

Analyst Presentation
Q2 2007 results

13 Aug 2007



Agenda

- Key figures
- Development of business segments
- Outlook

Key figures – Q2 2007 results

EUR m	Q2 06	Q2 07	yoy%
Transaction volume	115.2	262.6	128%
Revenues	39.3	33.0	-16%
EBIT	11.3	12.7	12%
Net income	6.5	11.7	80%
Undiluted EPS (Euro)	0.34	0.60	76%
Order backlog	79.4	122.9	55%
Traded apartments	2,504	6,362	154%
Employees (average)	58	90	55%

- Transaction volume (notarized selling prices) increased strongly due to a large portfolio disposal (transaction volume of c. EUR 220m) in Q2.
- In contrast to 2006, all portfolio transactions in H1 2007 were structured as "share deals". This means only the realized margin is recognized as revenues, resulting in lower revenues than in the previous year.
- The different accounting treatment of portfolio transactions as a consequence of the legal structure has in principal no effect on the absolute earnings margin. Thus Q2 2007 EBIT rose despite a y-o-y-decline in revenues.
- EBIT was negatively impacted by market valuation of the inflation swap (EUR -3.0m) and discount rate adjustment to 4.25% from 4.15% (EUR -5.4m). The negative impact was partly compensated by market valuation of the interest swap (EUR 5.9m), recognized in the financial result below EBIT. Both longterm hedges were entered into as part of last year's two groundlease securitization issues.
- Earnings resulting from portfolio transactions with Forum partners are recognised in the participation result below the EBIT line (Q2: EUR 1m).
- Vivacon has further build up its' employee base in line with the business expansion.

Key figures – H1 2007 results

EUR m	H1 06	H1 07	yoy%
Transaction volume	127.1	328.4	158%
Revenues	48.7	57.5	18%
EBIT	9.9	18.9	91%
Net income	3.8	15.0	295%
Undiluted EPS (Euro)	0.20	0.77	285%
Order backlog	79.4	122.9	55%
Traded apartments	2,546	7,468	193%
Employees (average)	56	84	50%

- Due to a positive Q1 2007 result, the H1 2007 figures developed very favourably.
- In H1 2007, revenues increased by 18% yoy due to a strong revenue figure in Q1 2007 (EUR 24.5m).
- EBIT increased by 91%. The increase is also supported by the first quarter.
- Impact of market valuation of hedging instruments and discount rate adjustment in H1 2007 were neutral at EBT level.
 - Market valuation inflation swap (EUR -3.0m) → other operating expense
 - Discount rate adjustment (EUR -5.4m) → net earnings from fair value valuation
 - Market valuation interest swap (EUR +8.5m) → Interest and other income

Key figures – Revenue and Segment split

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Split of Transaction Volume

EUR m	Q2 06	Q2 07	yoy%
Institutional Investor	91.3	240.7	164%
Private Investor	24.0	21.9	-9%
Total Transaction Volume	115.2	262.6	128%

Split of Transaction Volume

EUR m	H1 06	H1 07	yoy%
Institutional Investor	91.2	264.8	190%
Private Investor	35.9	63.6	77%
Total Transaction Volume	127.1	328.4	158%

Split of Revenues

EUR m	Q2 06	Q2 07	yoy%
Sales to Institutional Investors	19.3	13.0	-33%
Sales to Private Investors	15.5	11.4	-26%
Rental income	3.6	6.4	78%
Ground lease income	1.0	2.2	120%
Total Revenues	39.3	33.0	-16%

Split of Revenues

EUR m	H1 06	H1 07	yoy%
Sales to Institutional Investors	19.8	15.9	-20%
Sales to Private Investors	19.6	27.3	-39%
Rental income	7.3	9.9	36%
Ground lease income	2.0	4.5	125%
Total Revenues	48.7	57.5	18%

Profit and Loss account

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Profit & Loss (EUR m)	Q2 2007	H1 2007
Revenues	33.0	57.5
Change of real estate held for sale	10.5	14.0
Net earnings from fair value valuation	6.5	8.2
Other operating income	0.6	2.3
Purchased services	-25.9	-44.3
Personnel expenses	-3.8	-6.9
Amortisation and depreciation	-0.1	-0.1
Other operating expenses	-8.0	-11.7
EBIT	12.7	18.9
Result from associated companies	1.0	2.0
Financial result	1.3	0.7
EBT	15.0	21.6
Taxes	-3.6	-6.1
Minorities	0.2	-0.5
Net income	11.7	15.0

- Negative adjustment of EUR -5.4m, which is reflected in the net earnings from fair value valuation. Is compensated by earnings from interest swap valuation.
- Increase in personnel costs also include expenses for stock options (H1: EUR 1.5m)
- Other operating expense includes negative result from inflation swap (H1 : EUR -3.0m).
- Results from associated companies reflect the disposal to WIAG in March (1.057 units / EUR 24m transaction volume) and June (543 units / EUR 21m transaction volume) as well as ongoing earnings from asset management in the amount of EUR 0.4m (rent management of own apartments)
- Financial result includes positive result from interest swap (H1: EUR 8.5m)

Development business segments – Institutional Investor

- Another portfolio disposal to WIAG Immobilien AG (Joint Venture with Forum Partners for opportunistic portfolios) in Q2. End of June, the joint venture holds a portfolio of approximately 4,400 units.
 - Disposal of c. 540 unit portfolio in Neumünster for approximately EUR 21m in Q2 2007
- Largest portfolio disposal in company history with c. 5,662 units in Northern Germany, Bavaria, Berlin and North-Rhine Westphalia in Q2 2007. The transaction volume amounted to approximately EUR 220m

▶ Currently, Vivacon AG owns some 8,500 units for sale. This gives confidence for further growth in the Institutional Investor business segment

Development business segments – Private Investor (Projects started in 2006)

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“Kloster Geistingen”, Hennef

Sale start: February 2006

Project volume: EUR 9.4m

Sales progress by notarized volume (30 June): 100%



“Am Karlsbad”, Berlin

Sale start: September 2006

Project volume: EUR 20.8m

Sales progress by notarized volume (30 June): 96%



“Wilde 13”, Düsseldorf

Sale start: March 2006

Project volume: EUR 20.5m

Sales progress by notarized volume (30 June): 70%



“yoo”, Munich

Number of apartments: 65

Project volume: EUR 58.3m

Sales progress by notarized volume (30 June): 46%

- All projects started in 2006 have sold very well so far
- The two projects in Hennef and Berlin are almost fully sold
- The second Philippe Starck project in Munich - the official marketing started in January 2007 - is already sold 45%

Development business segments – Private Investor (new projects in 2007)

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“Palais am Stadtkai”, Mühlheim

Sale start: February 2007

Project volume: EUR 16.5m

Sales progress by notarized volume (30 June): 65%



“Geistinger Park”, Hennef

Sale start: April 2007

Project volume: EUR 17.1m

Sales progress by notarized volume (30 June): 5%



“Kaisergärten”, Leipzig

Sale start: January 2007

Project volume: EUR 6.4m


Sales progress by notarized volume (30 June): 12%

- Start of three new landmark projects in 2007
- Order backlog of some EUR 123m (30 June 2007), which is an increase of +55% yoy

▶ High order backlog and pipeline of landmark projects should lead to revenue and earnings growth in the remaining and coming years

Outlook

- Currently, Vivacon AG owns some 8,500 units for sale, which gives confidence for positive development of the Institutional Investor business. Further significant residential real-estate portfolio acquisitions are expected
- Vivacon plans to build-up a larger portfolio for sale and hold on to certain portfolios for a while in order to maximize the profitability of a later sale through its own asset management efforts
- Already three new landmark projects have started in 2007 and interesting pipeline of further landmark projects. Some EUR 123m order backlog at the end of June 2007 gives confidence for future sales and earnings growth
- Vivacon AG has no direct exposure to the US Real Estate and Financial markets and is therefore not dependent on the US market and not affected by the current problems of the US subprime mortgage segment.
- Financing of real estate portfolios is funded by various German and international banks with a structure in the form of loans secured by land charges and not as leveraged buyouts.
- Unchanged positive development of the German real estate market which is seen in the high acquisition multiples of the recent larger transactions (16-18x by annual rent)
- Disposals by opportunistic investors clear the way for the next generation of strategic investors with a mid- to long-term investment horizon.
- Potential abolition of EK02 reserves may increase market volumes. As a leading intermediary in the German residential real estate market, Vivacon AG expects a positive impact from a potential increase in market volumes

 Management reiterates previous communicated FY 2007 guidance of net income of EUR 54-58m and an EPS of EUR 2.80-3.00

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