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BÜRGERLICHES BRAUHAUS  
IMMOBILIEN AG

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## **BBI Bürgerliches Brauhaus Immobilien AG**

**1<sup>st</sup> Interim News 2008**

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### **BBI Bürgerliches Brauhaus Immobilien AG enters fiscal year 2008 with 16% EBIT growth**

- Revenues up to € 4.80 million (previous year: € 4.65 million)
- EBITDA up to € 1.85 million (previous year: € 1.70 million)
- EBIT increases to € 1.47 million (previous year: € 1.26 million)

### **Results from business activities**

During the first quarter of fiscal year 2008, BBI Bürgerliches Brauhaus Immobilien AG (BBI AG), a company focusing on the portfolio management of retail properties, recorded revenues (IFRS) up 3% compared to Q1 2007. Revenues, comprising rental and lease income and income from the beverages segment, totaled around € 4.80 million. In Q1 2007, this figure was just € 4.65 million. Around € 1.97 million of this total was due to rental and lease income, which was thus up by 14.7% year-on-year.

In the beverages segment, sales in the first quarter were relatively stable, despite the trend in this industry. The Herrnbräu brand, which the company produces itself, enjoyed a slight increase of 0.1%. This means that sales totaled a volume of 24,468 hl. Exports of Herrnbräu beers were also positive, growing 19.3% year-on-year. In contrast, non-alcoholic soft drinks (Bernadett Brunnen) recorded a 3.2% downturn in the quantities sold to 19,628 hl. In total, sales were down slightly by 1.5% in the beverages segment. The first quarter of the fiscal year is traditionally weak, with revenues totaling € 2.99 million (previous year: € 3.08 million). In order to stabilize sales and to secure a continued high capacity uptake for the existing production capacities, BBI AG acquired the brand rights for a traditional Ingolstadt-based brewery in the spring of 2008.

EBITDA increased from € 1.70 million in the previous year to a current total of € 1.85 million. In addition, the company's EBIT also increased significantly. After € 1.26 million in the previous year, BBI AG recorded EBIT totaling € 1.47 million in the first three months of the current fiscal year. This rise was primarily due to the increase in the company's real estate portfolio. After deduction of the financial result of € -0.87 million, this resulted in pre-tax profits (EBT) of € 0.60 million (previous year: € 0.59 million).

### **Changes in the real estate portfolio**

BBI AG again increased its real estate portfolio compared to December 31, 2007. A self-service store in Pfaffenhofen/Ilm was transferred in April 2008. This property has a sales area of around 6,700 m<sup>2</sup> and has already been fully allocated to a tenant with an excellent credit rating. The 20-year contractual term means that the company will generate long-term, secure rental income in future from taking over this property. The scheduled budget of € 14.0 million was adhered to during the construction of this property as a result of a cooperation with a professional property developer.

A residential and commercial property in Donauwörth was renovated as a result of a change of tenant. The new rental agreement has an initial term of five years and secures a further increase in rental income for BBI AG compared to the previous situation. In addition, the hotel and restaurant property in Lenting is also currently being renovated.

At present, BBI AG's real estate portfolio comprises 14 legacy properties as well as 17 specialist and self-service stores. The properties are located throughout Germany. Tenants for the specialist and self-services stores are creditworthy, well-established retail chains and individual retailers with branches. The rental agreements mostly have terms of more than 15 years. In order to continue its on-track growth, BBI AG has already secured a further 16 properties under development by way of notarized agreements or letters of intent. Two of these properties from the so-called Bavaria-Westfalia portfolio are scheduled to be transferred during the second quarter.

The current usable space of the legacy portfolio, which is almost fully let, is now around 125,000 m<sup>2</sup>. After the successive completion of the properties being developed, BBI AG will take over another roughly 70,000 m<sup>2</sup>, which will generate additional annualized rental income of around € 8.5 million once these properties are transferred.

### **Market developments**

In the first three months of fiscal year 2008, developments on the German real estate market continued to be marked by the impact of the sub-prime crisis in the USA. The fact that tradability of US mortgage securities was limited made it more difficult for banks to issue credit. This resulted in a downturn in the number of transactions compared to the previous year as financing conditions consequently deteriorated, in particular for investors relying heavily on borrowing.

In contrast, the fundamentals for the German real estate market continue to be excellent. Supported by the robust economy and the ongoing downturn in unemployment, industry experts believe that it was possible to ascertain a downturn in vacancy rates and a slight increase in rents. As a result, market players are already speaking of the rental and investment markets diverging. If the positive developments on the German rental market continue, with a persistent comparatively high rate of inflation, a constant increase in the achievable rents can be expected. This applies in particular for indexed rental agreements – BBI AG primarily concludes this type of agreement. As a result, the current market environment offers opportunities to increase both the value of and rental income from BBI's portfolio.

The continued favorable overall economic environment is also having a positive impact on the beverages market in Germany. This applies, in particular, to high-growth regions in the south of Germany. In addition, there is increased population growth in the Ingolstadt region, the core market for Herrnbräu products. At the same time, the particularly strict ban on smoking in the State of Bavaria and the population's changed consumption patterns are dampening the beverages market. In total, the relevant market is expected to decline in 2008, with continued intense competition.

### **Profit-and-loss transfer agreement with VIB Vermögen AG**

VIB Vermögen AG acquired a majority interest in BBI AG last year, increasing its voting rights to 69.9%. This percentage increased at the start of 2008 to a current total of 82.01%, in particular as the result of a mandatory offer by VIB Vermögen AG. On April 4, 2008 the

two companies then each passed a fundamental decision on the intended conclusion of a profit-and-loss transfer agreement between VIB Vermögen AG as the controlling company and BBI Bürgerliches Brauhaus Immobilien AG as the controlled company.

After a careful review by the companies and the court-appointed auditor, the Managing Boards of BBI Bürgerliches Brauhaus Immobilien AG and VIB Vermögen AG signed a profit-and-loss transfer agreement on May 6, 2008. The profit-and-loss transfer agreement stipulates that VIB Vermögen AG will offer the minority shareholders of BBI AG (“external shareholders”) reasonable compensation in shares, taking statutory requirements into account. The offer is based on a valuation of BBI AG and VIB Vermögen AG. The exchange ratio identified based on the company valuations performed is 8.02 shares of BBI to 11.62 shares of VIB. External shareholders of BBI AG availing of the compensation offer will receive 1.45 shares of VIB Vermögen AG for each BBI share. Any fractions resulting from the exchange ratio not being in whole numbers will be compensated by a cash payment from VIB Vermögen AG.

The profit-and-loss transfer agreement stipulates that shareholders who wish to retain their interests in BBI AG, i.e., who do not wish to accept the compensation offer made by VIB Vermögen AG, will receive annual fixed compensation of €0.64 (gross) per share of BBI AG. The agreement still has to be approved by both companies’ General Meetings. BBI AG’s General Meeting will be held on June 18, 2008.

## **Outlook**

As a result of the successive acquisition of the properties already contractually secured or secured via a letter of intent between 2008 and 2010, BBI AG will constantly expand its real estate division. Rental income will already increase significantly in 2008, and profitability will be further enhanced as a result of the low cost level.

The market in the beverages segment is expected to remain difficult in fiscal year 2008. The company will improve its stability as a result of increased sales activities – in Germany and abroad – and by further optimizing its cost structure.

Ingolstadt, May 16, 2008

The Managing Board

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