildings & others	Total
Carrying amount January 1, 2013	**414,212**	**248,252**	**36,070**	**36,063**	**734,597**
Change to consolidation scope	-13,588	0	0	0	-13,588
Additions	87,781	5,309	291	395	93,776
Disposals	-19,761	0	0	-748	-20,509
Reclassified from plant under construction	12,383	0	0	0	12,383
Unrealised market value changes recognised in profit or loss for the period	8,353	-767	-743	356	7,199
Carrying amount December 31, 2013	**489,380**	**252,794**	**35,618**	**36,066**	**813,858**

* Modifications to the categorisation of investment properties were applied as part of internal reporting in the fiscal year under review, with the aim of making reporting more meaningful. The modified categorisation was included in the presentation in the notes to the financial statements. The previous year's figures were restated accordingly.

The unrealised gains and losses recognised in profit or loss for the period are reported under the "changes in value for investment properties" item.

The applied measurement methods and significant inputs for investment properties measured at fair value are as follows:*

Category	Measurement method	Significant non-observable inputs	Range / Value** 2014	Range / Value** 2013
Logistics / Light industry real estate	Discounted cash flow method	Estimated rent per sqm and month	EUR 3 – EUR 12 (weighted average: EUR 5)	EUR 3 – EUR 12 (weighted average: EUR 5)
		Estimated management costs per sqm and month	EUR 0.01 – EUR 1.35 (weighted average: EUR 0.20)	EUR 0.01 – EUR 1.28 (weighted average: EUR 0.15)
		Discounting rate	6.55 % – 9.55 %	5.34 % – 7.45 %
Retail properties	Discounted cash flow method	Estimated rent per sqm and month	EUR 5 – EUR 12 (weighted average: EUR 8)	EUR 5 – EUR 12 (weighted average: EUR 8)
		Estimated management costs per sqm and month	EUR 0.01 – EUR 2.23 (weighted average: EUR 0.44)	EUR 0.01 – EUR 1.95 (weighted average: EUR 0.38)
		Discounting rate	5.90 % – 7.90 %	5.54 % – 7.24 %
Office real estate	Discounted cash flow method	Estimated rent per sqm and month	EUR 5 – EUR 12 (weighted average: EUR 8)	EUR 5 – EUR 12 (weighted average: EUR 8)
		Estimated management costs per sqm and month	EUR 0.32 – EUR 0.93 (weighted average: EUR 0.73)	EUR 0.26 – EUR 0.86 (weighted average: EUR 0.71)
		Discounting rate	6.60 % – 8.45 %	5.44 % – 6.61 %
Commercial buildings and others	Discounted cash flow method	Estimated rent per sqm and month	EUR 3 – EUR 28 (weighted average: EUR 8)	EUR 3 – EUR 28 (weighted average: EUR 8)
		Estimated management costs per sqm and month	EUR 0.33 – EUR 2.26 (weighted average: EUR 0.68)	EUR 0.48 – EUR 2.90 (weighted average: EUR 1.18)
		Discounting rate	3.75 % – 8.05 %	4.54 % – 6.34 %

** The average values 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 model comprises two phases: during the first phase (detailed planning period over 10 years), periodic cash surpluses are calculated, which are then discounted to the measurement date. For the second phase following the detailed planning period, a residual value (disposal proceeds) is calculated by capitalising a sustainably achievable cash surplus into perpetuity. This residual value is also discounted to the measurement date. The gross present value of the property comprises the sum of the discounted cash surpluses from the detailed planning phase and the discounted disposal proceeds. This is converted into a net present value (net disposal price) through deducting potential buyers' incidental purchase costs (transaction costs): land purchase tax, and notary and land registry costs.

The calculation of the income surpluses generally comprises all incoming and outgoing payments relating to the property. Incoming payments include contractually agreed gross rents taking any rental adjustment clauses into consideration. A standard market rent that takes into account rental increases that are expected over the course of time is applied to spaces that become vacant short-term, as well as for periods after rental contracts expire. Outgoing payments comprise property management costs: mainly administrative expenses, operating costs that cannot be charged on to the tenant, maintenance expenses, ground rents, and costs in relation to guarantees, doubtful debts, contingent losses and so on. During the detailed planning period, management costs are recognised at the level of actually expected costs.

Identifiable structural vacancies and any maintenance backlogs are reflected through corresponding discounts from the gross present value.

Yields derived from the real estate market are applied to the discounting of cash flows that are forecast for the detailed planning period, and for the residual value (disposal proceeds). The specific particularities of the individual measurement objects (location, age, condition, rentability) are taken into account through property-specific premiums or discounts. Due to growth discounts and ageing premiums that need to be taken into account, the capitalisation rate applied to calculate the residual value (disposal proceeds) typically differs from the interest rate that is applied to discount the cash inflow surpluses for the detailed planning period to the measurement date, as well as the residual value.

When observed on an isolated basis, significant increases (reductions) in the estimated rent would result in a significantly higher (lower) fair value for the respective property. In contrast, a significant increase (decrease) in management costs would feed through to a considerably lower (higher) fair value. When observed on an isolated basis, a markedly higher discounting rate (and capitalisation rate) would result in a significantly lower (higher) fair value. In general, a modification to the assumptions relating to the expected market rent effect an equally directed change to the discounting rate (and capitalisation rate).

Plant under construction measured at amortised cost

EUR thousand	**2014**	2013
Carrying amount January 1	**15,135**	**14,011**
Additions	11,096	16,927
Disposals	-8	-3,420
Exchange-rate effects	-53	47
Reclassified to investment properties measured at fair value	-8,319	-12,383
Reclassified to assets held for sale IFRS 5	53	-47
Carrying amount December 31	**17,904**	**15,135**

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 2,844 thousand (previous year: EUR 2,837 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.

The book value of assets under construction serves as the best approximation of fair value.

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.

All interests in associates are regarded as immaterial individually.

EUR thousand	**2014**	2013
Carrying amount of Group interests in associates	**3,120**	**2,718**

Summarised information for associates that are individually immaterial:

EUR thousand	**2014**	2013
Group interest in profit or loss from continuing operations	21	141
Group interest in earnings after tax from discontinued operations	-	-
Group interest in other comprehensive income	-	-
Group interest in total comprehensive income	21	141

22. NON-CURRENT FINANCIAL ASSETS

EUR thousand	**2014**	2013
Cost on January 1	**474**	**426**
Additions	32	48
Disposals / repayment	-506	0
Net carrying amount on December 31	**0**	**474**
Composition of financial assets		
Loan extended to VIMA Grundverkehr GmbH	0	474
Financial assets December 31	**0**	**474**

The loans that were extended were repaid in full in the fiscal year elapsed.

23. RECEIVABLES AND OTHER ASSETS

EUR thousand	**2014**	2013
Trade receivables	1,594	1,921
Other assets	1,358	916
	2,952	**2,837**

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

Individual valuation allowances were required in the amount of EUR 339 thousand (previous year: EUR 313 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 valuation allowances are shown in the following table:

EUR thousand	**2014**	2013
Balance – start of year	313	111
Additions	237	266
Consumed in derecognition	-59	-50
Release	-152	-14
	339	**313**

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 valuation allowances already reported.

The present value of the trade receivables corresponds to their carrying amount. Additions to valuation allowances 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 332 thousand (previous year: EUR 202 thousand) are mainly due to corporation tax repayments from payments of corporation tax and 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. The position is mainly attributable to VIB Vermögen AG in an amount of EUR 31,890 thousand (previous year: EUR 22,232 thousand), to BBI Immobilien AG in an amount of EUR 3,090 thousand (previous year: EUR 1,809 thousand), to IPF 1 GmbH in an amount of EUR 1,274 thousand (previous year: EUR 275 thousand), to ISG GmbH in an amount of EUR 532 thousand (previous year: EUR 348 thousand), and to Interpark Immobilien GmbH in an amount of EUR 507 thousand (previous year: EUR 36 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, as of December 31, 2012 its capitalised plot of land was categorised as held for sale, and are currently measured at a market value of EUR 2,843 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 2014 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. There are nevertheless no indications that the construction approval will not be granted subsequently. Instead, it is now anticipated that the requisite approvals will be issued during the first half of the 2015 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, 2014.

The fair value measurement for non-current assets held for sale was also performed using the same methods and taking into account the same non-observable inputs 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 share capital

The subscribed share capital of VIB Vermögen AG amounts to EUR 24,783,906.00 (previous year: EUR 22,151,331.00), and is divided into 24,783,906 ordinary bearer shares (previous year: 22,151,331). During the fiscal year, no (0) shares were issued from approved capital, and 2,632,575 shares were issued from conditional capital.

In the fiscal year elapsed, minority shareholders in BBI Immobilien AG finally utilised the offer to exchange their shares into shares in VIB Vermögen AG. As BBI Immobilien AG shareholders accepted this offer during the reporting period, the subscribed capital of VIB Vermögen AG increased by EUR 137,602.00 correspondingly. In addition, holders of the 2013/15 mandatory convertible bond utilised their right to make early conversion of individual bonds. A total of 1,555,073 resultant new shares have been issued to date. The 2012/14 mandatory convertible bond was fully converted of December 2014 in accordance with its terms. A further 939,900 new shares arose as a result of this transaction.

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 162,339 thousand to a total of EUR 192,992 thousand in connection with the 2014/16 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 (2014/16) with a nominal volume of EUR 33.2 million was placed as part of a private placing among selected institutional investors in the fiscal year elapsed. The bond carries a 4.0 % 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 in the Regulated Unofficial Market of the Munich Stock Exchange on December 5, 2014 (ISIN DE000A13SJL8). The bond offers two conversion windows between July 6, 2015 and December 4, 2015, as well as between the third calendar date following the end of the company's AGM in 2016 and the bond's maturity date on December 4, 2016. The conversion price stands at EUR 15.00. The increase in the share capital due to the new shares will be entered in the commercial register in January 2016 and 2017 respectively. A total of 2.215 million new shares will arise once conversion has been completed, which will be dividend-entitled from January 1 of the year in which conversion occurs.

This 2014/16 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 33.2 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 2,507 thousand (non-current financial debt) and an equity component of EUR 30,718 thousand. The share premium account increased by a net amount of EUR 30,404 thousand after deducting issue costs (net of deferred tax).

Due to the early exchange of individual bonds by holders of the 2012/14 and 2013/15 mandatory convertible bonds, an amount of EUR 923 thousand was released to share premium account from the debt component that was newly added in the previous years. The shares that were newly created by the exchange reduce the share premium account by EUR 2,495 thousand.

The share exchange from BBI shares into VIB shares increased the share premium by a further amount of EUR 1,821 thousand.

Retained earnings

As part of the preparation of its annual financial statements as of December 31, 2014 (separate financial statements prepared according to the German Commercial Code [HGB]), the Managing Board of VIB Vermögen AG withdrew EUR 1,171 thousand from retained earnings.

Net retained profits

The Group's net retained profits derive from the previous year's net retained profits less the distribution for 2013 (EUR -9,968 thousand), the withdrawal from retained earnings (EUR 1,171 thousand), plus the current consolidated net income from the 2014 fiscal year that is due to Group shareholders ((EUR 31,309 thousand), and the other comprehensive income from the statement of total comprehensive income (EUR 239 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:

EUR thousand	**2014**	2013
Balance – start of year	**14,089**	**11,629**
Issue of VIB shares as part of share exchange	-1,959	-296
Purchase of shares of non-controlling shareholders	-958	0
Distribution to shareholders	-276	0
Share of annual earnings	1,095	1,952
Non-controlling shareholders' share of other comprehensive income	83	109
Recognition of share of non-controlling shareholders: Interpark Immobilien GmbH (previous year: IPF 1 GmbH and IPF 2 GmbH)	520	1,304
Deconsolidations (previous year: Gewerbepark Günzburg GmbH)	0	-609
Balance – end of year	**12,594**	**14,089**

With regard to material non-controlling interests refer to the section "Information on Subsidiaries" in Chapter C.

Authorised capital

Authorised Capital 2010:

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.

Authorised Capital 2013:
The Annual General meeting on July 3, 2013, adopted a resolution to create further authorised capital (Authorised Capital 2013) in the amount of EUR 2,136,430. None of this has been utilised to date. The authorisation granted to the Managing Board to issue, with Supervisory Board assent, new shares in return for cash and non-cash capital contributions, and the possibility of simplified exclusion of subscription rights, runs until July 2, 2018.

The available authorised capital consequently stands at EUR 7,450,003.

Conditional capital
With a resolution of the Annual General Meeting of June 25, 2008, conditional capital of EUR 1,356,114 was created. A total of EUR 890,459 of conditional capital had been utilised to exchange shares in BBI Immobilien AG into shares in VIB Vermögen AG until December 31, 2014. The conditional capital of EUR 465,655 remaining after the conclusion of the exchange offer was cancelled as the result of a resolution by the Managing and Supervisory boards on January 12, 2015.

With a resolution of the Annual General Meeting of July 7, 2009, further conditional capital (2009) of EUR 3,416,800 was created. With a resolution of the Annual General Meeting of July 3, 2013, an amount of EUR 1,716,800 was cancelled from this conditional capital. The remaining conditional capital of EUR 1,700,000 was fully exhausted as a result of the full conversion of the remaining bonds arising from the 2012/14 mandatory convertible bond issue in an amount of EUR 939,900 during the fiscal year elapsed.

With a resolution of the Annual General Meeting of July 3, 2013, further conditional capital (2013) of EUR 2,136,430 was created. Of the remaining conditional capital, an amount of EUR 1,555,073 is to be utilised by December 31, 2014, as holders of the 2013/15 mandatory convertible bond have utilised their right to exchange, and have converted bonds early into new shares. An amount of 581,357 still existed as of the 2014 year-end.

With a resolution of the Annual General Meeting of July 1, 2014, further conditional capital (2014) of EUR 2,215,133 was created. None of this conditional capital had yet been utilised as of December 31, 2014 since none of the 2014/16 mandatory convertible bonds issued in December 2012 had been exchanged.

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

EUR thousand	**2014**			2013		
	Before tax	Taxes	After tax	Before tax	Taxes	After tax
Foreign currency effects from the translation of independent subsidiaries	20	0	20	151	0	151
Mark-to-market valuation of cash flow hedges	-1,299	240	-1,059	2,559	-374	2,185
Actuarial gains / losses on pension plans	-284	45	-239	44	-7	37
Income and expenses taken directly to equity	**-1,563**	**285**	**-1,278**	**2,754**	**-381**	**2,373**

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 15 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.

All profit participation rights agreements were terminated on the due date on December 31, 2016. Repayment will occur one day after the 2017 Ordinary AGM.

28. NON-CURRENT FINANCIAL DEBT

EUR thousand	**2014**	2013
Remaining term between 1 and 5 years	136,321	113,231
Remaining term more than 5 years	358,733	343,487
	495,054	**456,718**

Financial liabilities with a term of more than 12 months are from the following companies:

EUR thousand	**2014**	2013
Non-current financial debt		
VIB Vermögen AG	321,905	282,913
BBI Bürgerliches Brauhaus Immobilien AG	101,069	102,638
ISG Infrastrukturelle Gewerbeimmobilien GmbH	18,329	19,340
IPF 1 GmbH	13,633	14,194
IPF 2 GmbH	14,542	15,140
VSI GmbH	16,771	13,139
Interpark Immobilien GmbH	7,175	7,400
IVM Verwaltung GmbH	1,630	1,688
Merkur GmbH	0	266
	495,054	**456,718**

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 -436 thousand).

The cash flows and their effects on profit or loss are expected to occur in the 2015 to 2020 reporting periods.

EUR thousand	**2014**	2013
Derivative financial instruments		
Interest-rate swaps (payer swaps)	10,153	8,855
CHF derivative	1,139	1,432
	11,292	**10,287**

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:

EUR thousand	**2014**	2013
Deferred tax assets		
Derivative assets	1,796	1,643
Pension provisions/other	80	47
Intragroup profit elimination	35	35
Total deferred tax assets	**1,911**	**1,725**

EUR thousand	**2014**	2013
Deferred tax liabilities		
Investment properties	29,140	25,182
Total deferred tax liabilities	**29,140**	**25,182**
Offsetting of deferred tax assets and liabilities	-1,751	-1,525
Carrying amount after offsetting (in EUR thousand)		
Deferred tax assets	**160**	**200**
Deferred tax liabilities	**27,389**	**23,657**

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

Losses carried forward on December 31, 2014 were reported as follows:

- Trade tax EUR 11,822 thousand (previous year: EUR 3,391 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 38,412 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 1,325 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:

EUR thousand	**2014**	2013
Balance January 1	**1,108**	**1,228**
Interest cost	38	42
Pensions paid	-106	-118
Actuarial gains / losses		
due to changes to demographic assumptions	0	0
due to changes to financial assumptions	224	24
due to experience-related adjustments	61	-68
Balance December 31	**1,325**	**1,108**

Calculated actuarial assumptions:

in %	**2014**	2013
Discounting rate	1.60 - 2.20	3.30 - 3.90
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, 2014 generates the following results:

- A 1 % increase in the discount rate results in a EUR 140 thousand reduction in the DBO, and a EUR 5 thousand reduction in the interest cost.
  A 1 % decrease in the discount rate results in a EUR 173 thousand increase in the DBO, and an EUR 24 thousand decrease in the interest cost.

- A 1 % increase in the pension growth results in a EUR 143 thousand increase in the DBO, and a EUR 10 thousand reduction in the interest cost.
  A 1 % decrease in the pension growth results in an EUR 122 thousand decrease in the DBO, and a EUR 16 thousand decrease in the interest cost.

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:

EUR thousand	**2014**	2013
Within the next 12 months	100	99
Between 2 and 5 years	341	316
Between 5 and 10 years	322	338
Expected outgoing payments	**763**	**753**

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

32. OTHER NON-CURRENT LIABILITIES

The other non-current liabilities (mainly trade payables) were repaid in full in the fiscal year elapsed.

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:

EUR thousand	**2014**	2013
VIB Vermögen AG	16,519	30,656
BBI Bürgerliches Brauhaus Immobilien AG	6,909	8,114
ISG Infrastrukturelle Gewerbeimmobilien GmbH	1,012	977
IPF 1 GmbH	560	541
IPF 2 GmbH	598	578
VSI GmbH	751	533
Interpark Immobilien GmbH	225	0
IVM Verwaltung GmbH	58	59
Merkur GmbH	0	34
	26,632	**41,492**

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 2014 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. Uncertainty exists, however, 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, 2014. As a consequence, all corresponding amounts are reported among liabilities.

35. INCOME TAX LIABILITIES

The reported income tax liabilities of EUR 148 thousand (previous year: EUR 171 thousand) relate to current tax liabilities for the 2014 year relating to BBI Immobilien AG (EUR 38 thousand), IPF 1 GmbH (EUR 32 thousand), IPF 2 GmbH (EUR 31 thousand), VSI GmbH (EUR 41 thousand), and ISG GmbH (EUR 6 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

EUR thousand	**2014**	2013
Trade payables	1,348	2,437
Miscellaneous current liabilities	5,548	5,318
	6,896	**7,755**

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 37,786 thousand (previous year: EUR 25,502 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. In this context, interest income is allocated to cash flow from investing activities, and interest expenses are allocated to cash flow from financing activities.

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, 2014, 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 24 thousand (previous year: EUR 43 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 22,703 thousand (previous year: EUR 52 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 2015, VIB AG will receive the following minimum lease payments from uncancellable existing rental agreements.

EUR thousand	**2014**	2013
Due within one year	61,014	57,799
Due within 1 to 5 years	185,764	176,832
Due in more than 5 years	175,112	170,845
	421,890	**405,476**

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 108 thousand (previous year: 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 straight-line over the term of the lease in the earnings for the period, 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:

EUR thousand	**2014**	2013
Remaining term up to 1 year	157	126
Remaining term 1 year to 5 years	72	69
Remaining term > 5 years	0	0
	229	**195**

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 142 thousand in the 2014 financial year (previous year: EUR 128 thousand).

42. LIQUIDITY AND INTEREST-RATE RISK

Liquidity risk reflects a scenario in which the Group is unable to 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, 2014, the Group had at its disposal undrawn credit lines in an amount of EUR 9,598 thousand (previous year: EUR 7,413 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.

EUR thousand	Financial loans with variable interest	Financial loans with fixed interest	Trade payables	Miscel-laneous non-current and current liabilities	Derivative financial instruments
Term analysis as of December 31, 2014					
due in 1 – 12 months	8,847	17,472	1,348	6,845	1,139
due in 12 – 60 months	16,557	117,257	0	0	2,308
due in > 60 months	47,024	311,708	0	0	7,845
Term analysis as of December 31, 2013					
due in 1 – 12 months	21,863	19,206	2,437	6,469	8
due in 12 – 60 months	18,118	92,953	1,981	0	1,458
due in > 60 months	44,134	299,353	0	0	8,821

The average interest rate on the variable-rate financial loans amounted to 1.56 % as of December 31, 2014 (previous year: 1.84 %). The average interest rate on the fixed-rate financial loans amounted to 4.29 % as of December 31, 2014 (previous year: 4.48 %).

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 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 2014, earnings would have been approximately EUR 826 thousand (previous year: EUR 706 thousand) lower (higher) and equity (before the earnings effect) would have been around EUR 2,216 thousand (previous year: 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 December 31, 2014 balance sheet date was as follows:

EUR thousand	**December 31, 2014**	December 31, 2013
Assets in CZK	2,844	2,838
Liabilities in CZK	0	0

If the Euro had been 10 % stronger against the Czech kroner (CZK), equity would have been EUR 62 thousand lower (previous year: EUR 50 thousand).

With the measurement of the derivative financial instrument based on CHF, 10 % higher or lower EUR/CHF exchange rate would have resulted in earnings that were EUR 296 thousand or EUR 362 thousand higher or lower respectively.

44. DEFAULT RISKS

The maximum default risk is reflected by the carrying amount of each financial asset on the balance sheet. The analysis of carrying amounts by balance sheet items and categories as per 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:

EUR thousand	Non-current and current investments	Trade accounts receiv-able	Miscellaneous receivables and assets
Loans and receivables – December 31, 2014			
Gross carrying amount	0	1,933	1,358
of which overdue but not value adjusted	0	0	0
of which impaired	0	475	0

EUR thousand	Non-current and current investments	Trade accounts receiv-able	Miscellaneous receivables and assets
Loans and receivables – December 31, 2013			
Gross carrying amount	474	2,234	916
of which overdue but not value adjusted	0	0	0
of which impaired	0	475	0

In the case of the trade receivables and other receivables and assets that were neither value adjusted 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.

2014 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.
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 without hedge accounting	FLHfT	Level 2
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 31/12/2014	Fair value as of 31/12/2014	of which at amortised cost	of which at fair value through profit or loss	of which at fair value through equity
0	n.a.	0	-	-
1,594	n.a.	1,594	-	-
1,358	n.a.	1,358	-	-
37,786	n.a.	37,786	-	-
660	n.a.	660	-	-
72,428	n.a.	72,428	-	-
449,258	498,046	449,258	-	-
10,153	10,153	-	-	10,153
1,139	1,139	-	1,139	-
827	n.a.	827	-	-
1,348	n.a.	1,348	-	-
5,870	n.a.	5,870	-	-
40,738	-	-	-	-
530,391	-	-	-	-
1,139	-	-	-	-
10,153	-	-	-	-

2013 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.
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 without hedge accounting	FLHfT	Level 2
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 31/12/2013	Fair value as of 31/12/2013	of which at amor-tised cost	of which at fair value through profit or loss	of which at fair value through equity
474	n.a.	474	-	-
1,921	n.a.	1,921	-	-
916	n.a.	916	-	-
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	-
710	n.a.	710	-	-
4,418	n.a.	4,418	-	-
5,318	n.a.	5,318	-	-
28,813	-	-	-	-
509,316	-	-	-	-
1,432	-	-	-	-
8,855	-	-	-	-

The fair value of fixed interest loans and derivative financial instruments is stated at the amount at which the respective instrument could be exchanged 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, 2014.

- 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, 2014; 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 49,903 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:

EUR thousand	**2014**	2013
Loans and receivables	-26	-252
Bank balances and cash in hand	112	149
Assets and liabilities measured at fair value through profit or loss	-436	-102
of which: held for trading	*-436*	*-102*
Available-for-sale financial assets	0	0
Financial liabilities measured at amortised cost	-19,058	-18,364
Derivative financial instruments designated and effective as hedging instruments (cash flow hedges)	-3,019	746
of which in consolidated profit or loss	*-1,720*	*-1,813*
of which in other comprehensive income	*-1,299*	*2,559*

The net gains comprise interest expenses, interest income, dividends, impairment losses and reversals of impairment losses, as well as valuation gains / losses on financial instruments. Commissions and fees for financial liabilities that are measured at cost incurred EUR 209 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.

Impairment losses of EUR 237 thousand relating to financial assets were expensed during the period (previous year: EUR 266 thousand). The impairment losses relate to specific valuation allowances applied to trade receivables. Reversals of valuation allowances applied to receivables amounted to EUR 152 thousand (previous year: EUR 14 thousand).

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 comprises issued shares and reserves.

Capital management aims to ensure a going concern and generate an adequate return on equity.

Capital is monitored based on economic equity. Economic equity comprises the equity as recognised on the balance sheet. 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:

EUR thousand	**December 31, 2014**	December 31, 2013
Equity in EUR thousand	371,655	319,884
Equity as % of total capital	39.4	37.0
Liabilities in EUR thousand	570,544	544,809
Liabilities as % of total capital	60.6	63.0
Total capital (equity plus liabilities) in EUR thousand	**942,199**	**864,693**

47. THE COMPANY'S BOARDS

During the 2014 fiscal year, the company's Managing Board comprised:

Ludwig Schlosser, Chief Executive Officer, Diplom-Mathematiker, Neuburg/Danube,

Activities in controlling bodies on December 31, 2014 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

Holger Pilgenröther, Chief Financial Officer, Diplom-Betriebswirt, Neuburg/Danube

As of December 31, 2014, Mr. Pilgenröther performs no activities in controlling bodies.

Peter Schropp, Management Board member with responsibility for Real Estate, Neuburg/Danube (until September 30, 2014)

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

Martin Pfandzelter, Chief Operating Officer, Diplom Kaufmann, Neuburg/Danube (since October 1, 2014)

As of December 31, 2014, Mr. Pfandzelter performs no activities in controlling bodies.

In the 2014 fiscal year, the Supervisory Board comprised the following members:

- Mr. Franz-Xaver Schmidbauer, Diplom-Ingenieur, 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 February 11, 2015 (and previously on March 10, 2014), 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. MANAGING BOARD REMUNERATION

Total remuneration of EUR 1,293 thousand (previous year: EUR 1,156 thousand) was paid to the members of the Managing Board of the parent company VIB Vermögen AG in 2014 (of which performance-related: EUR 660 thousand (previous year: EUR 630 thousand).

The Supervisory Board determines Managing Board compensation taking into account individual performance and market trends.

50. SUPERVISORY BOARD REMUNERATION

Total compensation for the Supervisory Board for VIB Vermögen AG and BBI AG amounted to EUR 179 thousand in the fiscal year under review (previous year: EUR 162 thousand).

51. AUDITOR'S FEES

The expenses reported in the 2014 fiscal year for the auditor of the parent company relating to audit services for the (consolidated) financial statements amounts to EUR 112 thousand for 2014, and EUR 111 thousand for 2013. A total of EUR 8 thousand was reported for other certification services (previous year: EUR 8 thousand)

52. EVENTS AFTER THE REPORTING DATE

After the balance sheet date, in February 2015, VIB acquired a specialist retail centre in Neu-Ulm with a rentable space of 18,740 sqm for EUR 14.8 million. The purchase price was paid at the end of March. The transfer of ownership, use and charges will occur at the beginning of April 2015. Also in February 2015, VIB acquired various land banks in the Ingolstadt region entailing a total investment volume of around EUR 8 million. The financing of both the specialist retail centre and the land consisted of both equity deriving largely from the 2014/16 convertible bond issue proceeds, and debt.

VIB Vermögen subsidiary VSI GmbH also transferred its fourth MAN service station, located in Freiburg-Umkirch, to its portfolio in early February 2015. This is one of the company's own developments, entailing total investment of around EUR 7.5 million.

No further events occurred after the balance sheet date that have a material impact on the financial position and performance after the end of the 2014 fiscal year.

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.

An additional loan of EUR 355 thousand for current investments was extended to VSI GmbH in order to further strengthen the capital base for forthcoming property 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.

The receivables that had been due to date from VIMA Grundverkehr GmbH (previous year: EUR 599 thousand) were repaid in full during the fiscal year elapsed.

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 and VIB Vermögen AG concluded a EUR 66.9 million loan with Hypothekenbank Frankfurt AG, Stuttgart branch, to finance the acquisition of investment properties. This loan is currently valued at EUR 55.9 million (previous year: EUR 59.9 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 18.0 million and the conditions are in line with the market (previous year: EUR 18.1 million). The loans extended were entered into on standard market terms.

Please refer to notes 49 and 50 in this chapter for information about compensation of staff in key positions.

54. LIST OF SHAREHOLDINGS PURSUANT TO SECTION 314 (2) OF THE GERMAN COMMERCIAL CODE (HGB)

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

Name und Sitz der Gesellschaft	Interest in %	Equity in EUR thousand	Profit/loss in EUR thousand
Merkur GmbH, Neuburg a. d. Donau	100,00	101	46
RV Technik s.r.o., Plzen (Czech Republic)	100,00	35	-1
IPF 1 GmbH, Neuburg	94,98	986	923
IPF 2 GmbH, Neuburg	94,98	898	780
BBI Bürgerliches Brauhaus Immobilien AG, Ingolstadt *	94,88	50,233	3,271
ISG Infrastrukturelle Gewerbeimmobilien GmbH, Ingolstadt	75,00	6,652	849
Interpark Immobilien GmbH, Neuburg a. d. Donau	74,00	3,681	-240
VSI GmbH, Neuburg a. d. Donau	74,00	1,396	271
IVM Verwaltung GmbH, Neuburg a. d. Donau	60,00	1,009	181
VIMA Grundverkehr GmbH, Neuburg a. d. Donau	50,00	254	872
KHI Immobilien GmbH, Neuburg a. d. Donau**	41,67	206	-35
BHB Brauholding Bayern-Mitte AG, Ingolstadt***	34,18	10,617	11

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

** Direct and indirect interest

*** Indirect interest

55. EMPLOYEES

The company employed an average of 35 staff in the 2014 fiscal year (previous year: 35 staff).

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

The Managing Board approved these consolidated financial statements on April 2, 2015 for publication. The Supervisory Board's task is to review the consolidated financial statements and declare whether it approves the consolidated financial statements.

Neuburg a.d. Donau, April 2, 2015

Ludwig Schlosser (CEO)	Holger Pilgenröther (Management Board member)	Martin Pfandzelter (Management Board member)

// Audit opinion

We have audited the consolidated financial statements prepared by VIB Vermögen AG, Neuburg/Danube, comprising of the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and notes, together with the group management report for the financial year from January 1 to December 31, 2014. The preparation of the consolidated financial statements and the consolidated management report in accordance with IFRS, as adopted by the EU, and the supplementary requirements of German commercial law pursuant to Section 315a (1) HGB (Handelsgesetzbuch: German Commercial Code) are the responsibility of the company's management. 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 HGB and German generally accepted standards for the audit of financial statements promulgated by the German Institute of Auditors (Institut der Wirtschaftsprüfer, IDW). Those standards require that we plan and perform the audit such that misstatements, whether due to fraud or error, 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. The audit also includes assessing the annual financial statements of the companies included in the consolidated financial statements, 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 has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS as adopted by the EU and the supplementary requirements of the German Commercial Law as stipulated by Section 315a (1) HGB, and give a true and fair view of the group's net assets, financial position and results of operations in accordance with these requirements. The group management report is consistent with the consolidated financial statements, and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Augsburg, April 2, 2015

S&P GmbH
Wirtschaftsprüfungsgesellschaft

ppa. Dr. Burkhardt-Böck	Kanus
German Public Auditor	German Public 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, without 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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