Analyst Presentation Full-Year Results 2007 - 31.03.2008

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Highlights of the 2007 Results

In a challenging market environment, Vivacon continued its profitable growth path

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Unit Acquisitions	Vivacon acquired a record 17,658 (+38%) residential units at an average initial gross yield of 8.7% (11.5x multiple)
Unit Sales	Apartment sales reached a record 13,157 units (+2%) with a total transaction volume of EUR 567m
Revenues	Revenues rose by 56% to a record EUR 193.8m
EBIT	EBIT rose by 5% to a record EUR 82.1m
Profit Margins	EBIT margin rose to 14.5%, pre-tax ROE amounted to 39%
Net Income	Net income rose by 23% to a record EUR 56.2 m (residential portfolios are always recognized at acquisition costs)
Ground lease Income	Annualized ground lease income rose to a record EUR 14.2m per 31 Dec 07 (+51%)
Dividend	DPS rises by 25% from EUR 0.40 per share to EUR 0.50 per share
Outlook	The company maintains its earnings outlook of 2008 net income of EUR 60 m

Transaction Volume and Trading Development

Strong build up of units for further growth in 2008

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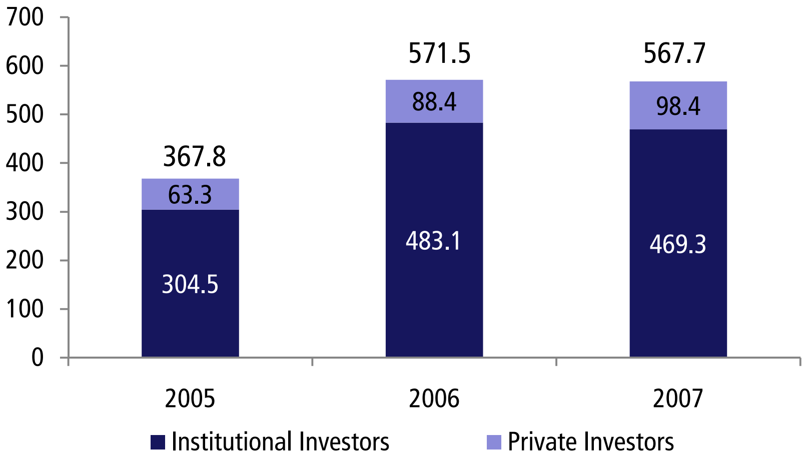
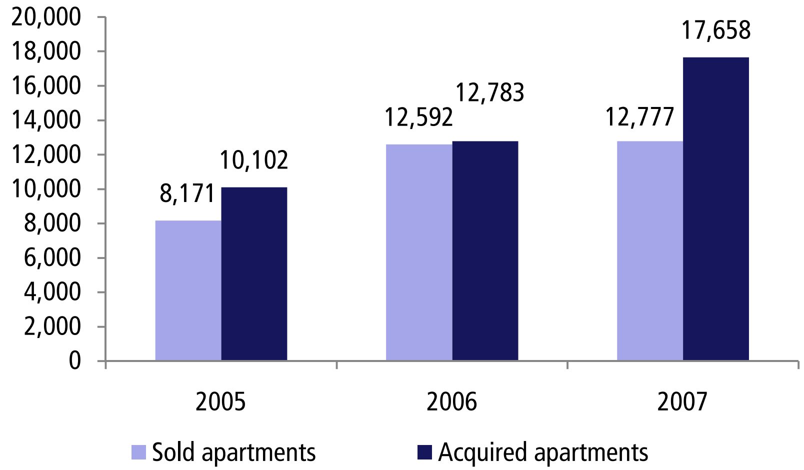
Transaction volume development (EUR m)



Number of traded units (institutional investors only)



- Transaction volume was approximately unchanged at previous year levels. In 2007, Vivacon strongly increased the number of owned units to more than 7,100 units at the end of Dec. 07 to work on optimizing the cash flows and sales margin

  Largest portfolio transaction to a multi-asset investor in Q2. Transaction volume amounted to EUR 220m and comprised of 5,662 units

  Further large portfolio disposal to a Scandinavian investor in Q4 2007. Transaction volume of the 3,862 units portfolio amounted to EUR 180m

  1,644 residential units in two separate portfolio transactions in the context of the new privatization model in Q4 2007.

  Further portfolio disposals of in total 1,600 residential units to Joint Venture with Forum Partners. Transaction volume amounted to EUR 45m

  Positive development of sales in the landmark development and yoo business

- The number of traded apartments remained in-line with previous year:

  Institutional Investors : 12,777 units (2006: 12,592 units)

  Private Investors : 380 units (2006: 354 units)

- Number of acquired residential units increased strongly by 38% yoy to 17,658 units

Revenue Development

Growth in recurring ground rent income

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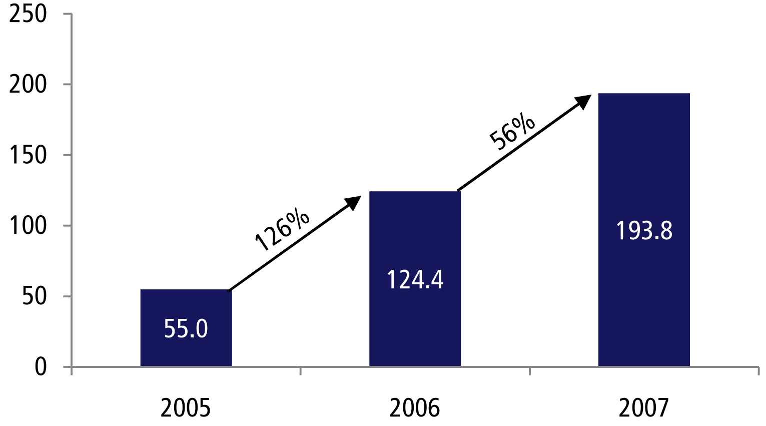
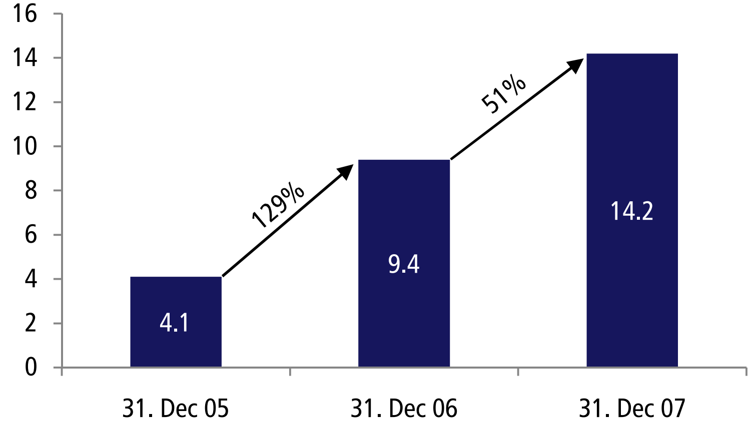
Revenue development (EUR m)



Total initial annual ground lease income (year-end in EUR m)



Revenue split (EUR m)

	2005	2006	2007
Sales of residential units	49.2	104.4	156.2
Rental income	3.8	15.7	28.0
Ground lease income	2.0	4.3	9.5
Total	**55.0**	**124.4**	**193.8**

- Total revenues increased by 56% yoy to EUR 193.8m mainly due to sales of apartments to private investors. Strongest revenue contributor was sales of apartments (81% of total revenues)
- Ground leases income increased to EUR 9.5m (+121% yoy). The initial annual ground lease cash flow at the end of December 2007 amounted to EUR 14.2m (+51% yoy) of which c. EUR 7.7m are securitised and approx. EUR 3.8m is refinanced via a facility agreement.
- Strong growth in rental income (+79% yoy) due to a higher amount of average units on balance sheet in 2007
- Recurring revenues (ground lease income and rental income) accounts for 19% of total revenues (2006: 16%)

EBIT and Net Income Development

EBIT-margin further improved to record levels

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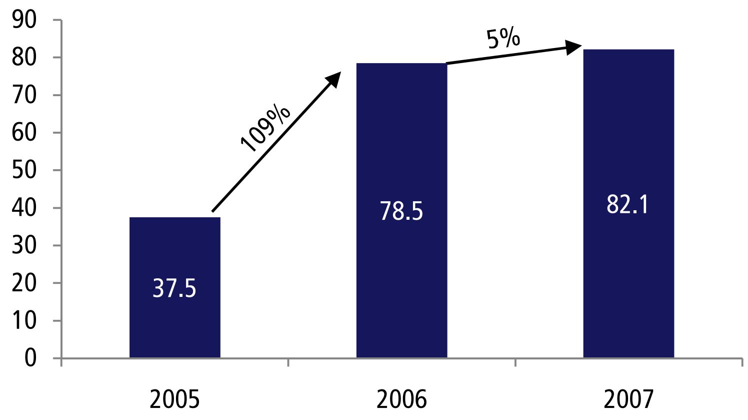
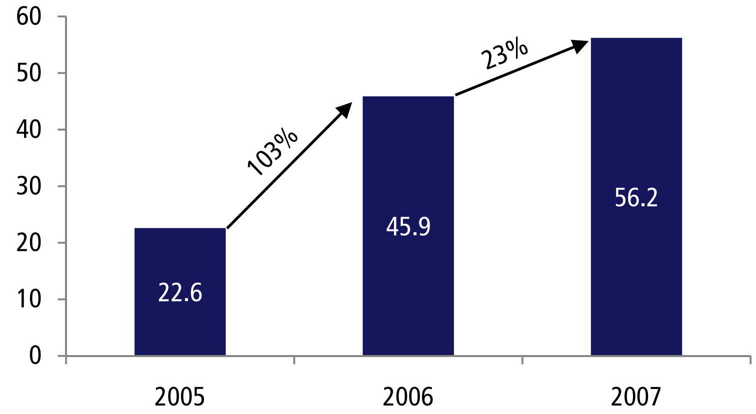
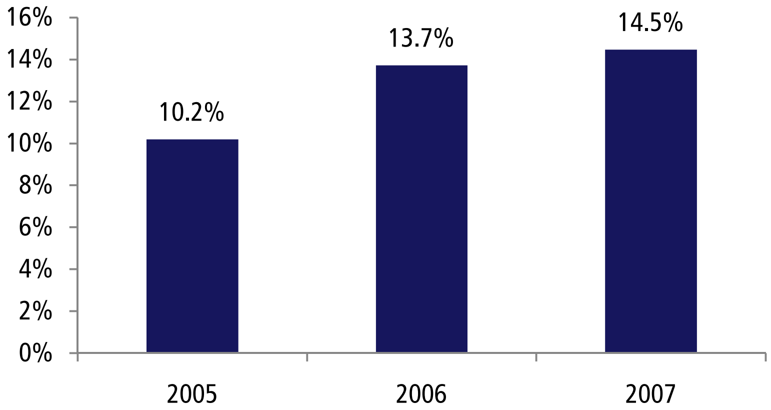
EBIT development (EUR m)



Net income development (EUR m)



EBIT margin development (%)



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

Profit and Loss Account

Strong performance supported by lower tax rates

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Profit and Loss Account (EUR m)	2006	2007	yoy %
Revenues	**124.4**	**193.8**	**56%**
Change work in progress	35.0	-39.2	n.m.
Gain from ground lease portfolios	58.6	70.9	21%
Other operating income	3.2	5.0	57%
Purchased services	-112.5	-103.8	-8%
Personnel expenses	-13.4	-16.2	21%
Other operating expenses	-16.5	-27.9	69%
EBITDA	**78.8**	**82.5**	**5%**
Depreciation	-0.3	-0.4	31%
EBIT	**78.5**	**82.1**	**5%**
Participation result	3.8	4.8	27%
Interest and similar income	5.1	13.9	174%
Interest and similar expenses	-19.5	-28.7	47%
Financial result	-14.5	-14.8	2%
EBT	**67.8**	**72.1**	**6%**
Taxes	-21.9	-15.1	-31%
Minorities	0.0	-0.7	n.m.
Net income	**45.9**	**56.2**	**23%**
EPS (non diluted)	**2.38**	**2.88**	**21%**
DPS	**0.40**	**0.50**	**25%**

2007 results are still subject to the final auditors' report and supervisory board approval expected for April 9th

- Gain from ground lease portfolios increased by 21%, also due to the direct acquisition of new ground leases from third parties

  Discount rate was adjusted by 0.1% to 4.05% at year-end 2007 (year-end 2006: 4.15%) backed by arms-length purchase offers at this level as well as positive interest and inflation development. Impact from factor adjustment amounts to EUR 8.4m (2006: EUR 5.6m)

- Personnel expenses increased by 21% yoy due to higher number of employees (95 employees vs. 61 in 2006 = +56% yoy), of which EUR 5.2m is variable and results oriented and expenses from share option program (EUR 2.4m)
- Increase in other operating expenses generally reflects growth in operations. In addition, it includes negative change of inflation swap fair value of EUR 8.0m (2006: EUR 0.5m)
- Financial result includes net change of interest swap fair value of EUR 6.2m (2006:EUR 1.2m)
- Lower taxes due to release of deferred tax provision as per 31. December 2006 in the amount of EUR 8.4m

Balance Sheet

Solid equity ratio, liquidity position and financing structures

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Balance Sheet (EUR m)	2006	2007	Δ
Assets			
Investment property (ground lease rights)	227.1	348.0	120.9
Other non-current assets	27.6	35.1	7.5
Total non-current assets	**254.7**	**383.1**	**128.4**
Real estate held for sale	176.8	331.9	155.1
Other current assets	55.9	99.1	43.3
Cash and near cash items	154.6	137.6	-17.0
Total current assets	**387.2**	**568.6**	**181.4**
Total assets	**642.0**	**951.7**	**309.8**
Liabilities			
Shareholders' Equity	**183.1**	**237.9**	**54.9**
Minority interests	**0.0**	**0.5**	**0.6**
Deferred taxes	39.5	51.7	12.2
Liabilities to banks	0.0	114.5	114.5
Liabilities from bonds	173.9	173.8	-0.1
Other liabilities	0.5	0.6	0.1
Non-current liabilities	**213.9**	**340.6**	**126.7**
Liabilities to banks	199.3	300.3	101.0
Other current liabilities	45.7	72.3	26.7
Current liabilities	**245.0**	**372.6**	**127.7**
Shareholders' Equity and total liabilities	**642.0**	**951.7**	**309.8**

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- Increase in non current assets due to growth in ground lease properties
- Growth in real estate held for sale due to higher number of owned residential units (c. 6,100 units) at year-end (2007: EUR 234m vs. 2006: EUR 105m)
- Increase in non-current bank liabilities reflects longer-term debt financing for trading portfolio
- Increase in current bank liabilities reflects debt financing of higher number of residential units as well as bridge finance of ground lease cash flows.

Average bank financing terms (31.12.07)	
Margin	97bp
Average size of acquisition financing	EUR 9.2m
LTC	83%
Bank loans due for refinancing from 2010 onwards	67%

Investment Management Business

The most active year yet with more than 17,600 units acquired

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Q2 Portfolio (Franz Marc)

Sales volume:	EUR 220m
Units:	5,662
sqm:	356,260
Ground lease p.a.	EUR 0.9m

Q4 Portfolio (Troubadour)

Sales volume:	EUR 180m
Units:	3,862
sqm:	245,000
Ground lease p.a.	EUR 1.5m

Privatization Portfolio

Sales volume:	undisclosed
Units:	1,644
sqm:	93,400
Ground lease p.a.	undisclosed

WIAG Portfolio

Sales volume:	EUR 45m
Units:	1,600
sqm:	101,600
Ground lease p.a.	EUR 0.14m (V. share)

- Vivacon acquired 86 portfolios with more than 17,600 residential units in 2007 for a multiple of 11.5x (gross yield: 8.7%)
  - During 2007, some 765,000 units in approximately 2,400 portfolios were offered to Vivacon
- Currently, Vivacon is offered an unchanged high number of residential units amounting to volume of EUR 800-900m per week

▶ Management is currently in negotiations of further portfolio disposals in H1 2008

Asset Management Business

Strong basis of stable and recurring earnings in the coming years

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Rental revenues — EUR 28.0m, +78% yoy

- Rental income from residential units owned and managed by Vivacon between acquisition and disposal time. Rental income increase due to a higher number of units and longer holding periods in 2007.

Ground lease revenues — EUR 9.5m, +121% yoy

- High visibility due to long-term (up to 198 years), inflation-protected (100% CPI-linked) and very secure (entire buildings as collateral) ground lease cash flows as per end of December 2007
  - Different sources of new ground leases: i) portfolio transactions, ii) direct ground lease acquisition, iii) landmark condominium disposal

Asset Mgt. compensation — EUR 6.4m, +611% yoy

- Successful revenues from earn out clauses of recent portfolio disposals (2007: EUR 6.4m vs. EUR 0.9m in 2006)
- Two portfolio disposals to WIAG Immobilien AG (Joint Venture with Forum Partners for opportunistic portfolios) of in total 1,600 units and a transaction volume of EUR 45m.
  - At the end of December, the joint venture held a portfolio of approximately 4,400 units
  - Further portfolio acquisitions by WIAG are planned in 2008 (already 489 units were acquired in March 2008)

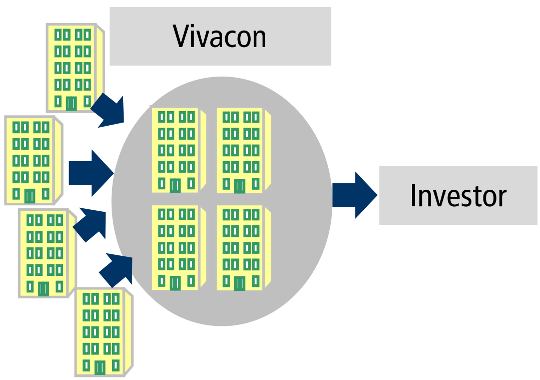
Total revenue contribution — EUR 43.9m, +110% yoy

Asset management – including property management since 2008 – provides an ever larger share of company earnings

An open Platform for Institutional Investors in Germany

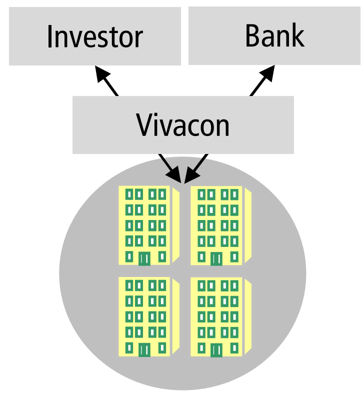
Vivacon is now in a position to offer a unique 'one-stop-shopping' service anlong the entire investment cycle

Asset Sourcing



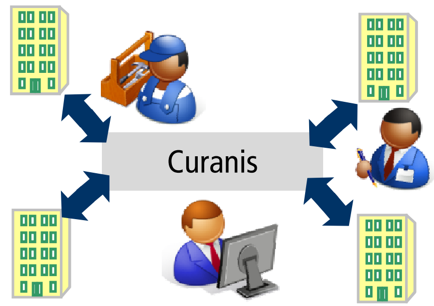
- Ground leases and trading margin (c. 10% own book vs. c. 7% third party investments)
- Sourcing of small- to medium sized portfolios in off-market transaction
- Strong network and market access to residential real estate owners
- In-house acquisition team of c. 30 investment analysts, lawyers, building engineers, architects

Asset Management



- Asset management fees (c. 0.3% GVA) plus success based promote fees
- Back implementation of the business plan on behalf of the investor and reporting vis-à-vis investor and bank
- Comprehensive asset management service
- Experienced in-house team of 16 people

Property Management



- Stable, long-term property management fees (c. 6% of rental income)
- Day to day, local management of property assets and tenant base
- German-wide, experienced property manager with strong brand name managing 53,000 units (market value c. EUR 4bn)
- Some 600 employees and 250 offices throughout Germany

Direct Ground-Lease Acquisitions

A significant earnings contributor in the future

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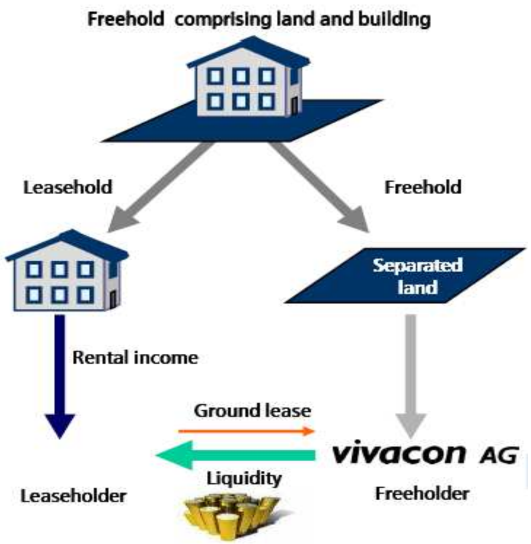
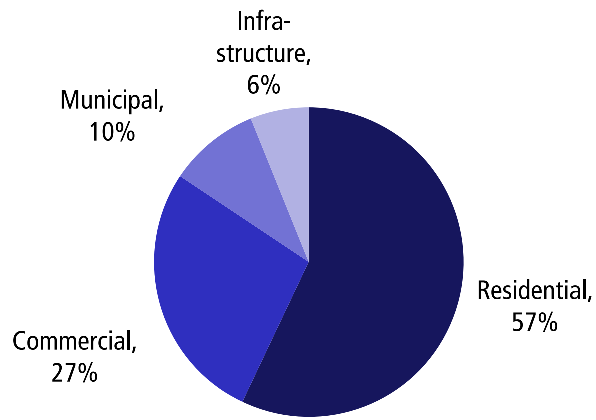
- Ground lease acquisitions will become an important topic for Vivacon with Oliver Priggemeyer representing these activities at board level
- Out of the current ground lease portfolio (EUR 14.2m), EUR 4.1m already result from direct 3rd party acquisitions (29% of total)
- A dedicated ground lease team consisting of 4 employees has being put in place since October 2007. The team is supported by other Vivacon departments (e.g. securitisation, legal etc.)
- Currently a double-digit project pipeline is evaluated. The pipeline of annual ground lease cash flow amounts to a double-digit million Euro number
- Financing terms for senior loan, mezzanine funding and long-term refinancing are being negotiated at the moment

Structure chart of direct ground lease acquisitions



Current pipeline of ground lease cash flow >EUR 10m p.a.



Vivacon expects a significant earnings contribution from the acquisition of pure ground-lease cash flows from 2008 onwards

Development Business

A record number of new projects in landmark conversions and Philippe Starck designer apartments

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Berlin	Mülheim	Berlin	Mainz
			
Britzer Parkvillen 77 units, volume EUR 17m Sale start: Oct 2007	**Palais am Stadtkai** 65 units, volume EUR 16m Sale start: Feb 2007	**Luisenstadt** 375 units, volume EUR 95m Sale start: Q3 2008 (estimated)	**Dalberger Hof** 51 units, volume EUR 21m Sale start: March 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 85.2m order back-log (Dec 2007) and EUR 339m pipeline of upcoming development projects offers high earnings visibility

Outlook

Vivacon will concentrate in 2008 on structuring investments for third parties and direct ground-lease acquisitions

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Investment Management

- A large transaction comprising parts of the current c 6,900 unit portfolio is expected for H1 2008
- Management sees the capacity to structure investments comprising approx. 16,000 units in 2008 for institutional investors but will focus on purchases on the basis of preagreed investor acquisition contracts

Asset Management

- High visibility due to EUR 14.2m ground-leases as per Dec. 07 and c. EUR 22m rental income from current portfolios
- Completion of value chain by the Curanis acquisition provides growth potential in the property management area
- Acquisitions of up to EUR 10m ground-lease cashflows should contribute significantly to full-year earnings

Development

- Order backlog of EUR 85.2m and some EUR 339m project volume at the end of December gives visibility and confidence
- Beside the 11 projects started in 2007, further 4 projects with a total volume of EUR 61m already started in 2008

Management continues to expect a net income of EUR 60m in 2008

Contact & Disclaimer

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