

Investor Presentation December 2008



Business Model



Profitable growth on three pillars

Vivacon is well positioned in its three business units

Investment Management

More than 40,000 residential units acquired since 2004.

Sourcing, aggregation and marketing of small- to mid-sized portfolios and ground lease cash flows in off-market transactions

Nationwide network and 20 people in-house acquisition

Vivacon plans to conduct portfolio transactions on pre-agreed investor acquisition contracts in long term cooperations with institutional investors

Asset Management

Comprehensive asset management services for more than 10,000 units owned directly or through JV

Property management for c. 58,000 residential units with a market value of c. EUR 4.5 bn

Nationwide property management presence in 250 locations with c. 600 employees

Further increase in annual ground lease cash flows by direct acquisition of ground lease portfolios

Development

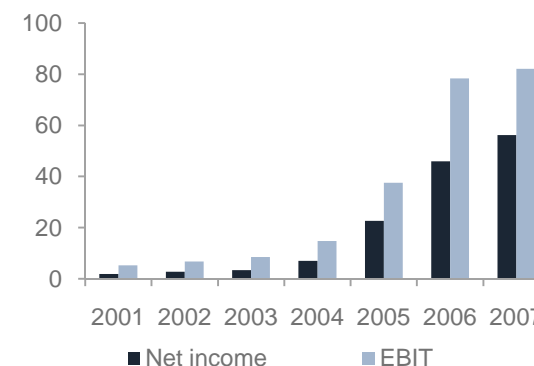
More than 3,580 sold residential units since foundation in 1997, leading market position in development and distribution of landmark, designer and luxury apartments

Experienced team with 11 years of market presence in high-end residential development

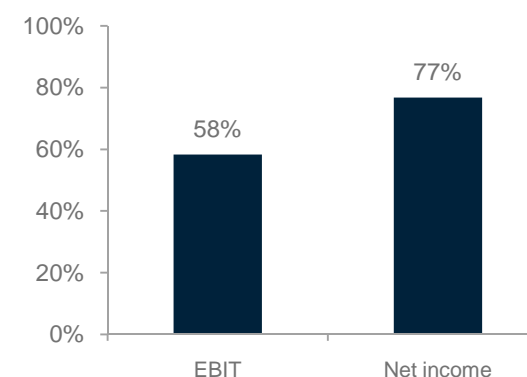
11 new projects being developed in all major German regional markets

Order backlog of EUR 57.9m and some EUR 300m project volume at the end of Sept. 2008

Earnings development (EUR m)



Growth (CAGR 2001-2007) in %



Investment Management



Characteristics of ground lease

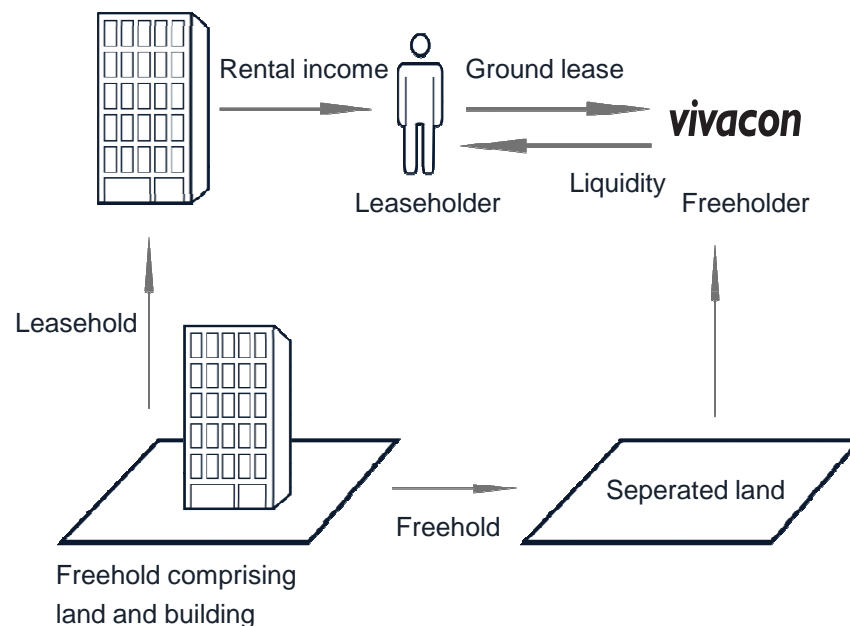
Differences between rents and ground lease cashflows

Comparison	Residential rents		Ground lease cashflow	
Duration	Average 3-7 years	X	198 years	✓
Security	In general 3 month cash deposit	X	Building on the land	✓
Operating costs	20-30% of net rent	X	Only cashflow monitoring	✓
CAPEX	4.5 – 8.5%	X	No CAPEX	✓
Indexation	Individual negotiation with tenant	X	Automatically 100% CPI-linked	✓
Valuation multiple	11 – 13x	X	24.7x	✓
Discount factor	9.1 – 7.7%	X	4.05%	✓

Direct ground lease acquisition

A significant earnings contributor in future

Structure chart of direct groundlease acquisitions



- Ground lease acquisitions will become a key focus of the business operations of Vivacon
- Out of the ground lease portfolio as of June 30th (EUR 16.2m), some EUR 6m already result from direct 3rd party acquisitions (c. 38% of total)
- Advantages for Vivacon
 - Faster creation of ground lease cash flows (direct acquisition instead of buying portfolios, separation of building and land and disposal under lease hold)
 - Less capital intensive (only acquisition of land and no need of financing the complete freehold comprising of land and buildings)
 - Less risk (no disposal risk as with portfolio transactions)

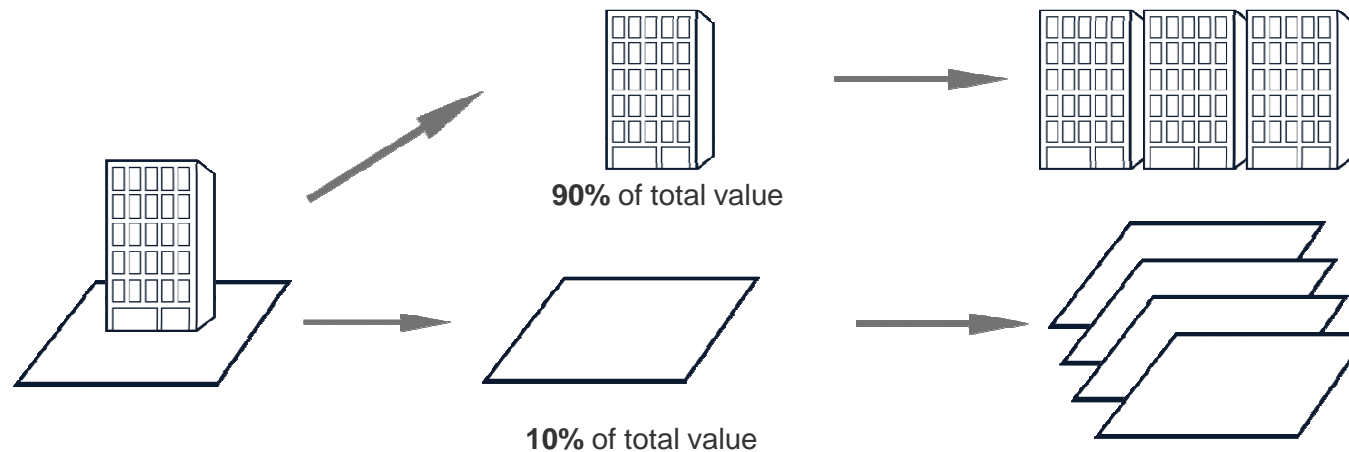
Value extraction through separation of land and buildings

Additional value generated through ground lease creation

Acquisition

Separation

Aggregation



Acquisition of freehold properties (land & buildings) in off-market transactions

Separation of buildings and land through creation of a 198 year ground lease

Aggregation of

- various small portfolios into one institutional-sized portfolio
- pooling of ground lease rights in a securitization vehicle

Direct ground lease acquisition

Significant earnings contributor in future

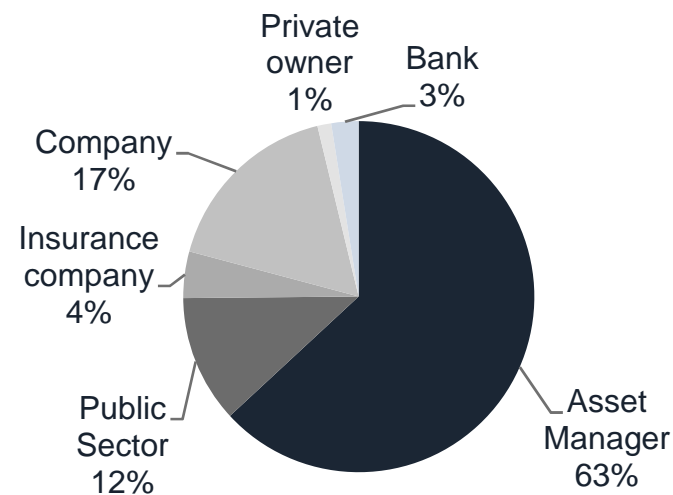
Comparison	Rationale	Potential market size
Public sector	<ul style="list-style-type: none"> • Budget deficits • No disposal of residential units for political reasons • Cash inflow through the disposal of a part of the assets 	All public sector owned assets with state guaranteed cashflows like town halls, universities, hospitals, schools, infrastructure...
Commercial sector	SME firms find it difficult to raise debt or equity in the current market environment	All commercial properties with high potential third party use such as office buildings, shopping malls, logistics or health care properties
Residential sector	<ul style="list-style-type: none"> • Cash inflow through the disposal of a part of the assets • Large scale residential owners are facing difficult financing conditions and need to reduce their gearing 	c. 40m residential units in Germany

Direct ground lease acquisition

Sample of current ground lease acquisition projects

Potential seller	Type	CF (EUR m)
Asset Manager	Commercial	2.8
Asset Manager	Commercial	2.2
Public sector	Residential	0.5
Insurance company	Residential	0.4
Company	Residential	0.8
Company	Residential	0.3
Company	Residential	0.2
Private owner	Residential	0.1
Public sector	Municipal	0.2
Bank	Residential	0.2
Public sector	Municipal	0.2
...
Average ground lease acquisition		0.7

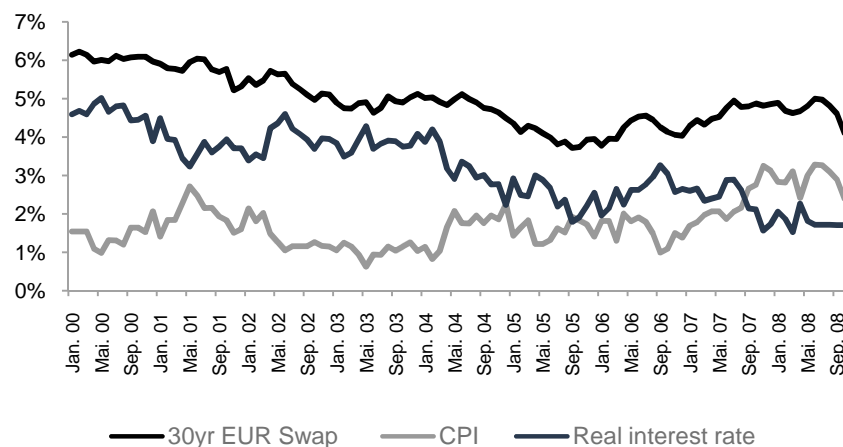
Sample split of current ground lease acquisition projects (EUR m)



Development of interest rates and inflation

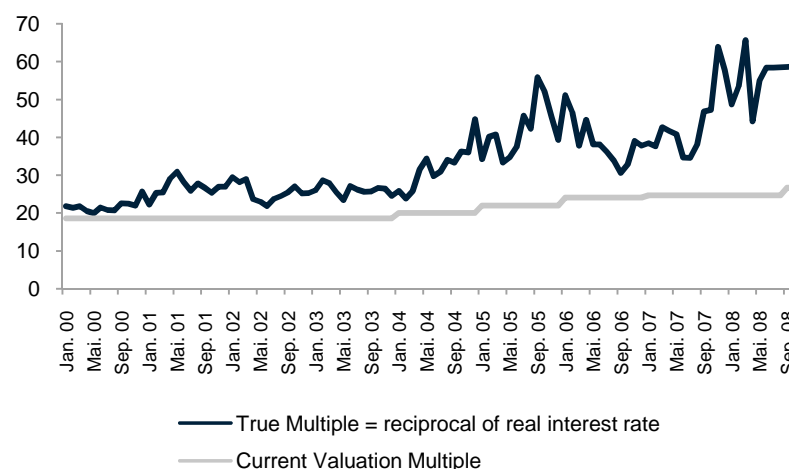
The real interest rate has declined since 2000

Interest and CPI development (in %)



Source: Bloomberg, Federal Statistical Office, Erste Bank, Vivacon calculations

Multiple development



Source: Bloomberg, Federal Statistical Office, Erste Bank, Vivacon calculations

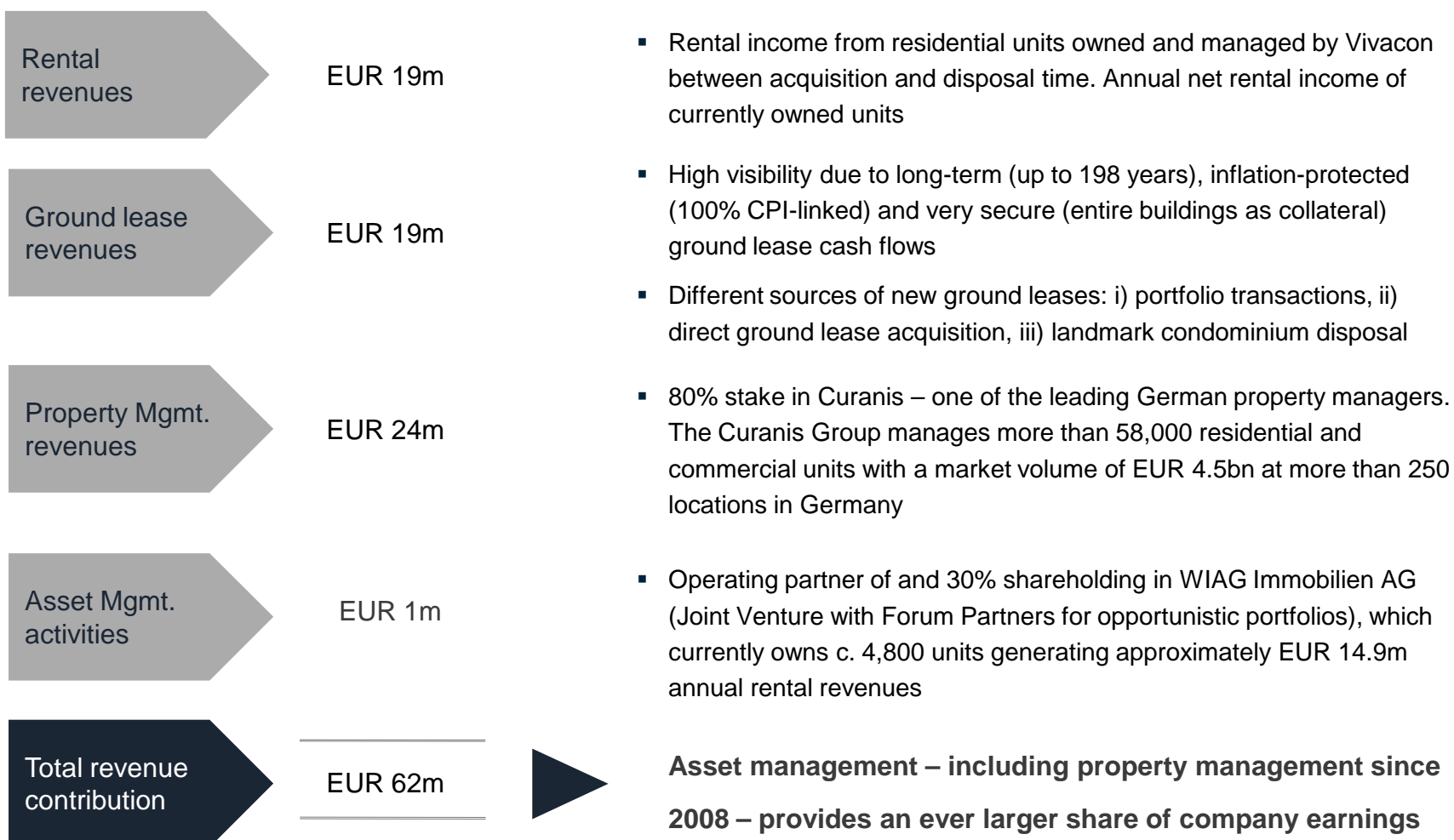
- Ground lease cash flows are 100% CPI-indexed, i.e. for valuation reasons the real interest rate is used
- Over the last 8 years, the nominal interest rate has declined and inflation has increased. This has resulted in a reduction of the real interest rate
- Vivacon is valuating its ground lease cash flows in the balance sheet by adding a safety cushion (125 bp) on the real interest rate and applies a discount rate of 4.05% which represents a multiple of 24.7x

Asset Management



Management of assets with recurring cashflows

Strong basis of stable and recurring earnings in the coming years

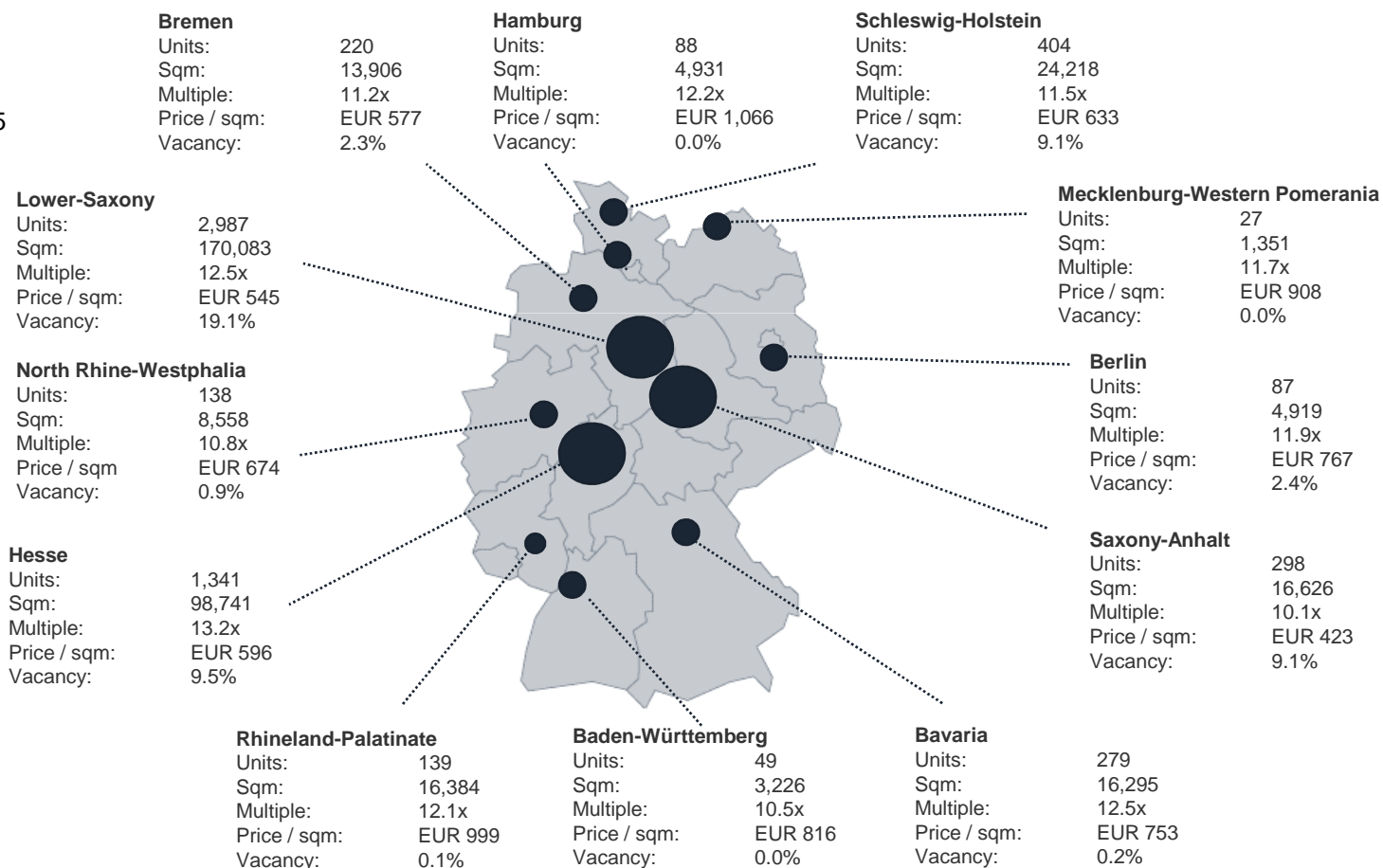


Asset Management

Strong basis of stable and recurring earnings in the coming years

Key figures

- units: 6,057
- sqm: 379,239
- Multiple 12.3x
- Price/sqm EUR 605



Development Business



Development Business

Record number of new projects in landmark conversion and designer apartments

Cologne



Am Clarenbach

32 units, volume EUR 19m
Notarized volume: 47%

Mainz



Dalberger Hof

51 units, volume EUR 21m
Notarized volume: 46%

Berlin



yoo

100 units, volume EUR 77m
Sale start: September 2008

Berlin



Luisenstadt

375 units, volume EUR 95m
Sale start: September 2008

- In 2007, Vivacon started 11 new projects of which 7 projects went already into marketing. In addition the first commercial real estate project (future Vivacon HQ) was marketed and sold
 - 6 landmark projects (sales volume of EUR 160m and 662 units in total)
 - 3 yoo projects (sales volume of EUR 184m and 239 units in total)
 - 2 high-end projects (sales volume of EUR 83m and 125 units in total)
- In 2008, Vivacon has already started 4 new projects (EUR 61m sales volume and 198 units)



EUR 57.9m order back-log (Sept 08) and EUR 300m pipeline of upcoming development projects

Development Business

Record number of new projects in landmark conversion and designer apartments

Designer apartments

- Exclusive license to realize Philippe Starck-designed real estate projects in Germany
- Already two objects (Hamburg and Munich) in progress; The third (Düsseldorf: EUR 50m project volume) and fourth (Berlin: EUR 75m project volume) are in the pipeline
- Project volumes EUR 30–50m each, approx. one new project per year
- Philippe Starck is one of the most commercially successful designers in the world
- Vivacon and YOO Holdings Ltd. have established YOO Deutschland GmbH as a Joint Venture (50/50), which owns the exclusive license for the realization of Philippe Starck designed real estate projects in Germany



Hamburg



Hafencity,
59 units, volume EUR 42m

Düsseldorf



Schlossuferresidenz,
55 units, volume EUR 51m

Munich



Thalkirchnerstraße,
69 units, volume EUR 56m

Berlin



Am Zirkus,
100 units, volume EUR 77m

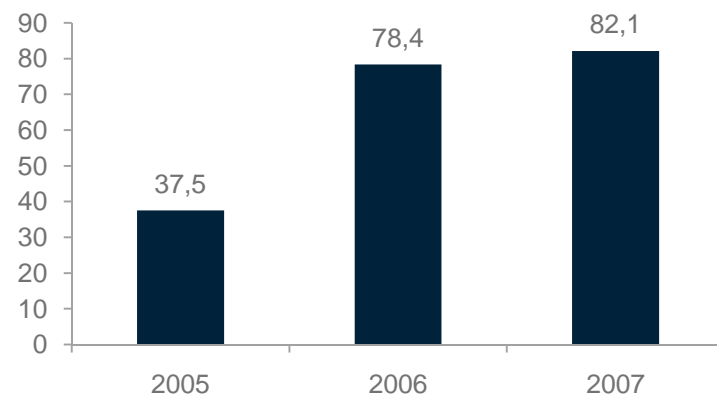
Financials



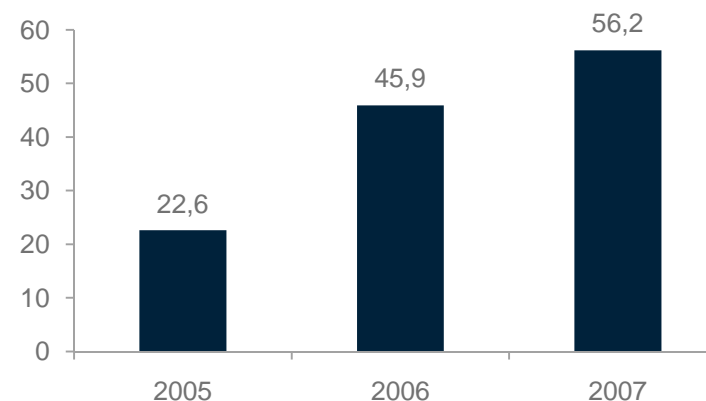
EBIT and Net Income Development

Further improvements to record levels

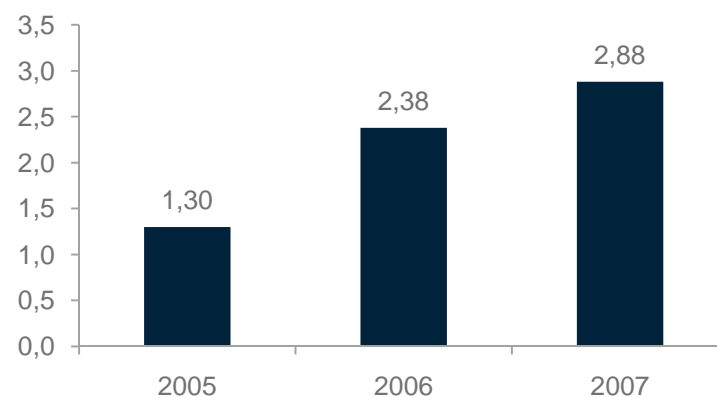
EBIT development (EUR m)



Net income development (EUR m)



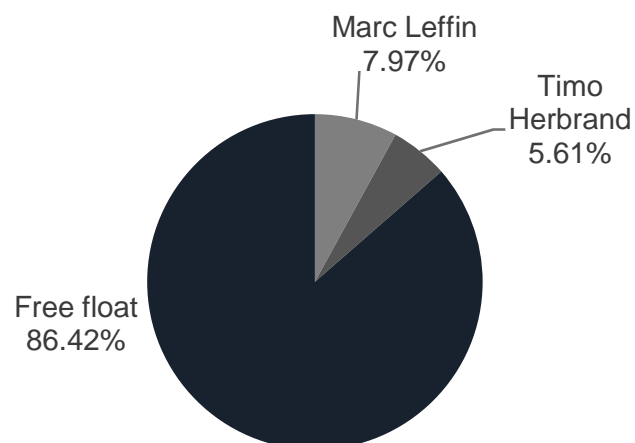
EPS development (EUR)



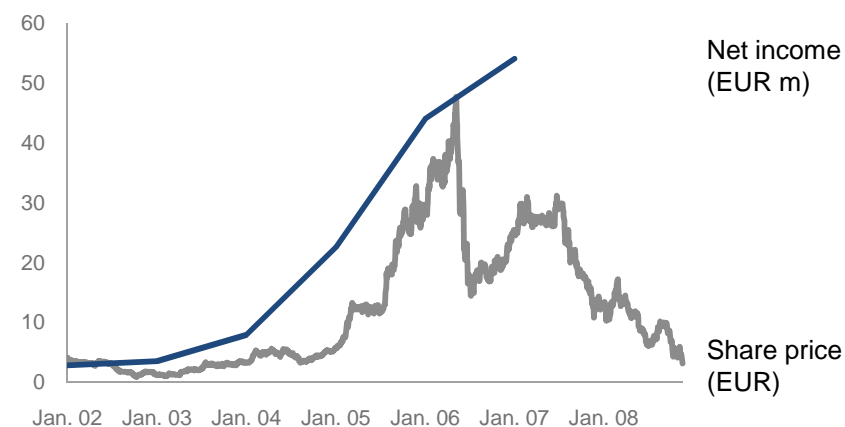
- EBIT 2007 increase by 5% yoy due to approximately same transaction volume as in 2006 including investments into the organization
- EBIT margin 2007 (as percentage of transaction volume) remained strong at 14.5% (2006: 13.7%)
- Net income 2007 increased by 23% yoy – including release of deferred taxes (EUR 8.4m) - and was in-line with communicated company guidance
- ROE 2007 reached 30.7% in 2007 (34.2% in 2006)

Facts and Figures

Shareholder Structure



Share price vs. net income development



Largest published shareholdings

DWS	2.97% (Filing date: 15/04/2008)
SIA Funds AG	2.03% (Filing date: 10/07/2008)
UBS	1.59% (Filing date: 04/06/2008)

Facts & Figures

Shareholders' Equity:	EUR 234m (22% equity ratio)
Shares Outstanding :	19.8m
Index Segments:	SDAX FTSE EPRA/NAREIT DAX 100 intern.
Founded:	1997
Employees:	95 (FY2007 average)

Outlook

Vivacon will concentrate in 2008 on direct ground-lease acquisitions

Investment Management

- The ground lease generation model of Vivacon is further evolving from the original sale of apartments to individual investors, to larger institutional portfolio investors and to direct ground lease portfolio acquisitions
- Difficult market environment due to financial crisis. The market is currently characterized by extended negotiation processes as well as a strong decline in portfolio transactions. This leads to higher uncertainty of future contract signings

Asset Management

- High visibility due to c. EUR 19.8m ground-leases as per September 2008 and c. EUR 19m rental income (cold rent) from current portfolios
- Completion of value chain by the Curanis acquisition provides growth potential in the property management area

Development

- Order backlog of EUR 57.9m and some EUR 300m project volume at the end of Sept. 2008



Due to the current difficult market environment and the uncertainty of future contract signings, the management is not holding up its communicated full-year earnings guidance

Contact and Disclaimer

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