

visionary | individual | beneficial

2008

Semi-Annual Report

**VIB Vermögen AG**

## | Overview of consolidated key figures

in T€	<b>01.01.2008 - 30.06.2008</b>	<b>01.01.2007 - 30.06.2007</b>
Revenues	19,559	9,400
Operating income	22,740	9,537
EBIT	16,437	6,659
EBIT margin	72.3%	69.8%
Pre-tax earnings (EBT)	8,392	4,452
EBT margin	36.9%	46.7%
Comprehensive income	6,665	3,240

in T€	<b>30.06.2008</b>	<b>31.12.2007</b>
Equity	190,194	194,372
Equity ratio	33.7%	37.7%
Net debt	333,821	280,119
Debt ratio	197%	166%

## | Index

<b>To our shareholders</b>	<b>2</b>
Letter to shareholders	2
VIB Vermögen AG - shares	4
Key data	4
Share chart	4
Shareholder structure	5
Investor relations	6
Financial calendar	6
Acquisition of BBI Bürgerliches Brauhaus Immobilien AG	6
Portrait of BBI	6
Transaction	6
Profit and loss transfer agreement between BBI AG and VIB Vermögen AG	7
Portfolio	7
Portfolio overview	7
Locations of real estate assets	9
New investments in first half of 2008	11
Real estate portfolio financing	12
<b>Interim management report</b>	<b>14</b>
Business report	14
Business activities and underlying conditions	14
Financial position and results of operations	16
Report on key events after the balance sheet date	17
Risk and forecast report	17
<b>Interim financial statements</b>	<b>19</b>
Imprint	23

### To our shareholders

Interim management report

Interim financial statements

## | Letter to shareholders

To our shareholders

Interim management report

Interim financial statements

Dear shareholders,

We are pleased to once again be able to present very satisfactory results after the first six months of 2008. VIB Vermögen AG has stayed right on track and has further driven its sustained, highly profitable growth in the first six months of the current year. We have already integrated properties with a value of € 48 million into our portfolio; we plan to add other high-margin properties with a volume of more than € 100 million over the remainder of 2008. That means that we have further reinforced our position as a leading commercial real estate company in Southern Germany.

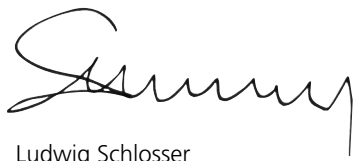
The acquisition of a majority interest in BBI Bürgerliches Brauhaus Immobilien AG last year played a key role in this regard, as did the subsequent conclusion of a profit and loss transfer agreement between the two companies. This agreement met with great approval from both General Meetings, winning more than 99% of the vote at both meetings – proving it is in our shareholders' interests.

The growth in our figures in the first six months of 2008 shows our operational strength and the fact that VIB Vermögen AG's strategy to date has been correct. For example, we significantly lifted our revenues compared with the first half of 2007 – by 108%! Our company recorded income from operating activities totaling € 22.74 million in the first half of the year, which was mostly rental income. Pre-tax earnings soared to € 8.39 million, with VIB Vermögen AG recording a pre-tax margin of 36.9%. That means that we have again linked strong growth with high profitability.

Despite the success enjoyed in our operating activities, VIB Vermögen AG's share price has not enjoyed similarly strong growth. The "sub-prime crisis" in the USA has continued to cause insecurity and volatility on the international capital markets. The VIB Group has nevertheless laid the foundations to continue its expansion and our operating business is not affected by the turbulence on the financial markets. Our equity ratio of 33.7% means that our financing structure is solid, and our company is characterized by strong earnings. Compared to the end of 2007, the net asset value (NAV) of our real estate portfolio increased once again, totaling € 11.33 per share at the end of the first half of 2008. That is why we are confident that the stock markets will return to a differentiated view, and will come back to honoring VIB Vermögen AG's top quality and strong earnings over the medium term.

Our optimism about the remainder of fiscal year 2008 is unabated. The German real estate market continues to offer companies with solid financing enormous opportunities. We are deter-

mined to consistently avail of these opportunities. The investments we have made mean that we can confirm our forecast for fiscal year 2008. For example, we believe that VIB Vermögen AG's income from operating activities will increase to at least € 42.5 million. We believe that EBIT will lift to € 33.0 million, and that pre-tax earnings (EBT) will improve further to around € 17.0 million. In view of our strong capital expenditure this year, we believe that VIB Vermögen AG's rental income will increase to around € 45 million in fiscal year 2009.



Ludwig Schlosser

- Chief Executive Officer -

To our shareholders

[Interim management report](#)

[Interim financial statements](#)

## | Shares of VIB Vermögen AG

To our shareholders

Interim management report

Interim financial statements

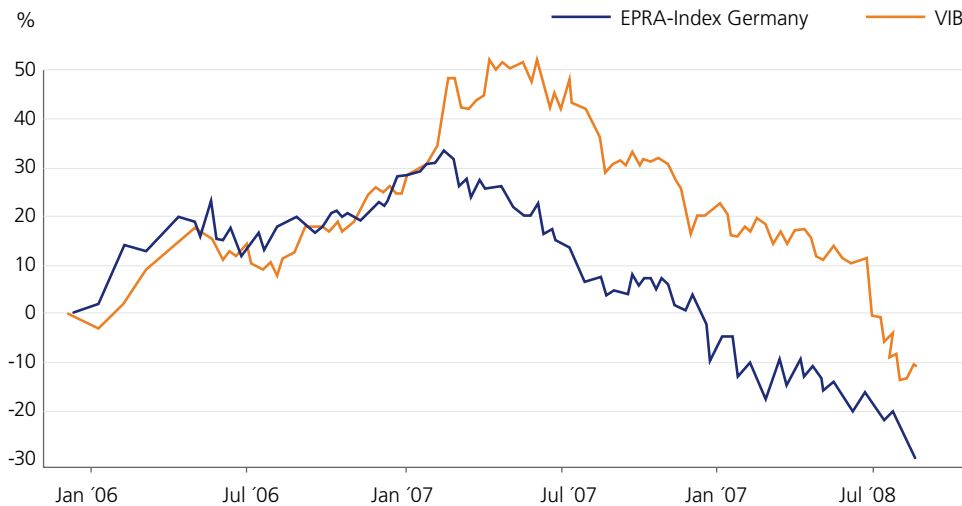
### Key data

Ordinary shares	
German Securities Code (WKN)	245751
ISIN	DE0002457512
Symbol	VIH
Number of shares in circulation	17,084,000 shares
Sector	Real Estate
Share type	No-par value bearer shares
Subscribed capital	€ 17,084,000
Theoretical interest per share	€ 1.00
Net asset value (NAV) per share	€ 11.33
Equity (consolidated)	T€ 190,194
Dividends per ordinary share for fiscal year 2007	€ 0.20

### Share chart



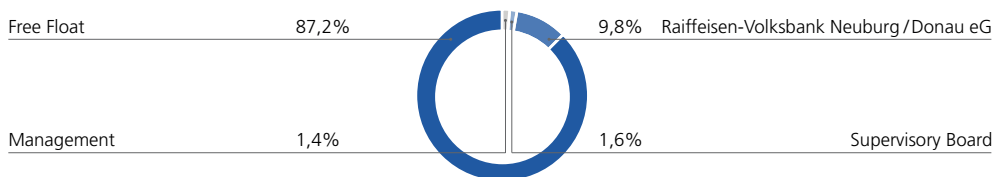
### Share price in comparison



To our shareholders  
 Interim management report  
 Interim financial statements

During the reporting period, VIB Vermögen AG's shares were not immune to the negative general mood on the capital markets. As of June 30, 2008, the share price fell to € 6.25. Nevertheless, a comparison with the EPRA-Index Germany shows that the company's shares outperformed the index. At the same time, the net asset value (NAV) per share increased during the first half of the year from € 11.17 to € 11.33. This highlights VIB Vermögen AG's underlying strength. The substantial difference between the NAV and the share price thus indicates the high level of uncertainty currently prevailing on the markets. The integration of new properties into the company's portfolio helped to increase NAV.

### Shareholder structure (June 2008)



## Investor Relations

VIB Vermögen AG attaches great importance to regular discourse with investors, analysts and the specialist press. Communications aim to bring about a high degree of transparency for the company, in order to provide the financial community with an end-to-end overview of VIB's business. This is underscored by a current Feri Rating & Research AG transparency study, in which VIB Vermögen AG took first place among the Germany OTC shares reviewed. This valuation confirms that our previous openness with investors is correct – and we will continue and strengthen this openness in future.

## Financial calendar

October 20/21, 2008	Participation in the 8th Specialist Conference by the initiative for real estate shares (Initiative Immobilien Aktie)
April 29, 2008	Publication of 2008 annual report

# | Acquisition of BBI Bürgerliches Brauhaus Immobilien AG

## Portrait of BBI AG

In 2006, BBI Bürgerliches Brauhaus Immobilien AG (BBI AG) was spun off from Bürgerliches Brauhaus Ingolstadt AG with its time-honored subsidiary Herrnbräu, a wheat beer specialist based in Ingolstadt. Since its reorientation, BBI AG has acted as a portfolio manager for consumer-oriented commercial properties. These include, in particular, specialist stores, retail centers and self-service stores.

## Transaction

Share prices for listed real estate companies slumped in the second half of 2007, and VIB Vermögen AG then grasped the opportunity, using the low valuation to increase its interest in BBI Bürgerliches Brauhaus Immobilien AG from around 29% to a current total of 70%. Exceeding the 30% threshold required a disclosure on the company's shareholding in accordance with the Wertpapierübernahmegesetz (WpÜG – German Securities Acquisition and Takeover Act), which VIB Vermögen AG distributed to the shareholders of BBI AG at the end of January. BBI shareholders were offered a price of EUR 11.70 per share. The offer ended on February 21, 2008. The successful conclusion of the takeover bid and further additional purchases on the equities market meant that VIB Vermögen AG increased its shareholding to around 82.01% (as of June 30, 2008). The acquisition of BBI AG also made VIB Vermögen AG one of the leading publicly-traded real estate companies in the growth region of Southern Germany.



## Profit and loss transfer agreement between BBI AG and VIB Vermögen AG

VIB Vermögen AG and BBI Bürgerliches Brauhaus Immobilien AG concluded a profit and loss transfer agreement on May 6, 2008 in order to place the mutual relationship on solid contractual foundations. The agreement is on the future transfer of BBI AG's earnings to VIB Vermögen AG. As a result, both BBI AG's profit and losses will be transferred to the majority shareholder from the date the profit and loss agreement comes into effect.

According to statutory provisions, the remaining shareholders of BBI AG receive suitable compensation for the duration of the agreement in the form of a fixed annual payment of € 0.64 (gross) per share. As an alternative, BBI shareholders were offered to swap their shares for shares of VIB Vermögen AG. If they accept the offer, each BBI share is exchanged for 1.45 shares of VIB Vermögen AG.

The amount of the annual compensation payment and the conversion ratio were determined by a court-appointed firm of auditors, in line with the provisions of the Aktiengesetz (AktG - German Public Limited Companies Act). The auditor's report came to the conclusion that the compensation payment set and the conversion ratio are reasonable and that these adequately reflect the companies' value and earnings power.

Both companies' general meetings (BBI AG on June 18, 2008 and VIB Vermögen AG on June 25, 2008) approved the conclusion of the profit and loss transfer agreement with more than 99% of votes cast in each case. The agreement came into full effect after the profit and loss transfer agreement was entered in BBI AG's commercial register on July 10, 2008. Rescissory actions have been brought against the profit and loss transfer agreement.

## | Portfolio

### Portfolio overview

As of June 30, 2008, the VIB Vermögen AG Group had a top-quality, high-income portfolio of real estate comprising 75 commercial properties. The rented space totaled around 518,000 m<sup>2</sup>, thus up once again compared to the end of 2007. The vacancy rate of 0.25% continued to be at an exceptionally low level. Compared to December 2007, the average return based on the market

To our shareholders

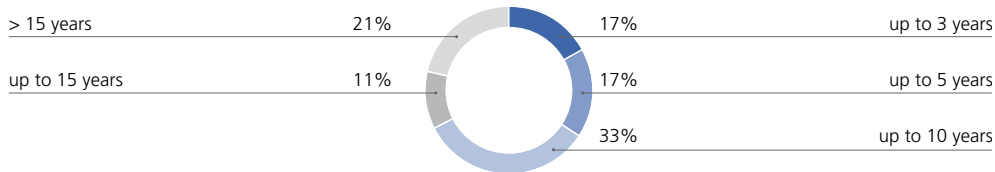
[Interim management report](#)

[Interim financial statements](#)

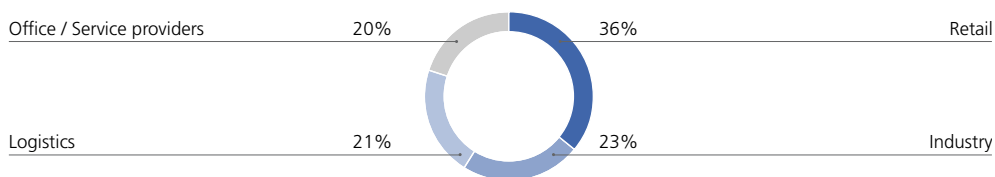
value of the commercial properties increased slightly to 7.05%. VIB Vermögen AG recorded the following rental returns (compared to the respective market values) in the respective segments:



In addition, VIB Vermögen AG's real estate portfolio is characterized by its highly forecastable rental income. This is due to the fact that most of the agreements are long-term: At present, 65% of the rental agreements have a term of more than five years. The average term of the rental agreements (in terms of the net rental income) is currently about 8.5 years. The company thus ensures that it can record attractive income on a long-term basis, and also generates forecasting security with regard to future rental income.



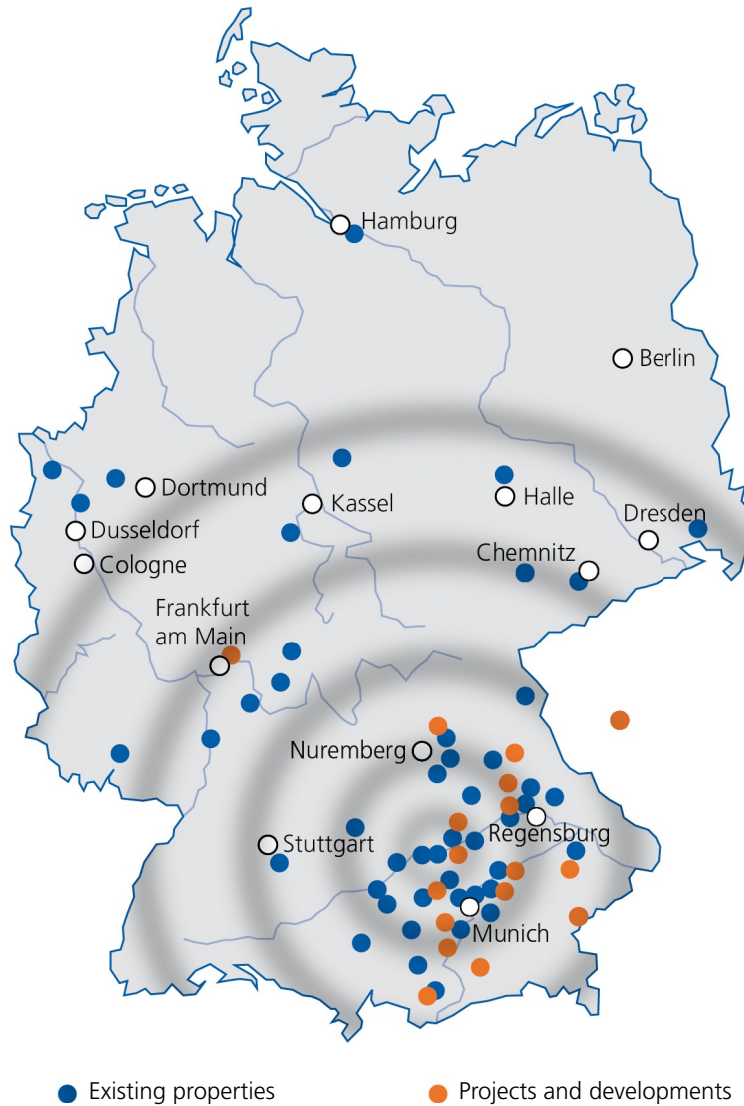
The real estate portfolio is also characterized by its high diversification in terms of the properties' sectors and geographic locations. For example, the individual segments of offices, retail, industry and logistics all made a balanced contribution to VIB Vermögen AG's rental income.



### Locations of real estate assets

Properties in (examples):

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



In regional terms, VIB Vermögen AG's investments continue to focus on the high-growth, future-proof Southern German region. At the same time, the company aims to consistently use attractive opportunities for acquisitions in other regions in Germany. VIB Vermögen AG's real estate portfolio has a diversified regional breakdown.

In addition to the portfolio's broad spread, VIB Vermögen AG also attaches great importance to the creditworthiness of its tenants, which include well-known names in German business. They include the following companies:

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

VIB Vermögen AG's real estate portfolio is thus both diversified and offers high returns. A broad tenant structure and the properties' high regional and sectoral bandwidth secure the portfolio against economic risks. At the same time, low vacancy rates, high returns and long-term rental agreements allow attractive rental income to be generated – both now and in future.

To our shareholders

[Interim management report](#)

[Interim financial statements](#)

## New investments

VIB Vermögen AG was once again able to reinforce its real estate portfolio in the first half of 2008. Eight properties were acquired through to June 30. These are located, in particular, in Southern Germany and offer 41,000 m<sup>2</sup> of rentable space. The investment volume totaled around € 48 million. As a result, the VIB Group has lifted its future rental income by € 3.6 million and records a return of 7.5% based on the acquisition costs for these properties.



### New investments until June 30, 2008

- Office and business premise in Nuremberg
- Industry facility in Neuburg
- Self-service market in Pfaffenhofen
- Logistics property in Mitterteich
- Shopping center in Goch
- Shopping center in Grafenau
- Truck parking area in Baunatal
- Office and business premise in Ingolstadt

**Overall rental space: 41,000 m<sup>2</sup>**

**Overall amount invested: appr. € 48 million**

VIB plans to increase its portfolio further in the second half of 2008. The company is planning to acquire properties with a total value of more than € 100 million during the second half of the year. These include the transfer of five retail properties to the subsidiary BBI AG.

In addition, the VIB Group has secured 14 properties currently still under development via contracts or letters of intent. The successive completion of properties during the second half of 2008 and in 2009 to 2010 will result in a further around 64,000 m<sup>2</sup> being transferred, which will lead to a renewed increase in rental income once these have been transferred.

## Real estate portfolio financing

Over the past few years, VIB Vermögen AG has constantly increased its portfolio of residential properties. In so doing, the company has always placed great value on a solid, balanced financing structure, in order to effectively combat potential risks resulting from changes in interest rates. As a rule, acquisitions are financed with an adequate amount of equity in order to ensure a balance between high yields and financial security. As a result, VIB Vermögen AG's equity ratio of 33.7% means that it still has a highly solid basis to finance its further growth.

VIB Vermögen AG's high equity ratio and the sustained value of its real estate portfolio secure the company access to borrowing at highly attractive conditions. The company's average interest rate is currently 5.10% – very attractive in an industry-wide comparison. As a result of its strong credit rating, the company is also scarcely affected by the heightened lending conditions that many banks have now put in place – in contrast to many of its competitors.

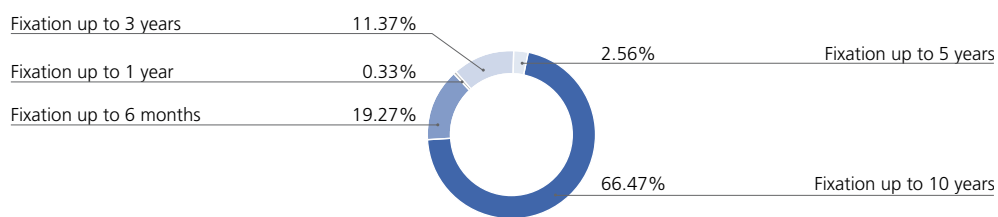
In addition, the company ensures that its portfolio enjoys the longest-term financing possible. This strategy can clearly be seen in the ratio of long-term to short-term debt: Of the total liabilities in the amount of € 374.23 million, current liabilities total just € 44.65 million (11.93% of borrowing). In contrast, the bulk of borrowing is non-current with a volume of € 329.58 million (88.07%).

In addition, the real estate business is refinanced using so-called annuity loans. This allows loan extensions, as are standard for foreign real estate companies in particular, to be avoided. VIB Vermögen AG thus eliminates the risk of needing to take out follow-on financing, thus securing the long-term financing of its investment, with the result that it is only subject to the possible risk of interest rate increases after the end of the respective fixed interest periods.

The favorable financing structure can also be clearly seen if when looking at the fixed interest periods for the company's loans. In order to rule out any negative impact from changes in interest rates, VIB Vermögen AG's loans primarily have long fixed-interest periods. For example, less than 20% of loans have a remaining fixed-interest period of less than one year. The company has

agreed fixed-interest periods of between five and ten years for around two-thirds of its liabilities. As a result, an increase in the interest rate would have a comparably low impact on VIB Vermögen AG's refinancing costs: A one percent increase would increase the weighted average interest rate only marginally from its current 5.10% to 5.30%.

**Structure of loans by remaining period of interest rate fixation:**



# | Interim management report

To our shareholders

Interim management report

Interim financial statements

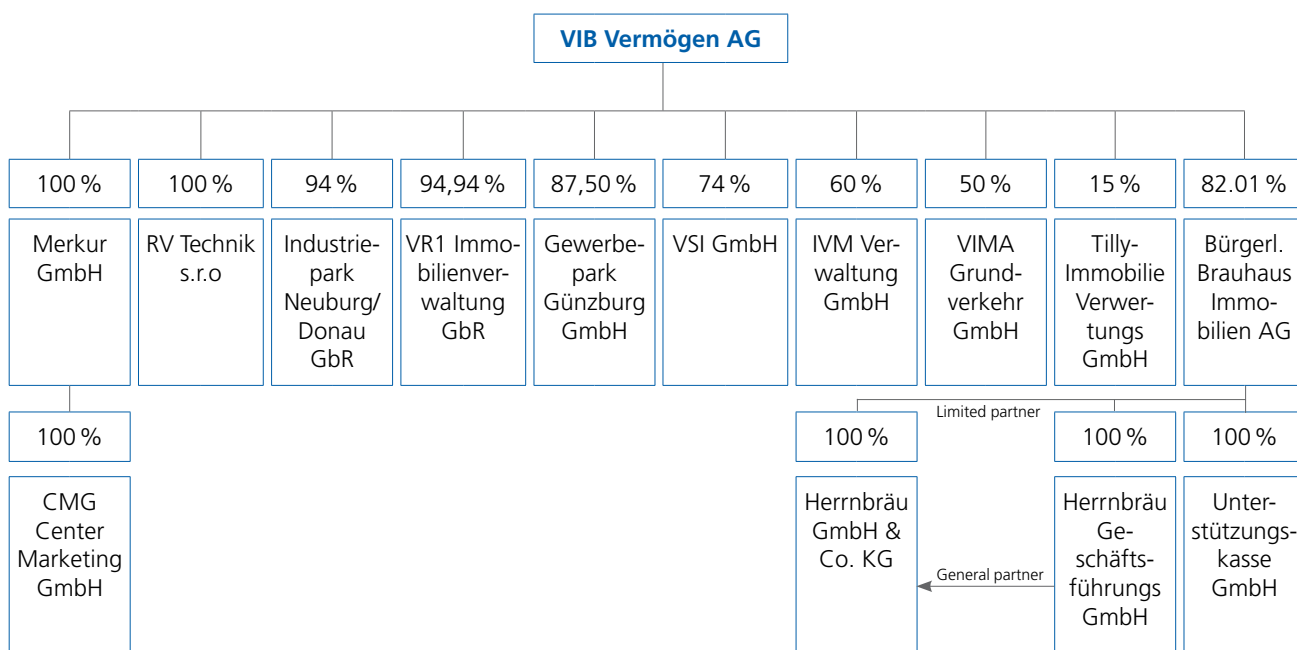
## | Business report

### 1. Discussion of business activities and underlying conditions

#### a. Corporate structure and participating interests

The VIB Group's structure is unchanged compared to December 31, 2007. VIB Vermögen AG as the Group's parent company currently holds participating interests in 10 companies. The interest in BBI Bürgerliches Brauhaus Immobilien AG, a property management company for commercial properties in the consumer-related sector, increased from 69.99% at the end of 2007 to 82.01% as of June 30, 2008. In the annual financial statements as of December 31, 2007, BBI AG's earnings were still included at equity. BBI AG will be fully consolidated from fiscal year 2008, and the brewery/beverages segment will be compounded in the six-month financial statements as of June 30, 2008. In addition, this has also impacted the comparability of the financial statements compared to the 2007 annual report, in particular with regard to revenues, expenses for investment properties and interest.

#### Company structure as of June 30, 2008





## b. Market for commercial properties in Germany

2007 broke records for the German economy with 2.5% growth in GDP, and the first quarter of the current year was also characterized by high growth rates. According to a statement by the German Federal Statistics Office, after adjustment for prices, seasons and the calendar German GDP increased in the first quarter by 1.5% compared to the previous quarter (Q4/07). Compared to the first three months of 2007, GDP was even up 2.6%.

Despite this highly successful start, the pace of growth in the Germany economy slowed perceptibly in the second quarter. As a result of the global economic cool-down resulting from the turbulence on the US mortgage markets, export growth for German companies was comparatively low. At the same time, despite a further reduction in unemployment, domestic consumption has not yet grown to support the economic upswing. The overall economic growth in the first half of 2008 was thus lower than had initially been hoped. The Federal government is forecasting economic growth of 1.7% in for the year as a whole.<sup>1</sup>

This is coupled with continued high inflation of 3.5% in the first six months of the current year.<sup>2</sup> This higher inflation is primarily due to the high prices for energy and foodstuffs in the eurozone. In order to combat further price increases, the European Central Bank (ECB) increased the base rate to 4.25% at the start of July. However, at the same time, experts believe that if second-round effects fail to materialize, and if consumer prices relax during the remainder of the year, there will be no further interest rate increases.

Despite the excellent mood in the real economy, the German investment market for commercial properties suffered a substantial downturn in the volume of transactions. The six-month result totaled € 11.9 billion, down around 57% compared to the previous year.<sup>3</sup> There was a particularly strong downturn in revenues in the office segment. Compared to the previous year, the volume of transactions in this segment fell by 77%, with the retail (-9%) and logistics and industry (+15%) segments recording relatively stable or even higher volumes. The bulk of the transactions concluded were due to smaller and medium-sized transactions of between € 10 and € 100 million. Experts believe that the reduced activity on the investment markets is primarily due to the bank's reserved lending behavior. In particular investors with high levels of borrowing are affected by this development, with high-equity companies such as VIB Vermögen AG continuing to have sufficient access to financing.

As a result of the downturn in demand, there was a continued fall in purchase price factors for German commercial properties in the first half of 2008. The simultaneous positive growth in the rent recorded thus resulted in an increase in net initial returns. According to information from the well-known firm of consultants Jones Lang LaSalle, returns increased by an average of 25 (logistics and industry), 50 (offices) and 75 (retail) base points.

In summary, the overall economic environment for the German real estate market continues to be stable. As a result of the continued robust real economy, the relatively stable interest rates and increasing net initial returns, commercial properties offer significant opportunities to generate sustained rental income. In particular, solidly financed, high-income companies such as VIB Vermögen AG are expected to reap increased benefits from these opportunities in future.

<sup>1</sup> Federal Department of Economics and Technology, 2008

<sup>2</sup> ECB, July 2008

<sup>3</sup> Jones Lang LaSalle, 2008

## 2. Financial position and results of operations

### a. Earnings

During the first half of fiscal year 2008, VIB Vermögen AG consistently used the opportunities offered by the German commercial real estate market. Expanding the company's real estate portfolio lifted VIB's revenues from € 9.40 million in the first six months of 2007 to € 19.56 million in the first half of 2008 – up a significant 108%. The positive changes in value from the investment properties totaled € 2.86 million in the first half of 2008 and resulted from the development and acquisition of rented properties. These development profits constitute an effective additional gain. At the same time, the company recorded other operating income of € 0.32 million. In total, operating income thus increased from € 9.54 in the first half of 2007 to € 22.74 million in the first six months of the current year.

In view of the larger portfolio of commercial properties, at the same time expenses for investment properties increased from € 1.77 million in H1 2007 to a current total of € 3.60 million. The expansion of the volume of business also caused other operating expenses to rise from € 0.47 million in the first half of 2007 to € 1.48 million.

This means that EBIT in the period under review amounted to € 16.44 million – up 146.8% compared to the first half of 2007 (€ 6.66 million). Over the same period, the EBIT margin improved from 69.8% to 72.3%.

The financial result in the first six months of the current fiscal year totaled € -8.05 million after € -2.21 million in the first half of 2007. This is due, in particular, to the company's increased interest expenses as a result of the larger portfolio of properties. As a result, pre-tax earnings (EBT) were up 88.50% on the previous year's figure of € 4.45 million to € 8.39 million in the first half of the year. This corresponds to a pre-tax margin of 36.9% and underscores VIB Vermögen AG's high profitability in an industry-wide comparison. After deducting income taxes in the amount of € 1.72 million, consolidated earnings in the first half of 2008 totaled € 6.67 million (H1 2007: € 3.24 million). This corresponds to earnings per share of € 0.34, also a significant increase compared to the first half of 2007 (€ 0.22 per share).

### b. Net assets and financial position

Compared to the end of 2007 (€ 515.81 million), VIB Vermögen AG's total assets were enhanced again slightly to € 564.42 million as of June 30, 2008. Primarily, this increase is due to VIB Vermögen AG's continued active investments. In contrast, the company's equity fell slightly from € 194.37 million to € 190.19 million. (€ -4.18 million) This downturn mainly stems from a reduction in minority interests from € 20.73 million at the end of 2007 to a current total of € 13.33 million (€ -7.40 million). The reason for this reduction can be found in the increase in the interest in BBI AG from around 70% as of December 31, 2007 to 82.01% on June 30, 2008. In contrast, operating business in the first half of 2008 made a positive contribution to equity

growth. The company continues to enjoy a very solid financing structure with an equity ratio of 33.7%.

Investments in the portfolio of properties have caused VIB Vermögen AG's non-current liabilities to increase from € 281.23 million at the end of fiscal year 2007 to a current total of € 329.58 million. The largest item continues to be financial debt with a volume of € 307.16 million (previous year: € 259.41 million). In contrast, current debt increased only slightly from € 40.22 million (December 31, 2007) to € 44.65 million as of June 30, 2008. In total, the weighted average interest rate for loans is currently 5.1%. For further information on VIB Vermögen AG's financing structure, please refer to the section "Real estate portfolio".

On the assets side, the expansion of the real estate portfolio can be seen in an increase in non-current assets, which increased from € 499.37 million at the end of 2007 to a current total of € 550.90 million. This increase is due, in particular, to the increase in investment properties from € 457.31 million (December 31, 2007) to € 493.41 million at the end of the first half of 2008. At the same time, current assets fell over the same period from € 16.45 million to € 13.53 million. This downturn is primarily due to the lower amount of bank balances and cash in hand, which fell from € 9.54 million (December 31, 2007) to € 1.50 million.

## | Report on key events after the balance sheet date

As of August 1, 2008, a fully let logistics property in Unterschleißheim was transferred to VIB Vermögen AG with a total investment volume of around € 11.8 million. Two specialist store centers in Olching and Simbach were also acquired August 1, 2008 with a total investment volume of around € 24.7 million.

## | Risk and forecast report

### **Risk management system**

As a real estate company, VIB Vermögen AG is confronted with a wide variety of risks. It enters into these consciously and in a calculated manner, in order to be able to consistently use the opportunities the real estate market offers. In order to recognize potential dangers effectively and at an early stage, the company has set up a suitable risk management system. This risk management system is geared to the relevant parameters of VIB Vermögen AG's business model and is constantly adjusted to its operating business. The subsidiaries are also included in this risk management system.

To our shareholders

Interim management report

Interim financial statements

As a result, VIB Vermögen AG has an adequate risk management system which it constantly further develops. There were no risks on June 30, 2008 that could endanger the company's continued existence.

### **Opportunities and risks**

The opportunities and risks have not changed compared to the information provided in the 2007 annual report.

### **Outlook**

During the first six months of the current fiscal year, VIB Vermögen AG further increased its top quality portfolio of real estate by adding attractive new investments. A total of eight high-margin properties with a total investment volume of around € 48 million had been integrated into the portfolio by June 30, 2008. The Managing Board is planning to make further investments with a volume of more than € 100 million in the second half of 2008. This will allow the VIB Vermögen AG Group's already strong earnings to further improve during the remainder of the year. As a result, the Managing Board has confirmed the forecast already made in the 2007 annual report: It is forecasting an increase in operating income to at least € 42.5 million and an increase in rental income to around € 36.0 million in 2008. EBIT is scheduled to increase to € 33.0 million, with pre-tax earnings (EBT) of around € 17.0 million. In view of our strong capital expenditure this year, we believe that VIB Vermögen AG's rental income will increase to around € 45 million in fiscal year 2009. This means that VIB Vermögen AG is excellently equipped to reinforce and further expand its position as one of the leading listed real estate companies in the high-growth Southern German region.

To our shareholders

Interim management report

Interim financial statements

## | Interim financial statements

To our shareholders

Interim management report

Interim financial statements

## | Consolidated income statement

Consolidated income statement (IFRS) for the period from December 31, 2007 to June 30

€ thousand	Jan. 1, 2008 – Jun. 30, 2008	Jan. 1, 2007 – Jun. 30, 2007
<b>Revenues</b>	<b>19,559</b>	<b>9,400</b>
Changes in value for Investment Properties	2,861	0
Other operating income	320	137
<b>Total operating income</b>	<b>22,740</b>	<b>9,537</b>
Expenses for Investment Properties	-3,602	-1,774
Cost of materials	-228	-94
Personnel expenses	-939	-464
Other operating expenses	-1,478	-468
<b>EBITDA – earnings before interest, taxes, depreciation and amortization</b>	<b>16,493</b>	<b>6,737</b>
Amortization of intangible assets and depreciation of tangible assets	-56	-78
<b>Earnings before interest and taxes (EBIT)</b>	<b>16,437</b>	<b>6,659</b>
Financial result	-8,045	-2,207
<b>Pre-tax earnings (EBT)</b>	<b>8,392</b>	<b>4,452</b>
Taxes on income	-1,720	-1,212
Result according to IFRS 5	-7	0
<b>Comprehensive income</b>	<b>6,665</b>	<b>3,240</b>
Group shareholders' participation in result	5,800	3,202
Minority interests' participation in result	865	38
Earnings per share in €	0,34	0,22

## | Consolidated balance sheet

To our shareholders

Interim management report

Interim financial statements

IFRS consolidated balance sheet as of June 30, 2008

€ thousand	Jun. 30, 2008	Dec. 31, 2007
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets	12	847
Property, plant and equipment	53,110	36,766
Investment properties	493,410	457,308
Investment in associates	162	355
Financial assets	4,202	4,090
<b>Total non-current assets</b>	<b>550,896</b>	<b>499,366</b>
<b>Current assets</b>		
Inventories	0	1,239
Receivables from associated companies	20	20
Receivables and other assets	2,841	5,577
Assets according to IFRS 5	9,023	0
Bank balances and cash-in-hand	1,504	9,536
Prepaid expenses	139	76
<b>Total current assets</b>	<b>13,527</b>	<b>16,448</b>
<b>Total assets</b>	<b>564,423</b>	<b>515,814</b>

## | Consolidated balance sheet

To our shareholders

Interim management report

Interim financial statements

IFRS consolidated balance sheet as of June 30, 2008

€ thousand	30.06.2008	31.12.2007
<b>Equity and liabilities</b>		
<b>Equity</b>		
Subscribed capital	17,084	17,084
Share premium	96,163	96,163
Retained earnings	40,740	39,901
Net retained profits	22,946	20,562
	<b>176,933</b>	<b>173,710</b>
Cash flow hedges	-69	-72
Minority interests	13,330	20,734
<b>Total equity</b>	<b>190,194</b>	<b>194,372</b>
<b>Non-current liabilities</b>		
Profit - participation certificates	675	675
Financial debt	307,163	259,411
Compensation claims - minority interests - partnerships	1,574	1,551
Derivative financial instruments	1,476	857
Deferred taxes	16,698	16,873
Pension provisions	915	964
Other non-current liabilities	1,078	896
<b>Total non-current liabilities</b>	<b>329,579</b>	<b>281,227</b>
<b>Current liabilities</b>		
Financial debt	27,487	29,569
Provisions	664	1,754
Liabilities from income taxes	583	395
Liabilities to associated companies	57	34
Other liabilities	6,652	8,048
Liabilities pursuant to IFRS 5	8,769	0
Deferred income	438	415
<b>Total current liabilities</b>	<b>44,650</b>	<b>40,215</b>
<b>Total equity and liabilities</b>	<b>564,423</b>	<b>515,814</b>

## | Imprint

VIB Vermögen AG  
Luitpoldstraße C 70  
86633 Neuburg a. d. Donau  
Germany

Tel: +49 (0)8431 504-951  
Fax: +49 (0)8431 504-973  
e-mail: [info@vib-ag.de](mailto:info@vib-ag.de)  
Web: [www.vib-ag.de](http://www.vib-ag.de)

Chief Executive Officer: Dipl.-Math. Ludwig Schlosser  
Register court: Ingolstadt  
Company registration number: HRB 101699

Date: August 29, 2008

Photography:  
cap - Agentur für Kommunikation und Werbung  
Monheimerstraße 8  
86633 Neuburg an der Donau

Design:  
cometis AG  
Unter den Eichen 7  
65195 Wiesbaden

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