



Analyst Presentation Q2 2008 Results - 14th August 2008

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# Agenda

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- Key figures
- Development of business segments
- Outlook

## Key figures – H1 and Q2 2008 results

EBIT growth yoy

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EUR m	Q2 07	Q2 08	yoy%
Transaction volume	262.6	108.8	-59%
Revenues	33.0	39.5	20%
EBIT	12.7	17.1	35%
Group net income	11.4	7.0	-39%
Net income after minorities	11.7	5.8	-50%
Undiluted EPS (Euro)	0.60	0.29	-51%
Order backlog	122.9	77.5	-37%
Traded apartments	6,362	2,410	-62%
Employees (average)	90	799	n.m.

EUR m	H1 07	H1 08	yoy%
Transaction volume	328.4	146.1	-56%
Revenues	57.5	78.5	36%
EBIT	18.9	19.9	5%
Group net income	15.5	1.2	-92%
Net income after minorities	15.0	-0.1	n.m.
Undiluted EPS (Euro)	0.77	0.00	n.m.
Order backlog	122.9	77.5	-37%
Traded apartments	7,468	2,969	-60%
Employees (average)	84	794	n.m.

- In comparison to last year, transaction volume declined in a market environment that is still characterized by hesitancy on the buy side. However, Vivacon managed to sell a total of some 2,700 apartments, which will mostly be recognized only in H2 2008.
- Revenues in H1 2008 increased by 36% yoy mainly because of:
  - Curanis revenues (EUR 11.9m) – recognized as of 01 Jan 2008
  - Rental revenues of EUR 21.2m (+113% yoy)
  - Ground lease revenues of EUR 6.8m (+52% yoy)
- EBIT increased by 35% yoy (Q2 2008) respectively 5% yoy (H1 2008). Negative, non cash impact of EUR -7.6m by market valuation of the inflation swap (H1 2007: EUR -3.0m)
- Share of recurring revenues (ground lease income, rental income and property management income) accounts for 51% of group revenues (H1 2007: 25%)
- The financial result includes a positive non cash impact by market valuation of the interest swap (EUR 2.4m), whereas in H1 2007 the impact resulted to EUR +8.5m
- EUR 77.5m order backlog and in particular a EUR 300m pipeline volume at the end of June 2008

## Sales split

Increasing proportion of recurring revenues

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EUR m	Q2 07	Q2 08	yoy%
Sales to Private Investors	11.4	20.3	78%
Sales to Institutional Investors	13.0	0.7	-95%
Rental income	6.4	10.6	65%
Ground lease income	2.2	3.4	52%
Property Management	0.0	4.5	n.m.
<b>Total</b>	<b>33.0</b>	<b>39.5</b>	<b>20%</b>

EUR m	H1 07	H1 08	yoy%
Sales to Private Investors	27.3	37.8	39%
Sales to Institutional Investors	15.9	0.8	-95%
Rental income	9.9	21.2	113%
Ground lease income	4.5	6.8	52%
Property Management	0.0	11.9	n.m.
<b>Total</b>	<b>57.5</b>	<b>78.5</b>	<b>36%</b>

- Strong growth in of the Private Investor business, which was mainly supported by the design segment (yoo Hamburg and yoo Munich) as well as revenue recognition of the office development "Rheinauhafen"
- Sales to Institutional Investors reduced as no significant disposal took place
- Strong growth of recurring ground lease income (+52% yoy) as Vivacon continued to generate ground lease cash flows over the last year via direct ground lease acquisitions as well as portfolio trading
- Sales from property management only relate to the Curanis group which was acquired effective as of Jan 1<sup>st</sup> 2008. Curanis continues to increase its revenue growth of the first 6 months in comparison to last year. Units under management increased by approximately 10% since acquisition

## Key figures – Segment split

Last year's quarter inflated by office building disposal and largest portfolio transaction in Company history

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EUR m	Q2 07	Q2 08	yoy%
<b>Transcation volume</b>			
Private Investors	21.9	28.8	32%
Institutional Investors	240.7	80.0	-67%
<b>Total transaction volume</b>	<b>262.6</b>	<b>108.8</b>	<b>-59%</b>
<b>Revenues</b>			
Privater Investors	12.4	21.1	71%
Institutional Investors	20.6	18.3	-11%
others	0.0	0.1	70%
<b>Total revenue</b>	<b>33.0</b>	<b>39.5</b>	<b>20%</b>

EUR m	H1 07	H1 08	yoy%
<b>Transcation volume</b>			
Private Investors	63.6	40.1	-37%
Institutional Investors	264.8	106.0	-60%
<b>Total transaction volume</b>	<b>328.4</b>	<b>146.1</b>	<b>-56%</b>
<b>Revenues</b>			
Privater Investors	28.9	39.4	36%
Institutional Investors	28.6	38.9	36%
others	0.1	0.2	159%
<b>Total revenue</b>	<b>57.5</b>	<b>78.5</b>	<b>36%</b>

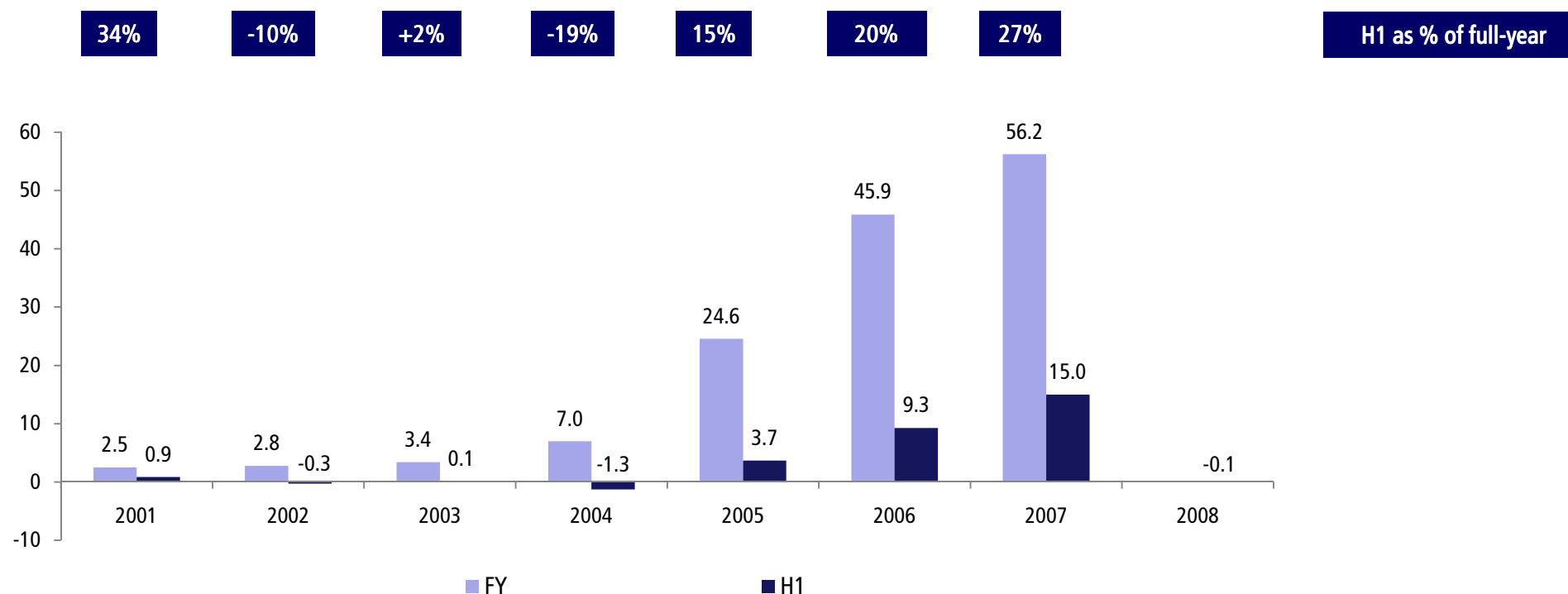
*Note: H1 2007 figures include disposal of Vivacon's future headquarter (EUR 26.4m)*

- Group revenues increased by 20% yoy in Q2 2008 (H1 2008: 36% yoy).
- Especially the Private Investor sales grew strongly by 71% in Q2 (H1: 36%)
- Revenues stream of the Institutional Investor business shifted from portfolio trading activities to recurring revenues. In 2007, Vivacon's largest portfolio transaction (EUR 220m) was included in the transaction volume and also effected revenues whereas the shortfall of this revenue stream was to a large extend compensated by higher rental revenues as well as Curanis revenues.

## Key figures – Historical quarterly net income development

Most earnings are generated in the second half of the year – especially in Q4

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- Most of the earnings are generated in the second half of a business year, especially in Q4
- On average (years 2001-2007), H1 net income account for only 10% of full-year group net income

## Business segments – Investment Management

Significant ground lease acquisition in Q2 2008

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- Vivacon acquired in several transaction ground lease portfolios with an annual cash flow of approximately EUR 2.0m. The majority of earnings from the acquisition (c. 78%) is reflected in Q2 results
  - To generate EUR 2m in annual ground leases by a portfolio transaction of c. 6,400 units with a total volume of some EUR 250m would otherwise have had to be traded
  
- Group EBIT increased yoy supported by several ground lease acquisitions. The growth reflects that Vivacon is not depending on portfolio transactions but is going to increase operating earnings through further direct acquisitions of ground lease portfolios
  
- Disposal of a more than 2,000 units portfolio (transaction volume of EUR 80m) end of Q2 2008. The profit of this transaction will be reflected in H2 2008 as the ground leases has not been registered in the land registry yet

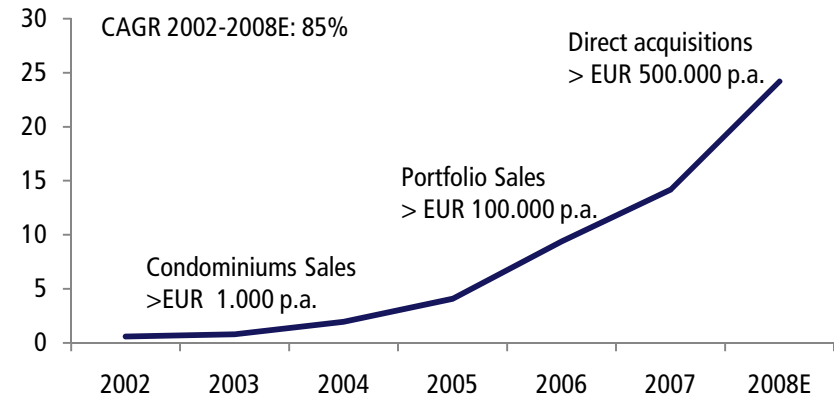
# Evolution of ground lease generation by Vivacon

A significant earnings contributor in the future

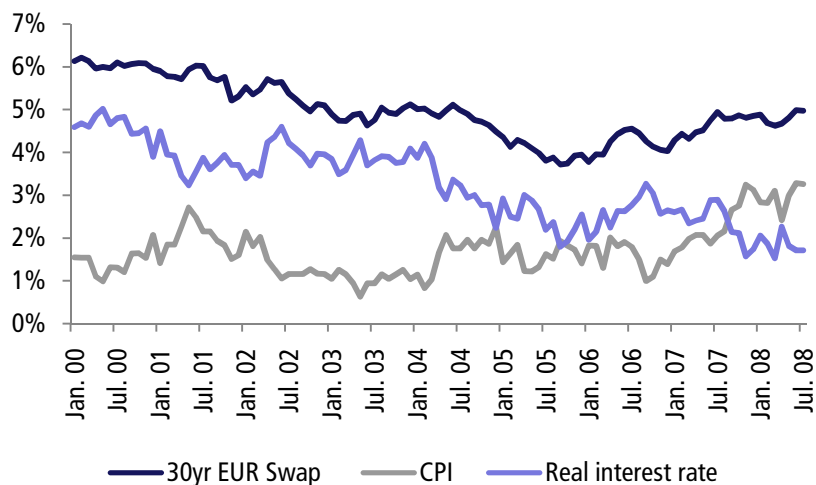


- Ground lease acquisitions will become an important earnings driver with an amount of initial annual ground leases of already EUR 16.2m (as of 30<sup>th</sup> June)
- With the proceeds of Convertible Bond issue and the recently secured NIBC credit facility, Vivacon is well prepared to profit from business opportunities
- Vivacon's strategy has been unchanged since foundation to generate and increase secure, long-dated and 100% CPI-indexed ground lease cash flows
- Vivacon expects to acquire up to EUR 10m in annual ground leases in the full year 2008 and to reach its communicated guidance even without further significant residential portfolio transactions

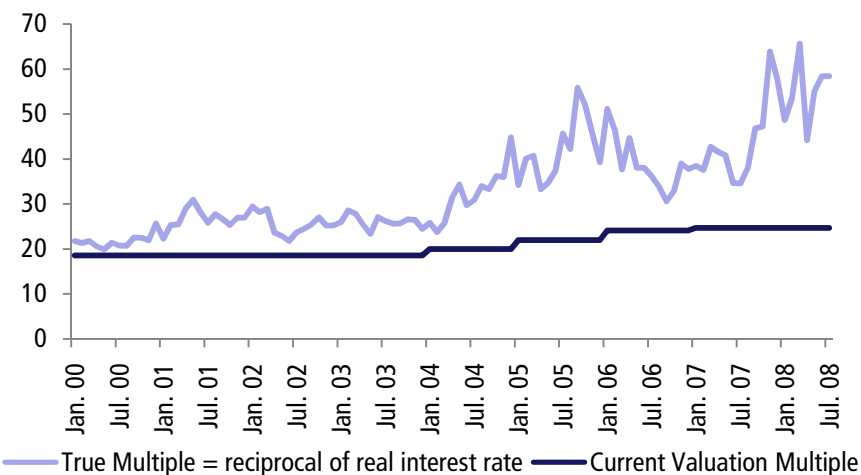
## Total initial annual ground lease income (EUR m)



## Interest and CPI development (in %)



## Multiple development





## Business segments – Development

A strong sales performance of this business segment during the 2. quarter 2008

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### 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

- After sales start of four projects in the course of the first quarter their sale went also very successfully in the second quarter
- In addition the company concluded a purchase agreement in the second quarter for a 56,000 sqm area near Stuttgart. On around 90,000 sqm gross floor space Vivacon intends to revitalise listed buildings for offices and retail and to develop high-quality living space
- Investment focus Berlin with 4 actual projects which comprise over 600 units and EUR 209m volume
- The sales start of the third Philippe Starck property under the label "yoo Deutschland" is planned in September parallel to the launch of the sales activities of "Luisenstadt". Both projects will be developed in top-locations of the federal capital

# Outlook

Vivacon will concentrate in 2008 on direct ground-lease acquisitions

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## 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
- The business has reached a level where the company extracts quite sizeable ground lease cash-flows of > EUR 10m p.a. from direct ground lease acquisitions in quasi sale & lease-back transactions
- Acquisitions of up to EUR 10m ground-lease cash flows should contribute significantly to full-year earnings

## Asset Management

- High visibility due to c. EUR 16.2m ground-leases as per June 08 and c. EUR 19m rental income from current portfolios
- Completion of value chain by the Curanis acquisition provides growth potential in the property management area

## Development

- Order backlog of EUR 77.5m and some EUR 300m 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 confirms its net income guidance of EUR 60m in 2008

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