ViB Part of Branicks

Annual Report 2023 of VIB Vermögen AG

dynamic performance

Group KPIs

In EUR thousand	**01/01–31/12/2023**	01/01–31/12/2022	Change (absolute)	Change in %
Income statement KPIs				
Gross rental income	86,876	93,784	-6,908	-7.4
Depreciation and amortisation	-28,951	-31,454	2,503	-8.0
Earnings from ordinary business activities	151,699	61,851	89,848	+145.3
Consolidated net income	130,838	54,704	76,134	+139.2
Earnings per share[1] (undiluted/diluted, in EUR)	3.92	1.90	2.02	106.3
Balance sheet KPIs	**31/12/2023**	31/12/2022		
Total assets	1,900,566	1,586,409	314,157	+19.8
Investment properties	1,056,049	1,145,908	-89,859	-7.8
Equity	876,721	744,754	131,967	+17.7
Equity ratio (in %)	46.1	46.9		-0.8 points
Net debt	689,702	667,867	21,835	+3.3
LTV (loan-to-value ratio, in %)	37.0	28.9		+8.1 points
Other key financials	**01/01–31/12/2023**	01/01–31/12/2022		
FFO before taxes and minority interests	72,578	62,662	9,916	+15.8
FFO per share[1] (in EUR)	2.20	2.22	-0.02	-0.9
	31/12/2023	31/12/2022		
Share price (Xetra closing price, in EUR)	13.90	20.30	-6.40	-31.5
Number of shares[2] (balance sheet date)	33,054,587	33,054,587	0	0
Market capitalisation (balance sheet date)	459,459	671,008	-211,549	-31.5
ICR (interest coverage ratio: interest expense/net basic rents, in %)	35.7	13.2		+22.5 points
Average borrowing rate (in %)	3.66	1.77		+1.89 points
Real estate KPIs	**31/12/2023**	31/12/2022		
Annualised net basic rents	75,504	99,623	-24,119	-24.2
Rentable space in the in-house portfolio (in sqm)	1,046,592	1,365,381	-318,789	-23.3
Vacancy rate in the in-house portfolio (in %)	2.1	1.4		+0.7 points
Annualised net basic rents in Institutional Business	78,608	56,161	22,447	40.0
Rentable space in Institutional Business (in sqm)	1,153,589	928,795	224,794	+24.2
Vacancy rate in Institutional Business (in %)	1.4	1.5		-0.1 points
EPRA performance indicators	**01/01–31/12/2023**	01/01–31/12/2022		
EPRA earnings	58,273	57,257	+1,016	+1.8
EPRA earnings per share (in EUR)	1.76	2.03	-0.27	-13.2
EPRA NRV	1,568,889	1,737,064	-168,175	-9.7
EPRA NRV per share (in EUR)	47.46	52.55	-5.09	-9.7
EPRA NDV	1,345,418	1,530,026	-184,608	-12.1
EPRA NDV per share (in EUR)	40.70	46.29	-5.59	-12.1
EPRA NTA	1,344,895	1,471,098	-126,202	-8.6
EPRA NTA per share (in EUR)	40.69	44.51	-3.75	-8.6
EPRA vacancy rate (in %)	2.1	1.4		+0.7 points

[1] Average number of shares during the fiscal year
[2] Number of shares in circulation on the reporting date

VIB Vermögen AG

A powerhouse for logistics
Experts in high-yield logistics and light industrial properties

For more than 30 years, we have been developing, acquiring and managing modern and sustainably profitable commercial properties for our portfolio. Our focus in this area is on properties in the asset class of logistics and light industrial. Other asset classes currently play a minor role.

Thanks to our broad-based business model, which comprises direct acquisitions alongside the entire spectrum of in-house development projects as well as redensification, we are able to respond flexibly to market developments. We not only develop and sell existing properties on a selective basis, but also focus on the in-house development of value-retaining properties. As of year end 2023, our existing portfolio comprised 81 properties with a market value of EUR 1.7 billion and a total rentable area of some 1.05 million sqm.

In the Institutional Business segment, which entails property management on behalf of institutional investors, the portfolio encompasses a total of 74 properties. In this segment, we managed four funds with a volume of EUR 1.4 billion of assets under management, and a total rentable area of 1.15 million sqm, as of year end 2023.

Contents

To our shareholders

Letter to the shareholders

Dear Shareholders,

VIB Vermögen AG can look back on a successful fiscal year 2023. Despite a challenging economic environment and the restrictive interest rate policy of the European Central Bank, we achieved the forecasts for the year as a whole, which were even adjusted upwards during the course of the year. We also made further progress from a strategic perspective by focusing on the logistics and light industrial segment and delivering significant growth in our Institutional Business segment, which was only launched at the end of 2022. We also further strengthened cooperation with BRANICKS Group AG (previously DIC Asset AG).

At year end, 155 properties with a total value of EUR 3.1 billion were therefore managed under the umbrella of the VIB Group; this represents considerable growth compared to previous years and reflects the expanded business strategy of VIB. Of these, 81 properties, with a market value of EUR 1.7 billion, were in the in-house portfolio. VIB's focus on the core segment of logistics and light industrial is also reflected in the structure of the in-house portfolio. At year end, this segment accounted for 90% of the portfolio (previous year: 75%). Due to the sale of a portfolio belonging to one of our subsidiaries and comprising eight commercial properties in the first quarter of 2024, this focus is set to be strengthened further. On account of the acquisition of eight office properties at the end of March 2024, we further expanded this asset class. Our Institutional Business segment, only launched at the end of 2022, comprised 74 properties with a total market value of EUR 1.4 billion.

At 2.1% for our in-house portfolio, the vacancy rate remains at an extremely low level for the sector as a whole, which represents continued proof of the quality of our properties. As such, our forecast of a vacancy rate in the low single-digit range was met.

Gross rental income amounted to EUR 86.9 million in the year under review, compared with EUR 93.8 million in the previous year. This was therefore at the upper end of our forecast. The fall is mainly due to disposals, which were partially offset by property acquisitions and rental indexing.

Despite the disposals in the fiscal year under review, funds from operations (FFO) came in at EUR 72.6 million, thus exceeding the previous year's figure of EUR 62.7 million and reaching the upper end of the communicated forecast.

The result from ordinary business activities (EBT) rose sharply against the previous year to EUR 151.7 million (previous year: EUR 61.9 million). This is chiefly attributable to gains from sales. For the same reason, consolidated net income also climbed substantially from EUR 54.7 million in the previous year to EUR 130.8 million.

At the end of February 2023, a new syndicated loan agreement worth some EUR 505 million was concluded over a seven-year term. On account of the refinancing, the average maturity of financial liabilities was increased. The expansion and restructuring of the credit facility provide VIB Vermögen AG with financial flexibility and greater planning security.

In the third quarter, VIB Vermögen AG concluded a loan agreement with DIC Asset AG, now BRANICKS Group AG, totalling EUR 250 million. In accordance with market practice, the loan was secured with a package of securities for the benefit of the company. Prior to conclusion of the loan agreement, both the appropriateness of the interest rate and the value retention of the security were verified by an external appraiser.

In April 2023, the Institutional Business segment began handling asset management for the open-ended real estate fund VIB Retail Balance I. As of year end, the portfolio volume stood at some EUR 1.4 billion from a total of four funds. Overall, this segment generated earnings of EUR 8.1 million in 2023 (previous year: EUR 3.1 million).

We made good progress with our development projects. In terms of our largest project, the NEXT HORIZON industry and technology park in Erding, with a total rentable area of 79,000 sqm, all space in the stages under construction has been let. The remaining space is still being marketed. In Ingolstadt, two fully let logistics properties with useful areas of 7,000 sqm and 12,000 sqm respectively were completed as scheduled in summer 2023. The logistics facility in Meitingen with a useful area of 26,000 sqm was also completed on schedule and is mostly let. This year, we also began a further project in Ingolstadt, with a useful area of some 16,000 sqm, which is scheduled for completion in 2025.

VIB Vermögen AG has been committed to a long-term and sustainable growth strategy for decades. 2023 saw the further implementation of our sustainability strategy. During the course of the year, we installed more than 4,000 kWp on our properties, meaning that our photovoltaic capacity stood at approx. 20,000 kWp at year end. We are therefore on course to meet our planned target of at least 30,000 kWp of capacity in 2025. All our new developments seek to achieve Gold Certification in accordance with the criteria of the German Sustainable Building Council (DGNB). In addition, modernisation work within our existing portfolio aims to achieve continuous improvements in energy efficiency. As in previous years, VIB was presented with two Gold Awards in 2023 by EPRA, the association representing listed property companies in Europe. We were therefore once again honoured for the transparency and quality of our financial reporting.

2023 was a successful year for VIB Vermögen AG. We aim to continue on the same course going forward and remain the leading provider in the logistics and light industrial segment. This year, our focus is on optimising and diversifying our portfolio, chiefly on an operational level through targeted marketing, but also by means of selective sales and development projects. We also wish to harness additional synergies arising from cooperation with BRANICKS Group AG, both on an operational and administrative level.

On account of the sales made in 2023, we anticipate gross rental income of EUR 72 million to EUR 78 million, as well as funds from operations (FFO) of EUR 62 million to EUR 68 million, for the 2024 fiscal year. We continue to forecast a vacancy rate in the low single-digit percentage range. In order to finance our investments and development projects, we will be proposing to this year's Annual General Meeting that no dividend be paid for 2023.

We wish to thank our employees, who have made a major contribution to the success of VIB Vermögen AG through their tireless dedication. We are also grateful to our business partners for their spirit of cooperation.

Dear shareholders, we would like to thank you for your trust and support. We are delighted that you will continue to accompany us as we implement our strategy.

Neuburg/Danube, April 26, 2024

Dirk Oehme	Nicolai Greiner
(Speaker of the Managing Board)	(Member of the Managing Board)

Our Managing Board

Dirk Oehme
(Speaker of the Managing Board)

Nicolai Greiner

Supervisory Board report

Dear Shareholders,

The year under review was once again remarkably successful for VIB Vermögen AG. In fact, growth in revenue and earnings exceeded the forecast issued at the start of the year, which is why the forecast was adjusted accordingly in July 2023. Both indicators reached a strong level in a challenging macroeconomic environment. In February 2023, VIB Vermögen AG concluded a new syndicated loan agreement worth some EUR 505 million and with a term of seven years. The restructuring of the credit facility provides VIB Vermögen AG with financial flexibility and greater planning security. On March 31, 2023, ownership, benefits and encumbrances in relation to the 31 commercial properties sold in December 2022 were transferred as planned. The funds released enable VIB Vermögen AG to place its strategic focus on the attractive property segment of logistics and light industrial. Moreover, a loan agreement was concluded with BRANICKS Group AG (previously DIC Asset AG) in July 2023; this loan was increased in September 2023 and will have a positive impact on the forecast indicator funds from operations (FFO). Following the departure of Rainer Hettmer from the Managing Board of VIB Vermögen AG as of the end of June 30, 2023, the Managing Board now comprises two members: Dirk Oehme and Nicolai Greiner. Thanks to their good and efficient work, it is not currently necessary to appoint a third member to the Managing Board.

As of December 31, 2023, the in-house property portfolio comprised 81 properties with a total rentable area of 1.05 million sqm. These properties are supplemented by the 74 Institutional Business properties managed by the company, with a total rentable area of 1.15 million sqm. Including the Institutional Business segment, the market value of our assets under management (AUM) amounts to EUR 3.1 billion as of December 31, 2023.

In the 2023 fiscal year, the Supervisory Board of VIB Vermögen AG examined the position of the company in great detail on an ongoing basis, thereby fulfilling the advisory and controlling functions incumbent upon it according to both the law and the company's articles of incorporation during the year under review.

Composition of the Supervisory Board

The composition of the Supervisory Board changed in the 2023 fiscal year. Ludwig Schlosser stepped down from the Supervisory Board of VIB Vermögen AG as of the end of January 31, 2023.

On February 6, 2023, Johannes von Mutius was appointed by the court as Ludwig Schlosser's successor on the Supervisory Board of VIB Vermögen AG. His appointment was confirmed by the Annual General Meeting on July 4, 2023, and he was elected to serve until the 2026 Annual General Meeting. The composition of the Supervisory Board changed at the start of the 2024 fiscal year. As of the end of March 31, 2024, Jürgen Wittmann stepped down as Deputy Chairman of the Supervisory Board and as a member of the Supervisory Board.

Supervision of management and cooperation with the Managing Board

Throughout the entire fiscal year, the Supervisory Board supervised and advised the Managing Board in respect of the management of the company. The Supervisory Board was always involved in all significant decisions in a timely and comprehensive manner. The Managing Board's activities gave rise to no objections. The Managing Board informed the Supervisory Board regularly, promptly and in detail about all topics concerning the company's business activities. This applies particularly in respect of the company's earnings, assets and financial position, as well as new investment and business opportunities.

Supervisory Board meetings

Five ordinary Supervisory Board meetings and a further eight extraordinary Supervisory Board meetings were held in the 2023 fiscal year. The meetings were held either in person or by means of videoconference/teleconference. In some cases, specialist external consultants were present at the Supervisory Board meetings. In addition, one resolution was passed by means of written circulation procedure by email.

A significant part of all ordinary Supervisory Board meetings was the Managing Board's reporting on the company's business position, with detailed information on revenue and earnings growth, the risks and opportunities associated with the course of business, the status of significant ongoing and planned investment projects, key aspects of sustainability and significant corporate governance measures of the Managing Board.

At the first ordinary Supervisory Board meeting on **February 10, 2023,** the Supervisory Board discussed and approved the annual and consolidated financial statements, the risk and control report and other reports relating to the 2022 fiscal year. Discussions were also held on proposed resolutions to the Annual General Meeting, in particular the selection of BDO AG Wirtschaftsprüfungsgesellschaft, Munich, as the auditor of the annual and consolidated financial statements for the 2023 fiscal year and the agenda of the Annual General Meeting. Other matters discussed at the meeting included budget planning for 2023, the procedure for refinancing part of the property portfolio and other operational topics.

At the ordinary Supervisory Board meeting on **May 16, 2023,** a resolution was passed on the agenda items for the Annual General Meeting of VIB Vermögen AG. As part of discussions on the overall course of business, the status of certain current development projects and financing topics relating to individual properties were also examined.

Halfway through the year, on **June 27, 2023,** an extraordinary meeting of the Supervisory Board was held in connection with the sale of three properties in Kösching, Schwarzenbruck and Nuremberg. At this meeting, the transaction and its associated opportunities and risks were analysed and subsequently approved.

Due to the election of Johannes von Mutius to the Supervisory Board at the Annual General Meeting, the Supervisory Board was constituted at its extraordinary meeting on **July 7, 2023**. Professor Gerhard Schmidt was confirmed as Chairman, and Jürgen Wittmann as Deputy Chairman. All four Supervisory Board members were appointed to the Audit Committee and the Committee for Managing Board Matters. Following detailed review and discussion, approval was granted for the conclusion of a loan agreement worth EUR 200 million between VIB Vermögen AG (lender) and DIC Asset AG, now BRANICKS Group AG (borrower).

At the ordinary Supervisory Board meeting on **July 31, 2023,** discussions were held on the Managing Board's report on the course of business in the first half of 2023, the current position of potential sales, the status of current development projects and the possibility of further financing for VIB Vermögen AG. Moreover, a resolution was passed on renumbering the sections of the articles of incorporation.

The extraordinary meeting of the Supervisory Board on **September 18, 2023,** mostly focused on consultations about the possibility of further sources of financing, with the next steps agreed upon.

At the extraordinary Supervisory Board meeting on **September 26, 2023,** the Supervisory Board – following detailed review and discussion – approved the conclusion of a follow-up agreement to the existing loan agreement between VIB Vermögen AG and BRANICKS Group AG (previously DIC Asset AG). The follow-up agreement provides for the loan amount to be increased by EUR 50 million. The Managing Board's decision to acquire shares in an open-ended special alternative investment fund (AIF), with set investment conditions and a focus on real estate, was also discussed and approved.

At the ordinary Supervisory Board meeting two days later on **September 28, 2023,** discussions centred on the preview of results for financial indicators in the third quarter of 2023, as well as financing topics and the status of individual properties and development projects. The Board also discussed the situation at various subsidiaries.

The extraordinary Supervisory Board meeting on **October 27, 2023,** focused on, among other things, the current status report on the Erding project.

At the extraordinary Supervisory Board meeting on **November 16, 2023,** the sale of the Neufahrn property was discussed and approved.

At the ordinary Supervisory Board meeting on **December 12, 2023,** the Supervisory Board reviewed the Managing Board's report on the current course of business, an updated status report on the Erding project and the status report on current transactions, and approved the necessary measures. Among other things, the financial calendar for the 2024 fiscal year was also discussed at this meeting.

At the extraordinary meeting of the Supervisory Board on **December 18, 2023,** the members approved the sale of eight properties and a non-controlling interest at the level of BBI Bürgerliches Brauhaus Immobilien AG, and discussed the next steps at subsidiaries.

At the final extraordinary meeting of the Supervisory Board on **December 27, 2023,** the partial acquisition of a logistics and light industrial property from BRANICKS Group AG (previously DIC Asset AG) was discussed, resolved upon and approved.

Further resolutions

In addition to the resolutions passed at the various ordinary and extraordinary Supervisory Board meetings, the Supervisory Board also passed a further resolution on the approval of the development project in Erding by circulation procedure via email on **April 19, 2023.**

Committees

On account of the identity of the members of the Committees and Supervisory Board, no separate meetings of the Committee for Managing Board Matters or the Audit Committee were held. Managing Board matters were regularly discussed at the Supervisory Board meetings. Auditing of the accounts – particularly the monitoring of the accounting process, the effectiveness of the internal control system, the risk management system and the internal audit system, and the audit of the annual financial statements – was discussed at the Supervisory Board's balance sheet meeting on February 10, 2023, and at the Supervisory Board meeting on May 16, 2023, in connection with preparation of the Annual General Meeting.

Approval and adoption of the 2023 annual and consolidated financial statements

The Supervisory Board and Audit Committee reviewed the annual financial statements as of December 31, 2023, which the Managing Board prepared according to German commercial law regulations (HGB), and discussed them, together with the corresponding audit report prepared by BDO AG Wirtschaftsprüfungsgesellschaft, Munich – represented by auditor Frank Werner – at their meeting on April 26, 2024. The review of the 2023 annual financial statements led to no modifications, and an unqualified audit opinion was issued. The annual financial statements as of December 31, 2023, were approved without objections and are thereby adopted. The Supervisory Board concurs with the Managing Board's proposal concerning the application of retained earnings.

The Supervisory Board and Audit Committee also reviewed the 2023 consolidated annual financial statements, which the Managing Board prepared according to International Financial Reporting Standards (IFRS), and discussed them, together with the corresponding audit report prepared by BDO AG Wirtschaftsprüfungsgesellschaft, Munich – represented by auditor Frank Werner – at their meeting on April 26, 2024. The review of the 2023 consolidated financial statements also led to no modifications. An unqualified audit opinion was issued, and the consolidated financial statements as of December 31, 2023, were approved by the Supervisory Board.

The Supervisory Board wishes to thank the Managing Board, as well as all VIB Group employees, for their contribution to the remarkable success of VIB Vermögen AG in the 2023 fiscal year.

Neuburg/Danube, April 26, 2024

On behalf of the Supervisory Board

Professor Gerhard Schmidt

Property portfolio of the VIB Group in 2023

Alongside property acquisitions, VIB Vermögen AG's business model comprises the entire spectrum of in-house developments and redensification projects. These properties are held and accounted for on a long-term basis within the in-house portfolio and generate foreseeable rental revenues for VIB.

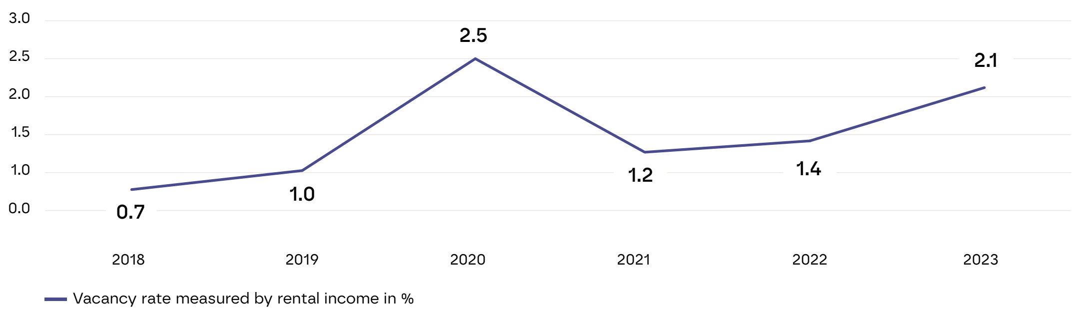
Furthermore, VIB Vermögen AG operates in the Institutional Business segment, i.e. managing properties on behalf of institutional investors. In this segment, we earn service fees, e.g. set-up and transaction fees for the structuring of investments and transfers, and fees for ongoing asset and property management.

When it comes to facilities management, we deliberately eschew the services of external providers and rely instead on management by our own staff. The long-term letting of our properties also minimises administrative expenses and associated costs as well as the vacancy rate.

As of December 31, 2023, the existing property portfolio of the VIB Group comprised 81 properties (previous year: 114) with a total rental area of some 1.05 million sqm (previous year: 1.37 million sqm). In the Institutional Business segment, a portfolio of 74 properties (previous year: 43), with a rental area of some 1.15 million sqm (previous year: 0.93 million sqm), was managed. As of the balance sheet date, the total number of properties under the umbrella of the VIB Group therefore stood at 155, with a total rental area of 2.20 million sqm (previous year: 157 properties/2.30 million sqm).

The vacancy rate, which stood at 2.1% in the in-house portfolio and at 1.4% in the Institutional Business segment, remained at a very low level compared with the sector as a whole.

Development of the vacancy rate in the in-house portfolio

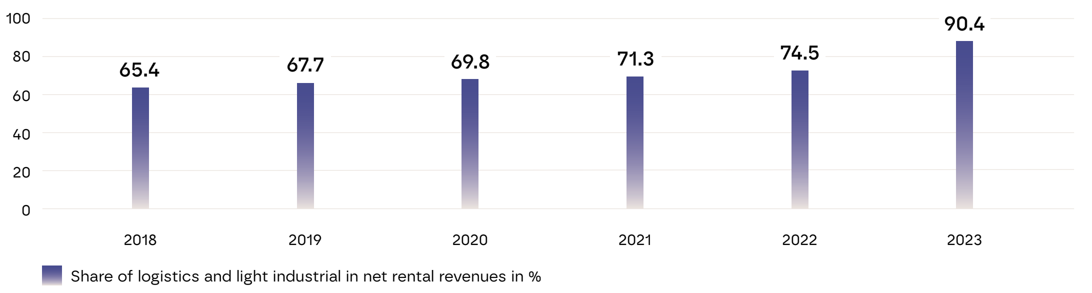


As of the end of the year under review, VIB Vermögen AG's focus on the core segment of logistics and light industrial is also reflected in the portfolio structure. This segment now accounts for 90.4% of revenues from the in-house portfolio as a whole, followed by retail properties at 3.8%, offices at 3.3% and service/other at 2.5%. In the Institutional Business segment, logistics and light industrial properties account for 76.5% of net rental revenues, followed by retail properties with a share of 23.5%.

Breakdown of annualised net rental revenues by sector in the in-house portfolio

As of December 31, 2023

Development of the logistics and light industrial segment in the in-house portfolio



In order to receive precise information surrounding the value development of our property portfolio, the market values of all properties are calculated every year by an independent external property valuation surveyor using recognised valuation methods. The extent to which the property portfolio retains its value depends on various factors, including infrastructure links and the overall condition of each property, the rental incomes that can be generated and the remaining terms of rental contracts.

As of December 31, 2023, the market value of the properties in the in-house portfolio stood at EUR 1.7 billion, with a corresponding figure of EUR 1.4 billion in the Institutional Business segment. The total value of the property assets managed by the VIB Group therefore amounted to EUR 3.1 billion. The annualised rental revenues from the in-house portfolio stood at EUR 75.5 million as of December 31, 2023, with a corresponding figure of EUR 78.6 million in the Institutional Business segment. Total annualised rental revenues therefore amounted to EUR 154.1 million at year end.

Our growth potential lies in our flexible business model

The flexibility of our business model enables us to respond quickly to changes on the property market. We continuously expand our portfolio by means of the in-house development of attractive properties – particularly for the logistics and light industrial sector – as well as through direct acquisitions and portfolio optimisation (chiefly redensification). As we do so, we are guided by investment criteria that meet our profitability standards. Whether in terms of in-house developments or direct acquisitions, key investment criteria in this regard include the location of the property, the term of any existing rental contracts, the tenant's credit rating and the occupancy rate. We also review vacant properties in attractive locations that offer potential for modernisation and subsequent letting on favourable terms.

Share and investor relations

2023 trading year – volatility and record levels

Both the stock and bond markets showed strong positive trends in the 2023 trading year.

Despite ongoing tensions in the geopolitical situation and high single-digit inflation rates, the markets made a good start to 2023, as some factors were surprisingly positive: an easing of the supply chain problems, robust economic data despite multiple interest rate rises, strong employment market data, sufficient gas reserves warding off a severe energy crisis, etc.

In the second and third quarters, however, these developments were outweighed by concerns about the effects of continuous rate rises on the economy. The situation was compounded in October by fears of an escalation of the situation in the Middle East, causing the stock market to reach its low for the year at the end of October.

The year-end rally, which only began in November and was driven by hopes of a turnaround in interest rate policy, gave fresh impetus to the stock and bond markets. The German lead index, the DAX, closed the year roughly 16% up and just shy of its all-time high.

Trends on the property sector also volatile

The situation in the European property sector remained tense in 2023. A short upswing in share prices at the beginning of the year was followed by a sharp downward trend from early February onwards; as a result, the European index for property company shares, FTSE EPRA Nareit Europe, hit its low for 2023 at the end of March. In January, the German inflation rate recorded a surprising and significant rise against the previous month to 8.7%, before remaining at this level in February. This led to further increases in the base rate of the European Central Bank, which rose by a further 200 basis points during the course of the year. The most recent rise for the time being came in September 2023, when the rate climbed to 4.5%. Concerns about higher refinancing costs were reflected in the highly volatile development of the property sector in the second and third quarters, with the annual low witnessed in March coming under threat at the end of October. This was, however, followed by a turning point; a considerable fall in inflation, combined with lower energy prices, boosted hopes of a turnaround in interest rate policy. As a result, the FTSE EPRA Nareit Europe index climbed by 25% in the final two months of the year. For 2023 as a whole, the FTSE EPRA Nareit Europe index closed 17.4% higher.

Development of the VIB share price

The VIB share also made a positive start to 2023, initially rising by 20%. It achieved its high for the year of EUR 24.50 on February 2. As the year progressed, however, it followed the volatile downward trend of the European property sector, before reaching its low for the year of EUR 11.28 at the end of October. In the final two months of the year, the VIB share participated in the recovery of the market as a whole, climbing by more than 23% and closing the year at EUR 13.90 on December 29, 2023.

This recovery, however, was not able to keep pace with that of the sector and market as a whole: the VIB share fell by 32% in 2023, whereas the overall market (DAX: +16%, SDAX: +14%) and the property sector indices (EPRA Europe: +17%, EPRA Germany: +32%) ultimately gained ground.

Market capitalisation of EUR 459 million

On the basis of the total number of shares of 33,054,587 and the closing price for the year of EUR 13.90 per share on December 31, 2023, the market capitalisation of VIB Vermögen AG stood at some EUR 459 million at year end.

Dividend

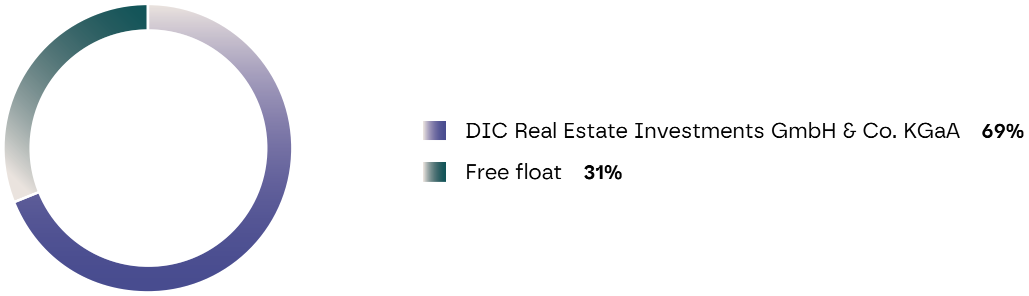
In order to finance the further development of our property platform in the short to medium term and the upcoming investments in our development projects, we will be proposing to this year's Annual General Meeting that no dividend be paid for 2023.

Shareholder structure as of December 31, 2023

We recognise the open-market value as "only" those shareholders of whom we are aware and who have given us their consent. As of December 31, 2023, this gave rise to the following shareholder structure:

DIC Real Estate Investments GmbH & Co. KGaA, a subsidiary of BRANICKS Group AG (previously DIC Asset AG), held approx. 69% of voting rights, with the other 31% of shares in free float.

Shareholder structure



As of December 31, 2023

Successful virtual Annual General Meeting

At the Annual General Meeting for the 2022 fiscal year on July 4, 2023, which was once again held virtually, VIB Vermögen AG provided insights into the course of business in the previous year and explained the company's strategy and business model to its shareholders.

The agenda items included the appropriation of profit, the formal approval of the Managing and Supervisory Boards, the election of the auditors, the update to Supervisory Board remuneration in connection with the changeover in accounting and measurement methods in 2022, and required changes to the articles of incorporation to facilitate the holding of future meetings. Johannes von Mutius was elected as a new Supervisory Board member for a three-year term.

The Annual General Meeting approved all agenda items with an overwhelming majority in each case. Around 75% of share capital was represented.

The 2024 Annual General Meeting is scheduled for July 11, 2024.

2024 financial calendar

April 30, 2024
Publication of the VIB Annual Report 2023

July 11, 2024
Annual General Meeting

August 7, 2024
Publication of the 2024 half-year report

Key data

Sector	Real estate
Securities identification number (within Germany)	A2YPDD
ISIN	DE000A2YPDD0
Stock symbol	VIH1
Initial listing	November 28, 2005
Stock exchanges	Munich: open market (m:access)
	Frankfurt: open market/Xetra
Share type	No-par-value registered shares

Share KPIs

Subscribed capital (31/12/2023)	EUR 33,054,587
Nominal value per share	EUR 1.00
Number of outstanding shares (31/12/2023)	33,054,587
Net reinstatement value (NRV) per share (undiluted, 31/12/2023)	EUR 47.14
Balance sheet equity (consolidated, 31/12/2023)	EUR 877 million
Closing price for the year (31/12/2022)	EUR 20.30
Closing price for the year (31/12/2023)	EUR 13.90
Annual high	EUR 24.50
Annual low	EUR 11.28
Average daily trading volume in 2023[1]	29,000
Market capitalisation (31/12/2023)	EUR 459 million

[1] Xetra and all stock exchanges

EPRA performance indicators

The European Public Real Estate Association (EPRA) is a non-profit organisation, headquartered in Brussels. EPRA's mission is to promote, develop and represent the European public real estate sector. This is achieved through the provision of comprehensive information to investors and stakeholders, active involvement in public and political debate, and the implementation of binding and proven methods.

VIB Vermögen AG has been a member of EPRA since 2011 and, ever since, has been guided by EPRA recommendations in terms of communication with the general public, the capital market and other stakeholders; these recommendations are published in the form of best practice recommendations (BPRs).

Our EPRA reporting and our presentation of key figures are guided by the EPRA recommendations (BPRs) and reflect these accordingly.

Description of EPRA KPIs

EPRA performance indicators	Definition	Purpose
1. EPRA earnings	**Earnings** from operational activities	A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.
2. EPRA NAV performance indicators	**EPRA net reinstatement value (NRV):** Describes a portfolio management company on the basis that it never sells any properties and focuses on the maintenance and value appreciation of the portfolio. It reflects the value that would be required to rebuild the entity.	The EPRA NAV performance indicators adjust the NAV in accordance with the IFRS financial statements in order to provide stakeholders with the most relevant information on the fair value of the assets and liabilities of a real estate investment company in various scenarios.
	EPRA net tangible assets (NTA): This value assumes that entities buy and sell assets, resulting in certain unavoidable deferred taxes. However, these may be regarded more flexibly as in the previous NAV analysis. The NTA represents an improvement on the previously used NAV.	
	EPRA net disposal value (NDV): Represents the net asset value of a company in a disposal scenario, where deferred taxes, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.	
3.1 EPRA net initial yield (NIY)	Ratio of annualised net basic rents at the balance sheet date to the market value of investment properties within the portfolio. Non-recoverable operating expenses are deducted from annualised net basic rents, and estimated purchasers' costs are added to the market value of investment properties.	An objective measure of portfolio valuations. It is designed to make it easier for investors to compare different portfolios. Entities should present details on how the figure is calculated, as well as on the reconciliation between EPRA NIY and the "topped-up" NIY.
3.2 EPRA TOPPED-UP NIY	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).	
4. EPRA vacancy rate	The EPRA vacancy rate is calculated using a ratio of the estimated market rent of vacant properties to the estimated market rent of the property portfolio as a whole.	A percentage comparison of investment property space that is vacant with the total rentable space, based on the estimated market rental value (ERV).
5. EPRA cost ratio	Calculates the ratio of operating and administrative costs to rental income within a one-year period.	This indicator provides an insight into the cost-effectiveness of a company's operating and administrative activities.
6. EPRA LTV	To calculate EPRA LTV, debts are divided by the market value of the properties.	This is an important indicator in terms of determining the ratio of debt to the market value of the properties.

EPRA KPIs at a glance

In EUR thousand	31/12/2023	31/12/2022	Change in %
EPRA earnings	58,273	57,257	+1.8
EPRA NRV	1,568,889	1,737,064	-9.7
EPRA NTA	1,344,895	1,471,098	-8.6
EPRA NDV	1,345,418	1,530,026	-12.1
EPRA net initial yield (NIY) (in %)	4.6	4.6	0 points
EPRA TOPPED-UP NIY (in %)	4.6	4.5	+0.1 points
EPRA vacancy rate (in %)	2.1	1.4	+0.7 points
EPRA cost ratio (in %)	13.7	17.4	-3.7 points
EPRA LTV (in %)	38.75	28.5	+10.25 points

EPRA earnings

The “EPRA earnings” item shows operating revenue adjusted for extraordinary items such as valuation effects on investment properties and earnings from sales activities. Therefore, this indicator serves as the yardstick for the extent to which a dividend payment is covered by earnings. Absolute EPRA earnings currently stand at EUR 58,273 thousand, which equates to an increase of EUR 1,016 thousand against the previous year. In particular, this rise is due to the further expansion of the operational property portfolio and the associated increase in net basic rents. The decrease in EPRA earnings per share from EUR 2.03 in the previous year to EUR 1.76 (EUR -0.27) is due to the increase in the average number of shares.

EPRA earnings

In EUR thousand		2023	2022
Group shareholders’ share of earnings		**129,604**	**53,578**
adjusted for:			
(i)	Change in market value or depreciation/amortisation of investment properties	23,331	31,014
(ii)	Earnings from the disposal of investment properties	-108,072	-374
(iii)	Earnings from the disposal of trading properties	0	0
(iv)	Pro rata income tax on disposals	0	0
(v)	Badwill/impairments on goodwill	0	0
(vi)	Income/expenses from measurement of financial derivatives	0	0
(vii)	Transaction costs incurred on the acquisition of participating interests and associates	0	0
(viii)	Deferred taxes in relation to EPRA adjustments	13,410	-4,849
(ix)	Adjustments to items (i) to (viii) in relation to associates	0	0
(x)	Minority interests in adjustments to EPRA earnings	0	0
(xi)	Other one-off effects	0	-22,112
Absolute EPRA earnings		**58,273**	**57,257**
Average number of shares (undiluted)		33,054,587	28,234,027
EPRA earnings per share (in EUR)		**1.76**	**2.03**

Due to the fact that no shares are currently being created through the use of conditional or authorised capital, there is no difference between the undiluted EPRA earnings per share shown above and the diluted figure.

EPRA net asset value (NAV) indicators

The net asset value of the company, assuming a company strategy with a long-term focus, is referred to as "EPRA NAV". The fair value of assets and liabilities is adjusted for extraordinary items such as the market valuation of derivative financial instruments or deferred taxes.

As a property management company that operates on a long-term basis, VIB Vermögen AG calculates the net reinstatement value (NRV), as the most relevant NAV indicator for its own business model, and presents this accordingly.

EPRA NRV declined by EUR 168,175 thousand year-on-year, from EUR 1,737,064 thousand to EUR 1,568,889 thousand (-9.7%). This was mainly attributable to the disposal of the retail portfolio in the 2023 fiscal year. With the number of outstanding shares remaining the same, EPRA NRV per share fell from EUR 52.55 to EUR 47.46 (EUR -5.09/-9.7%).

EPRA NAV-Kennzahlen

In EUR thousand		**31/12/2023 NRV**	31/12/2022 NRV
"Equity attributable to parent company shareholders"		844,173	713,566
Dilution effect due to options, convertible bonds and other equity instruments		0	0
Diluted NRV after options, convertible bonds and other equity instruments		**844,173**	**713,566**
plus			
(ii.a)	Revaluation of investment properties (if the cost model pursuant to IAS 40 is applied)	584,904	869,354
(ii.b)	Revaluation of investment properties under construction (if the cost model pursuant to IAS 40 is applied)	n. a.	n. a.
(ii.c)	Revaluation of other assets (owner-occupied properties and interests)	n. a.	n. a.
less			
(v)	Deferred taxes	74,642	58,890
(vi)	Market value of derivative financial instruments	0	0
(viii.b)	Intangible assets	n. a.	n. a.
plus			
(ix)	Market value of financial liabilities (after deferred taxes)	n. a.	n. a.
(x)	Remeasurement of intangible assets at market value	n. a.	n. a.
(xi)	Land purchase tax (insofar as deducted from the market value)	65,171	95,554
EPRA-NAV/NRV		**1,568,889**	**1,737,064**
Number of outstanding shares (diluted)		33,054,587	33,054,587
EPRA NAV/NRV per share (in EUR)		**47.46**	**52.55**

Reporting of further NAV performance indicators

EPRA NAV performance indicators

In EUR thousand		31/12/2023 NTA	NDV
"Equity attributable to parent company shareholders"		844,173	844,173
Dilution effect due to options, convertible bonds and other equity instruments		0	0
Diluted NRV after options, convertible bonds and other equity instruments		**844,173**	**844,173**
plus			
(ii.a)	Revaluation of investment properties (if the cost model pursuant to IAS 40 is applied)	584,904	584,904
(ii.b)	Revaluation of investment properties under construction (if the cost model pursuant to IAS 40 is applied)	n. a.	n. a.
(ii.c)	Revaluation of other assets (owner-occupied properties and interests)	n. a.	n. a.
less			
(v)	Deferred taxes (in relation to value changes of investment properties)	-46,281	-92,561
(vi)	Market value of derivative financial instruments	0	n. a.
(viii.b)	Intangible assets	-37,901	n. a.
plus			
(ix)	Market value of financial liabilities (after deferred taxes)	n. a.	8,902
(x)	Remeasurement of intangible assets at market value	n. a.	n. a.
(xi)	Land purchase tax (insofar as deducted from the market value)	n. a.	n. a.
EPRA-NAV/NRV		**1,344,895**	**1,345,418**
Number of outstanding shares (diluted)		33,054,587	33,054,587
EPRA NAV/NRV per share (in EUR)		**40.69**	**40.70**

When calculating net tangible assets (NTA), an adjustment to equity was assumed at a flat rate of 50% of deferred tax liabilities and the resulting value of equity calculated.

EPRA net initial yield

This indicator shows the ratio of annualised net basic rents at the balance sheet date to the market value of investment properties within the portfolio. Non-recoverable operating expenses are deducted from annualised net basic rents, and estimated purchasers' costs are added to the market value of investment properties.

Due to the year-on-year increase in annualised net rental income in relation to the properties held, the net initial yield rose from 4.56% to 4.61%.

EPRA net initial yield

In EUR thousand	**31/12/2023**	31/12/2022
Investment properties (market values)	1,658,413	2,291,116
Properties under construction, reserved plots	-145,988	-220,047
Assets held for sale	13,116	0
Market value of the property portfolio (net)	**1,525,541**	**2,071,069**
Transaction cost reduction (purchasers' costs)	86,977	95,554
Market value of the property portfolio (gross)	**1,612,518**	**2,166,623**
Annualised net basic rent	75,504	99,597
Non-recoverable operating expenses	-1,246	-793
Annualised net rental income	**74,258**	**98,804**
Letting incentives	-358	-403
Topped-up annualised rental income	**73,900**	**98,401**
EPRA net initial yield (in %)	**4.61**	**4.56**
Topped-up EPRA net initial yield (in %)	4.58	4.54

EPRA vacancy rate

The EPRA vacancy rate is calculated using a ratio of the estimated market rent of vacant properties to the estimated market rent of the property portfolio as a whole.

Due to a slight rise in temporary vacancies as of the end of the year under review, the EPRA vacancy rate marginally increased from 1.4% to 2.1% This represents a rise of 0.7 percentage points.

EPRA vacancy rate

In EUR thousand	**31/12/2023**	31/12/2022
Annualised market rent for the total portfolio	77,149	100,979
Vacant properties measured at market values	1,645	1,382
EPRA vacancy rate (in %)	**2.1**	1.4

EPRA cost ratio

The EPRA cost ratio describes the ratio of operating and administrative costs to rental income within a one-year period. This indicator provides an insight into the cost-effectiveness of a company's operating and administrative activities.

On account of the sharp fall in personnel expenses and the slight drop in net basic rents, the cost ratio decreased from 17.4% to 13.7%. This represents a fall of 3.7 percentage points.

EPRA cost ratio

In EUR thousand	**31/12/2023**	31/12/2022
Expenses for investment properties	17,944	18,290
Proceeds from the recovery of operating expenses	-13,001	-12,965
Personnel expenses	3,951	7,918
Other operating expenses	3,400	3,791
Other operating income	-411	-692
EPRA costs (incl. vacancy costs)	**11,883**	**16,342**
Direct vacancy costs	0	0
EPRA costs (excl. vacancy costs)	**11,883**	**16,342**
Revenue from net basic rents	**86,876**	**93,784**
EPRA cost ratio (incl. vacancy costs) in %	**13.7**	**17.4**
EPRA cost ratio (excl. vacancy costs) in %	13.7	17.4

EPRA LTV

EPRA LTV is an important indicator in terms of determining the ratio of debt to the market value of the properties. This indicator is reported for the first time due to a newly introduced requirement by the standard setter in the 2023 fiscal year.

EPRA LTV

In EUR thousand	**31/12/2023 As per consolidated balance sheet**	Share of JVs	Share of significant associates	Non-controlling interests	Combined
Non-current financial liabilities	887,400			-44,370	843,030
Current financial liabilities	40,038			-2,002	38,036
Net liabilities	0			0	0
less					
Bank balances and cash in hand	-237,736			11,887	-225,849
Net liabilities (a)	**689,702**	**0**	**0**	**-34,485**	**655,217**
Market value of own company headquarters	4,900			-245	4,655
Market value of investment properties	1,658,413			-82,921	1,575,493
Properties held for sale	13,116			-656	12,460
Net receivables	103,442			-5,172	98,270
Total market value of assets (b)	**1,779,872**	0	**0**	**-88,994**	**1,690,878**
LTV (a/b) (in %)	**38.75**				**28.51**

EPRA reporting on the development of the property portfolio

Accounting as per IAS 40

In the 2022 fiscal year, the model for measuring investment properties was changed from the previously applied fair value model pursuant to IAS 40.33 to the at-cost model pursuant to IAS 40.56. The final balance sheet figures for the two fiscal years prior to the change (2020 and 2021) have been recalculated and adjusted accordingly.

Due to the business activities of the company, all properties held for the purpose of letting are classed as investment properties pursuant to IAS 40. Newly acquired properties are valued at cost. For the purpose of subsequent measurement, investment properties are measured at cost, less depreciation/ amortisation and any write-ups pursuant to IAS 16. Land is not amortised. Buildings are amortised on a straight-line basis over their useful economic life and reviewed annually for impairment.

Measurement information

Furthermore, the market values of the property portfolio are measured at least once a year by an independent property appraiser. We contracted CBRE GmbH, Frankfurt, for this purpose.

The appraiser receives a set fee for producing the property appraisal, irrespective of the outcome of the appraisal.

The appraiser has produced the appraisal in accordance with the standards of the Institut der Wirtschaftsprüfer in Deutschland e.V. [Institute of Public Auditors in Germany, Incorporated Association] (IDW) (IDW S 10 – "Principles for valuing property") and has valued all properties using the discounted cash flow (DCF) method. As such, the appraisal conforms with the International Valuation Standards (IVS).

For more information on the valuation model applied, please refer to pages 72 ff. of the Notes.

Portfolio information

- Remaining terms of rental agreements

The average remaining term of the company's rental agreements – 5 years and 7 months – underscores the stability of its rental income. This figure is calculated on the basis of annualised net rental proceeds for the properties let and uses the remaining terms until the first potential opportunity for termination.

- Overview of properties

Please refer to our website *www.vib-ag.de/real-estate/?lang=en*. Detailed information can be found in the section entitled "Real Estate".

- Ownership status

All properties held for letting purposes (investment properties), reserved plots and properties under construction fall fully within the scope of the Group as part of full consolidation and are fully owned by the respective Group companies.

Like-for-like (LFL) rental growth

LFL rental growth describes the year-on-year growth of net basic rents in the operating portfolio, adjusted for property acquisitions and sales.

Annualised rental proceeds for the 2023 fiscal year (EUR 71,935 thousand) rose by EUR +1,277 thousand (+1.8%) against the previous year's level (EUR 70,657 thousand).

This change can be split into the following categories:

- Contractual indexing	EUR +1,726 thousand
- Changes arising from existing agreements/disposals	EUR -449 thousand

Information on investment properties

In EUR thousand	Group (excl. joint ventures)	Joint ventures (proportional share)	Group total
New investments/acquisitions	25,550	0	25,550
Developments, properties under construction	47,549	0	47,549
Subsequent capitalisation of existing properties			
Creation of additional rentable space	0	0	0
Improvement to existing rentable space	6,818	0	6,818
Rental incentives	0	0	0
Other	0	0	0
Capitalised interest on borrowings	0	0	0
Total investments	79,917	0	79,917

Net rental proceeds by remaining terms of rental agreements

	Share in %	Net rent In EUR thousand
Rolling	7.88	5,949
1 to 3 years	25.53	19,278
3 to 5 years	21.01	15,681
5 to 7 years	26.43	19,953
7 to 10 years	15.18	11,463
Longer than 10 years	3.97	3,001

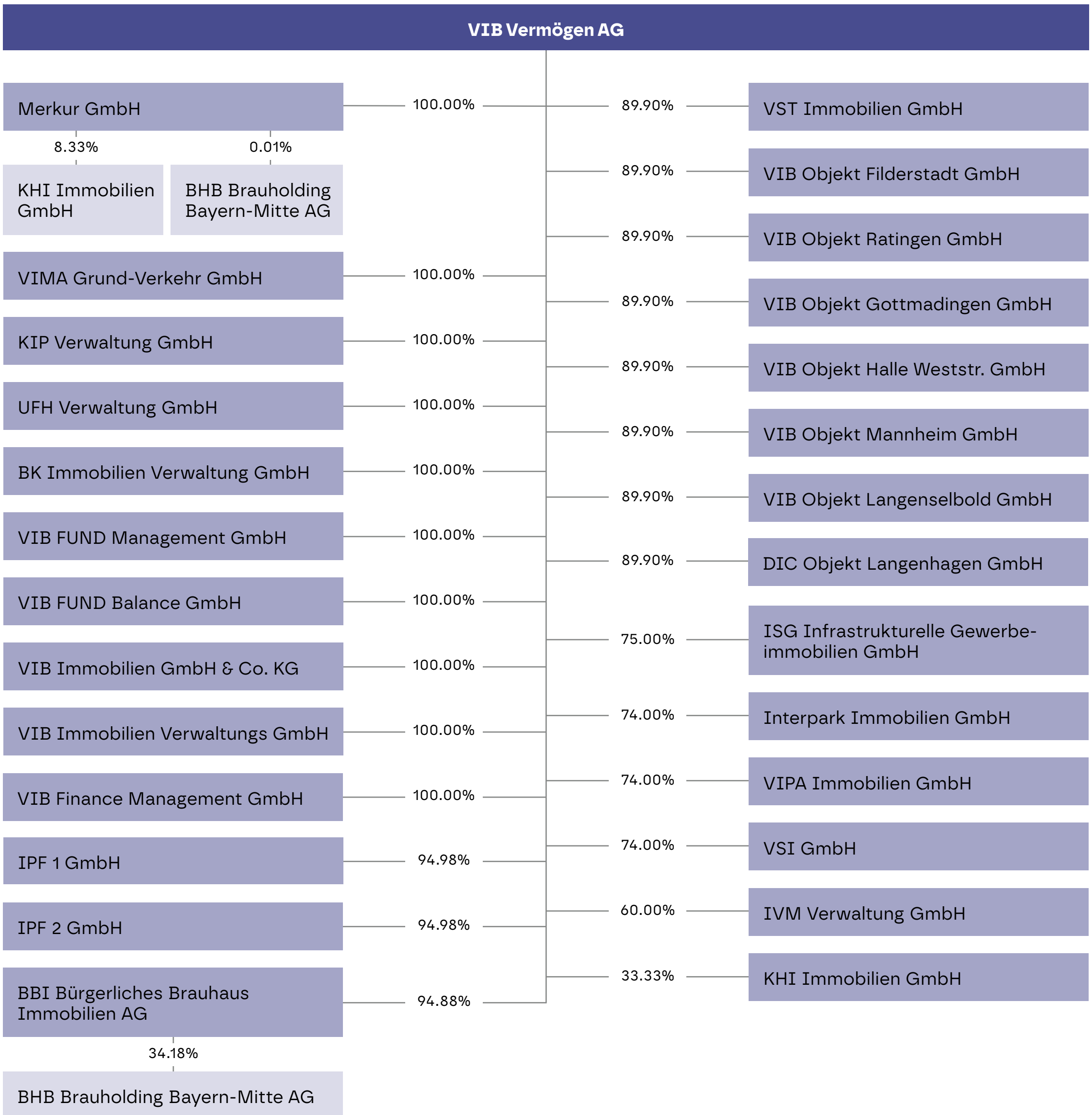
Consolidated management report

Basis of the Group

1. Business activities, Group structure and participating interests

VIB Vermögen AG (also referred to below as “we”, “VIB” or “the VIB Group”) is a medium-sized public stock corporation specialising in commercial real estate management. In addition to portfolio management, VIB also carries out selective property sales as and when attractive sale proceeds can be achieved on the market. The focus in this area is currently on properties in the asset class of logistics and light industrial. Founded as an unincorporated firm in 1993, it was converted into a public stock corporation in 2000. VIB’s shares have been listed on the Munich (m:access) and Frankfurt (Open Market) stock exchanges since 2005. Both listings are in the open market segment.

Overview of participating interests as of December 31, 2023



Alongside property acquisitions, VIB's business model comprises the entire spectrum of in-house developments and redensification projects. These properties are held in the portfolio on a long-term basis and therefore generate foreseeable rental revenues. As of December 31, 2023, the properties in the in-house portfolio (including ongoing development projects) had a market value of EUR 1.7 billion. A further component of the business model lies in the Asset Management segment, i.e. managing properties on behalf of institutional investors. As of December 31, 2023, this segment had a volume of EUR 1.4 billion.

As of December 31, 2023, the existing property portfolio of the VIB Group comprised a total of 81 properties (previous year: 114) with a rental area of some 1.05 million sqm (previous year: 1.37 million sqm). In the Asset Management segment, a portfolio of 74 properties (previous year: 43), with a rental area of some 1.15 million sqm (previous year: 0.93 million sqm), was managed on behalf of institutional investors. Overall, 155 properties with a total value of EUR 3.1 billion are therefore managed under the umbrella of the VIB Group.

The vacancy rate, which stood at 2.1% in the in-house portfolio and at 1.4% in the Institutional segment, remained at a very low level compared with the sector as a whole. As of the end of the year under review, VIB's focus on the core segment of logistics/light industry is also reflected in the portfolio structure. This segment now accounts for 90% of the in-house portfolio as a whole, followed by retail properties at 4%, offices at 3% and service/other at 3%. Logistics and light industrial properties account for 77% of the Institutional Business portfolio.

Another part of the business strategy is that the properties covered by asset/property management operations are managed by our own employees, meaning that we always maintain direct ties to our tenants. As such, we ensure the continuous creation of value for our properties. The asset/property management personnel are employed at our wholly owned subsidiary Merkur GmbH.

VIB Vermögen acquired a majority interest in BBI Bürgerliches Brauhaus Immobilien AG ("BBI Immobilien AG", "BBI") in 2007. The interest it held as of year end 2023 remained unchanged at 94.9% of the share capital of BBI Immobilien AG. VIB Vermögen AG indirectly holds 34.2% of the shares of BHB Brauholding Bayern-Mitte AG ("BHB Brauholding AG", "BHB"), which was founded in November 2009.

In December 2023, BBI Immobilien AG sold its 34.2% interest in BHB Brauholding AG, as well as eight restaurant properties. Furthermore, Merkur GmbH sold its 0.01% interest in BHB Brauholding AG. Ownership, benefits and encumbrances were transferred at the beginning of March.

A profit-transfer agreement is in place between VIB Vermögen AG and BBI Immobilien AG. Accordingly, VIB has undertaken to pay the outside shareholders of BBI reasonable monetary compensation (a guaranteed dividend) of EUR 0.74 (gross) per ordinary share for the duration of this agreement as a repeat annual payment.

2. Corporate targets and strategy

We pursue the objective of continuously and sustainably increasing the value of our company by expanding our property portfolio and management platform. To this end, we coordinate and combine our commitment as a property portfolio management company with services in the role of initiator and manager for institutional customers. As such, we are ensuring reliable cash flows on our platform and operating as a full-service system provider in the field of commercial property investments.

Our dynamic platform centres around the fact that we manage both our own property portfolio and the property investments of institutional customers. A portion of the assets under management comes within our own portfolio from an accounting standpoint and ensures high, stable cash flows and, at the same time, considerable flexibility in terms of structuring the investment products that we set up and manage for our institutional customers.

The financial and accounting structure of a portfolio management company, combined with the management expertise of an active asset management firm, enables us to seize market opportunities quickly and flexibly. From our point of view, these platform activities are characterised by risk balance, continuity and capital efficiency, as well as by outstanding scalability.

In-house portfolio

We expand our own property portfolio by means of targeted in-house developments and acquisitions in the logistics/light industry segment. Where attractive proceeds can be generated, properties are also sold on a selective basis. The logistics sector plays a prominent role in the value chain in Germany and has been recording steady growth rates for many years. We focus on German medium-sized commercial tenants and multinational corporations. Our portfolio of logistics and light industrial properties is complemented by office and industrial properties, although these currently only represent a small share of the portfolio as a whole.

Whether developing new properties or acquiring existing ones, we also harness the network of regional and nationwide partners that we have built up over approximately 30 years. Selecting a suitable location for a property plays a particularly vital role for us in this regard, irrespective of whether we are acquiring the property or developing it ourselves. A key element of our development strategy is that our construction projects usually only begin once we have secured binding rental agreements for a significant portion of the property concerned and once financing is securely in place. This approach minimises our project and financing risks and enables speedy and needs-driven completion of construction projects in the interests of customers.

Property management on behalf of institutional investors

Property management on behalf of institutional investors comprises all services in connection with the property investments of institutional customers, for whom we structure and manage funds, club deals and individual mandates. We earn service fees as a result. We generate these management earnings for the various service components across all life cycle phases of active property management: set-up and transaction fees for structuring investments and transfers, fees for ongoing asset and property management, development fees for value appreciation measures and performance fees upon attainment of predefined targets. We also generate investment income from minority interests in investment products and projects that we manage.

In-house portfolio management

When it comes to facilities management, we deliberately eschew the services of external providers and rely instead on management by our own staff. The long-term letting of our properties also serves to minimise administrative expenses and associated costs, as well as the vacancy rate, while simultaneously increasing/stabilising value in a sustainable way.

3. Steering system

The economic planning and steering of the company is the responsibility of the Managing Board. The underlying conditions are defined in relation to the business strategy and formulated as concrete targets within the scope of annual budget planning. These targets are reviewed on a regular basis using key performance indicators. If any deviations are identified, the planning targets are reviewed and, if necessary, modified; specific countermeasures are also instigated.

The key financial indicators of the VIB Group are gross rental income and FFO (funds from operations).

Gross rental income represents the key indicator for evaluating growth within the company's own portfolio and includes net basic rents for the let properties. From a cash flow perspective, FFO is the most important indicator in terms of the operational course of business and can be derived from earnings from ordinary business activities. Depreciation and amortisation on properties is re-added during calculation, whereas sale proceeds are deducted. The non-controlling shareholders' share of earnings is not taken into account.

The key non-financial indicator for VIB is the vacancy rate. This indicates the share of total useful space that is not let as of the cut-off date and that is therefore not generating any rental income. The vacancy rate is calculated on the basis of the net rents that our properties are capable of generating.

Key performance indicators at a glance

KPI	Description	**2023**	2022
Financial performance indicators			
Gross rental income	Gross rental income as per income statement	EUR 86.9 million	EUR 93.8 million
FFO	Funds from operations (before taxes and minority interests, indicates the property portfolio's earnings strength)	EUR 72.6 million	EUR 62.7 million
Non-financial performance indicators		**As of 31/12/2023**	**As of 31/12/2022**
Vacancy rate	Based on annualised net rent	2.1%	1.4%

4. Employees

As of the end of the 2023 fiscal year, the VIB Group employed 38 commercial staff in addition to the two members of the Managing Board (31/12/22: 33 staff). In addition, one industrial employee was employed on a part-time basis (31/12/2022: one employee).

As of December 31, 2023, the Managing Board comprised the two members Dirk Oehme (Speaker of the Board) and Nicolai Greiner (31/12/2022: three Managing Board members). Rainer Hettmer stepped down from the Managing Board on June 30, 2023.

Business report

1. Market and competitive environment[1]

Macroeconomic trends

The consequences of global crises are having an adverse impact on the German economy

The German economy shrank last year. According to calculations published by the Federal Statistical Office of Germany (Destatis), economic output declined by 0.3% year-on-year, following a 1.8% increase in the previous year. Despite recent falls, prices across all sectors remained high, stifling the economy. This was compounded by unfavourable financing conditions on account of high interest rates and falling demand, both domestically and internationally. As such, the German economy did not continue its recovery from its deep Covid-related slump in 2020.

Economic output in the manufacturing sector (excluding construction) fell sharply, with the construction industry also generating scant positive momentum for the economy as a whole. The service sector, on the other hand, predominantly grew. By contrast, the significant rises in spending on equipment, coupled with the positive trade balance, bolstered gross domestic product.

Although the government once again recorded a budget deficit, this was lower than in previous years due to the discontinuation of expenditure to combat Covid. Federal, state and local government, as well as social insurance bodies, recorded a deficit of some EUR 80 billion, which equates to a government deficit ratio of 2.0%.

The labour market remained robust in 2023. The number of people working in Germany reached a new record level of 45.9 million on average. This development is, among other things, attributable to a high level of inward migration and increased employment rates among the domestic population.

In an international comparison, the German economy lagged well behind the other large EU member states and other large economies, such as the US and China, in 2023. Germany was the only large European nation to record a decline in price-adjusted gross domestic product. Compared with 2019, i.e. the year before the outbreak of the coronavirus pandemic, Germany recorded the weakest economic growth of the large EU countries.

Sector trends

Sharp decline in the investment market for commercial properties

According to figures released by BNP Paribas Real Estate (BNPPRE), the German property investment market recorded a volume of EUR 23.3 billion in 2023. This equates to a substantial fall of 57% compared to the previous year, primarily reflecting the significantly changed and challenging financing conditions, and also represents a similar drop compared to the ten-year average. As such, the volume is at a similar level to that witnessed in the years prior to the financial crisis.

Even though logistics revenues declined year-on-year in line with the overall market trend, logistics properties accounted for the largest share of the overall commercial investment market for the first time. With annual revenues of EUR 6.1 billion (previous year: EUR 10.1 billion), logistics came in slightly ahead of the asset classes of offices and retail. Overall, logistics accounted for 26% of the transaction

[1] Sources: BNP Paribas Real Estate: Investment market Germany 2023; Federal Statistical Office of Germany (Destatis)

volume, followed closely by office buildings with a volume of EUR 6.0 billion, or just under 26% of market share. Retail properties occupied third place with revenue of some EUR 5.7 billion and a share of approximately 24% of the total market.

2. Course of business

Target attainment

Despite the macroeconomic challenges in Germany, the Managing Board looks back on a successful 2023 fiscal year. All of the company's targets in respect of gross rental income, FFO (funds from operations) and vacancy rate were met.

Target/actual comparison

	Forecast for 2023	Actual 2023 figures
Financial performance indicators		
Gross rental income	EUR 82.0 million to EUR 88.0 million	EUR 86.9 million
FFO (funds from operations)	EUR 68.0 million to EUR 74.0 million	EUR 72.6 million
Non-financial performance indicators	Forecast for 31/12/2023	Actual figures as of 31/12/2023
Vacancy rate	Low, single-digit percentage range	2.1%

In particular, the year under review was dominated by the sale of 31 commercial properties to a special real estate fund, with the transaction successfully completed with the transfer of ownership, benefits and encumbrances as of March 31, 2023. Over the course of the year, six further property sales in the logistics/light industry segment were carried out.

Gross rental income of EUR 86.9 million lay at the top end of the EUR 82.0 million to EUR 88.0 million forecast that we set for ourselves.

FFO (funds from operations) stood at EUR 72.6 million in the year under review, therefore coming within the forecast range of EUR 68.0 million to EUR 74.0 million.

In respect of the vacancy rate on the basis of effective annual net rents, VIB predicted a figure in the low, single-digit percentage range as of December 31, 2023. This target was achieved with a vacancy rate of 2.1%.

3. Earnings, assets and financial position

Earnings position

Selected indicators of earnings position

In EUR thousand	2023	2022	Change in %
Gross rental income	86,876	93,784	-7.4
Net rental income	81,933	88,459	-7.4
Earnings from ordinary business activities	151,699	61,851	+145.3
Consolidated net income	130,838	54,704	+139.2
Funds from operations (FFO)	72,578	62,662	+15.8

Due to the sale of 31 retail properties, completed on March 31, 2023, and the sales of six logistics properties during the course of the year, the gross rental income of the VIB Group fell by 7.4%, or EUR 6.9 million, to EUR 86.9 million (previous year: EUR 93.8 million). The completion and letting of development projects in Meitingen, Ingolstadt, Kösching and Langenhagen, as well as the overall increase in like-for-like rental income of 1.8%, had an opposing effect. Net rental income came in at EUR 81.9 million and was therefore down by 7.4% on the previous year (previous year: EUR 88.4 million). This item includes both the ancillary cost payments from tenants totalling EUR 13.0 million (previous year: EUR 13.0 million) and the advance operating cost payments to utility companies payable by VIB in the amount of EUR 14.2 million (previous year: EUR 13.8 million), as well as other property-related expenses (mostly maintenance costs for the property portfolio) in the amount of EUR 3.7 million (previous year: EUR 4.5 million).

Administrative expenses fell to EUR 3.4 million (previous year: EUR 3.8 million), whereas personnel expenses came in at EUR 4.0 million (previous year: EUR 7.9 million). In the previous year, personnel expenses included one-off effects associated with the change in the shareholder structure.

Depreciation and amortisation on property, plant and equipment and on intangible assets stood at EUR 29.0 million (previous year: EUR 31.5 million) and includes depreciation and amortisation on properties, plant and equipment and intangible assets. Despite the overall market situation, no impairments were necessary on the property portfolio.

Income from property administration fees comprises asset and property management, letting, project coordination and transaction fees associated with the management of properties on behalf of institutional investors. The VIB Group generated such income totalling EUR 8.1 million (previous year: EUR 3.1 million) in the fiscal year under review.

Other operating revenue came in at EUR 0.4 million (previous year: EUR 0.9 million) and chiefly comprises insurance compensation due to building damage.

Due to the property sales carried out, the sale of investment properties resulted in net proceeds of EUR 497.8 million (previous year: EUR 25.8 million). The residual carrying amount of investment properties sold stood at EUR 389.7 million (previous year: EUR 25.4 million). As such, the sale of investment properties resulted in total net proceeds of EUR 108.1 million (previous year: EUR 0.4 million).

Earnings attributable to associated companies stood at EUR 2.8 million (previous year: EUR 21.5 million) and chiefly comprised investment income from the special real estate fund Retail Balance I. In the previous year, this item included earnings from the sale of the joint venture investment of WVI GmbH.

Interest income amounted to EUR 17.2 million (previous year: EUR 2.9 million) and, in particular, included interest income from a loan extended to the parent company BRANICKS Group AG and interest income from fixed-term deposits held at banks. On account of the increased loan volume in connection with the refinancing of a large share of the logistics portfolio, interest expenses at the VIB Group climbed from EUR 12.3 million to EUR 30.6 million.

On account of the profit from the sale of investment properties, earnings from ordinary business activities rose sharply year-on-year by EUR 89.8 million to EUR 151.7 million (previous year: EUR 61.9 million).

In spite of the increase in earnings from ordinary business activities, income taxes came in at EUR 4.8 million, down on the previous year's figure of EUR 7.4 million. This is due to the fact that the taxes on the disposal gains from the properties are recognised in deferred tax liabilities. Consolidated net income improved to EUR 130.8 million in the reporting period (previous year: EUR 54.7 million); earnings per share came in at EUR 3.92 and were therefore significantly higher than the level of EUR 1.90 in the previous year.

FFO (funds from operations) – i.e. cash inflow from operating activities before tax and non-controlling interests – rose by EUR 9.9 million, from EUR 62.7 million to EUR 72.6 million, in the year under review.

Net assets

The consolidated balance sheet is prepared using a classified balance sheet method in accordance with IAS 1 – Presentation of Financial Statements. Assets that will be realised within twelve months after the balance sheet date and liabilities that will become due within one year after the balance sheet date are recognised as current. The income statement has been prepared on the basis of the methods recommended by the European Public Real Estate Association (EPRA).

As in the previous year, the at-cost model (IAS 16) was applied for the measurement and accounting of investment properties.

Selected indicators of net assets

In EUR thousand	**31/12/2023**	31/12/2022	Change in %
Total assets	1,900,566	1,586,409	+19.8
Investment properties	1,056,049	1,145,908	-7.8
Investment properties (incl. assets held for sale)	1,171,407	1,400,853	-16.4
Non-current financial liabilities	887,400	583,646	+52.0
Current financial liabilities	40,038	152,047	-73.7
Total financial liabilities (total of non-current and current financial liabilities)	927,438	735,693	+26.1
Equity	876,721	744,754	+17.7
Equity ratio	46.1%	46.9%	-0.8 PP

As of the balance sheet date December 31, 2023, the total assets of the VIB Group amounted to EUR 1,900.6 million (31/12/2022: EUR 1,586.4 million). Investment properties at the VIB Group came in at EUR 1,056.0 million, compared with EUR 1,145.9 million in the previous year. Property, plant and equipment stood at EUR 10.6 million (previous year: EUR 10.9 million) and chiefly comprises the owner-occupied company headquarters of the VIB Group. Assets held for sale also include Group properties and stood at EUR 115.4 million (31/12/2022: EUR 254.9 million). Investment properties including assets held for sale came in at EUR 1,171.4 million, compared with EUR 1,400.9 million in the previous year. This decrease is chiefly due to the completed sale of a retail portfolio and six logistics properties. The acquisition of the shares in VIB Objekt Langenhagen GmbH, with one logistics property in its portfolio, had a positive effect on the development of the property portfolio. An interest was also acquired in the special AIF GEG Public Infrastructure IV, which currently comprises one property in Berlin.

Interests in associated companies mainly include capital contributions at companies and shares in GEG Public Infrastructure IV and stood at EUR 80.3 million as of the balance sheet date (31/12/2022: EUR 17.9 million). Shares in participating interests stood at EUR 4.0 million and comprise participating interests in DIC HI Portfolio GmbH and DIC Hamburg Portfolio (31/12/2022: EUR 0). Loans to related parties amounted to EUR 250.0 million (31/12/2022: EUR 0) and include a loan extended by VIB to the Group parent company BRANICKS Group AG. Prior to conclusion of the loan agreement, both the appropriateness of the interest rate and the value retention of the security were verified by an appraiser. The item “Intangible assets” stood at EUR 37.9 million (31/12/2022: EUR 43.0 million) and comprises property management agreements in relation to Group companies.

Trade receivables climbed by EUR 2.9 million to EUR 5.3 million (31/12/2022: EUR 2.4 million) and include purchase price retentions in connection with the Retail Balance I fund. Receivables from related parties include interest receivables for VIB arising from the loan to BRANICKS Group AG and stood at EUR 6.3 million (previous year: EUR 0 million). Income tax receivables chiefly comprise corporation tax receivables and came in at EUR 4.6 million (31/12/2022: EUR 0 million). Other assets came in at EUR 92.4 million (31/12/2022: EUR 43.5 million) and chiefly comprise outstanding receivables from third parties in connection with loans granted. Bank balances and cash in hand amounted to EUR 237.7 million as of the balance sheet date (31/12/2022: EUR 67.8 million).

On the liabilities and equity side, the items subscribed share capital (EUR 33.1 million), share premium account (EUR 299.3 million) and retained earnings (EUR 104.2 million) remained unchanged year-on-year. Accumulated earnings increased to EUR 406.6 million (31/12/2022: EUR 277.1 million) on account of the share of earnings attributable to Group shareholders recognised in the income statement. Minority interests rose slightly year-on-year to EUR 32.5 million (31/12/2022: EUR 31.2 million).

Due to the consolidated net income generated, equity rose to EUR 876.7 million as of the balance sheet date of December 31, 2023 (31/12/2022: EUR 744.8 million), with the equity ratio coming in at 46.1% (31/12/2022: 46.9%).

Non-current interest-bearing financial liabilities increased substantially by EUR 303.8 million to EUR 887.4 million (31/12/2022: EUR 583.6 million) due to the refinancing of a large share of the logistics portfolio; deferred tax liabilities rose by EUR 16.0 million on account of the gains generated by the sale of investment properties and stood at EUR 74.6 million (31/12/2022: EUR 58.6 million). Current interest-bearing financial liabilities fell sharply by EUR 112.0 million to EUR 40.0 million (31/12/2022: EUR 152.0 million) in connection with the refinancing measures. On a net basis, total financial liabilities (non-current and current financial liabilities) increased by EUR 191.7 million to EUR 927.4 million (31/12/2022: EUR 735.7 million).

Liabilities to related parties decreased to EUR 1.6 million (31/12/2022: EUR 31.1 million). In the previous year, this item contained liabilities associated with first-time fund structuring and with interest rate hedges. Liabilities to participating interests remained unchanged at EUR 2.9 million and include liabilities to minority interests. Other liabilities rose to EUR 13.5 million (31/12/2022: EUR 9.0 million), mainly due to higher outstanding invoices for trade payables.

Financial position

The financial management of VIB includes the planning, coordination and monitoring of all measures designed to acquire funds (equity and debt financing) and deploy funds (investment, primarily in the expansion and maintenance of our property portfolio). The main aim of our financial management is to ensure the financial stability of VIB. As of the balance sheet date, the Group had access to undrawn credit and overdraft lines in the amount of EUR 13.1 million (previous year: EUR 15.1 million).

Selected indicators of financial position

In EUR thousand	**2023**	2022	Change
Cash flow from operating activities	+74,741	+67,812	-655
Cash flow from investment activities	-87,184	+7,225	-11,530
Cash flow from financing activities	+182,128	-80,284	+187,117
Consolidated group-related changes to cash and cash equivalents	+225	+4,909	-4,684
Cash and cash equivalents at end of period	237,736	67,826	+169,911

Cash inflow from operating activities came in at EUR 74.7 million in the year under review (previous year: EUR 67.8 million).

Cash outflow from investment activities amounted to EUR 87.2 million, compared with cash inflow of EUR 7.2 million in the prior-year period. This item includes proceeds from the disposal of properties in the amount of EUR 494.1 million (previous year: EUR 25.8 million), of which EUR 306.0 million relates to the sale of the retail portfolio and EUR 188.1 million relates to the sale of six logistics and light industrial properties. Outgoing payments of EUR 78.2 million (previous year: EUR 37.9 million) were made for property acquisitions, as well as outgoing payments of EUR 502.9 million (previous year: EUR 5.2 million) for investments in financial assets. The latter chiefly comprises a loan to the Group parent company BRANICKS Group AG in the amount of EUR 250.0 million, a loan in connection with the setting up of the real estate fund VIB Retail Balance I in the amount of EUR 82.9 million and fund investments in the amount of EUR 160.0 million.

Cash inflow from financing activities came in at EUR 182.1 million in the year under review (previous year: cash outflow of EUR 80.3 million). This item comprises cash inflow from the taking out of bank loans in the amount of EUR 571.5 million (previous year: EUR 29.9 million), the main item here being the refinancing of a part of the logistics portfolio. In addition, cash out-flow from bank liability repayments was recorded in the amount of EUR 370.3 million (previous year: EUR 85.3 million). Incoming payments from interest received stood at EUR 7.3 million and mainly comprise interest payments in connection with the loan extended to BRANICKS Group AG, as well as interest payments arising from fixed-term deposits. The VIB Group paid interest on loans in the amount of EUR 28.3 million (previous year: EUR 12.3 million) in the fiscal year under review.

The average interest rate on loan liabilities stood at 3.7% as of December 31, 2023 (31/12/2022: 1.8%).

In total, cash and cash equivalents rose by EUR 169.9 million to EUR 237.7 million as of December 31, 2023.

4. Overall statement on the company's business position

Despite the tough macroeconomic environment and the challenging conditions on the commercial property market, the Managing Board can look back on a successful 2023 fiscal year and is satisfied with the results generated, particularly FFO (funds from operations). As outlined in the earnings, assets and financial position, the fiscal year under review was, among other things, dominated by significant disposals within the property portfolio, with the company generating lucrative sales proceeds. Furthermore, some properties were also acquired that will have a positive long-term effect on the company's earnings position. Aside from acquisitions, VIB will continue to operate in the field of development projects, which will have a long-term positive effect on gross rental income and FFO.

The VIB Group feels that it continues to be exposed to a variety of business risks in the 2024 fiscal year. The decisive factor in this regard will be the development of the commercial property market and, not least, the interest rate situation in Germany. Despite the uncertainties, the Managing Board expects that the underlying conditions for the property business of the VIB Group will remain stable.

Report on risks and opportunities

Risk report

1. Risk management system (RMS)

In a dynamic environment, identifying risks and opportunities at an early stage is a fundamental corporate responsibility. The VIB RMS enables the company to seize existing opportunities, tap into new potential sources of success and, through a controlled approach to handling risk, generate sustainable earnings. Existential threats are identified at an early stage, enabling effective countermeasures to be taken. Thanks to a balanced relationship between opportunities and risks, potential negative impacts on the success of the company are kept as minimal as possible.

The governing bodies of the VIB Group have set themselves ground rules for accepting risk. This includes taking calculable business risks on a targeted basis, insofar as it can be expected that the associated opportunities will have a positive effect on the course of business. This corresponds to our commitment to generating stable earnings while managing, relocating and reducing the risks that arise as a result. Risk and opportunities management is therefore a fundamental component of corporate governance.

In the interests of tenants, employees and investors, the risk management system protects against critical situations and safeguards the company as a going concern.

The RMS encompasses all areas of the VIB Group and is binding for all employees. The risk management system comprises four risk categories: (1) environment and sector risks, (2) business risks, (3) financial risks and (4) other risks. The risks are reviewed to determine whether they have a material influence on the company's existence, economic position and attainment of targets. The RMS pertains to strategic decisions of the Managing Board and day-to-day business alike. A core component of risk management is the internal control and monitoring system, which minimises operational and financial risks, oversees processes and ensures compliance with laws and regulations, including the principles of proper accounting.

Overview of risks within the VIB Group:

Environment and sector risks	Business risks	Financial risks	Other risks
Locational risk	Vacancy and rent default risk	Financing risks	Legal/contractual risks
Valuation risk	Project development risk	Interest rate risks	Regulatory risks
	Acquisition risk	Risks from financial instruments	Risk of damage
	Concentration risk		Personnel risks
			IT risk

Structure of the risk management system

Risk early detection system

The VIB Group's early detection system aims to identify all potential risks at an early stage, allowing the company to take all measures to manage negative developments in good time. The relevant risk managers are responsible for identifying, reporting, assessing and controlling risks, as well as for overseeing the measures taken. For example, real estate data is recorded and aggregated at the level of individual properties by the Asset Management department; this data is then reviewed, supplemented and summarised by the Central Controlling department, who also report it to senior management.

Risk identification

As part of risk controlling, risk identification is the first step of the risk management process and forms the basis for appropriate and effective management of risks. Based on the integration concept, risks are identified and categorised at the level of general business processes. On account of the ever changing conditions facing the VIB Group, the identification and documentation of risks is an ongoing process.

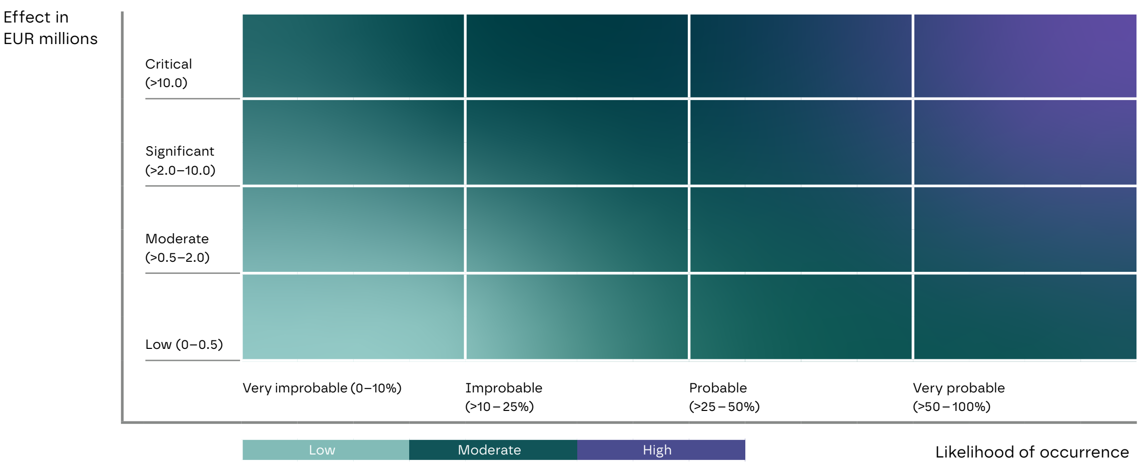
Among other things, a complete risk inventory (risk identification) is performed twice a year across all categories of risk, with the risks then assessed. Risk identification is performed by the risk managers, who then report them to the VIB risk officer. When gathering this information and then subsequently responding to risks, risks are considered on a stand-alone basis, i.e. each risk is separately presented, assessed and proactively pursued.

Risk assessment

VIB Group employees are expected to take a conscious and responsible approach to risks and opportunities within their area of competence. Risk managers are named for all relevant risks in accordance with the hierarchy. Once identified, a risk is assessed according to its likelihood of occurrence and quantified by its potential for damage. Where necessary, the next step sees the relevant heads of department devise appropriate risk management in tandem with the Managing Board. Moreover, already implemented/possible measures are drawn up and regularly monitored, and attention drawn to potential residual risks. Any non-quantifiable risks are assessed using qualitative characteristics.

An identified risk is analysed and assessed according to its likelihood of occurrence and potential damage (impact) by the relevant risk manager and the risk officer of the VIB Group. Non-quantifiable risks are classified on a qualitative basis using a matrix of four damage classes and four likelihood-of-occurrence classes.

VIB Vermögen AG risk matrix



1. The likelihood of a risk occurring is divided into the classes of “very improbable”, “improbable”, “probable” and “very probable”. These classes reflect the percentage probability with which a harmful event is expected to occur within a twelve-month period.

2. The potential effect (loss level) states the potential maximum extent of a loss given the occurrence of the harmful event. Here, differentiation is made between “low”, “moderate”, “significant” and “critical” loss extents.

3. Multiplication of the maximum loss level by the event probability generates the risk potential or weighted potential loss amount of the corresponding risk. Risk potential is classified into the three categories of “low”, “moderate” and “high” on a net basis within the VIB Group.

Risk management and reporting

Risk management is an interactive process, providing the Managing Board with the findings from individual risk assessments, as well as details of initiated countermeasures and their effectiveness, as early and extensively as possible. Risk communication represents an integral component of reporting at the VIB Group. Risks are generally communicated to the Managing Board on a bottom-up basis, via information channels at different levels.

To ensure that information is provided about identified risks and the most important events in the market environment, risk management is incorporated within regular planning, reporting and management routines.

An ad hoc reporting process ensures that acute risks can be reported directly to the Managing Board at any time, meaning that countermeasures can be initiated immediately if necessary. Any employee can notify the risk officer or Managing Board of acute risks at any time. In turn, the Managing Board reports to the Supervisory Board on the current development of business risks.

Monitoring and optimisation of the risk management system

The RMS is systematically monitored by means of process-dependent measures (i.e. ongoing measures integrated into normal operating procedures) and non-process-dependent oversight measures.

The functionality of the RMS is monitored and reviewed at least once a year by the Audit Committee on an overarching basis. Based on the results of the analysis, the Managing Board decides on the measures required to change and adapt the risk management system.

Monitoring work includes reporting to the Managing Board, the underlying management of individual risks by risk managers and the risk officer and compliance with the controls integrated into processes. Furthermore, the risk management processes are reviewed annually in line with statutory requirements. Where any need for changes or adjustments is recognised, the Managing Board will also initiate and implement changes to the processes or organisational structure outside the annual review.

Risk management documentation

The existing guidelines, processes, instruments, risk areas and responsibilities are documented in writing and continuously developed. A summary document contains the key elements of the control loop introduced as part of the RMS.

Opportunities management

Alongside risks, the systematic identification and communication of opportunities forms an integral part of the VIB Group's RMS. By opportunities, we mean events or developments with the potential to have a positive influence on the course of business. We always strive to strike a balance between opportunities and risks.

2. Company risks[1]

As a property management company, the VIB Group is exposed to a variety of risks, which are outlined and explained in more detail below.

The German commercial property market is closely linked to trends in the economy as a whole. In the event of an economic slowdown, there is a risk that companies will be less willing to invest. As a consequence, this could impact various risk areas of the VIB Group, e.g. a fall in demand for rental space, an increased risk of vacancies and rising financing costs for commercial mortgages.

Overall, the German economy had a challenging year in 2023, with gross domestic product down slightly on the previous year. Towards the end of the year, the economy seemed to be on course for a slight recovery, meaning that it is once again expected to grow slightly in 2024.

The German property market also came under heavy pressure in 2023, chiefly due to high interest rates. On the one hand, almost all investor groups held back on acquisitions, as the price level is yet to settle. On the other hand, there remains little willingness to sell, leaving buyers with few opportunities. Were the ECB to indicate a change in interest rate policy in 2024, this could breathe new life into the property market.

In summary, the macroeconomic and sector-specific situation in Germany can still be described as challenging. In order to counteract risks, the VIB Group relies on a diversified tenant base with high credit ratings, an approach that once again proved effective in the year under review. Despite the economic challenges, the vacancy rate at the VIB Group was, at 2.1%, once again in the low, single-digit percentage range as of December 31, 2023.

Locational risk

The quality of a property's location is determined by numerous factors over which VIB has no influence, such as the condition of the transport infrastructure, the development of sales markets and purchasing power and the available labour force potential. A deterioration in these factors could adversely impact the value of the property and the rental income it can generate. When acquiring properties, VIB counters these risks by means of careful selection and reviewing of properties as part of due diligence. Moreover, in-house property management by VIB Group staff allows us to identify changes in the properties' environment in a timely fashion so that, where necessary, suitable measures can be taken quickly and effectively in response.

We therefore appraise the locational risk as "low", as in the previous year.

[1] Sources: Federal Statistical Office of Germany (Destatis); BNP Paribas Real Estate: Investment market Germany 2023; German Federal Government's autumn projection

Valuation risk

The value development of properties is subject to numerous factors over which VIB only has limited control. Depending on how these factors develop, there is a risk that the value of the property portfolio may fall and that the company may sustain valuation losses. In order to receive precise information surrounding the value development of the property portfolio, the market/fair values of all properties are calculated every year by an independent external property valuation surveyor using recognised valuation methods. The extent to which the property portfolio retains its value depends on various factors, including infrastructure links and the overall condition of each property, the rental incomes that can be generated and the remaining terms of rental contracts. As we recognise properties at amortised cost, valuation fluctuations do not directly impact the balance sheet and income statement. They could, however, have an adverse effect on financing conditions.

We appraise the valuation risk as “moderate”, as in the previous year.

Vacancy and rent default risk

As a long-term portfolio manager, VIB is subject to a rental default and vacancy risk. An economic slowdown could reduce demand for rental space. As a result, rents could fall, which would lead to lower rental incomes for VIB. There is also the risk of a rental default due to temporary payment difficulties or the insolvency of a tenant.

In order to identify payment difficulties at an early stage, rents receivable are monitored on an ongoing basis and any rental arrears are processed promptly. Furthermore, priority is also placed on good alternative usability when acquiring properties. Thanks to the aforementioned measures, the vacancy rate at the VIB Group has been constantly below 3% for many years, coming in at 2.1% as of December 31, 2023 (31/12/2022: 1.4%), which the company once again considers to be a very good level.

The Managing Board gauges the vacancy and rent default risk as “moderate” as of December 31, 2023, which is unchanged from the previous year.

Project development risk

As a property developer, we are subject to fundamental risks that arise from the acquisition of land and the subsequent construction of properties.

During development projects, construction only ever begins following advance letting. In the event of delays in marketing/advance letting, there is a risk that construction projects may not be completed or only completed behind schedule. Furthermore, development and investment budgets could be exceeded. In turn, this could result in the development yields calculated by VIB not being achieved.

Delays in the completion of the properties cannot be ruled out as part of general construction risk. This would render it impossible to transfer properties to tenants on time. This could lead to temporary losses of rental income, as well as claims for compensation pursued by tenants.

Furthermore, property development is subject to a raft of further risks, such as incorrect evaluation of the market and competitors, poor choice of location, contamination risks in respect of land and buildings, breaches of heritage protection/environmental rules and construction defects/warranty claims.

In order to minimise general project development risks and to ensure that projects are completed on schedule and on budget, VIB invariably works with experienced general contractors on larger construction projects. In order to identify and prevent problems at an early stage, information is shared on a regular basis between the VIB project development team and the general contractor, as well as with the relevant authorities and all other suppliers and service providers involved.

We appraise the project development risk as “moderate”, as in the previous year.

Acquisition risk

Alongside development projects, the acquisition of existing properties represents a further key pillar of the business strategy at VIB. The acquisition of plots of land also forms part of this acquisition strategy. These plots supplement the VIB Group’s site pipeline and, over time, are used successively for the development of new logistics projects.

For VIB, risks such as concealed defects in the building’s structure, an excessively high purchase price, problems incorporating the property into the Group structure, unexpected liability claims or problems with the new tenant may also arise in connection with acquisition decisions.

We strive to limit these risks by virtue of our long-standing experience as a portfolio management company and our corresponding connections in the commercial property market. Furthermore, we also conduct technical, financial and legal due diligence ahead of any major transaction and, where necessary, consult external specialists such as architects, building engineers, lawyers and tax consultants.

As of December 31, 2023, we appraise the acquisition risk as “low”, as in the previous year.

Concentration risk

The VIB tenant base includes small and medium-sized enterprises as well as multinational corporations. The VIB Group portfolio includes anchor tenants, who rent multiple properties. As such, there is a risk that individual tenants could experience payment difficulties or, in a worst-case scenario, be forced to file for insolvency. This would potentially result in payment defaults and negative impacts on the company’s earnings position.

The Managing Board gauges the concentration risk as “moderate”, as in the previous year.

Financing risk

VIB works closely with local and national banks in relation to the financing of real estate projects. The Managing Board takes the view that a further deterioration in the economic situation could have a negative impact on the banking sector and therefore on the financial system as a whole. This could lead to banks pursuing a more restrictive lending policy, charging higher fees or providing companies with insufficient capital or no capital at all. For VIB, this could result in planned property development projects either not being completed or being delayed due to difficulties with financing.

VIB is also subject to a liquidity risk in connection with financial risks. The company’s liquidity management is based on the daily availability of its bank accounts and rolling liquidity planning that factors in all payment-related circumstances. The VIB Group held sufficient total cash and cash equivalents to ensure solvency at all times in the year under review.

Under the terms of a loan, VIB has provided the Group parent company, BRANICKS Group AG, with freely disposable liquid funds totalling EUR 250 million. This loan is secured against 75% of the limited partner's shares in DIC 27 Portfolio GmbH & Co. KG. Prior to conclusion of the loan agreement, both the appropriateness of the interest rate and the value retention of the security were verified by an external appraiser.

Due to the year-on-year increase in loan volume at the VIB Group and the loan extended, the Managing Board gauges the financing risk as "moderate" as of December 31, 2023 (previous year: low).

Interest rate risk

In order to fund company growth, VIB will continue to draw on debt financing instruments. As such, trends in the overall interest rate in Germany are of considerable importance, as the interest expenses in connection with property loans have a direct impact on the company's earnings position.

A rise in the overall interest rate increases the risk for the company that both the interest rate conditions for funding new projects and the interest rate terms for existing loans on which the fixed-interest period is expiring could worsen.

Since 2022, the ECB has continuously increased the base rate, which has also led to a rise in the financing rates for property loans. It is currently not possible to precisely predict how interest rates will develop further, although the Managing Board currently believes that a change in policy, and therefore a slight reduction in financing interest rates, is more likely during the course of 2024.

The Managing Board gauges the interest rate risk as "moderate", as in the previous year.

Risks from financial instruments

In order to protect itself against rising interest rates, VIB concludes interest rate hedges as part of its financing strategy. In individual cases, these hedges may impact the amount of interest rate expenses recognised on the company's income statement.

VIB gauges the risk from financial instruments as "low", as in the previous year.

Legal and contractual risks

New or changing legal frameworks are keenly monitored by VIB in order to facilitate a rapid response. Changes – particularly in the area of construction/environmental law, but also in terms of capital market and tax law – could give rise to a risk that incurs additional costs or, in certain cases, has a negative effect on the course of business at VIB.

The VIB Group could be involved in court proceedings connected with the acquisition, development or sale of properties and land or with matters pertaining to company law. Such proceedings could adversely affect the economic position of the company. While various court proceedings are currently pending, none of these, whether taken individually or in aggregate, could have a significant impact on the company's course of business.

The VIB Group is also reliant on the observance of compliance standards (applicable legislation as well as internal guidelines such as the Code of Conduct and anti-corruption and compliance guidelines) by all employees and the management. A failure to comply could have negative consequences on the company's business activities, as well as reputational damage. To ensure observance with compliance standards, a compliance unit has been set up at VIB. This unit defines internal guidelines and process requirements and handles training on compliance-related topics for all employees of the VIB Group. No breaches of compliance guidelines were reported at VIB in the fiscal year under review.

As a property management company, VIB could incur contractual risks when entering into agreements with tenants, customers and other business partners (e.g. rental and purchase agreements, agreements with general contractors, service agreements, consultancy agreements, etc.). In order to minimise these risks, all agreements are reviewed internally and, where necessary, externally.

The VIB Group is currently involved in four court proceedings, although the Managing Board takes the view that there are no legal risks that could jeopardise the company as a going concern. Due to the number of pending proceedings, the Managing Board assesses this risk as “moderate” (previous year: low) as of December 31, 2023.

Regulatory risk

As a public stock corporation, VIB Vermögen AG is subject to a raft of laws and regulations in Germany, such as the German Stock Corporation Act (Aktiengesetz), the German Securities Trading Act (Wertpapierhandelsgesetz) and the German Commercial Code (Handelsgesetzbuch). Over the past few years, more and more measures have been taken at European Union level in order to improve investor protection and the supervision of the financial sector.

The EU market abuse regulation (MAR) (Regulation No. 596/2014 of the European Parliament and of the Council) came into force in 2016. For open-market issuers like VIB Vermögen AG, this means an extension of publication obligations and a beefing up of penalties in the event of breaches of this regulation.

By virtue of having been listed on the Munich Stock Exchange for many years, the company possesses suitable capital market expertise. Where necessary, however, VIB draws on the expertise of external capital market specialists in order to fulfil stringent capital market regulations.

In a dynamic market environment, VIB is subject to a tax risk by dint of changing tax legislation and case law. For VIB, this applies, in particular, to the area of income tax and VAT. Tax audits could result in the tax authorities reaching a different assessment of tax matters from the company. This could have a negative impact on the tax burden and therefore the earnings position and liquidity of VIB. Previous audits of the company by the tax authorities did not result in any complaints that produced a noteworthy increase in VIB’s tax burden.

We also deal with many other capital market regulations and regulatory issues, such as the Act for Implementing the Second EU Shareholder Rights Directive (ARUG II), passed in 2019, the AIFM (Alternative Investment Fund Manager) Directive, the MIFID II (Markets in Financial Instruments Directive), which came into force in 2018, and the EU taxonomy framework. All key issues are analysed and evaluated on a regular basis by the Managing Board and specialist departments, with appropriate measures to avert and reduce potential risks instigated where necessary. We also draw on the services of external specialists as required, who advise us on all relevant legal and regulatory issues.

Changes in the regulatory environment could entail risks for VIB that could have a negative impact on the company’s business operations. Furthermore, the company could incur additional costs for external advisory services or training measures.

The Managing Board gauges the regulatory risk as “moderate”, as in the previous year.

Damage risk

Damage to, or destruction of, the company’s properties constitutes a further – and potentially substantial – risk for the company. In individual cases, this could have negative consequences for the earnings, assets and financial position of VIB.

All-risks insurance polices are generally taken out in respect of the properties held by the VIB Group. Alongside classic provisions such as protection against fire, storm and water damage, these policies also cover natural hazards such as high water, flooding and snow load. This kind of insurance usually includes a rent default clause for the event that a property can temporarily not be let due to damage and that VIB loses rental income as a result. In order to avoid the risk of underinsurance, the properties are also valued by an external surveyor.

VIB evaluates the negative consequences arising from a damage risk as "low", as in the previous year.

Personnel risk

The departure of employees could result in a loss of know-how, with the recruitment and integration of replacement technical and managerial staff potentially exerting a negative impact on daily operating business.

We counter this risk with a remuneration system that reflects performance fairly and by granting additional benefits to our employees, such as a company pension scheme. VIB also offers training opportunities and, since 2013, we have been certified as an apprenticeship provider for property professionals by the Industrie- und Handelskammer (IHK, German Chamber of Industry and Commerce).

Overall, the personnel risk is regarded as "low", as in the previous year.

IT risk

All of VIB's significant business processes are based on IT systems, making the company subject to an IT risk. A loss of the data stock or a protracted failure of IT systems could negatively affect business processes. We continuously enhance our IT systems, including in cooperation with external service providers, in order to protect against such risk. Data of relevance to our business is backed up daily. In the event of hardware or software failure, contingency plans are in place that make it possible to restore system and data operability in a short space of time.

Due to the General Data Protection Regulation (GDPR), which came into force in 2018, the overall data protection risk has increased in line with the fines for breaches contained therein. In order to counteract this risk, VIB attaches considerable importance to data confidentiality, secure passwords and access/rights concepts and to staff training in respect of the GDPR.

In an increasingly connected and global world, the risk of cyberattacks against a company's IT architecture is increasing all the time. In this context, a cyber incident could result in extended system failure and/or the loss or theft of sensitive company data. This would entail financial losses and reputational damage for the VIB Group.

Although there is no such thing as complete protection against IT risks at a company, VIB has nonetheless put measures into place that are designed to ensure protection of the data processed and the IT systems deployed.

We continue to categorise the IT risk as "low", as in the previous year.

3. Summary of risk situation

Risk management at the VIB Group is an ongoing process that not only identifies new risks, but that also continuously analyses and measures existing risks in order to derive appropriate risk minimisation and risk prevention measures from them. Despite the economically challenging situation in Germany, it is the appraisal of the Managing Board that no severe risks are currently identifiable that could directly jeopardise the future of the company as a going concern.

Opportunities report

In addition to efficient risk management, it is important for the commercial success of the VIB Group to seize opportunities as they present themselves. With this in mind, it is vital that opportunities are identified and evaluated as soon as possible, and that they are harnessed in line with the company's human and financial resources. The aim is always to achieve a balanced relationship between risks and opportunities.

Thanks to the company's extensive experience in the development and management of commercial properties, we continue to see growth potential for VIB in the German commercial property market, even in a time of high interest rates. In order to generate returns that are as attractive as possible, we aim, on the one hand, to acquire promising properties and, on the other, to continue drawing on our in-house expertise and broad network in the commercial property market, especially in southern Germany, when carrying out development projects.

A key pillar of our business model continues to be the management of our property portfolio by in-house personnel of VIB. Here, we see a continued opportunity to achieve a high quality standard for our properties as well as low vacancy rates and long remaining rental agreement terms by means of in-house management.

As of December 31, 2023, the existing portfolio of the VIB Group comprises 81 properties with a total useful rental area of 1.05 million sqm. Some of the remaining land within the portfolio offers further development potential in terms of creating new rentable space by means of targeted redensification, i.e. the construction of new buildings and the expansion of existing ones on portfolio sites. This provides VIB with an opportunity to generate additional rental income without having to acquire new land. As the site is already available, the achievable development yields are usually above market level.

VIB launched its operations in the Institutional Business segment at the end of 2022; in 2023, the company recorded a significant increase in earnings from property administration fees. In the years ahead, we see still further growth potential for the VIB Group in the management of properties on behalf of institutional investors. In the fiscal year under review, VIB sold some properties for a profit. Going forward, the company will continue to review sale opportunities as they arise and, where the returns are sufficient, will conclude further sales.

Summary of the opportunities situation

In the view of the Managing Board, the company is – despite the current economic challenges and a continuing high level of interest rates – in a strong position for the current 2024 fiscal year. The VIB Group will, in the future, continue to seize opportunities that make a positive contribution to the growth of rental income and FFO (funds from operations).

Outlook[1]

It is highly probable that the German economy will grow again slightly in 2024. As such, economic development will likely become more dynamic at the start of the year, before accelerating significantly as the year progresses.

Against the backdrop of expected moderate economic growth, it still remains to be seen how the property market will develop in 2024. This will hinge primarily on the continued interest rate trend. Should interest rates peak in 2024 and the economy begin to recover, the Managing Board believes that positive momentum could once again be witnessed on the property and investment markets.

Even though the economic and sector-specific outlook is clouded by a certain degree of uncertainty, the Managing Board anticipates that the underlying conditions for the property management business of the VIB Group will remain stable in the current year.

The projection for gross rental income in 2024 was prepared on the basis of the existing VIB Group properties as of December 31, 2023, and the properties that are scheduled for completion in 2024. Above and beyond this, no other changes in the property portfolio were included.

Based on operational planning, the Managing Board anticipates gross rental income of EUR 72.0 million to EUR 78.0 million for the 2024 fiscal year (2023: EUR 86.9 million).

The Managing Board also forecasts FFO before tax and non-controlling interests in a range of EUR 62.0 million to EUR 68.0 million (2023: EUR 72.6 million).

Based on the assumptions made, we expect the vacancy rate to be in the low single-digit percentage range at the end of the 2024 fiscal year (31/12/2023: 2.1%).

The forecast for the current fiscal year aims to give as realistic a picture as possible of the anticipated course of business of the VIB Group. In the event that the underlying economic conditions in Germany deteriorate significantly, the Managing Board does not discount the possibility of a deviation from this forecast.

Neuburg/Danube, April 26, 2024

Dirk Oehme (Speaker of the Managing Board)	Nicolai Greiner (Member of the Managing Board)

[1] Sources: the German Federal Government's autumn projection; BNP Paribas Real Estate: Investment market Germany 2023

Consolidated financial statements

Consolidated income statement (IFRS)

for the period from January 1, 2023, to December 31, 2023

In EUR thousand	Note	**01/01 – 31/12/2023**	01/01 – 31/12/2022
Gross rental income	D. 1	**86,876**	**93,784**
Earnings from operating and ancillary costs	D. 2	13,001	12,965
Expenses from operating and ancillary costs	D. 2	-14,247	-13,758
Other property-related expenses	D. 3	-3,697	-4,532
Net rental income		**81,933**	**88,459**
Administrative expenses	D. 4	-3,400	-3,791
Personnel expenses	D. 5	-3,951	-7,918
Depreciation and amortisation	D. 6	-28,951	-31,454
Earnings from property administration fees	D. 7	8,132	3,105
Other operating income	D. 8	411	942
Net earnings from the disposal of investment properties		497,758	25,760
Residual carrying amount of investment properties		-389,686	-25,386
Gains from the disposal of investment properties	D. 9	**108,072**	**374**
Earnings before interest and other financing activities		**162,246**	**49,717**
Earnings attributable to associated companies	D. 10	2,842	21,518
Interest income	D. 11	17,187	2,910
Interest expenses	D. 11	-30,576	-12,294
Earnings from ordinary business activities		**151,699**	**61,851**
Income taxes	D. 12	-4,839	-7,404
Deferred taxes	D. 12	-16,022	257
Consolidated net income		**130,838**	**54,704**
Share of earnings attributable to Group shareholders		129,604	53,578
Share of earnings attributable to minority shareholders	D. 13	1,234	1,126
Earnings per ordinary share in EUR			
Profit/loss on continuing operations	D. 14	3.92	1.90
Profit/loss on discontinued operations		0.00	0.00
Undiluted earnings per share		**3.92**	**1.90**
Diluted earnings per share in EUR			
Profit/loss on continuing operations	D. 14	3.92	1.90
Profit/loss on discontinued operations		0.00	0.00
Diluted earnings per share		**0.00**	**1.90**

Consolidated statement of comprehensive income (IFRS)

for the period from January 1, 2023, to December 31, 2023

In EUR thousand	Note	**2023**	2022
Consolidated net income		**130,838**	**54,704**
OTHER INCOME			
Other comprehensive income to be reclassified to the income statement in subsequent periods			
Foreign currency effects from the translation of independent subsidiaries		0	-26
Income tax effect		0	0
		0	**-26**
Other comprehensive income to be reclassified to the income statement in subsequent periods		**0**	**-26**
Other comprehensive income not to be reclassified to the income statement in subsequent periods			
Actuarial gains/losses Pension plans		-33	883
Income tax effect	D. 28	5	-140
		-28	**743**
Other comprehensive income not to be reclassified to the income statement in subsequent periods		**-28**	**743**
Other comprehensive income after tax		**-28**	**717**
Total comprehensive income after tax		**130,810**	**55,421**
Total comprehensive income attributable to			
Group shareholders		129,579	54,292
Non-controlling shareholders		1,231	1,129

Consolidated balance sheet (IFRS)

as of December 31, 2023

Assets

In EUR thousand	Note	**31/12/2023**	31/12/2022
NON-CURRENT ASSETS			
Investment properties	D. 15	1,056,049	1,145,908
Property, plant and equipment	D. 17	10,572	10,923
Interests in associated companies	D. 18	80,329	17,868
Participating interests	D. 19	3,972	0
Loans to related parties	D. 20	250,000	0
Intangible assets	D. 21	37,901	43,034
Total non-current assets		**1,438,823**	**1,217,733**
CURRENT ASSETS			
Trade receivables	D. 22	5,328	2,381
Receivables from related parties	D. 23	6,322	41
Income tax receivables	D. 24	4,557	0
Other assets	D. 25	92,441	43,483
Bank balances and cash in hand	D. 26	237,736	67,826
Assets held for sale	D. 27	115,358	254,945
Total current assets		**461,742**	**368,676**
Total assets		**1,900,566**	**1,586,409**

Consolidated balance sheet (IFRS)

as of December 31, 2023

Equity and liabilities

In EUR thousand	Notes	31/12/2023	31/12/2022
EQUITY	D. 28		
Subscribed share capital		33,055	33,055
Share premium account		299,307	299,307
Retained earnings		104,150	104,150
Accumulated earnings		406,633	277,054
Cash flow hedges		1,028	0
Equity attributable to parent company shareholders		**844,173**	**713,566**
Non-controlling interests		32,548	31,188
Total equity		**876,721**	**744,754**
NON-CURRENT LIABILITIES			
Non-current interest-bearing financial liabilities	D. 29	887,400	583,646
Deferred tax liabilities	D. 30	74,642	58,590
Pension provisions	D. 31	3,070	3,192
Total non-current liabilities		**965,112**	**645,428**
CURRENT LIABILITIES			
Current interest-bearing financial liabilities	D. 32	40,038	152,047
Trade payables	D. 33	649	345
Liabilities to related parties	D. 34	1,626	31,088
Liabilities to participating interests	D. 35	2,907	2,906
Liabilities from income taxes	D. 36	0	831
Other liabilities	D. 37	13,512	9,010
Total current liabilities		**58,732**	**196,227**
Total equity and liabilities		**1,900,566**	**1,586,409**

Consolidated cash flow statement (IFRS)

for the period from January 1, 2023, to December 31, 2023

In EUR thousand		Note	01/01–31/12/2023	01/01–31/12/2022
A.	**Cash flow from operating activities**			
	Net income for the year (after tax)		130,838	54,704
+/–	Interest result	D. 11	21,730	9,384
+/–	Income tax expenses	D. 12	20,861	7,147
+	Depreciation/amortisation on fixed and intangible assets	D. 6	28,951	31,454
+/–	Increase/decrease in provisions		-122	-304
+/–	Profit/loss on equity-accounted investments	D. 10	-2,842	-21,519
–	Income taxes paid		-10,227	-7,034
+/–	Profit/loss from the disposal of investment properties	D. 9	-108,072	-372
	Cash flow from operating activities after tax (before interest expense)		**81,117**	**73,460**
+/–	Other non-cash expenses/income		-11,986	-2,479
+/–	Changes in inventories, receivables and other assets not attributable to investing activities		27,635	-32,817
+/–	Change in liabilities not attributable to financing activities		-24,655	29,648
+	deferred taxes (remaining amount recognised directly in equity)		30	0
+	Non-cash changes in derivatives		2,600	0
	Cash flow from operating activities (before interest expense)		**74,741**	**67,812**
B.	**Cash flow from investment activities**			
–	Outgoing payments for investments in intangible assets	D. 21	-9	-20
–	Outgoing payments for investments in property, plant and equipment	D. 17	-127	-594
–	Outgoing payments for investments in investment properties	D. 15	-78,246	-37,936
–	Outgoing payments for investments in financial fixed assets	D. 18 – D. 20	-502,882	-5,209
+	Proceeds from the disposal of fixed assets and investment properties		494,081	25,776
+	Proceeds from the disposal of financial fixed assets		0	25,208
	Cash flow from investment activities		**-87,184**	**7,225**

In EUR thousand		Note	01/01–31/12/2023	01/01–31/12/2022
C.	**Cash flow from financing activities**			
+	Proceeds from the drawing down of financial borrowings	D. 39	571,491	29,925
–	Payouts for dividends to shareholders of the parent company	D. 14	0	-12,372
–	Payouts for dividends to other shareholders	D. 14	-1,134	-1,095
–	Dividends received	D. 18	2,052	0
–	Payouts for the costs of capital increase	D. 14	0	-1,219
–	Outgoing payments for the redemption of borrowings	D. 39	-370,250	-85,302
–	Payouts for current financial investments	D. 25	0	0
+	Payments received from non-controlling shareholders		1,071	2,073
+	Interest received	D. 11	7,275	0
–	Interest paid	D. 11	-28,376	-12,294
	Cash flow from financing activities		**182,128**	**-80,284**
D.	**Cash and cash equivalents at end of period**			
	Net change in cash and cash equivalents			
+/–	Cash flow from operating activities		74,741	67,812
+/–	Cash flow from investment activities		-87,184	7,225
+/–	Cash flow from financing activities		182,128	-80,284
	Change in cash flow		**169,685**	**-5,247**
+/–	Consolidated group-related changes to cash and cash equivalents		225	4,909
	Cash and cash equivalents at start of period	D. 39	67,826	68,164
	Cash and cash equivalents at end of period	D. 39	**237,736**	**67,826**

Consolidated statement of changes in equity (IFRS)

for the period from January 1, 2023, to December 31, 2023

Note D.28

In EUR thousand	Subscribed capital	Share premium account	Retained earnings	Accumulated earnings	Cash flow hedge reserve	Equity attributable to shareholders of the parent company	Share attributable to non-controlling shareholders	Consolidated equity
Balance 01/01/2023	**33,055**	**299,307**	**104,150**	**277,054**	**0**	**713,566**	**31,188**	**744,754**
Net income for the period	0	0	0	129,604	0	129,604	1,234	130,838
Other income	0	0	0	-25	1,028	1,003	-3	1,000
Total income	**0**	**0**	**0**	**129,579**	**1,028**	**130,607**	1,231	**131,838**
Authorised capital (conversion to scrip dividend)	0	0	0	0	0	0	0	0
Authorised capital (non-cash capital increase)	0	0	0	0	0	0	0	0
Net expenditure costs	0	0	0	0	0	0	0	0
Change to the Group of consolidated companies	0	0	0	0	0	0	1,263	1,263
Dividends paid	0	0	0	0	0	0	-1,134	-1,134
Balance 31/12/2023	**33,055**	**299,307**	**104,150**	**406,633**	**1,028**	**844,173**	**32,548**	**876,721**

for the period from January 1, 2022, to December 31, 2022

Note D.28

In EUR thousand	Subscribed capital	Share premium account	Retained earnings	Accumulated earnings	Foreign currency translation	Equity attributable to shareholders of the parent company	Share attributable to non-controlling shareholders	Consolidated equity
Balance 01/01/2022	**27,710**	**195,496**	**104,150**	**365,422**	**25**	**692,803**	**29,442**	**722,245**
Effects from retrospective measurement change	0	0	0	-119,132	0	-119,132	-3,509	-122,641
Balance 01/01/2022	**27,710**	**195,496**	**104,150**	**246,290**	**25**	**573,671**	**25,933**	**599,604**
Net income for the period	0	0	0	53,578	0	53,578	1,126	54,704
Other income	0	0	0	740	-25	715	3	718
Total income	**0**	**0**	**0**	**54,318**	**-25**	**54,293**	**1,129**	**55,422**
Authorised capital (conversion to scrip dividend)	472	10,710	0	-11,182	0	0	0	0
Authorised capital (non-cash capital increase)	4,873	94,127	0	0	0	99,000	0	99,000
Net expenditure costs	0	-1,026	0	0	0	-1,026	0	-1,026
Change to the Group of consolidated companies	0	0	0	0	0	0	5,220	5,220
Dividends paid	0	0	0	-12,372	0	-12,372	-1,094	-13,466
Balance 31/12/2022	**33,055**	**299,307**	**104,150**	**277,054**	**0**	**713,566**	**31,188**	**744,754**

Notes to the consolidated financial statements for the 2023 financial year

A. General information and presentation of the consolidated financial statements

VIB Vermögen AG, Neuburg/Danube, Germany (also referred to below as "VIB AG" or "the company"), has its corporate seat at Tilly-Park 1, 86633 Neuburg/Danube, Germany, and is registered in the commercial register of Ingolstadt District Court with commercial register sheet number 101699.

The company's shares are traded in the m:access segment of the Regulated Unofficial Market of the Munich Stock Exchange, and through the Xetra trading system of Deutsche Börse AG, which is headquartered in Frankfurt.

The parent company of the VIB Group, VIB Vermögen AG, is classified as a large corporation pursuant to Section 267 of the German Commercial Code (HGB). The listing of the company's shares in OTC trading is not a listing in the meaning of Section 2 (11) of the German Securities Trading Act (WpHG).

VIB Vermögen AG, ("the company") and its subsidiaries ("VIB" or "the Group") invest directly or indirectly in German commercial properties and operate in the area of portfolio, asset and property management.

VIB Vermögen AG is required to prepare consolidated financial statements pursuant to Section 290 in combination with Section 293 of the German Commercial Code (HGB). Due to the inclusion of the annual financial statements of VIB Vermögen AG and all its subsidiaries in the consolidated financial statements of BRANICKS Group AG (formerly DIC Asset AG), Frankfurt am Main (uppermost parent company), from the 2022 fiscal year onwards, the obligation to prepare separate financial statements for VIB Vermögen AG no longer applies. The consolidated financial statements are prepared voluntarily according to the requirements of the IASB (Section 315e [3] of the German Commercial Code [HGB]), however.

These consolidated financial statements of VIB AG, including figures from the previous year, were prepared in line with International Financial Reporting Standards (IFRS) as applicable in the European Union, and the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC).

These consolidated financial statements have been prepared in euros (EUR). All figures, unless otherwise stated, are presented in thousands of euros. Rounding differences may occur. The separate financial statements of the companies included in the consolidated financial statements are based on uniform accounting policies. Carrying amounts based on tax regulations are not included in the consolidated financial statements. The separate financial statements were prepared on the same balance sheet date as the consolidated financial statements.

The nature of expense method has been applied for the consolidated income statement. The income statement has been prepared on the basis of the methods recommended by the European Public Real Estate Association (EPRA). In addition to the income statement, the statement of comprehensive income, the balance sheet and the cash flow statement, a statement of changes in equity is also provided.

The consolidated balance sheet is categorised according to the term structure of its respective assets and liabilities. Assets and liabilities are classified as being current if they can be realised or redeemed within one year. Trade receivables and trade payables, tax receivables and tax liabilities are generally reported as current items. Deferred tax assets and liabilities are presented as non-current.

Non-controlling interests form part of consolidated equity.

In order to improve the clarity and transparency of presentation, consolidated balance sheet items and consolidated income statement items are summarised to the extent that it is pertinent and possible to do so. These items are analysed in the notes to the consolidated financial statements and discussed accordingly.

Changes to accounting policies are discussed in the notes. The retroactive application of revised and new standards requires that the results of the previous year and the opening financial statements for this comparable period are adjusted as if the new accounting policies had always been applied, unless a differing regulation exists for the respective standard.

B. Application of IFRS

VIB AG has applied all of the standards (IFRS, IAS) issued by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC) and the Standing Interpretations Committee (SIC) which applied in the EU on December 31, 2023. The corresponding transitional regulations have been applied. The consolidated financial statements also include further information required under the German Commercial Code (HGB) and the German Stock Corporation Act (AktG).

The IASB has issued the following new standards and interpretations, as well as amendments to existing standards, whose application is mandatory or optional. Amendments to the wording of individual IFRSs seek to clarify the existing provisions. In addition, there are amendments that influence accounting, recognition, measurement and/or the corresponding disclosures in the Notes.

a) New and revised standards and interpretations applied for the first time in the reporting period

The following standards, amendments to standards and interpretations were applied for the first time in the reporting period:

Standard	Title
Amendments to IAS 12	International Tax Reform – Pillar 2 Model Rules
Amendments to IFRS 17	Initial Application of IFRS 17 and IFRS 9 – Comparative Information
Amendments to IAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
Amendments to IAS 1	Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
IFRS 17 incl. amendments to IFRS 17	Insurance Contracts

These changes have no significant effect on these consolidated financial statements.

b) New and revised standards and interpretations published and not yet applied

New and revised standards and interpretations already transposed into EU law

New and amended standards and interpretations already adopted by the EU that are valid for fiscal years beginning on or after January 1, 2024:

Standard	Title	Mandatory application for fiscal years beginning on or after
Amendments to IAS 1	Classification of Liabilities as Current or Non-current Classification of Liabilities as Current or Non-current – Deferral of Effective Date Non-current liabilities with covenants	01/01/2024
Amendment to IFRS 16	Lease Liability in a Sale and Leaseback	01/01/2024

All standards listed will not be applied by the company until the date of mandatory application. The analysis conducted does not indicate any significant effects on measurement and accounting for future fiscal years.

New and amended standards and interpretations not yet transposed into EU law

The following new and amended standards, which will come into effect in future years, have not yet been transposed into applicable EU law:

Standard	Title	Date of endorsement by the EU
Amendments to IAS 21	The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	tbd
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	tbd

All standards listed will not be applied by the company until the date of mandatory application.

The effects of the new and amended standards not yet transposed into EU law on the consolidated financial statements of Branicks are still being examined.

C. Group of consolidated companies and accounting policies

The consolidated financial statements are prepared using the going concern principle.

The VIB Group's group of consolidated companies includes VIB Vermögen AG and the subsidiaries over which VIB AG can either directly or indirectly exercise control. Control is deemed to exist when the Group bears a risk from, or has entitlements to, fluctuating returns on the basis of its participating interest and it is able to exercise its discretionary power over the subsidiary in order to influence these returns.

In particular, the Group has control over a subsidiary when, and only when, it exhibits all of the following characteristics:

a) discretionary power over the subsidiary (i.e. the Group has, on the basis of existing rights, the ability to steer those activities of the subsidiary that have a material impact on the returns of the subsidiary),

b) a bearing of risk, or entitlements to, fluctuating returns arising from its participating interest in the subsidiary,

c) the ability to exercise its discretionary power over the subsidiary in such a way that it influences the returns of the subsidiary.

Subsidiaries are consolidated in accordance with IFRS 10 Consolidated Financial Statements and IFRS 3 Business Combinations. The carrying amount of the participation is offset against the subsidiary's remeasured equity on the acquisition date. All business combinations are accounted for using the acquisition method. Acquisition costs correspond to the fair value of the assets rendered, the equity instruments issued, and the debts resulting or assumed on the transaction date (acquisition date). On initial consolidation, assets, liabilities and contingent liabilities that are identified as part of a business combination are measured at their fair value on the date of acquisition. Goodwillis recognised if the acquisition costs for the acquisition of interests in subsidiaries exceed the proportion of the fair value of the net assets that is attributable to the Group. If the acquisition costs are lower than the fair value of the net assets of the acquired subsidiary, and after the purchase price allocation has been reviewed for correctness, the difference is recognised directly in profit or loss (other operating income). The interests of non-controlling shareholders in Group subsidiaries are carried at the fair value of the assets and liabilities recognised in equity equivalent to the amount due to non-controlling interests.

Expenses and earnings relating to subsidiaries acquired or disposed of during the course of a year are included in the consolidated income statement from the time the control option begins or ends. Intra-Group transactions, balances and unrealised gains from intra-Group transactions are eliminated. Unrealised losses are also eliminated unless the transaction indicates a value impairment of the transferred asset.

The portion of the consolidated equity, consolidated annual earnings and comprehensive income due to non-controlling interests is shown separately from the portions due to the shareholders of VIB Vermögen AG as the parent company. The separate financial statements of the companies included in the consolidated financial statements are prepared using uniform accounting policies. The key accounting policies that were applied when preparing these consolidated financial statements are discussed below.

The balance sheet dates of all of the subsidiaries in VIB Vermögen AG's consolidated financial statements are the same as the parent company's balance sheet date.

Fair value measurement

On each balance sheet date, the Group measures certain financial instruments (e.g. derivatives) and certain non-financial assets at fair value according to IFRS 13. Fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability in a normal transaction between market participants at the measurement date. When measuring fair value, it is assumed that the business transaction as part of which the sale of the asset or transfer of the liability occurs either

a) takes place on the principal market for the asset or liability or

b) on the most favourable market for the asset/liability if no principal market exists.

The Group must have access to the principal or most favourable market.

The fair value of an asset or liability is measured on the basis of the assumptions that market participants apply as the basis to price the asset or liability. In this context, it is assumed that the market participants operate in their best economic interests.

When measuring the fair value of non-financial assets, the ability of the market participant is taken into account to generate economic benefit through the highest and best use of the asset, or through its sale to another market participant that finds the highest and best use for the asset.

The Group applies valuation techniques that are appropriate under the respective circumstances, and for which sufficient data to measure fair value is available. Both observable and non-observable inputs are utilised in this context.

All assets and liabilities for which fair value is determined or reported in the financial statements are allocated to the fair value hierarchy described below, based on the inputs for the lowest level which is significant for fair value measurement overall:

Level 1 Listed (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 Measurement procedure where the input parameters of the lowest level that is significant for fair value measurement overall cannot be observed directly or indirectly on the market.

Level 3 Measurement procedure where the input parameters of the lowest level that is significant for fair value measurement overall cannot be observed on the market.

In the case of assets and liabilities that are recurrently reported in the financial statements, the Group determines whether regroupings between the hierarchy levels have occurred by reviewing the classification at the end of each reporting period (based on the input for the lowest level which is significant for fair value measurement overall).

Together with the Managing Board, the staff who are chiefly responsible for Group financial accounting determine the guidelines and procedures for recurring and non-recurring fair value measurement.

In order to comply with fair value disclosure requirements, the Group has determined groups of assets and liabilities based on their type, characteristics and risk, as well as levels in the aforementioned fair value hierarchy.

Interests in associated companies and joint ventures

Associated companies are companies in which the Group has a significant influence. A significant influence is to be understood as being the opportunity to participate in financial or business policy decisions, although not the ability to control or jointly lead the decision-making processes.

A joint venture represents a joint agreement in which the parties that jointly exercise the agreement hold rights to the net assets of the joint venture. Joint leadership is the contractually agreed participation in control via an agreement; this only exists when decisions concerning the material activities require the unanimous agreement of the parties involved in joint control.

Considerations regarding the determination of significant influence or joint control are comparable with those used to determine control of subsidiaries. The Group's interests in associated companies and joint ventures are accounted for using the equity method.

Pursuant to the equity method, interests in associated companies and joint ventures are recognised at cost on the date of first-time consolidation. The carrying amount is adjusted to reflect changes to the Group's interest in the net assets of the associated company or joint venture after the date of acquisition. Goodwill attributable to the associated company or joint venture is included within the carrying amount of the interest and is neither amortised not subjected to any other impairment test.

The Group's share of the profits and losses of associates and joint ventures is reported from the date of the acquisition or change of status in the financial result in the income statement, and the share of changes to equity directly under Group equity. Dividends paid by associated companies or joint ventures reduce their carrying amounts.

As of December 31, 2023, the following companies were carried as associates or joint ventures according to the equity method:

- KHI Immobilien GmbH (41.7% interest)
- GEG Public Infrastructure IV (77% interest)

As of December 31, 2023, BHB Brauholding Bayern-Mitte AG was reclassified as properties held for sale in accordance with IFRS 5; the balance sheet date of the associated companies and joint ventures corresponds to the balance sheet date of the VIB Group.

Participating interests

Pursuant to an agreement dated December 1, 2023, VIB Vermögen AG has acquired 1.8% of shares in DIC HI Portfolio GmbH & Co. KG, Hamburg, and 1.8% of shares in DIC Hamburg Portfolio GmbH, Hamburg.

Assets held for sale

Non-current assets are reclassified as assets held for sale if the related carrying amount is to be realised predominantly through a disposal transaction rather than through continued utilisation. For this to be the case, it must be possible to sell the asset immediately in its current condition on terms that are current and normal for the disposal of such assets, such a disposal must be highly probable and it must be expected that such a disposal will be executed within a year of the date of classification. Classification as "held for sale" is performed as soon as the sale negotiations reach a final stage or a notarised sale contract is concluded or if the Managing Board specifically wishes to sell the assets in question. As non-current assets held for sale are usually investment properties, these are recognised at either fair value less sale costs or at amortised cost (carrying amount), whichever is lower.

All assets and liabilities classified as "held for sale" are recognised separately in the balance sheet as current items.

Segment reporting

In line with IFRS 8.2, companies such as VIB Vermögen AG, in which shares are publicly traded, must prepare segment reports. The management approach is to be utilised for segmentation.

According to IFRS 8.5, a business segment is a distinguishable component of an entity that reports similar non-current income or has comparable economic characteristics. The individual business segments should also differ from the other segments in terms of risks, opportunities and returns.

The VIB Group reported one segment – "Letting and management of real estate assets" – in the year under review. The "Property management on behalf of institutional investors" segment, which was added at the end of 2022, remains in development. Earnings from this segment are not yet significant within the Group, which is why this segment does not yet form part of internal reporting. The Group represents a so-called "one segment company" in this context. The company has refrained from segment reporting for this reason.

Cash flow statement

The cash flow statement has been prepared in accordance with IAS 7 and is broken down into cash flow from operating activities, financing activities and investing activities.

Cash flow from operating activities is calculated using the indirect method. Cash flow from investing activities includes net payments in connection with proceeds from the disposal of investment properties and financial assets.

Interest and dividend income are shown in cash flow from financing activities, as are interest and dividend payments.

Recognition of revenue and expenses

Revenue is the gross inflow during the period arising in the course of the Group's ordinary activities. Revenues are recognised if a corresponding agreement and convincing verification that the service has been provided exist, the amount of revenues can be identified reliably, and it can be assumed that it will be possible to collect the receivable.

The VIB Group has entered into leasing agreements for the commercial letting of its investment properties. In light of the terms of such contracts, including the fact that the leasing term does not constitute the majority of the useful commercial life of a property, the Group has determined that all material opportunities and risks associated with the let properties remain with the Group.

The Group therefore recognises these contracts as operating leases. Gross rental income from operating leases is recorded on a straight-line basis over the term of the lease and, due to its operational nature, recognised in revenue.

The land taxes and insurance premiums charged within ancillary costs do not represent performance obligations in their own right and are assigned to rents accordingly.

In connection with the operating costs charged to tenants, the VIB Group acts as a principal rather than an agent, as the power of disposal of the goods or services is usually held by the VIB Group before being transferred to the customer.

Since the end of the 2022 fiscal year, the VIB Group has also been providing services as part of agency agreements that are recognised as income from property management fees. These contracts pledge to the customer several clearly distinguishable services. Some of the identified service obligations are fulfilled on a period basis pursuant to IFRS 15.38(a) and some are fulfilled at a set point in time.

Interest income is accrued taking into account the amount of the extended loan outstanding and the applicable interest rate (effective interest rate). The applicable effective interest rate is the interest rate that is utilised to discount the estimated future receipts and payments over the term of the financial asset to the net carrying amount of the asset.

Dividend income from financial assets is reported when the legal claim to payment arises.

Prepayments for services that are not incurred until subsequent periods are discounted and shown in the income statement for the period.

Income tax

Income taxes constitute the total of current tax expenses and deferred tax.

The Group identifies current tax expenses based on the taxable income of the companies included as subsidiaries in the consolidated financial statements. Taxable income differs from the net income derived from the income statement, as it excludes income and expenses that will subsequently, or never, be taxable or tax-deductible due to tax regulations (including deferrals) under certain circumstances. Current tax liabilities for the Group companies are calculated based on the tax rates that apply to the assessment period.

Deferred tax liabilities and assets are formed according to the asset and liability method (IAS 12) for anticipated tax charges and tax relief on the differences between the carrying amounts of the assets and liabilities in the IFRS consolidated financial statements and the tax base, from consolidation measures, and on loss carryforwards that are likely to be realised.

Deferred tax liabilities are formed for all taxable temporary differences. Deferred tax assets for deductible temporary differences and unused tax losses available in the future are recognized to the extent that it is probable that sufficient future taxable surpluses will be available for which the deductible temporary differences can be utilised. No deferred taxes are formed for temporary differences from the recognition of goodwill, or from the first-time recognition of other assets or liabilities (unless this formed part of a business combination or a transaction which impacts either taxable income or net income).

Deferred tax assets and deferred tax liabilities are offset if they relate to the same tax authority.

The carrying amount of the deferred taxes recognised in the financial statements is reviewed annually on the balance sheet date and reduced if it is no longer probable that sufficient taxable income will be available to recover the deferred taxes either in full or in part.

Deferred taxes are recognised in profit or loss, except for items that are carried in other comprehensive income or directly in equity.

Deferred taxes are identified based on tax rates that apply on the date the liability is settled or the asset is realised. The impact of changes in tax rates on deferred taxes is recognised in profit or loss in the period in which the legislation on which the change to the tax rate is based has mostly been passed, unless these relate to items carried directly under equity.

Deferred tax liabilities that result from temporary differences connected with interests in subsidiaries and associates (outside basis differences) are recognised, unless the date of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not be reversed in the foreseeable future.

Investment properties

Properties built or held to generate rental income and/or for the purpose of value appreciation are classified as investment properties. They are measured at cost, including ancillary costs, at the time of acquisition/completion. The cost model pursuant to IAS 40.56 has been selected for subsequent measurement. Investment properties are measured in accordance with the provisions of IAS 16, i.e. at cost less depreciation/amortisation and write-downs/write-ups. Insofar as they can be attributed directly to the construction or manufacture of a qualified asset, borrowing costs are capitalised over the period in which all significant works are completed in order to prepare the qualified asset for its intended use or sale. A qualified asset is an asset for which a considerable length of time is required in order to achieve its intended usable or saleable condition. Otherwise, borrowing costs are recognised directly in expenses.

Land is not amortised. Buildings are depreciated on a straight-line basis over their useful economic life. They are subject to annual impairment testing (comparison of amortised cost and the recoverable amount), as well as when there are indications of impairment at any other time.

The following useful lives are used to calculate amortisation of buildings:

In years	Useful life
Logistics/light industry buildings	33
Department stores, shopping centres, hypermarkets	50
Office complexes, office/commercial buildings	50
Residential buildings	50
Multistorey/underground car parks	50

The company's properties are treated as financial investments, as the trading of properties, on its own, does not form part of the company's operations. Due to measurement at amortised cost, the market values (fair values) of investment properties must be disclosed in the Notes (please refer to chapter D. 15). Measurement is performed by independent experts in accordance with the International Valuation Standards (IVS). The fair value is, in particular, calculated on the basis of discounted future cash flows using the discounted cash flow method, where available on the basis of a contract of sale offer or comparative/market prices. The fair value is a net figure, i.e. it is shown after deduction of transaction costs that would result in the event of an actual purchase.

Please see note 16 in Chapter D for more information about the discounted cash flow method and the inputs applied.

Land under development/property under construction is also reported as investment property. As of the balance sheet date, these were also measured at amortised cost in line with IAS 16.

Property, plant and equipment

Property, plant and equipment is carried at cost less depreciation and impairment losses. Costs include all of the expenses directly attributable to the acquisition of the asset.

Property, plant and equipment is depreciated straight-line or according to the anticipated course of the future utilisation of the equipment. In the case of straight-line depreciation, costs are depreciated as follows over the anticipated useful life of the assets:

- Business premises (own) 20 – 50 years
- Other property, plant and equipment 3 – 12 years

The residual carrying amounts, economic useful lives, depreciation methods and residual useful lives are reviewed on each balance sheet date and adjusted as necessary. If the carrying amount of an asset exceeds its estimated recoverable amount (which is the higher of its fair value less costs of disposal and its value-in-use), it is immediately written down to its recoverable amount. Gains and losses from the disposal of assets are calculated as the difference between the income from the sale and the carrying amount, and recognised in profit or loss.

No restrictions exist relating to the disposability of property, plant and equipment, and no contractual obligations exist to purchase, construct or develop property, plant and equipment.

Intangible assets

Purchased intangible assets are recognised at amortised cost. In the case of acquired software, straight-line amortisation over four years is imputed as a result of its limited useful life. Service agreements are amortised over a period of between four and 14 years. There are no intangible assets with an unlimited useful life.

Impairment charges are applied to intangible assets if their recoverable amount is less than their amortised cost on the balance sheet date. They are reversed if the reasons for impairment in previous years no longer apply.

Leases

On the contract start date, the Group assesses whether a contract establishes or includes a lease. This is the case if a contract authorises one party to control the use of an identified asset for a specified period in exchange for a fee.

The VIB AG Group as the lessee

The Group has only concluded contracts as a lessee of leased company vehicles to an insignificant extent. The hereditary building rights to be considered under IFRS 16 also only exist to a minor extent. The Group has therefore refrained from applying IFRS 16.

The VIB AG Group as the lessor

Leases in which not all significant opportunities and risks associated with ownership are transferred from the Group to the lessee are classed as operating leases. Resulting rental income is recorded on a straight-line basis over the term of the lease and, due to its operational nature, recognised in gross rental income. Initial direct costs incurred during the negotiation and conclusion of operating leases are added to the carrying amount of the leased object and recognised as expenses over the term of the lease, in the same way as leasing revenue. Conditional rental payments are recognised as earnings in the period in which they are generated.

Financial instruments

A financial instrument is a contract that results in a financial asset for one company and in a financial liability/equity instrument for another company.

Financial assets

First-time recognition and measurement

At the point of first-time recognition, financial assets are assigned to one of the following categories for subsequent measurement: measurement at amortised cost, measurement at fair value directly through other comprehensive income or measurement at fair value through profit or loss.

The classification given to financial assets at the point of first-time recognition depends on the attributes of the contractual cash flows relating to the financial assets and on the business model applied by the Group to manage its financial assets. With the exception of trade receivables that do not contain any significant financing components or for which the Group has applied the practical expedient, the Group measures financial assets at their fair value and – in the case of financial assets that are not measured at fair value in profit or loss – plus transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined in accordance with IFRS 15.

To ensure that a financial asset can be classified and measured at amortised cost or at fair value through other comprehensive income, the cash flows must comprise solely payments of principal and interest (SPPI) on the outstanding capital amount. This is referred to as the "SPPI test" and is carried out at the level of individual financial instruments.

Depending on the business model, the cash flows are generated by means of the collection of contractual cash flows, the sale of financial assets or both. The various cash flows are then used to manage the financial asset and to assess its classification at Group level.

The Group overwhelmingly holds financial instruments in the category "financial assets measured at amortised cost (debt instruments)", for which the following conditions have been met:

- The financial asset is held as part of a business model whose objective is to hold financial assets for the purpose of collecting contractual cash flows and

- the contractual terms of the financial asset lead to cash flows at fixed points in time, with these cash flows solely payments of principal and interest on the outstanding capital amount.

The Group also holds financial instruments in the category "financial assets recognised at fair value through profit or loss (interest rate hedges)", for which the following conditions have been met:

- The financial asset is held under a business model that aims to reduce interest rate risks.

Subsequent measurement

Financial assets measured at amortised cost are measured using the effective interest rate method in subsequent periods and are to be investigated for impairments. Gains and losses are recognised in profit or loss if the asset is derecognised, modified or impaired.

The Group's financial assets measured at amortised cost contain trade receivables, receivables from related parties and other assets that primarily include insurance compensation.

Derecognition

A financial asset (or a portion of a financial asset or a portion of a group of similar financial assets) is mainly derecognised (i.e. removed from the consolidated balance sheet) when the contractual rights relating to cash flows from the financial asset have expired.

Impairment of financial assets

For all debt instruments and lease receivables that are not measured at fair value through profit or loss, the Group recognises an impairment for expected credit losses pursuant to the expected credit loss (ECL) model. Expected credit losses are based on the difference between the contractual cash flows payable under the terms of the contract and the total cash flows that the Group expects to receive, discounted using a value approximate to the original effective interest rate. The expected cash flows include the cash flows from the sale of held securities or other credit sureties that are a significant component of the contractual terms.

Expected credit losses are recorded in a two-step process. In respect of financial instruments whose default risk has not increased significantly since first-time recognition, a risk provision is recognised in the amount of the expected credit losses based on a default event within the next twelve months (12-month ECL). In respect of financial instruments whose default risk has increased significantly since first-time recognition, entities are required to recognise a risk provision in the amount of the expected credit losses over the remaining term, irrespective of when the default event occurs (full-term ECL).

In respect of trade receivables, the Group applies a simplified method to calculate expected credit losses. As of each balance sheet date, it recognises a risk provision on the basis of the full-term ECL. The Group has compiled an impairment matrix based on its prior experience of credit losses. This matrix has been adjusted to reflect forward-looking factors that are specific to individual borrowers and the underlying economic conditions.

The Group assumes that the counterparty has defaulted on a financial asset when contractually agreed payments are 90 days overdue. The Group may also assume default when internal or external information indicates that it is unlikely that the Group will receive the outstanding contractual amounts in full before all credit sureties held by the Group have been accounted for. A financial asset is written off when there is no legitimate expectation that the contractual cash flows will be realised.

Financial liabilities

The Group's financial liabilities include trade payables, liabilities to related parties, other liabilities and loans (including overdrafts).

First-time recognition and measurement

At the point of first-time recognition, financial liabilities are assigned to one of the following categories: financial liabilities measured at fair value through profit or loss, liabilities, or derivatives designated as hedging instruments and effective as such.

All financial liabilities are measured at fair value at the point of initial recognition; in the case of loans and liabilities, the directly attributable transaction costs are deducted.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification: Following initial recognition, interest-bearing loans are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss if the liabilities are derecognised (the same applies in relation to amortisation using the effective interest rate method).

The calculation of amortised cost takes into account any premium or discount at the time of acquisition, as well as any fees or costs that constitute an integral component of the effective interest rate.

Amortisation using the effective interest rate method is included within financing expenses in the income statement.

Derecognition

A financial liability is derecognised if the underlying obligation is fulfilled or lifted, or if it expires. If an existing financial liability is replaced with another financial liability to the same lender, with substantially different contractual terms, or if the terms of an existing liability are changed significantly, a replacement or change of this kind will be treated as derecognition of the original liability and recognition of a new liability. The difference between the carrying amounts of the two liabilities will be recognised in profit or loss.

Bank balances and cash in hand

Bank balances and cash in hand include cash, demand deposits, other current highly liquid financial assets with an original maximum term of three months and current account overdrafts. A portion of the bank balances is pledged. Current account overdrafts are carried in the balance sheet as bank borrowings under current financial liabilities. Bank balances and cash in hand are measured at amortised cost.

Equity

The registered shares of VIB Vermögen AG are categorised as equity. Expenses directly connected with the issue of new shares are deducted directly in equity from the issue proceeds after deducting income tax. The share premium account, retained earnings, the Group's profit carried forward and the interests of non-controlling shareholders are also allocated to equity.

Provisions

Provisions are formed according to IAS 37 if a legal or constructive obligation to third parties exists from past events and if this obligation is likely to lead to an outflow of funds for which the amount can be reliably estimated. Provisions are carried in the amount that is required according to the best possible estimate in order to cover all current obligations on the balance sheet date. Future events that could impact the amount required to settle an obligation are taken into account in the provisions to the extent that these can be predicted with sufficient objective certainty and to the extent that such obligations result from past transactions. Expenses for the formation of provisions are disclosed in the income statement. If an outflow of funds is to be expected only after more than one year, the provisions are discounted applying a pre-tax interest rate. In the event of discounting, the increase in the provisions over time is carried as interest expense.

Pension provisions

The actuarial valuation of provisions for pensions for company retirement benefits is based on IAS 19. The provision is formed based on the projected unit credit method for defined benefit plans. The differences (so-called actuarial gains and losses) which result at the end of the year between the forecast pension commitments and the actual projected unit credit are carried directly to other comprehensive income, taking into account deferred tax. The service cost contained in the pension expense is reported under personnel expenses, and the interest portion is carried through the income statement under interest and similar expenses.

Foreign currencies

Functional currency and reporting currency

The consolidated financial statements are prepared in EUR, the parent company's functional currency.

The functional currency of a Group company is the currency of the primary economic environment in which the company operates. Each company prepares its separate financial statements in the functional currency. This is EUR for all companies.

Risk management

The Group is exposed to various financial risks that derive from its operations and financing activities. The key financial risks for the Group arise from changes in interest rates, and its counterparties' credit ratings and solvency.

Financial risk management within the Group is based on principles stipulated by the management and includes interest rate, market, credit and liquidity risks. Principles and guidelines for other areas, such as liquidity management and the procurement of short- and long-term loans, also exist.

Financial risk management aims to guard against, to the extent necessary, the various risks detailed above and consequently to limit the negative impact on the Group's profit and loss and balance sheet. Taking into account the principle of functional separation, the financial risks to which the Group is exposed are measured, monitored and actively controlled on an ongoing basis applying various measures.

Valuation uncertainties, assumptions, estimation uncertainties

Assumptions must be made when applying the accounting and valuation methods. The most important forward-looking assumptions and other key sources of estimation uncertainties which exist on the balance sheet date – as a result of which a risk exists that could necessitate an adjustment to the carrying amounts of assets and liabilities during the next fiscal year – are discussed below:

- The identification of the fair values and values in use for assets and liabilities and the useful lives of assets are based on the management's assessments. This also applies to the identification of impairments for financial assets. At VIB Vermögen AG, this applies in particular to the valuation of investment properties, and also to financial instruments.

- Estimates must also be made when calculating actual and deferred taxes. In particular, the possibility of generating sufficient taxable income plays a key role in assessing whether or not deferred tax assets can be utilised.

- VIB Group companies are involved in various proceedings and official proceedings as part of their general business operations, and such proceedings may be initiated or asserted in future. Even if the outcome of the individual proceedings cannot be forecast with certainty as a result of the uncertainties associated with litigation, it is currently expected that no significant negative impact will arise for the Group's results of operations that goes beyond the risks taken into account as liabilities or provisions in the financial statements.

The best possible information about circumstances prevailing on the balance sheet date is generally utilised for such valuation uncertainties. The actual amounts that result may differ from the estimated amounts. The carrying amounts disclosed in the financial statements that are subject to such uncertainties are detailed on the balance sheet or in the related notes.

On the date the consolidated financial statements were prepared, no material changes to the assumptions on which accounting or valuation were based were to be assumed. As things stand, no notable adjustments to the assumptions and estimates or the carrying amounts of the affected assets and liabilities are therefore to be expected in the 2023 fiscal year.

Information about subsidiaries

As of December 31, 2023, 26 (previous year: 22) companies were included in the consolidated financial statements of VIB Vermögen AG alongside the parent company.

Companies included in the consolidated financial statements as of December 31, 2023:

Company	Headquarters	Voting rights and equity interest (in %)	
		31/12/2023	31/12/2022
Merkur GmbH	Neuburg/Danube	100.00	100.00
VIMA Grundverkehr GmbH	Neuburg/Danube	100.00	100.00
KIP Verwaltung GmbH	Neuburg/Danube	100.00	100.00
UFH Verwaltung GmbH	Neuburg/Danube	100.00	100.00
BK Immobilien Verwaltung GmbH	Neuburg/Danube	100.00	100.00
VIB Fund Management GmbH (formerly: DIC Fund Management GmbH)	Neuburg/Danube	100.00	100.00
VIB Fund Balance GmbH (formerly: DIC Fund Balance II GmbH)	Neuburg/Danube	100.00	100.00
VIB Immobilien GmbH & Co. KG[1]	Neuburg/Danube	100.00	0.00
VIB Immobilien Verwaltungs GmbH[1]	Neuburg/Danube	100.00	0.00
VIB Finance Management GmbH[1]	Neuburg/Danube	100.00	0.00
BBI Bürgerliches Brauhaus Immobilien AG	Ingolstadt	94.88	94.88
IPF 1 GmbH	Neuburg/Danube	94.98	94.98
IPF 2 GmbH	Neuburg/Danube	94.98	94.98
VST Immobilien GmbH	Neuburg/Danube	89.90	89.90
VIB Objekt Filderstadt GmbH (formerly: DIC HI Obj. 1. GmbH)	Neuburg/Danube	89.90	89.90
VIB Objekt Ratingen GmbH (formerly: DIC HI Obj. Ratingen GmbH)	Neuburg/Danube	89.90	89.90
VIB Objekt Gottmandingen GmbH (formerly: DIC Objekt Nürnberg GmbH)	Neuburg/Danube	89.90	89.90
VIB Objekt Halle Weststraße (formerly: DIC Objekt Halle Weststraße GmbH)	Neuburg/Danube	89.90	89.90
VIB Objekt Mannheim GmbH (formerly: DIC AP Objekt 5 GmbH)	Neuburg/Danube	89.90	89.90
VIB Objekt Langenselbold GmbH (formerly: DIC DP Langenselbold Am Weiher GmbH)	Neuburg/Danube	89.90	89.90
DIC Objekt Langenhagen GmbH[2]	Frankfurt am Main	89.90	0.00
ISG Infrastrukturelle Gewerbeimmobilien GmbH	Ingolstadt	75.00	75.00
Interpark Immobilien GmbH	Neuburg/Danube	74.00	74.00
VIPA Immobilien GmbH	Neuburg/Danube	74.00	74.00
VSI GmbH	Neuburg/Danube	74.00	74.00
IVM Verwaltung GmbH	Neuburg/Danube	60.00	60.00

[1] Initial consolidation took place as of 31/03/2023
[2] Initial consolidation took place as of 30/06/2023

In the 2023 fiscal year, the group of subsidiaries was once again enlarged. Investment properties in the amount of EUR 1,671 thousand, liquid funds in the amount of EUR 225 thousand and other assets in the amount of EUR 8 thousand were added through DIC Objekt Langenhagen.

The interests shown correspond to the proportional interests attributable to the Group. For more information, please also refer to the list of shareholdings under note 53.

The following table contains details about subsidiaries that the Group does not wholly own, and where significant non-controlling interests exist. The information is taken from the IFRS reporting packages of the companies concerned.

Name of subsidiary	Registered office	Equity interest and voting rights interest of non-controlling shareholders		Gain or loss attributable to non-controlling interests (in EUR thousand)		Cumulative non-controlling interests (in EUR thousand)	
		31/12/ 2023	31/12/ 2022	**2023**	2022	**31/12/ 2023**	31/12/ 2022
BBI Bürgerliches Brauhaus Immobilien AG	Ingolstadt	5.12%	5.12%	167	11	6,499	6,366
Interpark Immobilien GmbH	Neuburg/ Danube	26.0%	26.0%	520	446	6,492	6,414
ISG Infrastrukturelle Gewerbeimmobilien GmbH	Ingolstadt	25.0%	25.0%	236	268	5,478	5,493
Subsidiaries with individually immaterial non-controlling interests						14,079	12,945
Total sum of non-controlling interests						30,111	31,188

Summarised financial information about Group subsidiaries where there are significant non-controlling interests is presented below. The summarised financial information corresponds to amounts before intra-Group eliminations. The long-term assets chiefly relate to investment properties measured pursuant to IAS 16.

BBI Bürgerliches Brauhaus Immobilien AG

In EUR thousand	**31/12/2023**	31/12/2022
Non-current assets	47,631	60,132
Current assets	137,774	169,675
Non-current liabilities	37,449	36,082
Current liabilities	87,679	83,393
Interest in equity attributable to parent company shareholders	57,758	103,996
Non-controlling shareholders	3,519	6,336
	2023	2022
Revenue	7,474	16,072
Other income	35,616	346
Expenses	-8,527	-16,207
Net profit for the year	**34,563**	**211**
Net profit for the year attributable to parent company shareholders	34,396	200
Net profit for the year attributable to non-controlling shareholders	167	11
Total net income for the year	**34,563**	**211**
Other comprehensive income attributable to parent company shareholders	-43	-17
Other comprehensive income attributable to non-controlling shareholders	-8	-3
Total other comprehensive income	**-51**	**-20**
Total comprehensive income attributable to parent company shareholders	34,346	183
Total comprehensive income attributable to non-controlling shareholders	167	8
Total income	**34,513**	**191**
Dividends paid to non-controlling shareholders	–	–
Net cash flows from operating activities	5,298	13,752
Net cash flows from investing activities	81,732	-2
Net cash flows from financing activities	-83,520	-13,336
Total net cash flows	**3,509**	**414**

Interpark Immobilien GmbH

In EUR thousand	**31/12/2023**	31/12/2022
Non-current assets	43,758	44,787
Current assets	1,475	1,171
Non-current liabilities	17,840	20,107
Current liabilities	2,450	1,182
Interest in equity attributable to parent company shareholders	18,478	18,255
Non-controlling shareholders	6492	6,414
	2023	2022
Revenue	4,365	3,959
Other income	0	0
Expenses	-2,365	-2,244
Net profit for the year	**2,000**	**1,715**
Net profit for the year attributable to parent company shareholders	1,480	1,269
Net profit for the year attributable to non-controlling shareholders	520	446
Total net income for the year	**2,000**	**1,715**
Other comprehensive income attributable to parent company shareholders	–	–
Other comprehensive income attributable to non-controlling shareholders	–	–
Total other comprehensive income	**–**	**–**
Total comprehensive income attributable to parent company shareholders	1,480	1,269
Total comprehensive income attributable to non-controlling shareholders	520	446
Total income	**2,000**	**1,715**
Dividends paid to non-controlling shareholders	0	442
Net cash flows from operating activities	3,678	3,109
Net cash flows from investing activities	0	0
Net cash flows from financing activities	-3,342	-3,126
Total net cash flows	**336**	**-17**

ISG Infrastrukturelle Gewerbeimmobilien GmbH

In EUR thousand	**31/12/2023**	31/12/2022
Non-current assets	34,058	34,836
Current assets	13,081	709
Non-current liabilities	25,181	13,151
Current liabilities	72	450
Interest in equity attributable to parent company shareholders	16,408	16,451
Non-controlling shareholders	5,478	5,493
	2023	2022
Revenue	2,258	2,411
Other income	0	0
Expenses	-1,315	-1,340
Net profit for the year	**943**	**1,071**
Net profit for the year attributable to parent company shareholders	707	803
Net profit for the year attributable to non-controlling shareholders	236	268
Total net income for the year	**943**	**1,071**
Other comprehensive income attributable to parent company shareholders	–	–
Other comprehensive income attributable to non-controlling shareholders	–	–
Total other comprehensive income	**–**	**–**
Total comprehensive income attributable to parent company shareholders	707	803
Total comprehensive income attributable to non-controlling shareholders	236	268
Total income	**943**	**1,071**
Dividends paid to non-controlling shareholders	0	250
Net cash flows from operating activities	1,224	2,921
Net cash flows from investing activities	0	0
Net cash flows from financing activities	11,270	-1,627
Total net cash flows	**12,494**	**294**

D. Notes on the income statement and balance sheet

1. Gross rental income

Gross rental income relates exclusively to revenue from the letting of investment properties. On account of the sale of the retail portfolio, rental income fell from EUR 93,784 thousand to EUR 86,876 thousand. Rental income for the fiscal year under review contains rental income of EUR 1,015 thousand due to indexing.

2. Income and expenses arising from operating and ancillary costs

Income arising from operating and ancillary costs also includes land tax and building insurance premiums passed on to tenants, but from which tenants do not derive any separate benefit. The corresponding costs for the accessing of such services are recognised under the item “Expenses arising from operating and ancillary costs”.

In respect of the operating costs charged to tenants in connection with the letting of investment properties, VIB acts as a principal rather than an agent. As such, these ancillary costs billed to tenants are to be classed as rental income.

Expenses arising from operating and ancillary costs typically include the costs for water, electricity, heating, land tax, insurance, fire alarms and any maintenance and service costs incurred.

The shortfall of EUR 1,246 thousand (previous year: EUR 793 thousand) between income and expenses arising from operating costs is chiefly due to costs that, by virtue of contractual exemptions, could not be passed on to tenants as part of the annual settlement of ancillary costs.

3. Other property-related expenses

Other property-related expenses include the costs incurred in connection with the management of the let properties, but that could not be passed on to tenants via the statement of operating costs, because they are already covered by rent rises. These include, for instance, costs for the repair of construction defects due to wear and tear/ageing of the buildings, particularly maintenance and replacement of windows, roofs and building facades, fire protection, heating and air conditioning equipment, as well as impairments on doubtful rent receivables.

4. Administrative expenses

Administrative expenses declined year-on-year from EUR 3,791 thousand to EUR 3,400 thousand. This item chiefly comprises general administration, legal and consultancy costs, as well as investor relations expenses, Supervisory Board remuneration and custodian fees for bank deposits.

In EUR thousand	**2023**	2022
Legal and consultancy costs	682	2,097
Supervisory Board remuneration	241	318
Ancillary costs of procuring money	139	272
Audit fees	268	200
Expenses in connection with the Annual General Meeting	332	88
Marketing/investor relations	177	178
Recruitment and other personnel costs	703	144
Motor vehicle expenses	133	90
IT expenses	118	57
Insurance/premiums and levies	197	56
Other	410	291
	3,068	**3,791**

The following fees were incurred for the services provided by Group auditor BDO AG, Wirtschaftsprüfungsgesellschaft, Munich.

In EUR thousand	**2023**	2022
Audit fees	187	154
Other fees	11	35
	198	**189**

Audit fees relate to the audit of the consolidated financial statements and the statements of VIB Vermögen AG and its affiliated companies required by law.

Other fees relate solely to other confirmation services for voluntary audits of annual financial statements.

5. Personnel expenses

In EUR thousand	**2023**	2022
Wages and salaries	3,409	6,713
Social security contributions	542	1,205
	3,951	**7,918**

Personnel expenses were down on the previous year due to the discontinuation of one-off payments in the previous year connected with the change to the shareholder structure.

6. Depreciation and amortisation

In EUR thousand	**2023**	2022
Amortisation of intangible assets	5,142	20
Depreciation of property, plant and equipment	478	420
Depreciation of real estate	23,331	31,014
	28,951	**31,454**

Depreciation and amortisation fell from EUR 31,454 thousand to EUR 28,951 thousand in the fiscal year under review. Depreciation on properties decreased by EUR 7,683 thousand due to disposals through sales. On account of the service agreements added at the end of 2022 in connection with the 2022 non-cash capital increase, amortisation on intangible assets climbed by EUR 5,122 thousand year-on-year. Depreciation on properties includes write-downs in the amount of EUR 102 thousand (previous year: EUR 4,987 thousand). No other impairments were recognized.

7. Earnings from property administration fees

Earnings of EUR 8,132 thousand (previous year: EUR 3,105 thousand) relate to asset and property management fees as well as transaction fees in connection with the management of the investment vehicle in the Institutional Business (IBU) segment administered by VIB.

8. Sonstige betriebliche Erträge

In EUR thousand	**2023**	2022
Other operating revenue	411	942
	411	**942**

Other operating income in the year under review primarily arises from insurance payouts for building damage. The corresponding costs associated with insurance compensation are recognised under the item “Other property-related expenses”.

9. Profit/loss from the disposal of investment properties

As a result of property sales as part of portfolio optimisation, earnings of EUR 108,072 thousand (previous year: EUR 374 thousand) were generated from the disposal of investment properties. These earnings relate chiefly to the sale of the retail portfolio to VIB Retail Balance I as well as the sale of a further six properties.

10. Earnings attributable to associated companies

This income is due to the following equity-accounted participating interests in associated companies and joint ventures:

In EUR thousand	**2023**	2022
BHB Brauholding Bayern-Mitte AG	-11	-127
KHI Immobilien GmbH	-29	-21
VIB Retail Balance I	2,824	0
WVI GmbH	0	21,666
	2,842	**21,518**

The income attributable to associated companies is recognised pursuant to IAS 28 and includes both the share of the profit and loss of the interest held and adjustments to the carrying amounts of the shares due to impairment losses. BHB Brauholding Bayern-Mitte AG and VIB Retail Balance I were reported as "assets held for sale" as of December 31, 2023. As a result, profit/loss from continuing operations stands at EUR 29 thousand.

11. Interest expenses and income

Interest and similar expenses in the amount of EUR 30,576 thousand (previous year: EUR 12,294 thousand) mostly relate to interest on bank borrowings, compounding of pension provisions and the guaranteed dividend to minority shareholders of BBI Immobilien AG provided for in the profit transfer agreement. The interest expense for financial liabilities that are not measured at fair value through profit or loss amounted to EUR 30,006 thousand in the fiscal year under review (previous year: EUR 12,128 thousand). The interest income of EUR 17,186 thousand (previous year EUR 2,910 thousand) primarily comprises interest on the loan granted to BRANICKS Group AG (EUR 10,569 thousand). No interest from fair-value measurement gains on interest swaps arose in the fiscal year under review (previous year: EUR 2,909 thousand).

12. Income tax

Income taxes are composed as follows:

In EUR thousand	**2023**	2022
Current income tax expense	4,839	7,404
Deferred income tax expense (previous year: deferred income tax earnings)	16,022	-257
Expense from taxes on income	**20,861**	**7,147**

Current tax expense mostly comprises corporation tax (15.00%) plus solidarity surcharge (5.50% hereupon).

Deferred tax income arises primarily from deferred taxes on the valuation differences on investment properties.

In EUR thousand	2023	2022
Property valuation	16,017	-889
Capital transactions	0	193
Other	5	439
Deferred income tax expense (previous year: deferred income tax earnings)	**16,022**	**-257**

The differences between the reported income tax expense and the expected income tax expense are reported in the statement of reconciliation below. The expected income tax expense arises from the earnings before taxes multiplied by the expected tax rate. The anticipated income tax rate includes statutory German corporation tax as well as the solidarity surcharge due on this amount. As a result of the further reduction in trade tax, this is not included in this tax rate. The anticipated tax rate is consequently 15.825%, as in the previous year. Any trade tax effects are reported as reconciliation issues.

In EUR thousand	2023	2022
Earnings before income taxes	**151,699**	**61,851**
Income tax rate: 15.825%		
Anticipated income tax expense	24,006	9,788
Tax impact of subsidiaries and equity-accounted investments	-450	-3,235
Tax effects from first-time consolidations	0	-726
Corporation tax on compensation payment	26	26
Tax rate differences (trade tax)	1,104	116
Tax-free domestic dividend income (especially Sect. 8b KStG)	65	63
Tax effects from 6b (reserves)	-3,004	855
Non-tax-deductible expenses	14	26
Other	-900	234
Reported income tax expense	**20,861**	**7,147**
Effective tax rate	13,75%	11.56%

13. Non-controlling shareholders' share of earnings

Consolidated net income of EUR 130,838 thousand (previous year: EUR 54,704 thousand) includes gains of EUR 1,234 thousand (previous year: EUR 1,126 thousand) attributable to non-controlling shareholders. This share of profit primarily relates to the profit of Interpark Immobilien GmbH.

14. Earnings per share

Basic and diluted earnings per share are calculated based on the following information:

	2023	2022
EARNINGS (in EUR thousands)		
Consolidated net income	130,838	54,704
Less: earnings attributable to non-controlling interests	-1,234	-1,126
Basis for undiluted earnings per share	**129,604**	**53,578**
Less: profit/loss on discontinued operations	0	0
Basis for undiluted earnings per share for continuing operations	**129,604**	**53,578**
Impact of potentially dilutive registered shares	0	0
Basis for diluted earnings per share	**129,604**	**53,578**
Less: profit/loss on discontinued operations	0	0
Basis for diluted earnings per share for continuing operations	**129,604**	**53,578**
NUMBER OF SHARES		
Weighted average number of registered shares in circulation for undiluted earnings per share	33,054,587	28,234,027
Impact of potentially dilutive registered shares	0	0
Weighted average number of registered shares in circulation for diluted earnings per share	33,054,587	28,234,027
Undiluted earnings per share (in EUR)	**3.92**	**1.90**
Undiluted earnings per share for continuing operations (in EUR)	**3.92**	**1.90**
Diluted earnings per share (in EUR)	**3.92**	**1.90**
Diluted earnings per share for continuing operations (in EUR)	**3.92**	**1.90**

Dividends paid

No dividend was paid by VIB Vermögen AG for the 2022 fiscal year.

15. Investment properties

In EUR thousand	**2023**	2022
Procurement costs as of 01/01	**1,212,859**	**1,352,521**
Additions	54,367	37,935
Changes to consolidation scope	25,550	100,310
Reclassified to assets held for sale	-12,400	-268,777
Disposals	-146,523	-9,130
Balance 31/12	**1,133,853**	**1,212,859**
Amortisation/impairment as of 01/01	**66,951**	**51,893**
Additions	23,331	31,014
Reclassified to assets held for sale	-694	-13,832
Disposals	-11,784	-2,124
Balance 31/12	**77,804**	**66,951**
Carrying amount 01/01	**1,145,908**	**1,300,628**
Carrying amount 31/12	**1,056,049**	**1,145,908**
Fair value[1]	1,671,529	2,291,116

[1] Incl. non-controlling interests and IFRS 5 properties

The at-cost model pursuant to IAS 40.56 has been applied since the 2022 fiscal year. The additions include the deposit on a plot of land in Hamburg in connection with a share deal. The change to the scope of consolidation relates to the Langenhagen property company.

16. Fair value measurement

The following table shows the fair value measurement of the Group's assets and liabilities by hierarchy levels.

Quantitative information about the fair value measurement of assets and liabilities by hierarchy levels as of December 31, 2023

In EUR thousand	Balance sheet date	**Total**	Fair value measurement applying: prices listed on active markets (level 1)	Fair value measurement applying: significant observable input parameters (level 2)	Fair value measurement applying: significant non-observable input parameters (level 3)
FAIR VALUES OF ASSETS MEASURED AT AMORTISED COST:					
Investment properties (note 15)					
Logistics/light industry	31/12/23	**1,416,340**	–	–	1,416,340
Retail	31/12/23	**41,400**	–	–	41,400
Office	31/12/23	**33,000**	–	–	33,000
Commercial buildings/other	31/12/23	**21,685**	–	–	21,685
Properties under construction	31/12/23	**145,988**	–	–	145,988
Assets held for sale in accordance with IFRS 5 (note 27)					
Participating interests	31/12/23	**103,652**	103,652	–	–
Real estate	31/12/23	**13,116**	13,116	–	–
Other assets (note 25)					
Loan in connection with the setting up of real estate fund VIB Retail Balance I	31/12/23	**85,480**	85,480	–	–
LIABILITIES MEASURED AT FAIR VALUE:					
Liabilities for which fair value is reported in the notes:					
Interest-bearing loans (Note 40)					
Fixed-interest loans	31/12/23	**766,137**	–	766,137	–

No regroupings occurred between the levels of the measurement hierarchies in the period under review.

Quantitative information on the fair value measurement of assets and liabilities by hierarchy levels as of December 31, 2022

			Fair value measurement applying		
In EUR thousand	Balance sheet date	**Total**	prices listed on active markets (level 1)	significant observable input parameters (level 2)	significant non-observable input parameters (level 3)
ASSETS MEASURED AT FAIR VALUE:					
Investment properties (note 15)					
Logistics/light industry	31/12/22	**1,642,630**	–	–	1,642,630
Retail	31/12/22	**45,570**	–	–	45,570
Office	31/12/22	**37,290**	–	–	37,290
Commercial buildings/other	31/12/22	**37,679**	–	–	37,679
Properties under construction	31/12/22	**220,047**	–	–	220,047
Assets held for sale in accordance with IFRS 5 (note 23)					
Real estate	31/12/22	**307,900**	307,900		
Other assets (note 21)					
Loan in connection with the setting up of real estate fund VIB Retail Balance I	31/12/22	**13,509**	13,509		
LIABILITIES MEASURED AT FAIR VALUE:					
Liabilities for which fair value is reported in the notes:					
Interest-bearing loans (Note 37)					
Fixed-interest loans	31/12/22	**582,759**	–	582,759	–

Valuation methods applied at level 3

The fair values measured (net value, following deduction of transaction costs) are based fully on the results of the independent appraiser, CBRE, contracted for this purpose, who conducted a valuation in accordance with the International Valuation Standards. Wherever possible, the input factors for such a valuation should be valuation parameters as close to market conditions as possible. Despite the inclusion of several observable market input factors corresponding to level 2, the resulting fair values are assignable to level 3.

The measurement of market values is based on a present value calculation (discounted cash flow method). Overall, a cash flow period of ten years was imputed, with the assumption that the property would be sold at the end of this period. The discount rate used for the measurement was calculated using gross initial yields derived from the property market. The property-specific gross initial yield came in at a range of 2.01% to 10.34% (2022: 2.12% to 10.01%). The discount rate stood at 4.00% to 8.60% (2022: 2.90% to 8.35%). The interest rate used for future value capitalisation corresponds to the interest rate observable on today's property market, plus a property-specific risk premium. Depending on the quality, location and structure of the properties, the capitalisation rates used vary between 3.60% and 7.70% (2022: 2.90% and 7.85%).

When conducting impairment tests on investment properties in accordance with IAS 36, the carrying amounts of the properties, with the exception of properties classified as "non-current assets held for sale", are compared with either the properties' market values or the values in use derived from their market values, whichever is higher. The comparison is based on gross market values, i.e. excluding the transaction costs that may be incurred in the event of actual disposals. When measuring the comparative values, company-specific parameters were also used that consider the values in use of the properties within the scope of business use. Particularly significant in this regard are the retention of the property within the Group, the resulting forecast cash flows and the reduced administrative expenses compared with a standard valuation due to our in-house asset management. Furthermore, an appropriate, asset-specific capitalisation rate was calculated in accordance with the criteria of IAS 36 A17.

At the Group, no restrictions exist relating to the disposability of investment properties, and no contractual obligations exist to purchase, construct or develop investment properties. Moreover, no significant contractual obligations exist relating to repairs, maintenance and improvements.

17. Property, plant and equipment

In EUR thousand	Land and buildings	Other property, plant and equipment	**Total**
Cost as of 01/01/2023	**7,582**	**6,159**	**13,741**
Additions	19	126	145
Disposals	0	-18	-18
Balance 31/12/2023	**7,601**	**6,267**	**13,868**
Amortisation/impairment as of 01/01/2023	**1,181**	**1,637**	**2,818**
Additions	223	273	496
Disposals	0	-18	-18
Balance 31/12/2023	**1,404**	**1,892**	**3,296**
Carrying amount 01/01/2023	**6,401**	**4,522**	**10,767**
Carrying amount 31/12/2023	**6,197**	**4,375**	**10,572**

In EUR thousand	Land and buildings	Other property, plant and equipment	Total
Cost as of 01/01/2022	**7,582**	**5,591**	**13,173**
Additions	0	594	594
Disposals	0	-26	-26
Balance 31/12/2022	**7,582**	**6,159**	**13,741**
Amortisation/impairment as of 01/01/2022	**975**	**1,431**	**2,406**
Additions	206	215	421
Disposals	0	-9	-9
Balance 31/12/2022	**1,181**	**1,637**	**2,818**
Carrying amount 01/01/2022	**6,607**	**4,160**	**10,767**
Carrying amount 31/12/2022	**6,401**	**4,522**	**10,923**

18. Interests in associated companies

The investments in associated companies were included in the consolidated financial statements in line with the equity method set out in IAS 28 and were recognised at the corresponding remeasured equity.

In EUR thousand	**2023**	2022
Carrying amount 01/01	**17,868**	**16,098**
Additions	65,146	5,209
Disposals	0	-3,373
Reclassification to assets held for sale (IFRS 5)	-2,650	0
Dividends	-64	0
Profit/loss from continuing operations	29	-66
Carrying amount 31/12	**80,329**	**17,868**

Shares in associated companies increased due to the addition of GEG Public Infrastructure IV (EUR 61,396 thousand) and the capital increase at KHI (EUR 3,750 thousand).

The amount reclassified as assets held for sale relates to BHB Brauholding (EUR 2,650 thousand).

GEG Public Infrastructure IV, a 77% interest in which was added, holds assets in the amount of EUR 80,373 thousand and liabilities in the amount of EUR 1,960 thousand. Overall, the annual result therefore stands at EUR -111 thousand.

Summarised information for associates and joint ventures that are individually immaterial:

In EUR thousand	2023	2022
Group interest in profit or loss from continuing operations	29	-66
Group interest in total comprehensive income	**29**	-66

19. Participating interests

As of December 31, 2023, participating interests include DIC HI Portfolio GmbH (participating interest value: EUR 2,544 thousand) and DIC Hamburg Portfolio GmbH (participating interest value: EUR 1,428 thousand). Following the exercise of a call option, a 1.8% interest is held in each of these companies.

20. Loans to related parties

Loans to related parties in the amount of EUR 250,000 thousand relate to a loan to BRANICKS Group AG (previous year: EUR 0 thousand).

21. Intangible assets

In EUR thousand	IT software, licences	Managment agreements	Total
Cost as of 01/01/2023	**247**	**43,008**	**43,255**
Additions	9	0	0
Changes to consolidation scope	0	0	0
Disposals	0	0	0
Balance 31/12/2023	**256**	**43,008**	**43,264**
Amortisation/impairment as of 01/01/2023	**221**	**0**	**221**
Additions	17	5,125	5,142
Changes to consolidation scope	0	0	0
Disposals	0	0	0
Balance 31/12/2023	**238**	**5,125**	**5,363**
Carrying amount 01/01/2023	**26**	**43,008**	**43,034**
Carrying amount 31/12/2023	**18**	**37,883**	**37,901**

In EUR thousand	IT software, licences	Managment agreements	Total
Cost as of 01/01/2022	**227**	**0**	**210**
Additions	20	0	17
Changes to consolidation scope	0	43,008	0
Disposals	0	0	0
Balance 31/12/2022	**247**	**43,008**	**227**
Amortisation/impairment as of 01/01/2022	**201**	**0**	**192**
Additions	20	0	9
Changes to consolidation scope	0	0	0
Disposals	0	0	0
Balance 31/12/2022	**221**	**0**	**201**
Carrying amount 01/01/2022	**26**	**0**	**18**
Carrying amount 31/12/2022	**26**	**43,008**	**26**

22. Trade receivables

In EUR thousand	**2023**	2022
Trade receivables	5,328	2,381
	5,328	**2,381**

Trade receivables stem mostly from current letting and relate to claims arising from outstanding rental payments and the settlement of incidental costs due from tenants.

Individual valuation allowances were required in the amount of EUR 165 thousand (previous year: EUR 426 thousand).

All accounts receivable have a residual term of less than one year.

The changes in valuation allowances are shown in the following table:

In EUR thousand	**2023**	2022
Balance – start of year	426	158
Additions	205	394
Consumption	-411	-20
Release	-55	-106
Total	**165**	**426**

In respect of determining whether trade receivables are impaired, please refer to the information provided in Chapter C (Financial instruments). There is no notable concentration in credit risk, as the customer base is broadly distributed and there are no correlations. However, the Group believes that it may be exposed to an increase in the default risk of its customer receivables – and therefore associated credit losses (IFRS 9, ECL) – as a result of the effects of the challenging macroeconomic trends. On account of the manageable portfolio of trade receivables, this fact was countered with the formation of individual value allowances on receivables for specific customers, where such allowances were deemed necessary. The Group does not believe that an overall valuation allowance on the entire remaining portfolio of receivables is necessary. Correspondingly, the Managing Board believes that no risk provisions are required over and above the valuation allowances already reported.

The fair value of the trade receivables corresponds to their carrying amount. Additions to valuation allowances during the fiscal year, and the reversal of allowances from the previous year, are carried in the income statement under other operating expenses.

23. Receivables from related parties

The loan to BRANICKS Group AG gives rise to an interest receivable in the amount of EUR 6,322 thousand.

24. Income tax receivables

Income tax receivables totalling EUR 4,557 thousand mainly relate to corporation tax receivables (previous year: tax liabilities of EUR 831 thousand).

25. Other assets

Other assets primarily relate to receivables from a loan in connection with the setting up of the real estate fund VIB Retail Balance I in the amount of EUR 82,880 thousand, as well as related interest receivables (EUR 2,642 thousand). This item also includes insurance commission, insurance compensation and prepayments of construction cost subsidies granted to tenants.

26. Bank balances and cash in hand

This item is utilised to disclose cash in hand and bank balances with a term of less than three months, as well as financial securities with an original term of less than three months, of which EUR 134,431 thousand are pledged as of December 31, 2023. In general, VIB only maintains business relations with banks with excellent credit ratings subject to a low level of risk, which is why a potential default risk is estimated to be extremely low/non-existent.

27. Assets held for sale

In EUR thousand	**2023**	2022
Carrying amount 01/01	**254,945**	**18,560**
Additions from properties	11,706	254,945
Additions from the planned sale of shares in companies	103,652	0
Disposals	-254,945	-18,560
Carrying amount 31/12	**115,358**	**254,945**

Additions include the shares in a fund held for sale (EUR 101,002 thousand) and the shares in BHB Brauholding (EUR 2,650 thousand). The additions also include investment properties of BB Bürgerliches Brauhaus Immobilien AG (EUR 11,706 thousand).

Notarised sale contracts are in place for the investment properties recognised in this item. However, the transfer of ownership, benefits and encumbrances does not take place until the following year. In respect of the shares in companies, the Managing Board has a specific intention to sell.

28. Equity

Subscribed capital

The subscribed share capital amounts to EUR 33,054,587 (previous year: EUR 33,054,587) and is divided into 33,054,587 ordinary/registered shares (previous year: 33,054,587).

Share premium account

The share premium account arises from the share premium of VIB Vermögen AG (adjusted to reflect capital raising costs after tax).

The share premium account remains on a par with the previous year at EUR 299,307 thousand.

Retained earnings

Retained earnings are unchanged on the previous year.

Accumulated earnings

The Group's accumulated earnings derive from the previous year's earnings plus the current consolidated net income for the 2023 fiscal year that is due to Group shareholders (EUR 129,604 thousand) and the corresponding other earnings from the statement of other comprehensive income (EUR -25 thousand).

Non-controlling interests

Interests attributable to non-controlling shareholders relate to shares in fully consolidated subsidiaries.

This item changed as follows:

In EUR thousand	**2023**	2022
Balance – start of year	**31,188**	**25,933**
Distribution to shareholders	-1,134	-1,094
Share of annual earnings	1,234	1,126
Non-controlling shareholders' share of other comprehensive income	-3	3
Recognition of share of non-controlling shareholders	1,263	5,220
Balance – end of year	**32,548**	**31,188**

With regard to material non-controlling interests, please refer to the section "Information on subsidiaries" in Chapter C.

Authorised capital

Authorised Capital 2022/I:

The Annual General Meeting on August 30, 2022, adopted a resolution to create authorised capital (Authorised Capital 2022/I) in the amount of EUR 13,855 thousand. Of this authorised capital, an amount of EUR 4,873 thousand was used in 2022. The authorisation granted to the Managing Board to issue, with Supervisory Board assent, new shares in return for cash and non-cash capital contributions, and the possibility of simplified exclusion of subscription rights, runs until August 29, 2027.

Following partial utilisation, the total available authorised capital therefore stands at EUR 8,982 thousand.

Conditional capital

Conditional Capital 2020/I:

The Annual General Meeting on July 2, 2020, adopted a resolution to create conditional capital (2020/I) in the amount of EUR 2,758 thousand for the purpose of issuing convertible and warrant bonds and excluding subscription rights. None of this conditional capital had been used as of December 31, 2023. The 2020 conditional capital is still available in full as of the balance sheet date.

Deferred taxes on expenses and income taken directly to other income

The following table shows individual details of the deferred taxes on expenses and income taken directly to other income:

			2023			2022
In EUR thousand	**Before tax**	**Taxes**	**After tax**	Before tax	Taxes	After tax
Foreign currency effects from the translation of independent subsidiaries	0	0	0	-26	0	-26
Gains/losses on pension plans	-33	5	-28	883	-140	743
Income and expenses taken directly to equity	**-33**	**5**	**-28**	**857**	**-140**	**717**

29. Non-current interest-bearing financial liabilities

In EUR thousand	**2023**	2022
Remaining term of between 1 and 5 years	211,636	164,247
Remaining term of more than 5 years	675,764	419,399
	887,400	**583,646**

The non-current interest-bearing financial liabilities are secured by land charges on the investment properties, and the assignment of rental claims.

30. Deferred taxes

Deferred tax results from differing valuations between the IFRS and tax values for Group companies and consolidation measures.

The deferred tax liabilities and the deferred tax assets are distributed among the following items:

In EUR thousand	2023	2022
DEFERRED TAX ASSETS		
Pension provisions/other	144	150
Total deferred tax assets	**144**	**150**
DEFERRED TAX LIABILITIES		
Investment properties	74,176	58,279
Other	466	461
Total deferred tax liabilities	**74,642**	**58,740**
Offsetting of deferred tax assets and liabilities	-144	-150
CARRYING AMOUNT AFTER OFFSETTING		
Deferred tax assets	**0**	**0**
Deferred tax liabilities	**74,498**	**58,590**

Deferred tax assets and deferred tax liabilities were offset insofar as they relate to the same tax authority.

Losses carried forward on December 31, 2023, were reported as follows:

- Trade tax EUR 24,026 thousand (previous year: EUR 20,089 thousand)
- Corporation tax EUR 6,536 thousand (previous year: EUR 1,954 thousand)

No deferred taxes were recognised for these unused tax losses.

No deferred taxes were recognized for temporary differences of EUR 4.2 million in connection with outside basis differences, as the parent company is able to control a reversal and a reversal is currently not expected.

31. Pension provisions

Provisions for pensions include company retirement benefit commitments to beneficiaries and their surviving dependants. The pension commitments are based on individual contractual benefit commitments. The beneficiaries can generally claim a fixed old-age and invalidity pension when they reach pensionable age (63) depending on their period of service. Other benefits are not planned after the end of employment contracts. The pensions' values are linked to the inflation index. No plan assets in the meaning of IAS 19 exist.

The Group's commitments from retirement benefit plans totalling EUR 3,070 thousand (previous year: EUR 3,192 thousand) as disclosed on the balance sheet correspond to their projected unit credit value.

The actuarial target value of the pension obligation, as calculated using the projected unit credit method, is the present value of the defined benefit obligation (DBO), which corresponds to the present value of the entitlements earned as of the valuation cut-off date, which are therefore to be allocated to prior reporting periods.

The projected unit credit values of the defined benefit obligations changed as follows:

In EUR thousand	**2023**	2022
Balance 01/01	**3,192**	**3,496**
Newly acquired benefit entitlements	649	649
Interest income (previous year: interest expense)	-34	45
Pensions paid	-121	-116
Actuarial gains/losses		
due to changes in demographic assumptions	0	0
due to changes in financial assumptions	5	-1,148
due to experience-related adjustments	28	266
Balance 31/12	**3,070**	**3,192**

Calculated actuarial assumptions:

In EUR thousand	**2023**	2022
Discounting rate	3.40% – 3.59%	3.42% – 3.57%
Pension trend	2.00% – 2.50%	1.75% – 2.00%

The revised 2018 G Heubeck reference tables were used as mortality tables.

The salary trend was carried at 0.0% (as was the case for the probability of staff turnover).

A quantitative sensitivity analysis for the most important assumptions as of December 31, 2023, generates the following results:

- A 1 percentage point increase in the discount rate results in a EUR 384 thousand decrease in the DBO, and a EUR 125 thousand increase in the interest cost. A 1 percentage point decrease in the discount rate results in a EUR 479 thousand increase in the DBO, and a EUR 93 thousand decrease in the interest cost.

- A 1 percentage point increase in pension growth results in a EUR 380 thousand increase in the DBO, and a EUR 126 thousand increase in the interest cost. A 1 percentage point decrease in pension growth results in a EUR 319 thousand decrease in the DBO, and a EUR 101 thousand increase in the interest cost.

This sensitivity analysis was conducted using a method that extrapolates the effects of realistic modifications to the most important assumptions on the defined benefit obligation until the end of the reporting period.

The following amounts are expected to be paid out over the coming years as part of the defined benefit obligation:

In EUR thousand	**2023**	2022
Over the next 12 months	120	118
Between 2 and 5 years	613	510
Between 5 and 10 years	197	986
More than 10 years	2,140	1,578
Expected outgoing payments	**3,070**	**3,192**

The average duration of the defined benefit obligation amounted to 7 years at the end of the reporting period (previous year: 8).

32. Current interest-bearing financial liabilities

Current financial liabilities mostly relate to current bank borrowings. This item includes current account credit lines that can be terminated at short notice, short-term loans, and redemption payments for long-term loans due within one year of the balance sheet date.

The current financial liabilities are secured by land charges and the assignment of rental claims.

33. Trade payables

Trade payables totalling EUR 649 thousand (previous year: EUR 345 thousand) chiefly relate to the utilisation of services. They are due within a year.

34. Liabilities to related parties

The recognised liabilities in the amount of EUR 1,626 thousand (previous year: EUR 31,088 thousand) relate to liabilities in connection with the exchange of services with the BRANICKS Group.

35. Liabilities to participating interests

The recognised liabilities in the amount of EUR 2,907 thousand (previous year: EUR 2,906 thousand) relate to liabilities of fully consolidated companies vis-à-vis their non-controlling shareholders.

36. Income tax liabilities

No income tax liabilities are recognised in the fiscal year under review (previous year: EUR 831 thousand).

37. Other liabilities

In EUR thousand	**2023**	2022
Outstanding invoices	9,638	2,772
Bonuses	370	155
Annual leave compensation and other personnel expenses	144	151
Interest accrued	487	441
VAT	0	3,605
Supervisory Board remuneration	290	318
Audit fees	241	127
Guaranteed dividend	177	177
Debtors with credit balances	1,141	455
Other	1,024	809
	13,512	**9,010**

38. Segment reporting

Please refer to the comments under section C regarding the scope of segment reporting.

Pursuant to IFRS 8, VIB Vermögen AG defines its primary business area, as in the previous year, as the utilisation and development of its own real estate portfolio (letting and management of portfolio properties segment). The “Management of properties on behalf of institutional investors” segment, which was newly added at the end of the 2022 fiscal year, is still under development and does not yet form part of internal reporting. One reporting segment pursuant to IFRS 8 was calculated since the Group's business activities are restricted almost exclusively to the letting of properties to predominantly commercial tenants in Germany. This segment comprises all of the VIB Group's operating activities.

As business activities are geared almost exclusively to Germany, no secondary, “Regions” reporting format is presented in the company's internal reporting. The company has consequently refrained from such segmentation. Internal reporting to the Managing Board is in line with this reporting.

39. Cash flow statement

The cash and cash equivalents in the amount of EUR 237,736 thousand (previous year: EUR 67,826 thousand) comprise the balance sheet item bank balances and cash on hand, which includes cash on hand and bank balances as well as financial securities with an original term of three months or less.

Reconciliation of financial liabilities pursuant to IAS 7

The following table includes non-cash effects due to the amortization of refinancing costs.

In EUR thousand	31/12/2022	Cash	Non-cash Addition/ disposal	Non-cash Interest	Reclassification	31/12/2023
Non-current financial liabilities	583,646	313,250	-9,496	0	0	887,400
Current financial liabilities	152,047	-112,009	0	0	0	40,038
Total financial liabilities	**735,693**	**-201,241**	**-9,496**	**0**	**0**	**927,438**

In EUR thousand	31.12.2021	Cash	Non-cash Addition/ disposal	Non-cash Interest	Reclassification	31/12/2022
Non-current financial liabilities	688,067	4,293	43,333	0	-152,047	583,646
Current financial liabilities	59,670	-59,670	0	0	152,047	152,047
Total financial liabilities	**747,737**	**-55,377**	**43,333**	**0**	**0**	**735,693**

40. Other financial liabilities and contingent liabilities

Contingent liabilities comprise existing or future liabilities which are based on past events, but for which an outflow of resources is not deemed to be probable. According to IAS 37, these liabilities are to be listed in the notes to the financial statements. No contingent liabilities required recognition as of December 31, 2023, or in the previous year.

Shares in the provident fund of Bürgerliches Brauhaus Ingolstadt GmbH were transferred to BHB Brauholding Bayern-Mitte AG in 2010. BBI Bürgerliches Brauhaus Immobilien AG is indirectly liable on the basis of subsidiary liability for the provision of company pensions in an amount of EUR 4 thousand (previous year: EUR 5 thousand). Utilisation is not anticipated as of the balance sheet date due to business and financial circumstances.

As of the balance sheet date, an order obligation of EUR 9,070 thousand (previous year: EUR 33,266 thousand) exists from investment projects and land purchase agreements that have already commenced.

41. Leases

VIB Vermögen AG as lessor

As part of its operating activities, the Group has primarily concluded rental agreements in relation to the commercial letting of its investment properties. These are operating leases.

For fiscal years from 2024, VIB AG will receive the following minimum lease payments from uncancellable existing rental agreements.

In EUR thousand	**2023**	2022
Due within 12 months	74,558	95,089
Due within 13–24 months	66,241	87,727
Due within 25–36 months	54,521	76,936
Due within 37–48 months	47,227	62,985
Due within 49–60 months	39,944	54,161
Due in more than 60 months	84,762	145,064
	367,253	**521,962**

The minimum lease payments include the contractually agreed payments from tenants (excluding ancillary costs) through to the end of the contract or the earliest possible termination date.

42. Liquidity and interest rate risk

Liquidity risk reflects a scenario in which the Group is unable to pay its own liabilities. The Group manages its liquidity centrally so that it has sufficient funds available at all times in order to service its liabilities when they fall due. As of December 31, 2023, the Group had access to undrawn credit lines in the amount of EUR 13,055 thousand (previous year: EUR 15,055 thousand).

The following table shows when the financial liabilities are due. The table is based on undiscounted cash flows. Financial liabilities are allocated to the earliest band of maturities in which the Group can be obligated to make a payment, even if the Group expects that part of the liabilities will only have to be paid later than the earliest date on which they are due.

In EUR thousand	Financial loans with variable interest (repayments and interest payments)	Financial loans with fixed interest (repayments and interest payments)	Trade payables	Other financial liabilities	**Total**
LIQUIDITY ANALYSIS AS OF 31/12/2023					
due in 1–12 months	7,847	32,125	649	18,045	**42,247**
due in 12–60 months	61,054	160,145	0	0	**221,199**
due in >60 months	92,925	573,342	0	0	**675,394**
LIQUIDITY ANALYSIS AS OF 31/12/2022					
due in 1–12 months	14,635	148,560	345	32,603	196,143
due in 12–60 months	23,325	180,479	0	0	203,804
due in >60 months	54,943	543,314	0	0	598,257

The average interest rate on the variable-rate financial loans amounted to 5.31% as of December 31, 2023 (previous year: 3.25%). The average interest rate on the fixed-rate financial loans amounted to 3.50% as of December 31, 2023 (previous year: 1.62%).

Changes to interest rates are presented in sensitivity analyses in line with IFRS 7. These show the effects of changes in the market interest rates on financial income and expenses and on equity. No significant concentration of interest rate risks exists in the Group.

The Group takes out non-current bank borrowings at fixed and variable interest rates. Changes in market interest rates for bank borrowings with fixed interest rates only impact earnings if they are measured at fair value. Measurement is always at amortised cost. As a result, non-current liabilities to banks with fixed interest rates are not subject to any risks of interest rate changes within the meaning of IFRS 7.

Changes in the market interest rate impact the interest result for short-term variable-interest bank loans, for which interest payments are not intended to be underlying transactions as part of a hedge, and are consequently taken into account in the earnings- and equity-related sensitivity calculations.

If the market interest rate level had been 100 basis points higher (lower) in 2023, earnings would have been approx. EUR 1,568 thousand (previous year: EUR 509 thousand) lower (higher).

43. Default risks

The maximum default risk is reflected by the carrying amount of each financial asset on the balance sheet. An analysis of carrying amounts by balance sheet items and categories as per IFRS 7 is presented in the "Notes to the balance sheet". No other material off-balance-sheet default risks exist.

No de facto default risk exists relating to cash and cash equivalents and derivative financial instruments, as these are held by banks with excellent credit ratings as certified by ratings agencies. The following considerations consequently focus on "Loans and receivables". This affects the following balance sheet items: trade receivables and other receivables and assets.

The following table quantifies the loans and receivables that have been written down individually as well as the overdue loans and receivables not yet written down: As of the balance sheet date, the gross carrying amounts of the other financial receivables and assets include a loan to BRANICKS Group AG and a loan in connection with the setting up of a fund:

	Trade receivables		Other financial receivables and assets	
In EUR thousand	**31/12/2023**	31/12/2022	**31/12/2023**	31/12/2022
Gross carrying amount	6,144	2,807	332,800	1,240
of which overdue but not impaired	0	0	0	0
of which impaired	816	542	0	0

In the case of the trade receivables and other financial receivables and assets that were neither impaired nor in default, no signs existed on the balance sheet date that the debtors would fail to fulfil their payment obligations.

The fair values of the cash and cash equivalents, current receivables and liabilities roughly correspond to their carrying amounts. This is due, in particular, to these instruments' short terms.

44. Categories of financial instruments

The following table shows by category the carrying amounts and fair values of all of the Group's financial instruments reported in the consolidated financial statements.

No fair value is stated for financial instruments whose carrying amounts represent appropriate approximations of fair value.

2023

In EUR thousand	Fair value category as per IFRS 13	Carrying amount as of 31/12/2023	Fair value as of 31/12/2023	of which measured at amortised cost	of which measured at fair value through profit or loss	of which measured at fair value directly in equity
ASSETS						
Receivables and other assets						
Trade receivables	n.a.	5,328	n.a.	5,328	–	–
Receivables from related parties	n.a.	6,322	n.a.	6,322		
Other financial assets	n.a.	96,998	85,522	11,476	85,522	–
Bank balances and cash in hand	n.a.	237,736	n.a.	237,736	–	–
EQUITY AND LIABILITIES						
Variable-rate loans	Level 2	161,826	n.a.	161,826	–	–
Fixed-interest loans	Level 2	765,612	766,137	765,612	–	–
Hedge accounting derivatives	Level 2	–	–	–	–	–
Trade payables	n.a.	649	n.a.	649	–	–
Liabilities to related parties	n.a.	1,626	n.a.	1,626	–	–
Liabilities to participating interests	n.a.	2,907	n.a.	2,907	–	–
Other financial liabilities	n.a.	13,512	n.a.	13,512	–	–
OF WHICH AGGREGATED ACCORDING TO IFRS 9 MEASUREMENT CATEGORIES						
Financial assets						
Loans and Receivables (LaR) (measured at amortised cost)		346,384				
Financial liabilities						
Financial liabilities at cost (FLAC) (measured at amortised cost)		946,132				
Derivatives with cash flow hedge (measured at fair value directly in equity)		–				

2022

In EUR thousand	Fair value category as per IFRS 13	Carrying amount as of 31/12/2022	Fair value as of 31/12/2022	of which measured at amortised cost	of which measured at fair value through profit or loss	of which measured at fair value directly in equity
ASSETS						
Receivables and other assets						
Trade receivables	n.a.	2,381	n.a.	2,381	–	–
Receivables from related parties	n.a.	41	n.a.	41		
Other financial assets	n.a.	29,974	n.a.	29,974	–	–
Other financial assets (interest rate option)	n.a.	13,509	13,509	0	13,509	–
Cash on hand	n.a.	67,826	n.a.	67,826	–	–
EQUITY AND LIABILITIES						
Variable-rate loans	Level 2	68,253	n. a.	68,253	–	–
Fixed-interest loans	Level 2	667,440	582,759	667,440	–	–
Hedge accounting derivatives	Level 2	–	–	–	–	–
Trade payables	n. a.	345	n. a.	345	–	–
Liabilities to related parties	n. a.	31,088	n. a.	31,088	–	–
Liabilities to participating interests	n. a.	2,906	n. a.	2,906	–	–
Other financial liabilities	n. a.	9,841	n. a.	9,841	–	–
OF WHICH AGGREGATED ACCORDING TO IFRS 9 MEASUREMENT CATEGORIES						
Financial liabilities						
Loans and Receivables (LaR) (measured at amortised cost)		100,222				
At fair value Through profit or loss (FVTPL)		13,509				
Financial liabilities						
Financial liabilities at cost (FLAC) (measured at amortised cost)		779,873				
Derivatives with cash flow hedge (measured at fair value directly in equity)		–				

As far as items for which no fair values are stated in the tables above are concerned, the management has determined that the carrying amounts almost correspond to their fair values due to their short terms or standard market interest rate.

The fair value of fixed-interest loans is stated at the amount at which the respective instrument could be exchanged between business partners that were willing to enter into agreement concerning a current transaction (except forced disposal or liquidation).

The methods and assumptions applied to calculate fair value are as follows:

- The fair values of the Group's fixed-interest loans are calculated applying the discounted cash flow method. This is based on the discounting rate that reflects the issuer's debt funding rate at the end of the period under review. The proprietary risk of non-satisfaction was categorised as low as of December 31, 2023.

- In the past, the Group held derivative financial instruments with various parties, especially banks with good credit ratings. Derivatives measured applying a valuation method comprising observable market input parameters mainly comprised interest rate swaps and forward currency contracts. The most frequently applied valuation methods included option pricing and swap models utilising present value calculation. These models included a range of variables such as business partners' credit ratings, cash and forward currency exchange rates and yield curves.

The VIB Group has pledged investment properties in the amount of EUR 7,443 thousand (= total of land charges) as security for current account credit lines granted. The carrying amount of the securities (= total of land charges) is below the fair value of the pledged investment properties (EUR 12,430 thousand).

In EUR thousand	**2023**	2022
Loans and receivables measured at amortised cost	229	268
Bank balances and cash in hand	0	0
Financial liabilities measured at amortised cost	-30,715	-12,400

The net gains/losses comprise impairment losses and reversals of impairment losses, as well as valuation gains/losses on financial instruments. Commissions and fees for financial liabilities that are measured at cost depressed earnings by EUR 139 thousand (previous year: EUR 272 thousand).

Impairment losses of EUR 165 thousand (previous year: EUR 394 thousand) relating to financial assets were expensed during the period. The impairment losses relate to specific valuation allowances applied to trade receivables. Reversals of valuation allowances applied to trade receivables amounted to EUR 411 thousand (previous year: EUR 126 thousand).

45. Capital risk management

The Group manages its capital with the aim of maximising income for its stakeholders by optimising its debt to equity ratio. This ensures that all of the Group companies can operate on a going concern basis.

The Group's capital structure comprises liabilities, cash and cash equivalents and the equity due to investors in the parent company. This comprises issued shares and reserves.

Capital management aims to ensure a going concern and generate an adequate return on equity.

Capital is monitored based on economic equity. Economic equity comprises the equity as recognised on the balance sheet. Liabilities are defined as being non-current and current financial liabilities, provisions and other liabilities.

Balance sheet equity and the total assets are as follows:

In EUR thousand	**31/12/2023**	31/12/2022
Equity	876,721	744,754
Equity as a % of total capital	46.1	46.9
Liabilities	1,023,845	841,655
Liabilities as a % of total capital	53.9	53.1
	1,900,566	1,586,409

46. The company's boards

In the 2023 fiscal year, the Managing Board comprised:

- **Dirk Oehme,** Speaker of the Managing Board
  Business administration graduate, Frankfurt am Main

- **Nicolai Greiner,** member of the Managing Board
  Property economics graduate, Stuttgart

- **Rainer Hettmer,** member of the Managing Board
  Banking economics graduate, Neuburg/Danube
  (stepped down from the Managing Board on June 30, 2023)

In the 2023 fiscal year, the following individuals served on the Supervisory Board:

- **Prof. Dr Gerhard Schmidt**
  Attorney, Glattbach
  (Chairman)

- **Jürgen Wittmann**
  Chairman of the Managing Board of Sparkasse Ingolstadt Eichstätt
  (Deputy Chairman)

- **Ludwig Schlosser**
  Mathematics graduate,
  (CEO of BOSTON Capital GmbH December 13, 2022, stepped down on January 31, 2023)

- **Sonja Wärntges**
  Economist,
  CEO of BRANICKS Group AG

- **Johannes von Mutius**
  Business administration graduate,
  Member of the Management Board of BRANICKS Group AG

With the exception of Mr Ludwig Schlosser, the elected Supervisory Board members have not previously served on the Managing Board of VIB AG.

47. Declaration of conformity with the German Corporate Governance Code

The statement relating to the German Corporate Governance Code, which is required pursuant to Section 161 of the German Stock Corporation Act (AktG), was issued for the subsidiary BBI Bürgerliches Brauhaus Immobilien Aktiengesellschaft by its Managing and Supervisory Boards in December 2023 (and previously in December 2022), and was made accessible to shareholders on the website (www.bbi-immobilien-ag.de) and updated on 27 March 2024.

The Managing and Supervisory Boards of BBI Bürgerliches Brauhaus Immobilien AG issued a corporate governance declaration within the meaning of Section 289a of the German Commercial Code (HGB) and published this in the management report of BBI Bürgerliches Brauhaus Immobilien AG.

48. Managing Board remuneration

From January 1, 2020, the remuneration of the Managing Board members of the parent company VIB Vermögen AG comprises a fixed, a variable short-term (STI) and a variable long-term (LTI) component. During the year under review, remuneration of EUR 872 thousand (previous year: EUR 645 thousand) was granted; this included variable remuneration of EUR 370 thousand (previous year: EUR 155 thousand) and fringe benefits of EUR 32 thousand (previous year: EUR 27 thousand). Due to the actuarial valuation of pension provisions, pension contributions for former Managing Board members of EUR -71 thousand (previous year: EUR -207 thousand) reduced expenses.

Pension payments of EUR 41 thousand were made to former Managing Board members in the year under review (previous year: EUR 41 thousand).

The Supervisory Board determines Managing Board compensation, taking into account individual performance and market trends.

49. Compensation of the Supervisory Board

Total compensation for the Supervisory Board of VIB Vermögen AG amounted to EUR 180 thousand in the fiscal year under review (previous year: EUR 290 thousand).

50. Auditor's fees

The expenses reported in the 2023 fiscal year for the (Group) auditor of the parent company amount to EUR 187 thousand for 2023 (previous year: EUR 124 thousand) for audit services and EUR 11 thousand (previous year: EUR 35 thousand) for other attestation services (voluntary audits of annual financial statements).

51. Events after the reporting date

In the period between the balance sheet date and preparation of these consolidated financial statements, the sale of BHB Brauholding and eight hospitality properties, which had been reported as "assets held for sale" as of December 31, 2023, was completed on March 8, 2024.

VIB Vermögen AG acquired eight properties from BRANICKS Group AG for a purchase price of EUR 99 million (89.9 %) under a share deal providing for the transfer of ownership, benefits and encumbrances as of April 1, 2024. The eight properties generate annualised rents of approx. EUR 13 million.

There were no further events or significant business transactions between the balance sheet date and the date of preparation.

52. Related parties

As of the balance sheet date, VIB Vermögen AG is a controlled enterprise of BRANICKS Group AG, Frankfurt, within the meaning of Sect. 17 (1) of the German Stock Corporation Act (AktG). VIB Vermögen AG is controlled, because the BRANICKS Group directly and indirectly holds a 68.75% share of voting rights in the company.

The consolidated financial statements of VIB Vermögen AG are included in the consolidated financial statements of BRANICKS Group AG, as the uppermost parent company (maximum scope of consolidation). The consolidated financial statements of BRANICKS Group AG are published in the Federal Gazette and on the website of BRANICKS Group AG *www.branicks.com.*

As such, BRANICKS Group AG and its affiliated companies are deemed to be related parties.

Other related parties are the members of the Supervisory Board, Managing Board and close relatives of these individuals.

Balances and business transactions between VIB Vermögen AG and its subsidiaries and related entities and parties have been eliminated as part of consolidation and are not examined in these Notes. Details of business transactions between the Group and other related entities and parties are disclosed as follows.

Legal transactions with related parties

Under the terms of a service agreement dated January 2, 2023, BRANICKS Group AG provides services for VIB Vermögen AG in the area of human resources. For these services, BRANICKS Group AG received total compensation of EUR 60 thousand in the 2023 fiscal year.

Under the terms of a service agreement dated January 2, 2023, BRANICKS Group AG provides services for VIB Vermögen AG in the area of investor relations and marketing. For these services, BRANICKS Group AG received total compensation of EUR 30 thousand in the 2023 fiscal year.

Under the terms of service agreements dated January 31, 2023, BRANICKS Group AG provides services for various subsidiaries of VIB Vermögen AG in the areas of accounting, finance and controlling, as well as further administrative services, including IT services. For these services, BRANICKS Group AG received total compensation of EUR 79 thousand in the 2023 fiscal year.

Under the terms of a service agreement dated June 15, 2022, BRANICKS Group AG provides VIB Vermögen AG and its subsidiaries with financing-related services. On account of the refinancing of a large share of the logistics portfolio, an amount of EUR 252.5 thousand (previous year: EUR 0 thousand) was recognised in the 2023 fiscal year.

Under the terms of service agreements dated November 20, 2022, BRANICKS Onsite GmbH provides support services by means of personnel provision to VIB Fund Management GmbH in connection with asset management and property services for the special AIFs “RLI Logistics Fund – Germany I”, “RLI Logistics Fund – Germany II” and “RLI Logistics Fund – Germany III”. In exchange, BRANICKS Onsite GmbH receives compensation. An amount of EUR 582 thousand (previous year: EUR 37 thousand) arose in fiscal year 2023 in this connection.

Under the terms of service agreements dated November 20, 2022, DIC Fund Balance GmbH provides support services through the provision of personnel to VIB Fund Management GmbH in connection with asset management and property services for the special AIFs “RLI Logistics Fund – Germany I” and “RLI Logistics Fund – Germany II”. In exchange, DIC Fund Balance GmbH receives compensation. An amount of EUR 96 thousand (previous year: EUR 16 thousand) arose in fiscal year 2023 in this connection. The agreement ran until June 30, 2023.

Under the terms of service agreements dated December 1, 2022, BRANICKS Institutional Real Estate Management GmbH provides support services by means of personnel provision to VIB Fund Balance GmbH in connection with asset management and property services for the special AIFs "RLI Logistics Fund – Germany I", "RLI Logistics Fund – Germany II" and "RLI Logistics Fund – Germany III". In exchange, BRANICKS Institutional Real Estate Management GmbH receives compensation. In the 2023 fiscal year, VIB Fund Balance GmbH paid EUR 278 thousand (previous year: EUR 23 thousand) for this.

Under the terms of a loan agreement dated July 7, 2023, VIB Vermögen AG grants BRANICKS Group AG a loan in the amount of EUR 200,000 thousand for the purpose of general company financing and the refinancing of existing liabilities. The loan is subject to an interest rate of 9.8% p.a., with the interest rate increasing by 0.25% from the start of the quarter following a deterioration of at least one level in BRANICK Group AG's rating with S&P, Moody's or a comparable ratings agency. The loan term runs until July 8, 2025. 75% of the limited partner shares in DIC 27 Portfolio GmbH & Co. KG have been pledged as security for claims arising from the loan. An external report is available for the loan. In an addendum dated September 27, 2023, the loan amount was increased by EUR 50,000 thousand to EUR 250,000 thousand. Including interest accrued, the value of the loan stands at EUR 256,322 thousand as of December 31, 2023. In connection with the money provided, VIB Vermögen AG recorded interest income of EUR 10,569 thousand in the reporting period.

734,667 shares in the AIF special fund GEG Public Infrastructure IV were acquired with effect as of September 30, 2023. The purchase price for the shares in the fund corresponded to the most recent share price – as of August 31, 2023 – published by the capital management company prior to the sale of the shares, less a discount in the fund agreed between the old and new investor. As such, the purchase price amounted to EUR 61,396,121.19.

With a deed dated May 26, 2023, an interest in a property in Langenhagen was acquired as a share deal (89.9%) for a consideration of approx. EUR 26 million.

Under the terms of an agreement dated December 1, 2023, VIB Vermögen AG acquired 1.8% of HI Portfolio GmbH & Co. KG and 1.8% of Hamburg Portfolio GmbH for a total price of approx. EUR 4 million.

In a deed dated December 28, 2023, the acquisition of a property in Hamburg was secured in the form of a share deal (89.9%) for consideration of around EUR 50 million. It is anticipated that the shares in the company will be included in the financial statements from the first quarter of 2024.

The company once again concluded several loans with Sparkasse Ingolstadt Eichstätt as part of its business activities. Supervisory Board member Jürgen Wittmann is the Chief Executive Officer of Sparkasse Ingolstadt Eichstätt. The company's total exposure amounts to EUR 45.6 million (previous year: EUR 47.7 million). The interest expense for the period totals EUR 843 thousand (previous year: EUR 811 thousand).

Please refer to notes 48 and 49 in these Notes for information about compensation of staff in key positions (Managing Board members).

53. List of shareholdings pursuant to Sect. 313 (2) of the German Commercial Code (HGB)

The following comprise the company's significant direct or indirect shareholdings:

Company	Location	Share (in %)	
		31/12/2023	31/12/2022
Merkur GmbH	Neuburg/Danube	100.00	100.00
VIMA Grundverkehr GmbH	Neuburg/Danube	100.00	100.00
KIP Verwaltung GmbH	Neuburg/Danube	100.00	100.00
UFH Verwaltung GmbH	Neuburg/Danube	100.00	100.00
BK Immobilien Verwaltung GmbH	Neuburg/Danube	100.00	100.00
VIB Immobilien GmbH & Co. KG	Neuburg/Danube	100.00	0.00
VIB Immobilien Verwaltungs GmbH	Neuburg/Danube	100.00	0.00
VIB Finance Management GmbH	Neuburg/Danube	100.00	0.00
VIB Fund Management GmbH (formerly DIC Fund Management GmbH)	Neuburg/Danube	100.00	100.00
VIB Fund Balance GmbH (formerly DIC Fund Balance II GmbH)	Neuburg/Danube	100.00	100.00
BBI Bürgerliches Brauhaus Immobilien AG	Ingolstadt	94.88	94.88
IPF 1 GmbH	Neuburg/Danube	94.98	94.98
IPF 2 GmbH	Neuburg/Danube	94.98	94.98
VST Immobilien GmbH	Neuburg/Danube	89.90	89.90
VIB Objekt Filderstadt GmbH (formerly DIC HI Obj. 1 GmbH)	Neuburg/Danube	89.90	89.90
VIB Objekt Ratingen GmbH (formerly DIC HI Obj. Ratingen GmbH)	Neuburg/Danube	89.90	89.90
VIB Objekt Gottmandingen GmbH (formerly: DIC Objekt Nürnberg GmbH)	Neuburg/Danube	89.90	89.90
VIB Objekt Halle Weststraße GmbH (formerly: DIC Objekt Halle Weststraße GmbH)	Neuburg/Danube	89.90	89.90
VIB Objekt Mannheim GmbH (formerly DIC AP Objekt 5 GmbH)	Neuburg/Danube	89.90	89.90
VIB Objekt Langenselbold GmbH (formerly DIC DP Langenselbold Am Weiher GmbH)	Neuburg/Danube	89.90	89.90
DIC Objekt Langenhagen GmbH	Neuburg/Danube	89.90	89.90
GEG Public Infrastructure IV[3]	Frankfurt am Main	77.00	0
ISG Infrastrukturelle Gewerbeimmobilien GmbH	Ingolstadt	75.00	75.00
Interpark Immobilien GmbH	Neuburg/Danube	74.00	74.00
VIPA Immobilien GmbH	Neuburg/Danube	74.00	74.00
VSI GmbH	Neuburg/Danube	74.00	74.00
IVM Verwaltung GmbH	Neuburg/Danube	60.00	60.00
VIB Retail Balance Fonds I	Frankfurt am Main	48.98	0.00
BHB Brauholding Bayern Mitte AG[1/3]	Ingolstadt	34.19	34.19
KHI Immobilien GmbH[2/3]	Neuburg/Danube	41.66	41.66

[1] Indirect interest
[2] Direct and indirect interest
[3] Accounted for using the equity method

Approval of the consolidated financial statements for publication pursuant to IAS 10.17

These consolidated financial statements were released on 26 April, 2024 for publication by the Managing Board. The Supervisory Board's task is to review the consolidated financial statements and declare whether it approves the consolidated financial statements.

Neuburg/Danube, April 26, 2024

Dirk Oehme (Speaker of the Managing Board)	Nicolai Greiner (member of the Managing Board)

Independent Auditor's report

To VIB Vermögen AG, Neuburg a. d. Donau

Audit opinions

We have audited the consolidated financial statements of VIB Vermögen AG, Neuburg a. d. Donau, and its subsidiaries (the group), which comprise the consolidated statement of financial position as at 31. December 2023, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1. January 2023 to 31. December 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In addition, we have audited the group management report of VIB Vermögen AG for the financial year from 1. January 2023 to 31. December 2023.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the group as at 31. December 2023 and of its financial performance for the financial year from 1. January 2023 to 31. December 2023, and

- the accompanying group management report as a whole provides an appropriate view of the group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW).

Our responsibilities under those requirements and principles are further described in the "AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in compliance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Other information

The executive directors and the supervisory board are responsible for the other information.

Our audit opinions on the consolidated financial statements and the group management report do not cover the other information, and consequently we do not express an audit opinion nor any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the executive directors and the supervisory board for the consolidated financial statements and the group management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e (1) HGB and that the consolidated financial statements in compliance with those requirements give a true and fair view of the assets, liabilities, financial position and financial performance of the group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e. fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, unless there is an intention to liquidate the group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report, or if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to be able to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e (1) HGB.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities with the group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the group's position it provides.

- perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Munich, April 26, 2024

BDO AG

Wirtschaftsprüfungsgesellschaft

Jahn (Auditor)	Werner (Auditor)

Further Information

Financial calendar

Date	
April 30, 2024	Publication of the VIB Annual Report 2023
July 11, 2024	2024 Annual General Meeting
August 7, 2024	Publication of the 2024 half-year report

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