Semi-Annual Report

2012

VIB Vermögen AG
visionary | individual | beneficial

Group Indicators (IFRS)

in EUR thousand	H1 2012	H1 2011	Changes in percent
Income statement			
Revenue	28,243	25,950	8.8
Total operating revenue	28,439	26,264*	8.3
EBIT	24,888	18,892	31.7
EBIT margin	87.5 %	71.9 %	-
Earnings before tax (EBT)	15,259	7,921	92.6
EBT margin	53.7 %	30.2 %	-
Consolidated net income	12,706	6,641	91.3
Undiluted earnings per share	0.54 EUR	0.35 EUR	54.3
FFO per share	0.48 EUR	0.47 EUR	2.1

Balance sheet ratios	June 30, 2012	December 31, 2011	Changes in percent
Total assets	730,242	686,840	6.3
Equity	252,673	240,828	4.9
Equity ratio	34.6 %	35.1 %	-
Net debt	413,466	378,513	9.2
Gearing	189 %	185 %	-
NAV per share	12.83 EUR	12.22 EUR	5.0
Loan-to-value ratio	58.3 %	57.6 %	-

* Compared with the information in the Half year report 2011, this item no longer includes value changes to investment properties.

Contents

Regensburg


Heroldsberg

Jettingen-Scheppach

To our shareholders

Overview

Letter to shareholders

Peter Schropp (Member of the Managing Board), Ludwig Schlosser (CEO)

Dear shareholders,

VIB Vermögen AG continued on its successful path during the first six months of the current year. We have again completed a record half-year with EUR 28.2 million of revenue (H1/2011: EUR 26.0 million). Strong investment activities in both the past and the current year, which are now feeding through to additional rental income, proved critical to the gratifying business development. The properties in Regensburg, Schesslitz, Schwäbisch Gmünd, Mühldorf/Inn, and Moosburg/Isar transferred to the company's real estate portfolio at the start of the year. The joint development project with the city of Ingolstadt was also completed in May 2012, after a construction period of only ten months, and has since been generating rental income.

In addition, the profitability of VIB Vermögen AG was boosted further, which is evident in the above-average increase in EBIT of almost 32 % to EUR 24.9 million (H1/2011: EUR 18.9 million). Growth in earnings before tax (EBT) is even more significant, which almost doubled – from EUR 7.9 million in the first half of 2011 to EUR 15.3 million.

As part of its growth strategy, the company also realised further investments in the period under review. The logistics property in Nürnberg, which is located on land formerly owned by Grundig, comprises a EUR 26.8 million investment volume, a very attractive rental yield of 11.5 %, and is currently 91.5 % rented. At the same time, this site offers the opportunity to develop further properties. As a consequence, the basis for additional earnings enhancements has also been created for the coming months and years.

Given these circumstances, at the end of June we raised our forecast (before revaluation effects) for the current year. We expect revenue of EUR 59.5 million to EUR 60.5 million (previous forecast: EUR 56.5 million to EUR 57.5 million). At the same time, we anticipate earnings before interest and tax (EBIT) of between EUR 43.0 million and EUR 44.0 million (previously: EUR 41.0 million to EUR 42.0 million), and earnings before tax of between EUR 23.0 million and EUR 24.0 million (previously: EUR 21.5 million to EUR 22.5 million).

This successful corporate trend is based on the work performed by VIB Vermögen AG staff, and we would like to take this opportunity to extend our warm thanks to them for their committed contributions.

Yours sincerely

Neuburg/Danube, August 2012

Ludwig Schlosser Peter Schropp

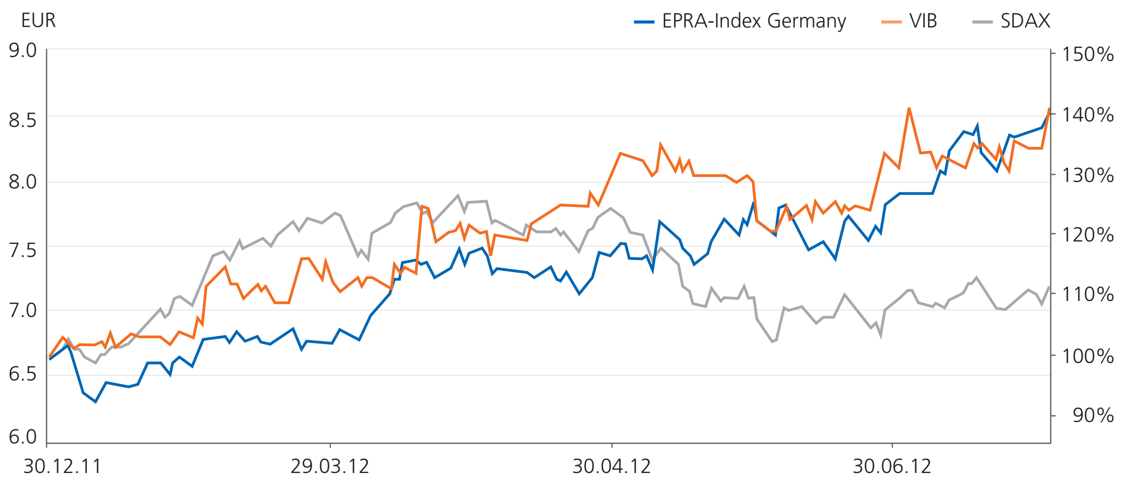
Ciba Vision, Großostheim

VIB Vermögen AG – shares

Key data

German Securities Code (WKN)	245751
ISIN	DE0002457512
Symbol	VIH
Number of shares in issue	21,328,828
Sector	Immobilien
Stock exchanges/market segment	München/Freiverkehr-m:access Frankfurt/Open Market, XETRA
Share class	auf den Inhaber lautende Stückaktien
Subscribed capital	21,328,828
Notional value per share	EUR 1.00
Net asset value (NAV) per share as of June 30, 2012	EUR 12.83
Consolidated balance sheet equity as of June 30, 2012	TEUR 252,673
Dividend per ordinary share for the 2011 fiscal year	EUR 0.35

Share price performance



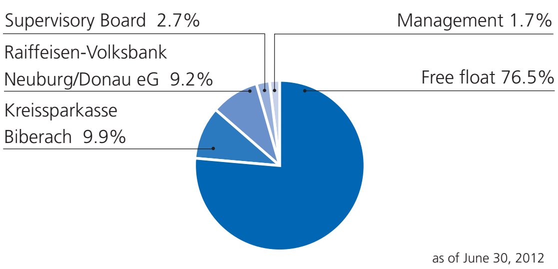
Financial markets showed differing trends in the first half of 2012, reflecting the euro crisis. Whereas the DAX equity index started the year at slightly above 6,000 points, climbing to its interim high for the year of 7,157.82 points by mid-March, it subsequently weakened, closing on the last trading day in June 2012 at 6,416.28 points. The SDAX reported a similar trend. Following its preliminary high for the year of 2,936.30 points on March 28, 2012, a downtrend started at the end of April that saw the SDAX close at 2,612.13 points on June 29.

After the performance of the VIB Vermögen AG share was characterised by a sideways movement at the end of 2011, it has reported a significantly positive trend over the past six months. Starting at EUR 6.64, the share rose to EUR 8.26 by May 11, falling back only slightly to EUR 8.20 by June 29. The VIB share outperformed the EPRA Germany comparable real estate index for almost the entire first six months. Also following the end of the period under review, the share continued to register a positive performance, reaching its preliminary high for the year with a closing price of EUR 8.59 on August 3, 2012.

The share's average trading volume of around 15,475 shares per day during the observed period was low compared with the first half of 2011 (17,200 shares per day).

Dividend per share growth since 2006 (in EUR)

Shareholder structure



VIB Vermögen AG's shareholder structure reflects an optimal balance between free float and long-term investors. The free float comprises 76.5 % of the shares. After having gained Kreissparkasse Biberach as an additional major shareholder for the company in autumn 2009, the ownership structure has remained largely unchanged during the first half of the 2012 fiscal year. Along with Kreissparkasse Biberach with a voting rights share of around 9.9 %, a further long-term investor from the regional banking sector holds an interest in VIB Vermögen AG: Raiffeisen-Volksbank Neuburg/Donau eG, which has been a committed investor since the real estate holding company was founded. Its interest amounted to 9.2 % at the end of the period under review. The management also holds a 1.7 % interest in VIB Vermögen AG, and the Supervisory Board holds 2.7 % of the shares.

Investor relations

The listing of shares on the open market requires that companies comply with high standards in terms of open and comprehensible communication. For this reason, VIB Vermögen AG accords especially high priority to active dialogue with analysts, investors, shareholders and the specialist press. Transparent, prompt and detailed reporting is intended to enable the interested public to form an extensive and realistic overall picture of the company, which is listed in the Open Market and in the m:access segment. Reporting transparency was further enhanced with the first-time publication in November 2010 of an interim report for the first nine months of the year. The company issues all publications of relevance to the capital markets in both German and English in order to continue to expand the shareholder base abroad. The company also seeks regular contact with the financial community. For this reason, the Managing Board frequently holds one-on-one meetings with analysts and investors. VIB Vermögen AG again attended various capital market conferences in 2012 (6th

HSBC Trinkaus Real Estate Conference, 14th MKK Munich Capital Market Conference, SRC Forum Financials & Real Estate 2012, m:access analysts' conference, Baader Investment Conference), and presented its results to the financial community. Investor relations activities also focused on a regular roadshow dates both in Germany and abroad (Amsterdam, Frankfurt, Hamburg, London, Munich, Paris, Vienna, Zürich), ensuring a constant flow of information during the fiscal year.

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

Financial calendar

September 12, 2012	Participation SRC Forum in Frankfurt/Main
September 27, 2012	Participation Baader Investment Conference in Munich
October 8-10, 2012	Participation ESPO Real in Munich
November 14, 2012	Publication of the interim report Q3/2012
December 5, 2012	Participation 14th MKK Munich Capital Market Conference

Annual General Meeting

The Ordinary Annual General Meeting for the 2011 fiscal year was held in Ingolstadt on July 4, 2012. A total of 50.46 % of the voting-entitled share capital was represented. The AGM approved the agenda items with majorities of more than 98.5 % in all cases. Among other resolutions, the AGM approved the application of unappropriated retained earnings with an increase in the dividend from EUR 0.30 to EUR 0.35, which was distributed to shareholders on July 5, 2012. The discharge of the Management and Supervisory Boards, the selection of the Group auditor for the 2012 fiscal year, and the authorisation to acquire and utilise treasury shares were also voted upon.

VIB Group's real estate portfolio

Overview

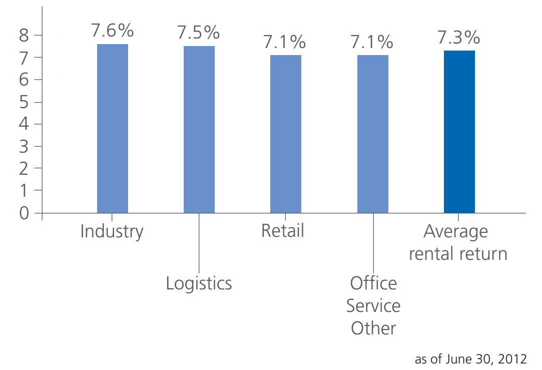
VIB Vermögen AG's real estate portfolio is focused on strong profitability and balanced risk diversification. The VIB Group's portfolio consisted of 94 properties as of August 1, 2012, with a total rentable space of around 808,000 m². The vacancy rate of only around 1.4 % reflects the properties' quality, and the management's experience of tenant and market requirements.

Key figures (as of August 1, 2012)

Number of properties	94
Rentable area	approx. 808,000 m²
Annualised rental income	approx. EUR 53.7 million
Vacancy rate	approx. 1.4 %

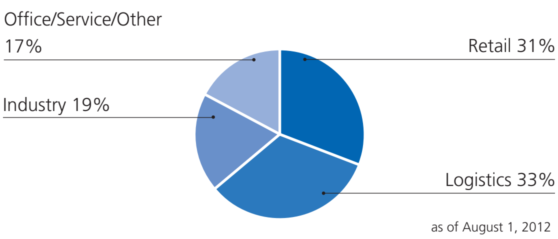
The market value of the real estate portfolio (including property under construction) amounted to around EUR 704.3 million as of June 30, 2012. Relative to market values, the rental yield on all of the VIB Group's rented properties stood at 7.3 %. Yields in the industrial area are particularly high at 7.6 %, and at 7.5 % in the logistics area. In addition, properties from the office, service and other sectors achieved average rental yields of 7.1 %. These attractive returns are rounded out by retail properties, which generate 7.1 % average rental yields. As a result, VIB Vermögen AG's portfolio combines high-yielding industrial and logistics properties with real estate objects from the retail and services area that are distinguished by stable cash flows based on long-term rental agreements.

Rental return by segment (based on market values)



VIB Vermögen AG has greatly diversified its risk by distributing its properties relatively evenly across various segments. For instance, as of August 1, 2012, around 33 % of net rental income is generated through renting logistics properties, whereas the retail segment contributes 31 % to the company's rental income. Around 19 % of net rental income derives from the renting of industrial properties, and a further 17 % is generated from the office, service and other sectors.

VIB Group's real estate portfolio by net rental income per segment



Along with other factors, the solidity of the VIB Group's real estate portfolio is reflected in the high average residual duration of its rental agreements, in particular. Experience with the few agreements with short residual durations that the Group maintains has shown that they are cancelled only rarely, and tend to renew automatically by the respective agreed duration (e.g. one year), or to be converted into rental agreements of indefinite duration.

A particular strength of the portfolio lies in its balanced tenant structure. Although the largest tenant is accountable for more than 11 % of total net rental income, this tenant is nevertheless an established operator of specialist gardening centres in Germany, which occupies a leading market position, and has operated a proven business model for decades.

The VIB Group places a high priority on reviewing potential rental contract partners before entering into rental contract agreements with them. As a consequence, the portfolio is distinguished by a very solvent tenant structure, thereby significantly reducing rental default risk. More than half of the tenant clientele comprises industrial and logistics companies, and commercially robust retail groups with strong credit ratings. In addition there is a multitude of diversified rental agreements. Here, too, rental default risk is manageable due to such an approach.

VIB Group's top 10 tenants
(as of August 1, 2012)

Tenant	Share of total net rental income	Locations
Licensse of garden-centres	11.58 %	15
Rudolph-Gruppe	6.98 %	9
Loxxess-Gruppe	4.69 %	2
Continental Automotive GmbH	4.44 %	2
Anylink Systems AG	4.41 %	1
BMW AG	4.07 %	2
Gillhuber Logistik GmbH	3.98 %	1
Edeka Gruppe	2.91 %	8
Faurecia Autositze GmbH	2.63 %	3
Schwarz-Unternehmensgruppe	2.39 %	3
Other	51.92 %	-
VIB Group total	**100.00** %	

Real estate locations

New Investment (transferred to portfolio until August 1, 2012)

1

Regensburg businessPARK

Type of use:	Offcie/ Service
Rental area:	3,790 m²
Tenant:	EUR 5.8 million

2

Moosburg / Isar

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

3

Mühldorf / Inn

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

4

Schwäbisch Gmünd

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

5

Scheßlitz

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

6

Ingolstadt

Type of use:	Industry
Rental area:	21,300 m²
Tenant:	EUR 27.2 million

7

Nürnberg

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

Real estate locations

In geographic terms, VIB Vermögen AG concentrates on the Southern German region. This is one of Germany's highest-growth regions, with a high level of economic prosperity, a heterogeneous economic structure, and a location at the centre of Europe that enjoys favourable transportation connections. This region's socio-demographic trends are also extremely beneficial compared to the rest of Germany. These advantages reduce any potential risk factors, and enhance the stability of the real estate portfolio's value. VIB's management also has a strong network in place in this region. Long-standing, personal and trusting contacts allow the company's management to identify market opportunities at an early stage – thereby representing an important competitive advantage.

Portfolio development

Following a year of strong investment activity, the first half of 2012 was characterised by consolidation and optimisation of the real estate portfolio. The properties acquired in Regensburg, Schwäbisch Gmünd, Schesslitz, Moosburg/Isar, and Mühldorf/Inn in the past year all transferred to the company's portfolio in the first quarter of 2012. After a construction period consisting of only ten months, the „Conti Temic" property in Ingolstadt that was jointly developed with the city of Ingolstadt was transferred to the tenant in May, and transferred to the portfolio. This industrial property with a rentable space of around 21,300 m² and a EUR 27.2 million investment volume is fully rented, generating an 8.7 % annualised rental yield.

VIB Vermögen AG acquired a further property in Nürnberg at the end of the period under review. This high-yield logistics property located on land formerly belonging to Grundig comprises a rentable space of approximately 85,300 m², and entails an investment volume of EUR 26.8 million (including costs for access and reconstruction works that were already started by the predecessor). The property is 91.5 % rented, and the yield on the actual rent amounts to an attractive 11.5 %. This location offers the advantage that further properties can be developed on this land, thereby generating additional income. This property has been transferred into VIB Groups portfolio as of July 1, 2012. This property included the annualised net rental income from the entire portfolio will total approximately EUR 53.7 million as of August 1, 2012.

The Group will focus on its growth strategy this year. In parallel, it remains VIB Vermögen AG's declared objective to optimise the existing portfolio through individual investments and targeted restructuring measures, and to further improve its profitability. In this context, the greatest priority will be given to adhering to stringent investment criteria, and to maintaining the Group's financial stability.

Real estate portfolio financing

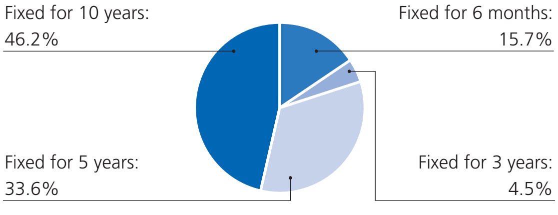
In the financing strategy for its real estate portfolio, VIB Vermögen AG adopts a conservative approach that emphasizes stability and sustainability. Guiding principles in this context are the ability to secure necessary long-term external financing while maintaining a solid equity ratio. The loan-to-value ratio of the Group's property portfolio was around 58.3 % as of June 30, 2012, a clear indication of its conservative approach.

Stability and security are also the primary priority for the Group in procuring outside capital. The company primarily enters into annuity loans, for example. An annuity loan is a loan with fixed repayment instalments over its entire term. The annuity instalment to be paid by the loan recipient comprises both a redemption and an interest component. As the loan is repaid in instalments, the interest portion of the annuity decreases and the loan repayment portion increases. This enables VIB Vermögen AG to steadily raise the company's net asset value (NAV). Annuity loans have numerous advantages over other types of loans. By negotiating fixed instalments over the entire term of the loan, this type of debt financing allows companies to accurately forecast future cash flows. Borrowers can also calculate the exact amount of remaining debt and see it gradually decrease over time. In addition, annuity loans typically have long terms, which means that monthly repayments can be kept relatively low. This type of debt financing does not require renegotiation to extend a loan's term. Instead, the parties need only to agree a new interest rate once a certain period of time has elapsed. In the current fiscal year, the VIB Group benefited from the low level of interest rates when concluding new interest-rate agreements. By predominantly concluding annuity loans, risks connected with financing can be minimised to the interest rate level.

As a result, VIB Vermögen AG's solid financing structure enables good access to favourable funding terms. The company continued to cultivate its banking relationships in the period under review. Both German and foreign banks approached VIB Vermögen AG with attractive lending terms.

In its negotiations on fixed-interest periods, the VIB Group focuses on sustainability and stability, combining these with attractive loan terms. In this context, the loans are generally free of covenant agreements, and mostly structured as annuity loans. Roughly 80 % of the Group's loans have a fixed-interest period of more then three years as of June 30, 2012. More than 46 % even have fixed interest rates for more than five years. This creates security relating to future expected interest payments.

Structure of loans by remaining period of interest-rate fixation



as of June 30, 2012

At the same time, the company benefited in the first half of 2012 from attractive interest rate terms for loans with fixed-interest periods of less than one year due to the historically low level of interest rates. The VIB Group kept its overall interest expenses lower thanks to a majority of long-term fixed-interest periods combined with the favourable rates currently available for short-term fixed-interest periods. The average interest rate for the total borrowing portfolio stood at 4.34 % as of July 1, 2012.

The advantages offered by VIB Vermögen AG's financing strategy are apparent when we look at growth in net asset value (NAV). Since 2005, the Group's net asset value has more than trebled, rising from EUR 78.1 million to EUR 273.7 million as of June 30, 2012. VIB Vermögen AG's NAV has reported consistent growth in line with the portfolio's strong growth over the past three fiscal years, and through the deployment of a high level of equity, and the continuous repayment of finance debt. NAV per share amounted to EUR 12.83 as of June 30, 2012 (December 31, 2011: EUR 12.22).

Case Study

Object „Conti Temic Ingolstadt“

With the CDC Conti Distribution Centre Ingolstadt (Conti Temic Ingolstadt), VIB Vermögen AG utilised a property company that was specially created together with IFG Ingolstadt AöR (a wholly-owned subsidiary of the city of Ingolstadt) to build a high-quality and modern logistics plant in Ingolstadt.

Before purchasing and securing the property, the company conducted an intensive review, and decided whether the property fitted fundamentally with VIB Vermögen AG's investment strategy. The first plans for this production, logistics and development centre, which includes office and social areas, started in December 2010 with basic initial considerations concerning the intended distribution of space for the individual areas, and the requisite technical equipment and fittings. These considerations were given specific form over the course of 2011 to the extent that the long-term rental agreement with the future user of the building was concluded in August.

As soon as the most important construction agreements were signed, building commenced in August 2011 after the demolition of the office building, which was still located on the land, and was still being used, and arrangements had been made for the relocation of the employees who still worked in it. The topping-out ceremony for the project, combined with the completion of the shell construction works, was held as early as December 2011, following around four months of building work.

The entire facade was completed by January thanks to favourable weather conditions. Work then commenced on the interior, with the individual sections and technical teams working hand-in-hand. Construction work continued over the entire winter. As a consequence, the entire project was already completed by early May 2012, in other words, within only ten months, a very short period for a building project of this size.

A high degree of flexibility in the layout and structuring of its spaces comprises a quality characteristic of this project. The tenant's high production needs can be satisfied at all times, while at the same time ensuring that the property can be very easily adapted for other uses. Further positive aspects include the high level of construction and fittings quality, and its favourable transportation connections. This ensures that Ingolstadt, as a corporate location, is secured on a long-term basis for the building's main user, Anylink Systems AG, which operates in the building as a service-provider for Conti Temic microelectronics GmbH. High-tech products will be industrialised and produced in this property in the future, particularly driver assistance systems based on radar and camera technology for the automotive industry. The entire logistics for the city of Ingolstadt are also processed in this building. The property has around 21,300 m² of rental space, which is rented on a fixed basis for ten years (plus renewal options).

Financing for this property was secured at an early juncture. The production and logistics plant was completed to schedule. Construction costs came in within the planned budget. The project management team succeeded not only in keeping within the tight schedule, but also in awarding numerous construction jobs within the targeted budget.

Property data

Construction period:	approx. 10 months
Investment volume:	approx. EUR 27.2 million
Plot size:	9,524 m²
Usable spac:	approx. 21,300 m²
Number of storeys:	5 office storeys 3 logistics/production storeys
Gross floor space:	23,400 m²
Tenant:	Anylink Systems AG as service-provider for Conti Temic microelectronics GmbH
Occupancy rate:	100 %

Conti Temic, Ingolstadt

Neuburg/Danube


Neuburg/Danube

Neuburg/Danube

Interim management report for the first half year 2012

Overview

Business report

1. Company situation and underlying conditions

a. Business activities, Group structure and participations

VIB Vermögen AG (also referred to below as the „VIB Group“ or the „company“) is the parent company of the VIB Group, and is a medium-sized real estate company whose investments focus on commercial properties in Southern Germany. Formed as a partnership in 1993, VIB Vermögen AG was transformed into a German public limited company (Aktiengesellschaft) in 2000. The VIB Group's business activities focus on the acquisition, development and management of its own properties and participating interests in companies with real estate portfolios. The VIB Group pursues a so-called „develop-or-buy-and-hold“ strategy in this context. It acquires portfolio properties and also develops properties for its own portfolio, in order to then include these as long-term portfolio properties. The VIB Group's portfolio comprises a total of 93 properties as of June 30, 2012, with a total rental area of around 722,200 m², including various logistics properties and industrial facilities, shopping centres and specialist stores, as well as commercial centres and service complexes. VIB Vermögen AG manages the real estate portfolio through its wholly-owned subsidiaries Merkur GmbH and BBI Bürgerliches Brauhaus Immobilien AG (BBI Immobilien AG).

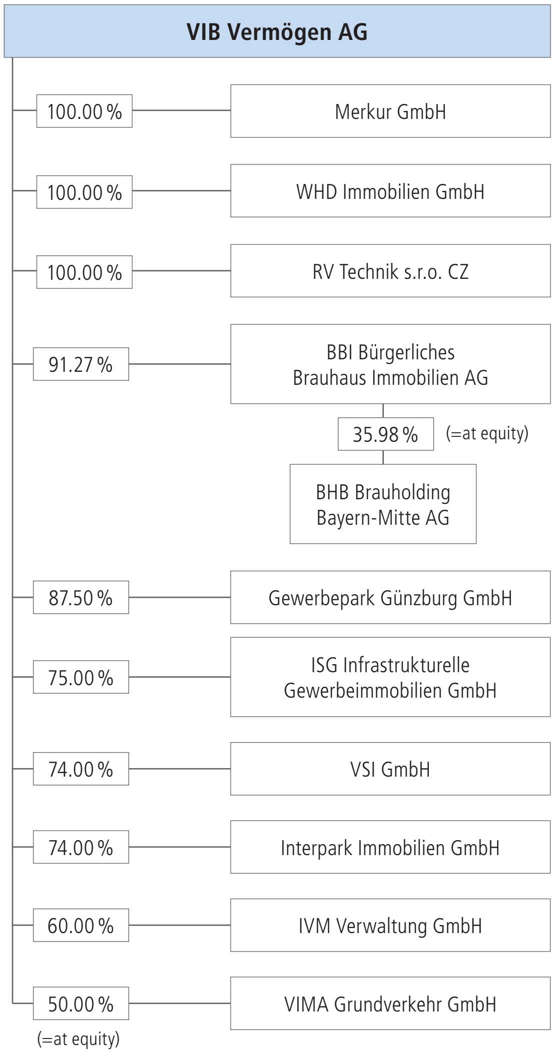
VIB Vermögen AG and its listed subsidiary BBI Immobilien AG concluded a profit-and-loss transfer agreement on May 6, 2008. Accordingly, VIB Vermögen AG has undertaken to pay the freefloat shareholders of BBI Immobilien AG reasonable monetary compensation (a guaranteed dividend) of EUR 0.64 (gross) per ordinary share for the duration of this agreement as a repeat annual payment. As an alternative to paying compensation, VIB Vermögen AG undertakes, upon request by the shareholder, to acquire their ordinary shares in BBI Immobilien AG at a conversion ratio of 8.02 to 11.62, in other words, against compensation in shares in the amount of 1.45 ordinary shares in VIB Vermögen AG per ordinary share in BBI Immobilien AG. A resolution by the General Meeting on June 26, 2008 created conditional capital of up to EUR 1,356,114.00 for this share swap. As of June 30, 2012, this conditional capital amount still amounts to up to EUR 665,600, unchanged compared with December 31, 2011.

The deadline for acceptance of the compensation offer (exchange of shares) is generally two months after publication of the compensation offer. The compensation offer was published on March 3, 2009. Since lawsuits are still pending at VIB Vermögen AG relating to the level of the exchange ratio and guaranteed dividend, the exchange period does not end before the conclusion of the pending proceedings. It is currently impossible to foresee a precise date.

VIB Vermögen acquired a majority interest in BBI Immobilien AG in 2007. The company indirectly and directly holds 35.98 % of the shares of its subsidiary, BHB Brauholding Bayern-Mitte AG (BHB Brauholding AG), which was founded in November 2009. In January 2012, Interpark Immobilien GmbH was founded with EUR 0.1 million of share capital. VIB Vermögen AG holds a 74.00 % interest in this company.

As a consequence, the number of companies in which VIB Vermögen AG held direct or indirect interests as of June 30, 2012 (excluding subsidiaries of BHB Brauholding Bayern-Mitte AG) increased from ten to eleven compared with the end of 2011. As a result of the level of the interests, two of these companies are not fully consolidated.

Overview of participating interests as of June 30, 2012



b. Employees

The number of VIB Group employees (each excluding both Management Board members) in the commercial area amounted to a total of 22 as of June 30, 2012 (June 30, 2011: 17), and to a total of 14 in the industrial area (June 30, 2011: 13). The industrial employees are mostly caretakers and cleaners (predominantly part-time employees), who are hired to manage individual properties. The resultant expenses are passed on to the respective tenants as part of the settlement of incidental costs.

c. Real estate portfolio development

The VIB Group real estate portfolio consisted of a total of 93 commercial properties as of June 30, 2012, with a total rentable space of around 722,200 m² (June 30, 2011: 86 properties, around 661,500 m²). The properties' locations are concentrated geographically on the high-growth region of Southern Germany. Individual real estate locations outside the Southern German region were added due to tenants of many years' standing expanding their businesses into the rest of Germany. The approximately 1.3 % vacancy rate highlights the great attractiveness of the VIB portfolio in this context. The annualised rental income of the entire real estate portfolio amounted to approximately EUR 50.6 million as of June 30, 2012, with the largest share of 33 % being attributable to the retail area. A further 29 % arises from the rental of logistic properties, while industrial properties accounted for 21 %. Finally, 17 % of net rental income is derived from the office/services/other segment. This creates a broad and diversified basis for rental income which reduces the VIB Group's dependency on specific developments in individual sectors.

The properties acquired in Regensburg, Schwäbisch Gmünd, Schesslitz, Moosburg/Isar, and Mühldorf/Inn in the past year all transferred to the company's portfolio in the first quarter of 2012. After a construction period consisting of only ten months, the „Conti Temic" property in Ingolstadt that was jointly developed with the city of Ingolstadt was transferred to the tenant in May, and transferred to the portfolio. This production and logistics plant with a rentable space of around 21,300 m² and EUR 27.2 million investment volume is fully rented, generating an 8.7 % annualised rental yield.

At the end of the period under review, VIB Vermögen AG acquired a further property in Nürnberg, which transferred to the company's portfolio on July 1, 2012. This high-yield logistics property located on land formerly owned by Grundig comprises a rentable space of approximately 85,300 m², and entails an investment volume of EUR 26.8 million (including costs for access and reconstruction works that were already started by the predecessor). The property is 91.5 % rented, and the yield on the actual rent amounts to an attractive 11.5 %. The location offers the opportunity to develop further properties on this land, and thereby generate additional income.

The portfolio's market value amounted to around EUR 704.3 million as of June 30, 2012 (including property under construction and reserve land). The rental properties of the VIB Group generate an average rental return of 7.3 % based on fair value.

d. Market and competitive environment

The German economy assumed a somewhat more positive development at the start of the year, initially offsetting the weak trend in autumn 2011 (the economy shrank by 0.2 % in real terms in the fourth quarter compared with the previous quarter, according to the German Federal Statistical Office). Overall economic output increased by 0.5 % on a price-adjusted basis compared with the previous quarter, according to data provided by the German Federal Statistical Office. Domestic consumption, in particular, underpins the 1 % economic growth that the German Institute for Economic Research (DIW Berlin) expects for the full 2012 year. For example, the Berlin-based economic researchers estimate that thanks to favourable financing terms construction investments in the second quarter 2012 increased by 2.2 % compared with the previous quarter. Inflation is also exerting an increasingly favourable impact on domestic demand. Although price trends were negatively impacted at the start of the year by the weakness of the euro and the high oil price, with consumer prices up by 2.3 % in February, compared with 2.1 % in January, inflation has been waning continuously since, to reach 1.7 % in June (German Federal Statistical Office data). Private consumption is also supported by the stable labour market situation. The unemployment rate has declined continuously from 7.4 % in February to 6.6 % in June 2012, according to the German Federal Employment Agency.

In contrast to past years, exports will hardly contribute to growth. The financial crisis in Europe (forecast real growth in economic output in the Eurozone in 2012: -0.4 %), and overall weak global economic trends with estimated real economic output growth of only 3.5 % in 2012, are contributing to lower demand from abroad (all estimates by the DIW Berlin). Having approved a 0.25 percentage points cut in interest rates in early July 2012 to currently 0.75 %, the European Central Bank is attempting to battle the recession in the Eurozone. DIW economists believe that no long-term improvement is in sight for both Germany and worldwide until 2013.

Despite the crisis, demand for commercial properties continues in Germany. The reticence to purchase that was initially anticipated on the market failed to occur. This is primarily due to the low level of interest rates combined with a wide yield spread between German government bonds and property yields, according to real estate experts from Jones Lang LaSalle. Given these circumstances, 2012 is expected to be an active investment year with high transaction volumes comparable to 2011.

Demand for good investment properties significantly outstrips supply. In the first quarter of this year, 10 % more transactions were realised than in the first three months of the previous year, according to Jones Lang LaSalle. At the same time, these real estate experts nevertheless identify a 9 % decline in investment volume to

Development of gross domestic product, output and income order in the industry and ifo-business climate*

* 3-month average, saisonally adjusted, change in comparison to previous period in percent or balanced

Source: Federal Ministry of Economics and Technology – Monthly Report July 2012

EUR 5.2 billion (previous year: EUR 5.7 billion). They believe that this is attributable to financing bottlenecks and longer reviews of potential purchases. By contrast with the previous year, primarily office properties were in demand in early 2012. At around EUR 2.35 billion, these comprised 45 % of first-quarter transaction volumes (previous year: 30 %). Retail properties, by contrast, accounted for 27 % (previous year: 45 %), thereby ranking just second. The remaining 28 % is composed of hybrid-use properties (12 %), logistics and industrial properties (8 %), and the hotels, land and specialist properties group (8 %).

With a just 30 % share of total first-quarter transaction volumes, fewer foreign investors participated compared with the 2011 year average (40 %). The specialists from Jones Lang LaSalle nevertheless anticipate them to increase to up to 50 % over the course of the year. This reflects the continued confidence in the German commercial property market. Closed real estate funds and fund managers dominated the first three months of 2012 with around 44 % of capital invested. Rents in the retail/wholesale area – VIB Vermögen AG participates in this area with almost one third of its rental income – should appreciate by 1.1 % in major centres over the course of the year (previous year: 2.9 %), and by 2 % at top locations (previous year: 3.3 %), according to estimates produced by DG HYP. As a consequence, rents in 2012 would no longer perform as dynamically as in previous years.

e. Corporate targets and strategy

Selected and targeted acquisitions by the company this year should generate sustainable growth. For instance, a further logistics property was acquired in Nürnberg by as early as

June 2012, which was transferred to the portfolio on July 1, 2012. This property offers additional project development opportunities over the coming years. In parallel, the existing portfolio is to be constantly optimised through individual measures, and is to be further improved in terms of profitability. Preserving the Group's financial stability enjoys strategic priority in this context, however.

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

- Commercial properties in locations with good economic outlooks
- Investment volumes of up to EUR 40 million per property
- Average rental yield from 7.5 % per annum (in relation to acquisition costs)
- Long-term rental agreements with tenants with strong credit ratings
- Good potential for alternative use

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

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

a. Earnings

VIB Vermögen AG generated EUR 28.2 million of revenue between January and June 2012 due to higher rental income as the result of new investments. This represents 8.8 % growth compared with the EUR 26.0 million reported in the prior-year period. When taking into account EUR 196 thousand (H1/2011: EUR 314 thousand) of operating income, which primarily comprises income from insurance compensation payments and tenants' cost reimbursements, total operating revenue stood at EUR 28.4 million, compared with EUR 26.3 million previously.

Investment properties reported a EUR 3.9 million change in valuations. This is mainly due to valuation gains from the first-time measurement of newly acquired properties. While personnel expenses increased by EUR 188 thousand to EUR 1.2 million due to the company's strong growth path, expenses for investment properties fell by 4.2 % compared with the first half of 2011 to EUR 5.3 million. Other operating expenses, which largely contain operating and administrative expenses, were reduced to EUR 950 thousand (H1/2011: EUR 1.1 million). Given almost unchanged depreciation, amortisation and impairment charges of EUR 44 thousand (H1/2011: EUR 45 thousand), the company reports EUR 24.9 million of earnings before interest and tax (EBIT). The 31.7 % increase in EBIT compared with the prior-year period (EUR 18.9 million) reflects the high profitability of the company's operating business. The EBIT margin stood at 87.5 % (previous year: 71.9 %).

While the profit/loss from investments accounted for using the equity method was still negative at EUR -70 thousand in the first half of 2011, it currently amounts to EUR 109 thousand. As in the previous year, it arises particularly from the interests in VIMA Grundverkehr GmbH and BHB Brauholding Bayern-Mitte AG. The expense from the measurement of financial derivatives amounted to EUR 42 thousand in the first half year, compared with EUR 1.6 million in the comparable prior-year period. After deducting the net financial result of EUR -9.6 million (H1/2011: EUR -9.2 million), which increased by 4.4 % due to additional properties requiring financing, and the unchanged expense of EUR 123 thousand arising from the guaranteed dividend, EUR 15.3 million of earnings before tax (EBT) remain (prior-year period: EUR 7.9 million).

The income tax expense rose from EUR 1.3 million in the first six months of 2011 to currently EUR 2.6 million, with effective taxes being reported at EUR 765 thousand, and deferred tax at EUR 1.8 million. As a consequence, the Group reported EUR 12.7 million of consolidated net income, almost doubling compared with the previous year's EUR 6.6 million, and corresponding to EUR 0.54 of basic (undiluted) earnings per share (H1/2011: EUR 0.35).

Profitability

n EUR thousand	H1 2012	H1 2011	Change
Revenue	28,243	25,950	8.8 %
Total operating revenue	28,439	26,264	8.3 %
EBIT	24,888	18,892	31.7 %
EBIT margin	87.5 %	71.9 %	-
Earnings before tax (EBT)	15,259	7,921	92.6 %
Consolidated net income	12,706	6,641	91.3 %
Undiluted earnings per share	0.54 EUR	0.35 EUR	54.3 %

b. Net assets and financial position

The total assets of VIB Vermögen AG increased to EUR 730.2 million as of the June 30, 2012 reporting date (December 31, 2011: EUR 686.8 million). This is particularly attributable to the properties that have been newly transferred to the portfolio in the current year. Investment properties comprise by far the largest item on the assets side of the balance sheet. At EUR 704.3 million, they were EUR 51.5 million higher than on December 31, 2011. Intangible assets of EUR 48 thousand, and property, plant and equipment of EUR 489 thousand, fell by EUR 5 thousand and EUR 25 thousand respectively due to amortisation and depreciation. Deferred tax assets reduced by EUR 46 thousand to EUR 373 thousand. By contrast, financial assets increased by EUR 24 thousand to EUR 402 thousand, and shares in associated companies rose by EUR 151 thousand to EUR 2.9 million. Overall, this results in EUR 708.5 million of non-current assets, representing a 7.9 % increase compared with the previous year's figure.

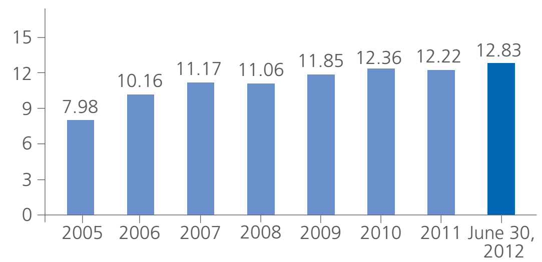
The 27.4 % reduction in current assets is particularly attributable to a lower level of cash held, which fell by EUR 8.2 million to EUR 18.8 million as a result of the investments that were made in the real estate portfolio. In addition, the decrease in receivables and other assets to EUR 2.1 million (December 31, 2011: EUR 2.4 million), and in receivables arising from taxes on income to EUR 111 thousand (December 31, 2011: EUR 253 thousand) meant that current assets amount to only EUR 21.7 million as of June 30, 2012 (December 31, 2011: EUR 29.9 million).

On the equity and liabilities side of the balance sheet, the change compared with the 2011 balance sheet date consists mainly in the increase in non-current liabilities, and a 4.9 % rise in equity. Despite subscribed capital at EUR 21.3 million, the share premium account at EUR 123.7 million, and retained earnings at EUR 50.1 million being almost unchanged, the net retained profits item rose by EUR 11.5 million to EUR 55.7 million, and non-controlling interests increased by EUR 1.2 million to EUR 10.4 million, which is attributable to the good earnings in the first half of 2012. This effect was slowed slightly only by the increase in cash flow hedges by EUR -0.9 million to EUR -8.5 million. In total, equity amounted to EUR 252.7 million (December 31, 2011: EUR 240.8 million), whereby the equity ratio fell slightly from its high level of 35.1 % to 34.6 %.

The relationship between non-current and current liabilities improved further. Non-current liabilities increased by EUR 72.3 million to EUR 433.4 million. This was primarily due to the increase in non-current liabilities by EUR 70.1 million to EUR 398.7 million, which is attributable to the raising of new loans in order to finance the investment activity as well as the decrease in current liabilities due to the regrouping of the loan portfolio. Derivative financial instruments rose by EUR 809 thousand to EUR 13.0 million due to changes in the market values of swap transactions as a consequence of the low interest-rate level, and due to changes in the Swiss franc exchange rate. Deferred tax liabilities amounted to EUR 18.8 million. The change in comparision with December 31, 2011 is primarily attributable to the divergence between the balance sheet valuation and the tax law valuation of the real estate portfolio as well as to the partly netting of deferred tax assets. The pension provisions and other non-current liabilities items fell by EUR 40 thousand and EUR 124 thousand respectively to EUR 994 thousand and EUR 1.2 million respectively.

In the case of the change in current liabilities, the 56.8 % decrease in current financial liabilities to EUR 32.9 million (December 31, 2011: EUR 76.3 million) was attributable to the reorganisations of the loan portfolio, in particular. Other liabilities rose by EUR 2.5 million to EUR 10.5 million, mainly due to outstanding construction cost payments. Overall, current liabilities fell by 48.0 % to EUR 44.2 million (December 31, 2011: EUR 84.9 million).

NAV per share (in EUR) change since December 2005



Key balance sheet figures

in EUR thousand	June 30, 2012	December 31, 2011	Change
Total assets	730,242	686,840	6.3 %
Equity	252,673	240,828	4.9 %
Equity ratio	34.6 %	35.1 %	-
Net debt	413,466	378,513	9.2 %
Gearing	189 %	185 %	-
Loan-to-value ratio	58.3 %	57.6 %	-

Report on events after the balance sheet date

The property in Nürnberg that was acquired in June 2012 transferred to the company's portfolio on July 1, 2012. This high-yielding logistics property located on land formerly owned by Grundig comprises a rentable space of approximately 85,300 m², and entails an investment volume of EUR 26.8 million (including costs for access and reconstruction works that were already started by the predecessor). The property is 91.5 % rented, and the yield on the actual rent amounts to an attractive 11.5 %.

In July 2012 the VSI GmbH subsidiary acquired a plot of land in Neuss with an area around 25,500 m² in order to create a further vehicles servicing station for the MAN Group. Total acquisition costs amounted to around EUR 2.7 million.

There were no further events after June 30, 2012 which have a material impact on the net assets, financial position or results of operations.

Risk and forecast report

a. Risk management

As a real estate group, VIB Vermögen AG faces various risks, and consciously enters into these risks in order to be able to consistently exploit opportunities offered by the real estate market.

In order to minimise risks to its business activities, the company has implemented a risk early identification and management system that is regularly adjusted to current developments in the operating business. This ensures that the Managing Board receives early notification in the event of any risks arising, and can immediately implement adequate countermeasures. At its core, the risk management system is oriented to recording and evaluating the key parameters for the VIB Group with regard to its business model, such as rental levels / vacancy rates, outstanding rent, interest payments, and the structure of the fixed interest rate terms for bank borrowings, changes in cash and cash equivalents, changes in rental income and ongoing administrative costs. The results are regularly reported to the Managing Board. The subsidiaries are also included in this risk management system.

The Group companies deploy financial derivatives – particularly interest-rate swaps – in order to minimise interest-rate risks arising from variable-rate loans. These derivatives are generally directly allocated to a corresponding underlying transaction as part of a micro-hedge. The related terms, maturities and nominal amounts are selected on the congruent basis in order to ensure that the hedging relationships are highly effective. The derivatives' value changes are reviewed constantly in order to curb any incalculable errors.

b. Company risks

Macroeconomic risks

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

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

Tenant risks

As a real estate company, the VIB Group is subject to a certain level of tenant risk that comprises potential rental default and outstanding rental payments. In addition, there is also the risk that, in the event of unforeseeable tenant losses (for example, as a result of termination without notice due to outstanding rent or insolvency), it may prove impossible to rapidly secure new tenants. For VIB Group companies, this may be accompanied by temporary vacancies and, as a consequence, rental income shortfalls. At the same time, this results in possible valuation risks for the real estate portfolio. The Group minimizes this risk by focusing on tenants with strong credit ratings. Rental arrears are processed as soon as they occur in order to identify tenants' payment difficulties at an early juncture. When acquiring properties, the company also ensures that they offer good potential for alternative use. This makes it easier to rent them again rapidly if rental agreements are terminated.

Construction cost risks / construction risks

The company's business model entails possible construction cost risks and general construction risks arising from the acquisition of land, and the subsequent development of properties. For example, forecast investment and development costs can be exceeded with the consequence that planned financing resources prove insufficient. Delays in the completion of the properties cannot be ruled out as a general construction risk. This would render it impossible to transfer properties to tenants on time. This may result in rental default, and potential damage compensation claims. The VIB Group works together with general contractors with strong credit ratings on larger construction projects to actively counter such risks. This largely ensures that project developments are completed within the planned time and cost parameters. There are no cost risks when the company's portfolio successively acquires properties constructed by project developers, since the properties' purchase prices are derived from the net annual rent excluding heating costs for the fully rented property, and a fixed, predefined purchase price multiple.

Property portfolio risks

External factors impact the quality of the locations of the VIB Group's properties to a certain extent. The VIB Group is unable to influence these factors. These include changes to the social structure, deterioration of infrastructure, or construction activities in the direct proximity of the respective properties. This can result in lower values for the properties, with correspondingly lower rental income or higher management costs. The VIB Group counters this risk by carefully reviewing the respective properties and strictly upholding its investment criteria, for instance, as part of good diligence analysis. Damages to or the destruction of the company's existing properties constitute a further potential risk. Certain weather scenarios may also result in construction and technical property management challenges for the Group (for instance, heavy snowfall on flat roofs during the snowy winter of 2010/11). These may require in-depth structural analysis. The entire real estate portfolio is consequently insured against all general risks in order to avoid any reduction in the VIB Group's corporate value.

Financing risk

Selective and targeted acquisitions will continue to play a role in implementing the Group's growth strategy in 2012. The Group's continued growth and further expansion of its real estate assets nevertheless require a sufficient inflow of financing resources in the form of additional debt and/or equity. If the necessary inflow of funds is unavailable on the corresponding date, or if corresponding amounts are restricted, this could render it impossible to fully guarantee the financing of further growth, for example, through the acquisition of properties that have already been contractually secured, as well as planned acquisitions. This could be accompanied by negative effects on the company's future earnings and net asset positions. When procuring debt funding, there is the risk that funds cannot be drawn down on time, or are drawn down on unfavourable terms, or to an insufficient extent. The 2008/2009 economic and financial crisis, in particular, showed that a deterioration in the macroeconomic situation can tend to result in banks pursuing restrictive lending policies, thereby setting higher requirement hurdles than for comparable equity and hybrid capital facilities. This can lead to restrictions in procuring debt, or to more demanding loan terms, which could have a negative impact on the VIB Group's financial position and results of operations. However, the banks regard the creditworthiness of the companies in the VIB Group as being generally positive due to their solid equity backing and high profitability. The risk that it proves impossible to obtain debt funding in a sufficient scope, or on significantly poorer terms, is consequently regarded as being manageable.

The VIB Group requires a favourable and stable capital market environment to raise additional equity, such as by way of the capital increase in summer 2011. Volatile equity markets, and low valuation levels on primary and secondary markets, could diminish the Group's potential ability to access refinancing facilities. In this case, additional debt funding would have to be taken out to finance investments, or the Group would need to refrain from making the respective investments. The capital market environment hardly improved over the course of the financial year under review due to the cooling of the global economy, and some EU countries' state debt problem. Given the circumstances, an insufficient inflow of funds cannot be entirely ruled out for either debt or equity funding. The company's high level of equity backing and its profitability mean that no financing risks are currently foreseeable. In addition, the liabilities are practically free of covenants agreements, with the result that long-term financing is secure even in the event of a change in the capitalization or income structures.

Interest-rate risk

Any increase in general interest rates could result in a deterioration in refinancing conditions, consequently posing a risk for the VIB Group. 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. In addition, sharp increases in interest rates when longer-term bank loans expire could present a risk for the Group. Interest-rate swaps have also been entered into some cases in order to optimise bank loan terms. The portion of bank borrowings that carry short-term interest rates amounted to around 15.7 % of all bank borrowings as of June 30, 2012. As a result, interest-rate risk is calculable even if short-term interest rates rise.

Currency risk

Loans denominated in foreign currencies carry risks that, if exchange rates deteriorate, higher amounts in euros will be required for both capital and current interest payments. As of June 30, 2012 VIB Group´s loans do not exist of loans denominated in foreign currencies anymore.

Risks from financial instruments

The Group has concluded several interest rate swaps based on operative hedged items in order to secure long-term interest rates, and consequently facilitate the forecasting of future interest expenses. These do not result in any risks.

A currency swap transaction based on Swiss francs was concluded in 2006 before the acquisition by VIB Vermögen AG of BBI Bürgerliches Brauhaus Immobilien AG by its management at that time. At the end of 2010, the development of the CHF / euro exchange rate required the recognition of a liability. Due to the decision taken by the Swiss National Bank in August 2011 to maintain a minimum rate of CHF 1.20 to the euro, and the related sustained weakening of the Swiss franc, this liability required adjustment to a lesser extent per June 30, 2012.

Legal risks / contractual risks

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

Acquisition risks

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

Geographic concentration risks / cluster risk

The concentration of BBI Immobilien AG's existing properties in the Ingolstadt region could present a potential risk if there are negative developments in this region. This risk is reduced, however, in view of the management's long-standing experience and knowledge of this regional market. This risk is of only minor importance due to the number of these properties in relation to the VIB Group's total portfolio.

In addition, the subsidiary BBI Immobilien AG holds a portfolio of 26 specialist stores, 15 of which are operated by a major tenant. This gives rise to a cluster risk. This risk has been further reduced through the extension of the portfolio over recent years. Further diversifying effects are anticipated to the extent that the Group prospectively further expands its acquisition activities in pursuit of its growth strategy. In addition, the long-term rental agreements with this creditworthy tenant mean that short-term terminations are impossible.

c. Opportunities

The commercial real estate market depends to a high degree on a benign macroeconomic environment. Rising rental and transaction volumes in Germany during last year review provided impressive proof of this. Despite the decline in global economic output, the weaker demand on real estate markets that was originally anticipated for this year could prove to be tempered, since only a very few new commercial properties were constructed in recent years due to the economic and financial crisis. Real estate supply remains limited as a consequence. Moreover, the high expected level of interest from abroad could also stimulate demand.

Another trend could also support demand for real estate: major uncertainties on the capital markets could feed through to greater demand for physical assets. This would be expected to have a positive impact on commercial real estate value trends.

Also given a slight weakening in economic growth, strong demand will continue for space, particularly in the logistics and retail areas, which could also result in higher rents and falling vacancy rates. As a consequence, follow-on rents and new rents could deliver rising rental income for VIB Vermögen AG.

In addition, the good location of VIB Vermögen AG's portfolio properties in Germany's fastest-growing regions with the greatest purchasing power could feed through to property price increases. Rental income could increase this year through the completion of project developments, and through further new investments and new developments. Value-enhancing potentials exist in the medium to long-term for the current real estate portfolio, which can have a positive impact on the company's overall value.

d. Outlook

Business activities will continue to focus in the second half of 2012 on consolidating and optimising the existing portfolio, and on integrating new acquisitions into the portfolio. At the same time, individual selective real estate investments and project developments that have yet to be concluded may feed through to further rental income growth. The success achieved in the first six months of the year vindicate the company in its approach of retaining its tried and tested "develop-or-buy-and-hold" strategy, which generates sustainable and predictable income. In doing so, VIB Vermögen AG will continue to concentrate on the economically prospering and high-growth Southern German region.

The company's Management Board has raised its forecast for the current fiscal year. It now expects revenue to increase to between approximately EUR 59.5 million and EUR 60.5 million. In terms of earnings before interest and tax (EBIT), the forecast stands at between EUR 43.0 million and EUR 44.0 million, and the Managing Board is assuming that consolidated earnings before tax (EBT) will amount to between EUR 23.0 million and EUR 24.0 million, in each case before valuation adjustments. Precise developments nevertheless depend both on the scope of new acquisitions and on overall economic circumstances.

Neuburg/Danube, August 8, 2012

Ludwig Schlosser Peter Schropp

Ingolstadt


Ingolstadt


Ingolstadt

Interim financial statements

Overview

Consolidated income statement

for the period from January 1, 2012 until June 30, 2012

in EUR thousand	Jan. 1, 2012 – Jun. 30, 2012	Jan. 1, 2011 – Jun. 30, 2011
Revenue	**28,243**	**25,950**
Other operating income	196	314
Total operating revenue	**28,439**	**26,264**
Changes in value for investment properties	3,866	213
Expenses for investment properties	-5,252	-5,485
Personnel expenses	-1,171	-983
Other operating expenses	-950	-1,072
Earning before interests, taxes, depreciation and amortisation (EBITDA)	**24,932**	**18,937**
Amortisation and depreciation	-44	-45
Profit from operating activities (EBIT)	**24,888**	**18,892**
Profit / loss on investments accounted for using the equity method	109	-70
Financial derivatives measurement expense	-42	-1,612
Other interest and similar income	121	76
Interest and similar expenses	-9,694	-9,242
Expenses from guaranteed dividend	-123	-123
Earnings before tax (EBT)	**15,259**	**7,921**
Income taxes	-2,553	-1,280
Consolidated net income	**12,706**	**6,641**
Earnings attributable to Group shareholders	11,457	6,377
Earnings attributable to non-controlling shareholders	1,249	264
Earnings per ordinary share in EUR		
Earnings from continuing operations	0.54	0.35
Consolidated net income	**0.54**	**0.35**
Diluted earnings per share in EUR		
Profit on continuing operations	0.53	0.34
Consolidated net income	**0.53**	**0.34**

Consolidated balance sheet

as of June 30, 2012

Assets

in EUR thousand	Jun. 30, 2012	Dec. 31, 2011
Non-current assets		
Intangible assets	48	53
Property, plant and equipment	489	514
Investment Properties	704,345	652,855
Interests in associated companies	2,878	2,727
Financial assets	402	378
Deferred tax	373	419
Total non-current assets	**708,535**	**656,946**
Current assets		
Receivables and other assets	2,092	2,447
Income tax receivables	111	253
Bank balances and cash in hand	18,810	27,001
Prepaid expenses	694	193
Total current assets	**21,707**	**29,894**
Total assets	**730,242**	**686,840**

Consolidated balance sheet

as of June 30, 2012

Equity and liabilities

in EUR thousand	Jun. 30, 2012	Dec. 31, 2011
Equity		
Subscribed capital	21,329	21,329
Share premium	123,707	123,707
Retained earnings	50,112	50,112
Net retained profits	55,732	44,274
	250,880	**239,422**
Cash flow hedges	-8,525	-7,633
Foreign currency translation	-95	-149
Non-controlling shareholders' share of earnings	10,413	9,188
	1,793	**1,406**
Total equity	**252,673**	**240,828**
Non-current liabilities		
Profit participation capital	665	665
Financial liabilities	398,692	328,567
Derivative financial instruments	13,049	12,240
Deferred tax	18,779	17,233
Pension provisions	994	1,034
Other non-current liabilities	1,225	1,349
Total non-current liabilities	**433,404**	**361,088**
Current liabilities		
Financial liabilities	32,919	76,282
Income tax liabilities	211	81
Liabilities to associated companies	184	182
Other liabilities	10,502	7,999
Accruals and deferred income	349	380
Total current liabilities	**44,165**	**84,924**
Total equtiy and liabilities	**730,242**	**686,840**

Imprint

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This semi-annual report contains statements about the future which are subject to risks and uncertainties. They are estimates of the executive board of VIB Vermögen AG and reflect its present opinions regarding future events. Through words such as „expect", „estimate", „intend „, „can", „will" and similar expressions with regard to the company such future-related statements can be recognized. Factors which could cause or affect a deviation include, for example and without laying claim to completeness, the evolution of the property market, competition influences, including price changes, regulatory measures and risks involved in the integration of newly acquired companies and holdings. If these or other risks and uncertainty factors should occur or the assumptions, on which the assertions are based, turn out to be incorrect, the actual results of VIB Vermögen AG could be substantially different from those which are expressed or implied in these statements. The company does not accept an obligation to update such future-oriented statements.

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