

VIB Vermögen AG

2015 Half year report
WE DEVELOP GROWTH



// Key Group Indicators

In EUR thousand	01/01/2015 –30/06/2015	01/01/2014 –30/06/2014	Change
<i>Income statement</i>			
Revenue	36,211	34,315	+5.5%
Total operating revenue	36,457	34,637	+5.3%
EBIT (earnings before interest and tax)	28,805	27,584	+4.4%
EBT (earnings before tax)	18,425	17,409	+5.8%
EBT margin	50.5%	50.3%	–
EBT before valuation effects and extraordinary items	17,607	16,353	+7.7%
Consolidated net income	15,377	14,610	+5.2%
Earnings per share ¹ (undiluted)	0.53	0.56	–5.4%
FFO (funds from operations) absolute	15,742	14,550	+8.2%
FFO per share ¹ (in EUR)	0.57	0.58	–1.7%
<i>Balance sheet</i>			
	30/06/2015	31/12/2014	Change
Total assets	971,933	942,199	+3.2%
Equity	389,516	371,655	+4.8%
Equity ratio	40.1%	39.4%	–
Net debt	512,096	484,560	+5.7%
Gearing	149.5%	153.5%	–
NAV per share ² (Net Asset Value, undiluted)	15.17	14.54	+4.3%
NAV per share ³ (diluted)	15.08	14.52	+3.9%
LTV (loan-to-value ratio)	54.2%	53.7%	–
<i>Other key financials</i>			
	30/06/2015	31/12/2014	Change
Share price performance (XETRA closing price)	16.00	14.24	+12.4%
Annualised basic rents	64,386	62,717	+2.7%
Vacancy rate	2.21%	2.68%	–
Average borrowing rate	3.77%	3.91%	–
ICR (interest coverage ratio: interest expense/net basic rents)	32.3%	34.4%	–

¹ In relation to the average number of shares in issue during the period under review: H1 2015 27,579,833 H1 2014: 25,227,231

² In relation to the average number of shares in issue as of the reporting date: 30/06/2015: 24,783,906; 31/12/2014: 24,783,906

³ In relation to the number of shares in issue as of the reporting date, including potential shares from 2012/14, 2013/15 and 2014/16 mandatory convertible bonds: 30/06/2015: 27,579,833; 31/12/2014: 27,579,833

// Contents

To our shareholders	3
Letter to shareholders	3
Real estate portfolio	4
The share	6
NAV, FFO and LTV key indicators in detail	8
Interim management report	10
Business report	10
Report on Events after the balance sheet date	15
Report on risks and opportunities	15
Outlook	16
Half-year financial statements	17
IFRS consolidated income statement	17
IFRS consolidated balance sheet	18
Imprint	20

// Dear shareholders,

VIB Vermögen AG reports on successful performance during the first half of its 2015 fiscal year. We once again realised further attractive investments during the first six months of the year, transferring two new properties to our portfolio. Our operating revenue was up by 5.3% to EUR 36.5 million (previous year: EUR 34.6 million) – as expected – and our earnings before tax (EBT) grew by 5.8% to EUR 18.4 million (previous year: EUR 17.4 million). When adjusted for the positive effects from valuation changes to investment properties and expenses arising from measuring financial derivatives, we boosted EBT by 7.7% to reach EUR 17.6 million (previous year: EUR 16.4 million). FFO – an indicator of cash inflows from our operating business – was up by 8.2% to EUR 15.7 million (previous year: EUR 14.6 million). NAV also performed well, reaching EUR 376.1 million (December 31, 2014: EUR 360.5 million).

Our strategy of growing sustainably and profitably through acquisitions – as well as through developing our own properties in the logistics/light industry and wholesale/retail areas – has continued to prove its worth. The development of a high-yielding logistics centre in the Interpark in Ingolstadt is about to be completed – and along with the MAN service station that we have developed ourselves in Freiburg-Umkirch, and the specialist retail centre in Neu-Ulm that we acquired at the start of the year – will contribute to revenue and earnings.

Our sustainable financing strategy underpins such growth. We finance ourselves largely through annuity loans with long-term fixed interest arrangements. In the current interest rate environment, we continue to be able to arrange both new and follow-up financing facilities on very attractive terms. The average rate of interest on our portfolio borrowings has fallen to 3.77% as of June 30, 2015 (previous year: 3.91%), already making a positive contribution to this year's earnings, as planned. Given the fact that high volumes of fixed interest borrowings will expire over the coming years, further opportunities will arise beyond this to reduce the average rate of interest, and consequently the company's interest costs.

The VIB share has performed well since the start of the year, trading at EUR 16.87 as of July 28, 2015, which is a step up of 16%. With the EUR 0.48 per share dividend that the AGM on July 1, 2015 approved for the 2014 fiscal year, VIB's shareholders have again participated suitably in the company's success and profitability.

We aim to continue further on our successful course during the second half of this year. The 2015 fiscal year guidance for the VIB Group that was issued at the start of year remains valid for all key figures.

We would like to convey our special thanks to our staff, who have made decisive contributions to the successful course of the first half of the year.

Yours sincerely

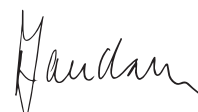
Neuburg/Danube, August 2015



Ludwig Schlosser
(CEO)



Holger Pilgenröther
(Management Board member)



Martin Pfandzelter
(Management Board member)

// Real estate portfolio

Overview

As of June 30, 2015, the real estate portfolio of VIB Vermögen AG consisted of 102 properties with a total rentable space of around 950,000 m². Most of the properties are located in the economically strong region of Southern Germany. Over the past 20 years, VIB has established a powerful network in Bavaria and Baden-Württemberg. We know our target markets' requirements precisely, and maintain close contacts with our tenants. For these reasons, VIB achieves a 2.2% vacancy rate on its total portfolio, which is low compared with its sector.

As of June 30, 2015, the market value of the real estate portfolio amounted to EUR 937.5 million (including property under construction). Annualised net rental income amounted to EUR 64.4 million as of the June 30, 2015 reporting date (December 31, 2014: EUR 62.7 million).

Key data

Number of properties	102 properties
Rentable area	around 950,000 m ²
Market value of portfolio	EUR 937.5 million
Annualised rental income	EUR 64.4 million
Vacancy rate	2.2%

Status as of: June 30, 2015

Diversification plays a major role for VIB to be positioned well long-term in the commercial real estate market. This has fed through to a growing focus over the past years on the sectors of logistics/light industry and wholesale/retail, which account for 59% and 34% shares of the total portfolio respectively (as of June 30, 2015).

Supporting this diversification, the long average residual term of rental agreements of 6 years and 7 months

reduces portfolio risk, and also ensures that income is very calculable. Even rental contracts with short remaining terms are generally not terminated by tenants, but instead extend automatically by the agreed period, or commute to indefinite rental contracts.

In terms of tenant structure, too, VIB pays attention to a broad variety in order to minimise potential concentration risk. Tenant solvency is also investigated before concluding rental contracts, in order to reduce potential rental default risk to a minimum.

Real estate locations

The portfolio's focus of VIB on the Southern German region results historically from the company having been founded in Neuburg/Danube in Upper Bavaria, Germany, and from its well established network within this region. Due to a success story spanning more than twenty years, the VIB management's personal and mutually trusting contacts enable new market opportunities to be exploited at an early stage – which comprises a significant competitive advantage, as repeated experience shows. Southern Germany is also one of Germany's fastest growing economic regions, being characterised by material prosperity and a diversified economic structure. Geographically, this region is located at the centre of Europe in terms of favourable transportation connections, and is also forecasted to achieve sociodemographic trends ahead of the German average. These factors make a significant contribution to the stability of the value of VIB's portfolio.

Portfolio development

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

- ▶ Also in February 2015, VIB acquired a specialist retail centre in Neu-Ulm. This property, which is fully rented, is situated within a highly frequented commercial zone that enjoys favourable transportation connections. The rental duration has been renegotiated to 15 years for more than 65% of the rental area, and most of the remaining areas are rented long-term. Significant portions of the property have been modernised and redesigned. The total rental area amounts to 18,740 m². It will generate a 7.6% rental return on an investment of EUR 14.8 million.

- ▶ Since autumn 2014, VIB has been developing a modern logistics centre in the Interpark (to the north of Ingolstadt), one of Southern Germany's most important commercial parks. The property will likely be completed in the third quarter of 2015, and comprises a land space of approximately 95,000 m². The building area will amount to around 54,000 m² once the project has been completed. The investment costs stand at approximately EUR 34 million, and the prospective rental yield on the property amounts to around 8.7% on the basis of full rental.

// The share

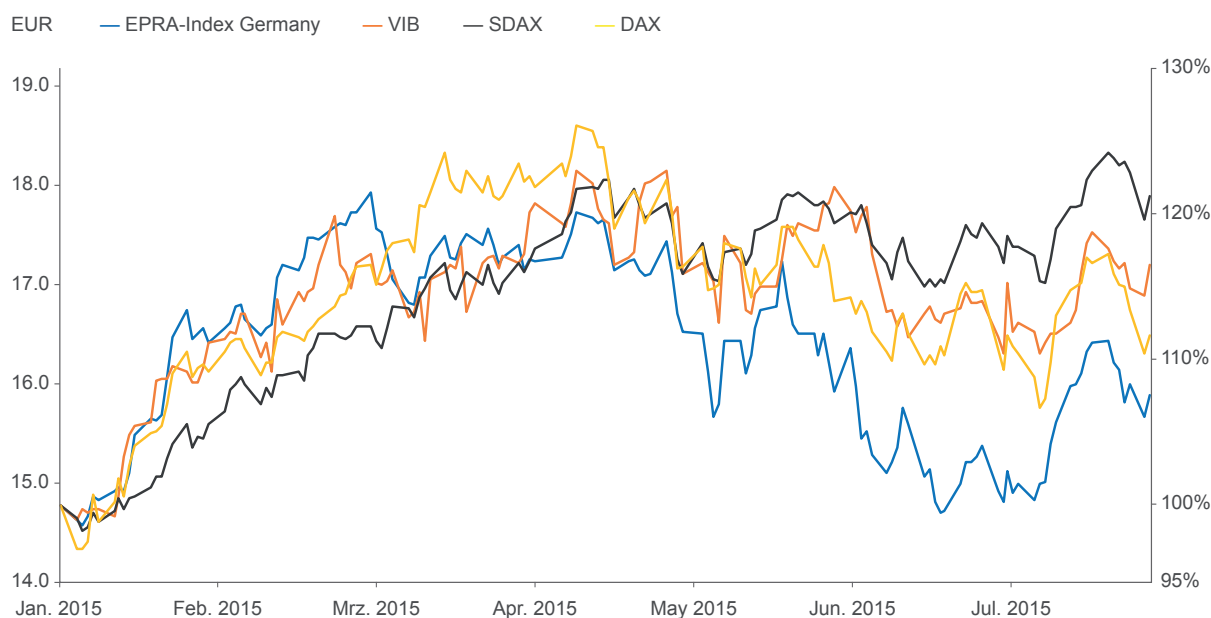
Share price performance

The DAX index of leading German shares has performed well in 2015, appreciating by 11.6% since the start of the year to reach a level of 5,606 points (price index, as of July 28, 2015). The SDAX index, too, which is a good comparable index for the VIB share given the company's size, was registered at 21.3% ahead of its year-opening price, having climbed to 4,572 points by July 28, 2015.

The share of VIB Vermögen AG also performed well over the same period with a share price appreciation of 16.4% and closed on July 28, 2015 at a price of EUR 16.87. The EPRA Germany index, which is relevant for comparing real estate companies and which comprises the most important German property companies, significantly underperformed the VIB share with 7.6%.

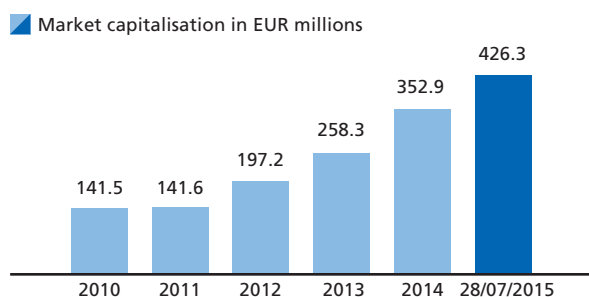
Share price performance January 1 to July 28, 2015

(indexed comparison with EPRA, and DAX and SDAX price indices)



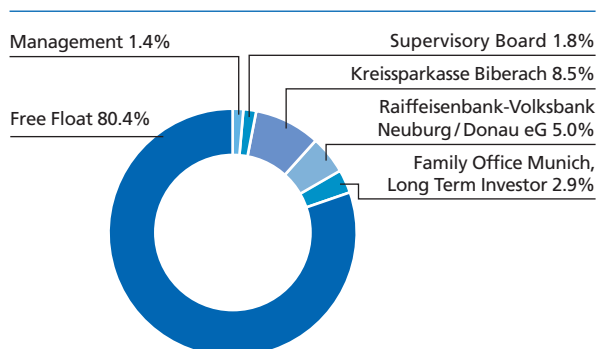
Given a closing price of EUR 16.87 on July 28, 2015 (25,271,669 shares in issue as of July 28, 2015), VIB achieved a market capitalisation of EUR 426.3 million. Compared with December 31, 2014, this corresponds to an increase of EUR 73.4 million, or 20.8%.

Change in market capitalisation (2010–2014 year-end)



The shareholder structure of VIB Vermögen AG continues to show a balanced distribution consisting of a majority free float (80.4%) and a few individual investors who are invested on a long-term basis. Two regional banks – founding investor Raiffeisen-Volksbank Neuburg/Donau eG and Kreissparkasse Biberach, as well as a Munich-based family office – are invested as anchor shareholders.

Shareholder structure



Status as of: July 1, 2015

Financial calendar

September 10, 2015	SRC Forum
September 21, 2015	Berenberg Goldman Sachs Conference
September 24, 2015	Baader Investment Conference
October 13, 2015	Petercam Real Estate Seminar
November 11, 2015	Publication of Q3 2015 interim report
November 24, 2015	Commerzbank German Commercial Property Tour

2015 Annual General Meeting

At the AGM for the 2014 fiscal year which was held on July 1, 2015 in Ingolstadt, VIB Vermögen AG gave an insight into the past year's business trends, and explained its strategy and business model to its shareholders. A total of 48.88% of the voting-entitled share capital was present. As in the past, shareholder approval of the agenda items was again very high. The agenda items were approved with at least 98.59% of the votes: For example, the AGM approved the increase in the dividend from EUR 0.45 to EUR 0.48. This dividend was distributed to shareholders on July 2, 2015. The AGM also approved the discharge of the Managing and Supervisory boards, as well as the Supervisory Board's proposal for the auditor for the 2015 fiscal year. In addition, the AGM authorised the Managing Board with 99.81% of the voting-entitled shares present to issue convertible bonds and/or bonds with warrants in a total nominal amount of up to EUR 60 million, with the possibility to exclude subscription rights, and also to create Conditional Capital 2015 in an amount of EUR 2,478,390. Finally, the AGM approved the creation of a new Authorised Capital 2015 of EUR 2,478,390, and a corresponding amendment to the articles of incorporation.

// NAV, FFO and LTV key indicators in detail

NET ASSET VALUE (NAV) – (UNDILUTED)		
In EUR thousand	30/06/2015	31/12/2014
Investment properties	937,533	894,214
Other non-current assets	698	257
Interests in associated companies	3,060	3,120
Assets held for sale	2,842	2,844
+/- Other assets/equity and liabilities (including minority interests)	- 18,865	- 18,293
Net financial debt	-512,096	-484,560
Capital reserve from mandatory convertible bonds	-37,102	-37,102
NAV / net assets (undiluted)	376,070	360,480
Number of shares in issue (as of the reporting date)	24,783,906	24,783,906
NAV per share in EUR (undiluted)	15.17	14.54

NET ASSET VALUE (NAV) – (DILUTED)		
In EUR thousand	30/06/2015	31/12/2014
NAV/net assets (undiluted)	376,070	360,480
Effects from mandatory convertible bonds	39,923	39,923
NAV / net assets (diluted)	415,993	400,403
Number of shares in issue (as of the reporting date)	24,783,906	24,783,906
Potential ordinary shares deriving from:		
Mandatory convertible bonds	2,795,927	2,795,927
Number of shares (diluted)	27,579,833	27,579,833
NAV per share in EUR (diluted)	15.08	14.52

FUNDS FROM OPERATIONS (FFO) PER SHARE – INDICATOR OF CASH INFLOWS FROM OPERATING BUSINESS

In EUR thousand	01/01/2015 –30/06/2015	01/01/2014 –30/06/2014
Earnings before interest and tax (EBIT)	28,805	27,584
Adjusted to reflect:		
Income/expenses – non-cash	–6	–98
Changes in value for investment properties	–950	–1,092
	27,849	26,394
Interest and similar expenses	–10,166	–10,282
Other interest and similar income	36	50
Profit/loss on equity accounted investments	–35	218
Expenses from guaranteed dividend	–83	–125
	17,601	16,255
Effective tax expense	–1,257	–1,175
	16,344	15,080
Non-controlling interests' share of earnings (adjusted to reflect valuation result)	–602	–530
FFO, absolute	15,742	14,550
Average number of shares during the fiscal year	27,579,833	25,227,231
FFO per share	0.57 EUR	0.58 EUR

LOAN TO VALUE (LTV) – NET DEBT IN RELATION TO ASSETS

In EUR thousand	30/06/2015	31/12/2014
Investment properties	937,533	894,214
Property, plant and equipment	667	253
Financial assets	3,060	3,120
Assets held for sale	2,842	2,844
Assets	944,102	900,431
Non-current financial liabilities	511,473	495,054
Current financial liabilities	24,091	26,632
Bank balances	–24,128	–37,786
Financial liabilities (net)	511,436	483,900
LTV ratio	54.17%	53.74%

// Business report

Despite the crisis in Greece, and the emergent trend turnaround in interest rates, both economic and sector specific conditions in Germany can be described currently as good.

1. Market and competitive environment

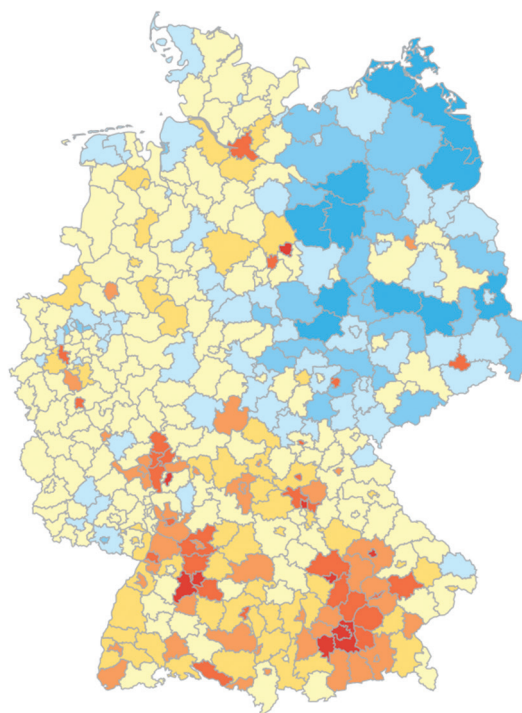
MACROECONOMIC TRENDS

The economy in Germany is set to grow by around 1.8% in 2015, according to forecast issued by the German government and the EU Commission. The German labour market has also performed positively, with the average unemployment rate amounting to 6.3% in the first half of the year, compared with 6.7% in the previous year, according to the German Federal Employment Agency.

The inflation rate in Germany averaged 0.3% during the first six months of 2015, according to estimates from the German Federal Statistical Office (previous year: 1.1%). A figure of 0.5% is forecast for the full 2015 year.

Especially purchasing power plays a major role for retail property tenants. Purchasing power is calculated to have increased by 2.85% in nominal terms in 2014, according to German market research firm GfK. For 2015, it is forecasted to report a similarly stable increase in the magnitude of 2.7%.

The Zukunftsatlas Deutschland (future trend for the regions) sees most optimistic opportunities for Bavaria and Baden-Württemberg



Regions and their chances in future:

- Best chances ■ Very good chances ■ Good chances
- Light chances ■ Balanced chances and risks
- Light risks ■ High risks ■ Very high risks

Source: Prognos AG, 2013

SECTOR TRENDS

Views on real estate sector trends, especially the commercial real estate market, can continue to be described as optimistic. According to a study conducted by Jones Lang LaSalle, the positive development on the German real estate market is set to continue beyond the 2015 mid-year stage, despite the nervousness and volatility that have accompanied financial markets over the past weeks and months. Along with the crisis in Greece, investors have also been especially unsettled by the sharp bond market correction, the characteristics of which were unanticipated. Yields on German government bonds have risen from practically zero to almost 1% within a very short period. This might comprise the start of a trend turnaround in interest rates, although it might also entail a more extended process, leading the interest rate level to stay relatively stable, at least in the short and medium term.

On the German investment market, commercial properties worth a total of EUR 9.5 billion changed hands during the first half of 2015, representing a 42% year-on-year increase. Retail properties accounted for the highest share of transaction volumes, a 39%, followed by office properties with a 38% share. Warehousing and logistics properties amounted to 7%.

2. Business trends

VIB Vermögen continued on its investment path during the first half of the 2015 fiscal year. On February 1, 2015, the company transferred the fourth MAN service station that it has developed itself to its portfolio. This service station is located in Freiburg-Umkirch and comprises an investment volume of EUR 7.5 million. It generates a rental return of 7.4% from this date, and is rented for 20 years.

With effect as of April 1, 2015, VIB also acquired a recently revitalised specialist retail centre in a strongly frequented business park in Neu-Ulm (total investment volume: EUR 14.8 million). The property is 100% rented to companies of high credit standing, most of whom have already been tenants in the property for several

years. Rental contracts have been newly negotiated for 15-year periods for two thirds of the total rental area of 18,740 m². This property generates a rental return of around 7.6%. Rental income from the property will be included in VIB's consolidated revenue from the second quarter of the 2015 fiscal year.

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

RESULTS OF OPERATIONS

Due to additional rental income as a result of the investments realised during the first half of 2015, and during the second half of the previous year, VIB Vermögen AG grew its operating revenue by 5.3%, from EUR 34,637 thousand in the previous year to EUR 36,457 thousand in the fiscal year under review.

Due to the measurement at fair value through profit or loss of the properties that were newly transferred to the portfolio in the first half of 2015, EUR 950 thousand of positive valuation changes to investment properties were reported (previous year: EUR 1,092 thousand). As the company has continued along its growth path, expense items have increased accordingly. Expenses for investment properties rose from EUR –5,908 thousand in the previous year to EUR –6,188 thousand in the year under review, chiefly due to higher renovation and maintenance costs. Other operating expenses increased slightly from EUR –740 thousand to EUR –771 thousand. Personnel expenses amounted to EUR –1,618 thousand due to the higher number of employees (previous year: EUR –1,459 thousand). After deducting depreciation on other property, plant and equipment, the company generated earnings before interest and tax (EBIT) of EUR 28,805 thousand – an increase of 4.4% compared with the previous year's EUR 27,584 thousand. EBIT adjusted to reflect valuation effects amounted to EUR 27,855 thousand, 5.1% above the previous year's EUR 26,492 thousand.

The result from equity accounted investments amounted to EUR –35 thousand in the period under review, compared with a positive result of EUR 218 thousand in the previous period. The expense from measuring financial derivatives that derives from adjusting the pending loss provision for a CHF swap for the subsidiary BBI Immobilien AG stood at EUR –132 thousand (previous year: EUR –36 thousand). The provision for the pending loss has been finally fixed through this adjustment with the expiry of the CHF swap as of December 31, 2015. No further expenses are anticipated. Despite the acquisitions during the current year, and a related increase in total borrowings, the interest expense reduced to EUR –10,166 thousand due to more favourable financing terms (previous year: EUR –10,282 thousand). After deducting the expense arising from the guaranteed dividend, the company generated earnings before tax (EBT) of EUR 18,425 thousand, reflecting a 5.8% year-on-year

increase (previous year: EUR 17,409 thousand). The EBT margin was raised from 50.3% to 50.5%. When adjusted to reflect valuation effects and extraordinary items (measurement of financial derivatives), the Group generated EUR 17,607 thousand of EBT (previous year: EUR 16,353 thousand), representing a 7.7% earnings growth rate that outpaces its revenue growth rate.

Consolidated net income was up by 5.2% to reach EUR 15,377 thousand, compared with EUR 14,610 thousand in the previous year. Both undiluted and diluted earnings per share stood at EUR 0.53 in the period under review (previous year: EUR 0.56 and EUR 0.55 respectively). VIB also reported growth in its FFO (funds from operations). Following EUR 14,550 thousand in the first half of 2014, they now amount to EUR 15,742 thousand. This corresponds to FFO per share of EUR 0.57 (previous year: EUR 0.58).

Results of operations

In EUR thousand	01/01/2015 –30/06/2015	01/01/2014 –30/06/2014	Change
Revenue	36,211	34,315	+5.5%
Total operating revenue	36,457	34,637	+5.3%
EBIT	28,805	27,584	+4.4%
EBT	18,425	17,409	+5.8%
EBT before valuation effects and extraordinary items	17,607	16,353	+7.7%
Consolidated net income	15,377	14,610	+5.2%
Earnings per share (in EUR, undiluted)	0.53	0.56	–5.4%
Earnings per share (in EUR, diluted)	0.53	0.55	–3.6%

NET ASSETS

Due to continued investment activity, the total assets of VIB Vermögen AG increased to EUR 971,933 thousand as of June 30, 2015 (December 31, 2014: EUR 942,199 thousand). Investment properties reached a level of EUR 937,533 thousand compared with EUR 894,214 thousand as of December 31, 2014. Bank balances and cash on hand stood at EUR 24,128 thousand as of the reporting date (December 31, 2014: EUR 37,786 thousand).

Equity grew to EUR 389,516 thousand due to the positive consolidated net income that was generated (December 31, 2014: EUR 371,655 thousand). The equity ratio rose slightly to 40.1% (December 31, 2014: 39.4%).

Non-current financial liabilities were up by EUR 16,419 thousand to EUR 511,473 thousand (December 31, 2014:

EUR 495,054 thousand) in line with investment activity during the current fiscal year, and the related drawing down of further borrowings. Current financial liabilities reduced to EUR 24,091 thousand (December 31, 2014: EUR 26,632 thousand). Net debt (the net balance of current and non-current financial liabilities ./. bank balances) increased to EUR 512,096 thousand (December 31, 2014: EUR 484,560 thousand).

Due to the positive business progress and the related increase in equity, the company's net asset value (NAV) improved further to EUR 376,070 thousand as of June 30, 2015 (December 31, 2014: EUR 360,480 thousand). In relation to the 24,783,906 shares in issue as of June 30, 2015, this corresponds to EUR 15.17 of undiluted NAV per share compared with EUR 14.54 as of December 31, 2014 – an increase of EUR 0.63 per share.

Net assets

In EUR thousand	30/06/2015	31/12/2014	Change
Total assets	971,933	942,199	29,734
Investment properties	937,533	894,214	43,319
Net debt	512,096	484,560	27,536
Equity	389,516	371,655	17,861
Equity ratio (in %)	40.1%	39.4%	–

FINANCIAL POSITION

The cash inflow from operating activities amounted to EUR 24,459 thousand during the first half of 2015 (previous year: EUR 21,430 thousand). The cash outflow from investing activities increased to EUR 43,092 thousand (previous year: EUR 34,398 thousand), and the cash inflow from financing activities stood at EUR 4,718 thousand (previous year: EUR 9,162 thousand). On a net basis, the cash and cash equivalents position stood at EUR 24,128 thousand as of the reporting date (previous year: EUR 21,696 thousand).

Financial position

In EUR thousand	01/01/2015 –30/06/2015	01/01/2014 –30/06/2014	Change
Cash flow from operating activities	24,459	21,430	3,029
Cash flow from investing activities	–43,092	–34,398	–8,694
Cash flow from financing activities	4,718	9,162	–4,444
Cash and cash equivalents at the end of the period	24,128	21,696	2,432

The VIB Group had access to undrawn lending and overdraft lines of EUR 12,360 thousand as of June 30, 2015 (previous year: EUR 5,241 thousand).

EMPLOYEES

Besides the three Managing Board members, the VIB Group employed a total of 32 commercial staff as of June 30, 2015 (December 31, 2014: 29) and 6 industrial staff (previous year: 8). The increase in commercial staff is attributable to the expansion of the property management and project development areas, reflecting the company's growth.

The industrial employees are mostly caretakers and cleaners (mainly part-time employees), who are hired to manage individual properties. The resultant personnel expenses are charged on to the respective tenants as part of the settlement of incidental costs.

During the period under review, the Managing Board comprised Ludwig Schlosser (Chairman/CEO), Holger Pilgenröther and Martin Pfandzelter.

OVERALL STATEMENT ON THE COMPANY'S BUSINESS POSITION

The Managing Board of VIB Vermögen AG is satisfied with the trend in the company's financial position and performance during the first half of the fiscal year. The company reported a further increase in revenue and earnings. The equity ratio was improved further, underscoring the company's sustainable financing position. Both net asset value (NAV) and FFO (as an indicator of the company's operating cash inflows) rose during the first half of 2015. VIB Vermögen AG also has sufficient liquid assets to be able to successfully shape the company's further development and growth.

// Report on events after the balance sheet date

No further events occurred after the balance sheet date that have a material impact on the financial position and performance after the end of the first half of 2015.

// Report on risks and opportunities

Risk report

RISK MANAGEMENT

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

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

COMPANY RISKS

Pages 57–62 of the 2014 annual report provide detailed descriptions of the significant risks for VIB Vermögen AG. As of the half-year stage of 2015, these risks have not changed significantly in general.

SUMMARY OF RISK POSITION

Risk management at VIB comprises a continuous process that not only identifies new risks, but also continuously analyses and measures existing risks in order to derive appropriate risk minimisation and risk prevention measures from them. According to VIB's appraisal, no serious risks are currently identifiable in relation to the company's future development, or in relation to the company as a going concern.

Opportunities report

OPPORTUNITIES MANAGEMENT

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

OPPORTUNITIES FOR THE COMPANY

Pages 63-64 of the 2014 annual report provide detailed descriptions of the significant opportunities for VIB Vermögen AG. As of the half-year stage of 2015, these opportunities have not changed significantly in general.

SUMMARY OF OPPORTUNITIES

VIB's opportunities have not changed significantly compared with the previous year. The company identifies potential in a trend in the general interest rate level that remains positive for it, as well as in the acquisition and development of new high-yielding properties.


// Outlook

Given the continued expectation of favourable macroeconomic conditions and the current low interest rate environment, VIB is assuming that the positive trend in the commercial real estate market in Germany will continue in 2015, especially in the Southern German region. Based on corporate planning, the Management Board of VIB Vermögen AG continues to expect the following for the 2015 fiscal year

- ▶ growth in operating revenue to between EUR 74.0 million and EUR 77.0 million,
- ▶ an increase in earnings before interest and tax (EBIT) before valuation effects and extraordinary items to between EUR 53.5 million and EUR 56.0 million, and
- ▶ growth in earnings before tax (EBT) before valuation effects and extraordinary items to between EUR 33.0 million and EUR 35.0 million.

This forecast could be affected by a serious change to macroeconomic conditions, changes to the general interest rate level, and further acquisitions or sales of properties during the 2015 fiscal year.

Neuburg/Danube, August 5, 2015



Ludwig Schlosser
(CEO)



Holger Pilgenröther
(Management Board
member)



Martin Pfandzelter
(Management Board
member)

// Consolidated income statement (IFRS)

FOR THE PERIOD FROM JANUARY 1, 2015 TO JUNE 30, 2015

in EUR thousand	01/01/2015 –30/06/2015	01/01/2014 –30/06/2014
Revenue	36,211	34,315
Other operating income	246	322
Total operating revenue	36,457	34,637
Changes in value for investment properties	950	1,092
Expenses for investment properties	–6,188	–5,908
Personnel expenses	–1,618	–1,459
Other operating expenses	–771	–740
Earning before interests, taxes, depreciation and amortisation (EBITDA)	28,830	27,622
Depreciation and amortisation	–25	–38
Earnings before interests and taxes (EBIT)	28,805	27,584
Profit / loss on equity accounted investments	–35	218
Profit/loss from deconsolidation	0	0
Income / expense from measurement of financial derivatives	–132	–36
Other interest and similar income	36	50
Interest and similar expenses	–10,166	–10,282
Expenses from guaranteed dividend	–83	–125
Earnings before tax (EBT)	18,425	17,409
Income tax	–3,048	–2,799
Consolidated net income	15,377	14,610
Group shareholders' share of earnings	14,567	14,080
Non-controlling shareholders' share of earnings	810	530
<i>Earnings per ordinary share in EUR</i>		
Profit/loss on continuing operations	0.53	0.56
Consolidated net income (undiluted)	0.53	0.56
<i>Diluted earnings per share in EUR</i>		
Profit/loss on continuing operations	0.53	0.55
Consolidated net income (diluted)	0.53	0.55

// IFRS Consolidated balance sheet

AS OF JUNE 30, 2015

ASSETS		
In EUR thousand	30/06/2015	31/12/2014
Non-current assets		
Intangible assets	31	4
Property, plant and equipment	667	253
Investment properties	937,533	894,214
Interests in associated companies	3,060	3,120
Deferred tax	121	160
Total non-current assets	941,412	897,751
Current assets		
Receivables and other assets	1,999	2,952
Income tax receivables	304	332
Bank balances and cash in hand	24,128	37,786
Prepayments and accrued income	1,248	534
Assets held for sale	2,842	2,844
Total current assets	30,521	44,448
Total Assets	971,933	942,199

EQUITY AND LIABILITIES		
In EUR thousand	30/06/2015	31/12/2014
EQUITY		
Subscribed share capital	24,784	24,784
Share premium account	193,439	192,992
Retained earnings	54,054	54,490
Net retained profits	109,745	95,178
	382,022	367,444
Cash flow hedges	-7,352	-8,423
Asset group held for sale	9	40
Non-controlling shareholders' share of earnings	14,837	12,594
Total equity	389,516	371,655
Non-current liabilities		
Profit participation capital	660	660
Financial debt	511,473	495,054
Derivative financial instruments	9,729	11,292
Deferred tax	28,885	27,389
Pension provisions	1,324	1,325
Total non-current liabilities	552,071	535,720
Current liabilities		
Financial debt	24,091	26,632
Income tax liabilities	0	148
Liabilities to participating interests	830	827
Other liabilities	4,633	6,896
Accruals and deferred income	792	321
Total current liabilities	30,346	34,824
Total Equity and Liabilities	971,933	942,199

// Imprint

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

Phone: +49 (0)8431 504-951
Fax: +49 (0)8431 504-973

Email: info@vib-ag.de
Web: www.vib-ag.de

Managing Board: Dipl.-Math. Ludwig Schlosser, Holger Pilgenröther, Martin Pfandzelter
Register court: Ingolstadt
Company register number: HRB 101699

Date: August 6, 2015

Photography:

Heinz von Heydenaber, Schäftlarn
Ingrid Scheffler, Munich
Jürgen Schuhmann, Ingolstadt

Editing, Layout and Typesetting:

cometis AG
Unter den Eichen 7/Building D
65195 Wiesbaden
Germany

Phone: +49 (0)611 20 585 5-0
Fax: +49 (0)611 20 585 5-66

Email: info@cometis.de
Web: www.cometis.de

This Annual Report contains forward-looking statements that involve risks and uncertainties. These statements are based on the plans, estimates and projections of the management board of the VIB Vermögen AG and reflect its present beliefs and expectations with regard to future occurrences. Such forward-looking statements can be recognized by the use of words or expressions such as "expect", "estimate", "intend", "can", "will" or similar expressions with reference to the company.

Factors that can make a difference or can influence are without any claim to completeness, e.g. the development of the real estate market, competitive influences including price changes or regulatory measures. Should any of these or other risks and uncertainties occur or the underlying assumptions in the statements prove to be incorrect, the actual results of the VIB Vermögen AG could differ materially from those contained or implied in any forward-looking statement. The company undergoes no obligation to update any such forward-looking statements.

