Annual Report 2021

TAKING SUSTAINABILITY TO NEW DIMENSIONS

VIB Vermögen AG

KEY GROUP INDICATORS

IN EUR THOUSAND	**2021**	2020	Absolute change	Change in %
Income statement				
Revenue	103,771	94,207	9,564	+10.2
Changes in value for investment properties	108,198	22,323	85,875	+384.7
EBT (earnings before tax)	181,648	80,041	101,607	+126.9
EBT excluding valuation effects and extraordinary items	66,720	57,718	9,002	+15.6
Consolidated net income	153,681	67,269	86,412	+128.5
Earnings per share[1] (in EUR), undiluted/diluted	5.39	2.39	3.00	+125.5
Balance sheet				
Total assets	1,609,188	1,454,156	155,032	+10.7
Investment properties	1,484,703	1,368,001	116,702	+8.5
Equity	761,970	625,178	136,792	+21.9
Equity ratio (in %)	47.4	43.0		+4.4 pt.
Net debt	679,573	708,584	–29,011	–4.1
LTV (loan-to-value ratio, in %)	44.2	50.3		–6.1 pt.
NAV (net asset value), undiluted/diluted	820,226	666,322	153,904	+23.1
NAV per share[2] (in EUR), undiluted/diluted	29.60	24.16	5.44	+22.5
Other key financials				
FFO (Funds from Operations)	58,422	50,354	8,068	+16.0
FFO per share[1] (in EUR)	2.11	1.83	0.28	+15.3
Share price (Xetra closing price, in EUR)	45.45	28.65	16.80	+58.6
Number of shares[2] (reporting date: 31/12)	27,710,009	27,579,779	130,230	+0.5
Market capitalisation (reporting date: 31/12)	1,259,420	790,161	469,259	+59.4
ICR (interest coverage ratio: interest expense/ net basic rents, in %)	14.9	17.5		–2.6 pt.
Average borrowing rate (in %)	1.70	1.77		–0.07 pt.
Real estate KPIs				
Annualised net basic rents	91,958	89,597	2,361	+2.6
Vacancy rate (in %)	1.2	2.5		–1.3 pt.
Rentable space (in sqm)	1,287,818	1,285,995	1,823	+0.1
EPRA performance indicators				
EPRA earnings	60,530	46,588	13,942	+29.9
EPRA earnings per share (in EUR)	2.19	1.69	0.50	+29.6
EPRA NRV	887,289	727,901	159,388	+21.9
EPRA NRV per share (in EUR)	32.02	26.39	5.63	+21.3
EPRA NTA	843,252	694,396	148,856	+21.4
EPRA NTA per share (in EUR)	30.43	25.18	5.25	+20.8
EPRA vacancy rate (in %)	1.2	2.5		–1.3 pt.

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

VIB VERMÖGEN AG

PROFITABLE COMMERCIAL PROPERTIES ARE OUR BUSINESS

For more than 28 years, we have been developing and acquiring modern and sustainably profitable commercial properties for our portfolio. Our focus in this area is on the logistics/light industry sector and is rounded off by properties in the area of retail, especially with tenants from the local supplies sector, organic retailers, chemists and garden centres/home improvement stores. As of the end of the 2021 fiscal year, our portfolio comprised 112 properties with a total rentable area of approximately 1.3 million sqm. The market value of these properties stands at approximately EUR 1.5 billion.

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. Due to the high prices at the present time, we currently only acquire existing properties on a selective basis, instead focusing on the development of our own value-retaining properties. With this Annual Report, we wish to take the opportunity to give you an overview of our ongoing developments and explain in more detail the sustainability aspect in terms of our real estate projects.

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LETTER TO THE SHAREHOLDERS

DEAR SHAREHOLDERS,
DEAR SIR OR MADAM,

Despite challenging underlying conditions, VIB Vermögen AG enjoyed an outstanding fiscal year with record highs in revenue and earnings. On the basis of our solid business model, we were able to continue the sustainable and profitable growth course already embarked upon.

Compared to the prior-year period, we managed to increase revenue by 10.2% from EUR 94.2 million to some EUR 103.8 million. This was due to the higher rental incomes generated from our properties. As of the end of the 2021 reporting period, our portfolio comprised 112 commercial properties with a balance sheet value of approx. EUR 1.5 billion. The net reinstatement value (NRV), which serves as the key indicator of the value of the long-term portfolio of existing properties, improved by 21.9% year on year to EUR 887.3 million. At the same time, expenses for the financing of the portfolio fell to EUR 13.4 million on account of the still favourable financing conditions. Overall, we successfully increased earnings before tax, adjusted for valuation effects, by 15.6% year on year to EUR 66.7 million. We even managed to more than double consolidated net income (incl. valuation result), which climbed by 128.5% to EUR 153.7 million, compared with EUR 67.3 million in 2020.

We have geared our business model towards long-term, sustainable and profitable growth. With the financial results achieved, we also once again demonstrated that both the solid position of the company, with an equity ratio of 47.4% as of the end of the reporting period, and the chosen investment strategy offer reliable protection against crises. The logistics/light industry property sector, which represents our area of focus, performed in a stable, successful and sustainable manner in spite of the economic turbulence of recent years.

As will soon become apparent over the following pages, sustainability once again plays a central role in this year's Annual Report. Ever since the company was established, we have been doing justice to our commitment to achieving economic objectives without neglecting our environmental and social responsibility or disregarding the principles of good corporate governance. Keep on reading to find out how we successfully do so.

Dear shareholders, our business involves acquiring existing properties, completing in-house developments and implementing redensification projects. In the year under review, we completed several transactions in these areas; we provide detailed information on these transactions in the "Property portfolio" section.

"WE WERE ABLE TO FULLY HARNESS THE BENEFITS OF OUR BUSINESS MODEL IN THE 2021 FISCAL YEAR, ENABLING US TO ONCE AGAIN PROFITABLY EXPAND OUR PROPERTY PORTFOLIO."

MARTIN PFANDZELTER, CEO

"2021 WAS A RESOUNDING SUCCESS FOR THE VIB GROUP, WITH REVENUE AND EARNINGS HIGHER THAN THEY HAVE EVER BEEN IN THE COMPANY'S HISTORY. OUR THREE KEY PILLARS ONCE AGAIN PROVED THEIR METTLE IN THESE CHALLENGING TIMES."

HOLGER PILGENRÖTHER, MEMBER OF THE MANAGING BOARD

The course of business also remains positive in the current fiscal year. In mid mid February 2022, for example, we initiated marketing for the “NEXT HORIZON” development project in Erding, near Munich; here, a property with some 79,000 sqm of rentable commercial space will be built on a plot measuring approx. 215,000 sqm. The various commercial spaces will be suitable for a vast array of usage types. The plan is for six construction sites for buildings measuring between 2,100 and 30,300 sqm, as well as two office buildings with a total rentable area of some 15,700 sqm. “NEXT HORIZON” will represent a complex that can be fully tailored to the individual needs of each user. The properties are being constructed in accordance with specifications that comply with DGNB Gold sustainability certification. We have already received this award for many of our properties developed in-house.

2021 also saw us receive two Gold Awards from EPRA, the industry body of listed real estate companies in Europe; these awards recognise the exemplary transparency and quality of our financial and sustainability reporting.

Our company’s aforementioned successful course of business, particularly in the logistics/light industry segment, prompted the DIC Asset Group to acquire some 60% of shares in VIB, partly through a partial takeover offer submitted to the shareholders of VIB. As a result, VIB Vermögen AG is set to become part of the DIC Asset Group, the aim being to continue the successful business model unchanged from Neuburg. On March 22, 2022, the Supervisory Board therefore appointed Dirk Oehme – Head of Finance and Accounting at DIC Asset AG – as a new and additional Managing Board member at VIB. The Managing Board members Martin Pfandzelter and Holger Pilgenröther are working closely with the newly appointed Managing Board member Dirk Oehme; until the departure of the two existing members on June 30, 2022, the Managing Board members will work together to pave the way for the successful continuation of VIB’s operations under the umbrella of the DIC Asset Group, thereby ensuring that the attractive logistics and light industrial properties in the current development pipeline can take shape as planned.

Dear shareholders, our VIB Vermögen is a healthy company that has been built on a stable foundation and that boasts a solid business model. It possesses the necessary robustness to overcome future uncertainties and challenges. Everything is in place for VIB Vermögen to continue its successful course of business under the new umbrella of DIC Asset. We therefore wish to thank our employees, whose commitment lays the foundation for the success of VIB Vermögen – day in, day out. We also wish to extend our thanks to our business partners for their considerable trust over the years and to thank you – our shareholders – for your loyalty. We do, of course, once again intend to allow you to share in the company’s success this year. Therefore, the Managing and Supervisory Boards will be proposing a dividend increase to the Annual General Meeting for the thirteenth time in a row. Compared to the previous year, the dividend is set to rise by EUR 0.10 to EUR 0.85 per share. This dividend proposal is also supported by our new majority shareholder DIC Asset AG.

"VIB VERMÖGEN HAS DEMONSTRATED HOW TO OPERATE SUCCESSFULLY AND SUSTAINABLY. WE WILL BE BUILDING ON THIS WITHIN A STRONG ALLIANCE AND SETTING NEW TARGETS, WHICH WE WILL ACHIEVE AS A TEAM."

DIRK OEHME, MEMBER OF THE MANAGING BOARD

Dear shareholders, although we are unable to predict future developments in the war in Ukraine, in the coronavirus pandemic and in terms of the difficulties affecting global supply chains – along with their impacts on the German economy and real estate sector – we are optimistic as regards the continued course of business in the current year. On the basis of our existing property portfolio as of year end 2021, the properties that will be completed in the current fiscal year and the planned disposal of individual portfolio properties, we anticipate a further rise in revenue in 2022 to between EUR 103 million and EUR 109 million. Earnings before tax (EBT) before valuation effects and extraordinary items are expected to reach between EUR 67 million and EUR 71 million. We expect a rise in funds from operations (FFO) to between EUR 58 million and EUR 62 million. We also anticipate that we will once again be able to keep our vacancy rate in the low single-digit range in 2022. It stood at approx. 1.2% as of the end of the 2021 fiscal year. The average interest rate on our portfolio of borrowings, which most recently stood at 1.70%, will continue to fall slightly in the period to year end 2022.

We would be delighted if you were to continue supporting VIB Vermögen on its profitable and sustainable growth trajectory under the umbrella of DIC Asset AG.

Yours faithfully,

Neuburg/Danube, April 26, 2022

Martin Pfandzelter Dirk Oehme Holger Pilgenröther

SUPERVISORY BOARD REPORT

DEAR SHAREHOLDERS,

In the second year of the coronavirus pandemic, we were once again able to overcome the challenges with aplomb that we all felt in this environment. The direct dialogue with our business partners enables rapid responses to changing circumstances and, coupled with its stable business model, is a cornerstone of the success of VIB Vermögen AG. With the three components of in-house developments, redensification and portfolio optimisations, the company successfully enhanced its profitable property portfolio in the year under review. As of December 31, 2021, it comprised 112 properties with a rental area of 1.3 million sqm. Thanks to the hard work of the in-house administrative team, the occupancy rate was increased to an extremely high level of 98.8%. This successful course of business has enabled us to propose a dividend increase to the Annual General Meeting for the twelfth time in a row. Unfortunately, we were once again compelled to hold the 2021 Annual General Meeting in virtual form. A new development, however, was that shareholders had the option of receiving the dividend as a cash payment or in the form of shares.

The composition of the Supervisory Board changed in the 2021 fiscal year. The long-standing members Franz-Xaver Schmidbauer and Rolf Klug did not stand for re-election. At the virtual Annual General Meeting on July 1, 2021, Florian Lehn, Professor Michaela Regler, Ludwig Schlosser and Jürgen Wittmann were elected to the Supervisory Board.

In the 2021 fiscal year, the Supervisory Board 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.

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 involved in all key decisions, such as the implementation of new development projects and the acquisition of already completed properties. 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 opportunities.

LUDWIG SCHLOSSER, CHAIRMAN OF THE SUPERVISORY BOARD

SUPERVISORY BOARD MEETINGS

In the 2021 fiscal year, seven Supervisory Board meetings were held, either as face-to-face meetings or in the form of videoconferences. With the exception of the meeting that Mr Rolf Klug was unable to attend, all Supervisory Board members attended the meetings.

- At the first meeting on **January 14, 2021**, the candidates for election to the Supervisory Board at the 2021 Annual General Meeting introduced themselves.
- The following candidates were nominated: Florian Lehn, Professor Michaela Regler, Ludwig Schlosser and Jürgen Wittmann.
- The following Supervisory Board meeting was held on **March 23, 2021**. The members discussed the annual financial statements of the Group companies and the provisional consolidated financial statements for the 2020 financial year. Other agenda items included the risk and control report for the period up to December 31, 2020, the corporate strategy and planning and information regarding authorised and conditional capital. The issue of the scrip dividend was also presented and evaluated. In terms of property activities, the Managing Board reported to the Supervisory Board on the current status of ongoing development projects and planned measures that could be necessitated by the coronavirus pandemic.
- At the balance sheet meeting on **April 27, 2021**, the separate financial statements (HGB) were adopted and the consolidated financial statements (IFRS) were approved. The report on non-audit services provided by the previous auditor was also considered at this meeting. The variable remuneration and the Supervisory Board remuneration for the previous fiscal year were also decided upon at this meeting, and the date set for the Annual General Meeting. As part of a further agenda item, the course of business was discussed on the basis of the interim figures as of March 31, 2021. Under the agenda item "Property-related activities", the Supervisory Board was informed of the project status of current development projects and planned acquisitions of existing properties.
- On **May 5, 2021**, the Supervisory Board, acting on the basis of the German COVID-19 Act, decided upon the agenda for the virtual Annual General Meeting by means of a circular memorandum.
- At the constitutive Supervisory Board meeting held on **July 1, 2021**, Mr Ludwig Schlosser was elected Chairman of the Supervisory Board and Mr Jürgen Wittmann was elected Deputy Chairman. Mr Franz-Xaver Schmidbauer, who had previously served as the Chairman of the Supervisory Board for many years, was named an honorary member of the Supervisory Board.
- A further Supervisory Board meeting was held on **August 6, 2021**. The main issues discussed at this meeting were the course of business in the first half of 2021, as well as the risk management and control report for the period up to June 30, 2021. In terms of property activities, the Supervisory Board was informed of the current progress of ongoing development projects, as well as the intention to acquire a property.
- The meeting held on **November 2, 2021**, concentrated on the course of business up to September 30, 2021, on the basis of interim figures. The financial calendar for the 2022 fiscal year was also approved at this meeting. In terms of property activities, the Supervisory Board were also provided with a summary of current projects and the planning for reserved plots.
- The following items were on the agenda at the final meeting, which was held on **December 14, 2021:** the Supervisory Board assessed the course of business in the 2021 fiscal year on the basis of interim figures. In respect of property activities, the Supervisory Board received an extensive summary of the current status of ongoing development projects and the impacts of the coronavirus pandemic on the letting and marketing situation of portfolio properties. In another agenda item, the Supervisory Board examined the appropriateness of Managing Board remuneration and, in this regard, considered an analysis of Managing Board remuneration at a set of peer group companies. Moreover, the targets for the granting of LTI for the 2021 fiscal year were set.

COMMITTEES

At the Supervisory Board meeting on December 14, 2021, the Committee for Managing Board Matters and the Audit Committee were set up effective as of January 1, 2022.

TRAINING

The Supervisory Board members regularly take advantage of training opportunities offered by the company and, in the 2021 fiscal year, attended corresponding seminars.

2021 SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

The Supervisory Board reviewed the annual financial statements as of December 31, 2021, which the Managing Board prepared according to German commercial law regulations, and discussed them, together with the corresponding audit report prepared by E&Y Wirtschaftsprüfungsgesellschaft, Munich – represented by auditor Patrick Horbach – at its meeting on April 26, 2022. The review of the 2021 annual financial statements led to no modifications, and an unqualified audit opinion was issued. The annual financial statements as of December 31, 2021, 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 also reviewed the 2021 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 E&Y Wirtschaftsprüfungsgesellschaft, Munich – represented by auditor Patrick Horbach – at its meeting on April 26, 2022. The audit of the 2021 consolidated financial statements also resulted in no amendments, with an unqualified audit opinion being issued and the consolidated financial statements as of December 31, 2021, being approved by the Supervisory Board.

The Supervisory Board wishes to thank the Managing Board, as well as all Group employees, for their contribution to the successful development of VIB Vermögen AG.

Neuburg/Danube, April 26, 2022

On behalf of the Supervisory Board

Ludwig Schlosser

TAKING SUSTAINABILITY TO NEW DIMENSIONS

VIB IS SYNONYMOUS WITH LONG-TERM SUSTAINABLE GROWTH. FOR US, IT IS PARAMOUNT THAT ECONOMIC OBJECTIVES GO HAND IN HAND WITH ENVIRONMENTAL AND SOCIAL RESPONSIBILITY.

Our sustainability strategy is based on three key pillars. Our mission is to achieve our economic objectives, live up to our voluntary commitment to environmental and social responsibility and ensure good corporate governance.

www.vib-ag.de/en/sustainability

VIB SUSTAINABILITY STRATEGY

LONG-TERM AND PROFITABLE CORPORATE DEVELOPMENT
IN HARMONY WITH ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

Economic

ECONOMIC FACTORS AS THE CORNERSTONE OF SUCCESSFUL CORPORATE DEVELOPMENT

- Increasing revenue and earnings
- Positive growth in the share price and dividend
- Develop-or-buy-and-hold strategy
- In-house portfolio management
- Needs-oriented real estate financing

Environmental

ENVIRONMENTAL PROTECTION AND THE SUSTAINABLE USE OF RESOURCES

- Sustainable construction (certification)
- Reducing energy consumption through optimisations to existing properties
- Reducing the use of space by means of redevelopments
- Expanding photovoltaic capacities

Governance & social

GOOD CORPORATE GOVERNANCE THROUGH OBSERVANCE OF LAWS AND VALUES

- Compliance
- Fair competition and prevention of corruption
- Upholding diversity, equal opportunities and tolerance
- Transparent corporate communication & data protection

Financial reporting: EPRA best practices "GOLD"

ESG reporting: EPRA best practices "GOLD"

CREATING TRANSPARENCY

For the years ahead, we have set ourselves the goal of continuously increasing the number/spectrum of ESG ratings for VIB. We regard transparent reporting as essential, as it fosters mutual trust between the capital market and the company.

www.vib-ag.de/en/sustainability#esg-ratings

SOCIAL ENGAGEMENT

We are supporting the social engagement shown by Manuel Neuer through the establishment of his children's and youth centres. With this project, he is giving young people stability, which is now more important than ever.

VIB has been reporting on sustainability for many years in order to ensure the best possible transparency towards its stakeholders. Our annual sustainability report meets the criteria of the EPRA. In 2021, VIB once again received the EPRA Gold award in recognition of the very highest standard of transparency.

www.vib-ag.de/en/sustainability

MAKING SUSTAINABILITY MEASURABLE

Compliance with certification standards plays a vital role, especially when developing new properties. In addition to the BREEAM standard, certifications issued by the German Sustainable Building Council (DGNB) are particularly widespread and cover the entire life cycle of a property. We obtained "DGNB Gold" for three of our new developments!

www.breeam.com, www.dgnb.de

NEW DIMENSIONS OF SUSTAINABILITY

The energetic construction plays an important role for our tenants. That is why we pay particular attention to the highest standards.

BREEAM®

DGNB
Deutsche Gesellschaft für Nachhaltiges Bauen
German Sustainable Building Council

RESPONSIBILITY PUT INTO PRACTICE

Our company headquarters in Neuburg an der Donau is a prime example of environmental sustainability. Since the start of 2021, it has been supplied with 100% renewable energies. At the end of 2021, we managed to go completely carbon-neutral.

MEETING PLACE

Alongside employees' own offices, the building also offers meeting places for communicating and sharing ideas.

COMPANY HEADQUARTERS

Where functionality meets well-being – the headquarters of the VIB Group.

NEW DIMENSION – NEXT HORIZON

NEXT HORIZON will represent a complex that can be fully tailored to the individual needs of each user. The properties will be constructed in accordance with the specifications necessary for compliance with DGNB Gold sustainability certification, which VIB has already received in the past for many of its properties developed in-house. The company will be meeting the requirements in respect of electric vehicles by building a multistorey car park with a step-by-step plan for the installation of electric charging stations.

To find out more, please visit next-horizon.exclusively-by-cbre.com

15,700 sqm
Rentable office space

63,300 sqm
Rentable industrial space

Sustainable construction incl. green roofs and photovoltaic technology

Multistorey car park with 776 spaces and numerous electric charging stations

Considerable flexibility within construction sites

12 km from Munich Airport

ERDINGEN

Maximum flexibility in a superb location – the benefits of the site in Erding.

OUR BUSINESS MODEL

OUR FLEXIBLE BUSINESS MODEL ENSURES OUR STABLE SUCCESS

Investing in commercial properties enables attractive yields. Building a profitable property portfolio requires flexibility and expertise, both in terms of the choice of sectors and financing. Companies that respond quickly to changing conditions are able to seize the opportunities that arise and respond more rapidly to risks. Our strategy is geared towards sustainable, long-term growth. A key building block in this regard is the combination of operational measures that facilitate our profitable growth trajectory.

A key prerequisite in this regard is that we critically scrutinise our work on a daily basis using the following questions:

PORTFOLIO DEVELOPMENT:

01 › What will enable our property portfolio to grow in a particularly profitable way in the future?

SECTOR FOCUS:

02 › In which sector do we see the greatest opportunities for growth?

FINANCING

03 › Which financing mix currently offers optimum yields and long-term security?

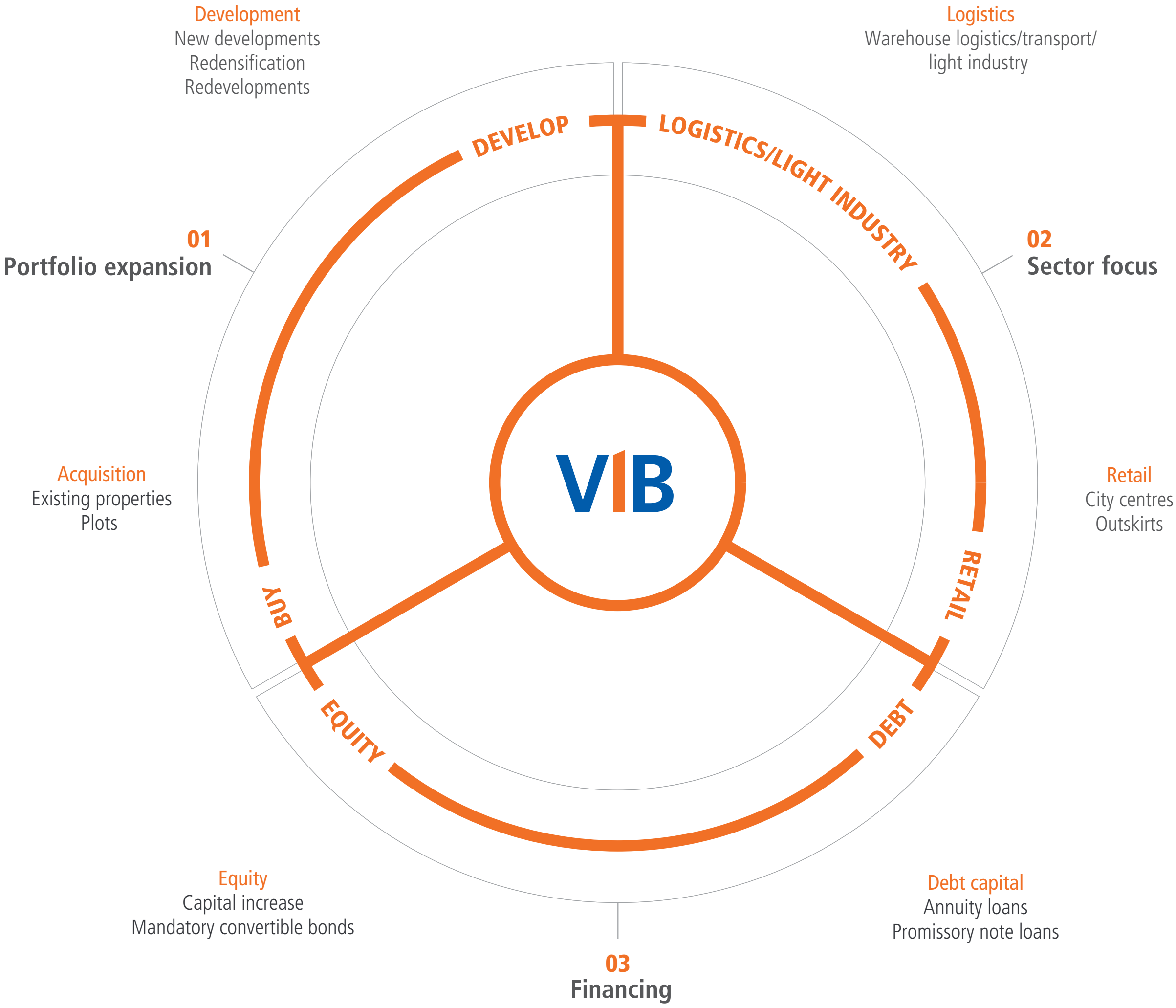
The prices for existing properties have risen considerably in recent years. We have responded to the changing underlying conditions by shifting the focus to in-house developments in terms of building up our property portfolio. We can optimise our portfolio by means of redensification projects at existing properties and, on the other hand, by developing plots secured at an early stage. Value-increasing renovation work also helps to optimise the portfolio. By virtue of our expertise and our well-developed network, we can also expand our portfolio through direct acquisitions of completed properties. As such, we harness all available options in terms of the optimum structure of a property portfolio.

The usage type of our properties and the sector classification of our tenants play a significant role for us. We focus primarily on the sectors of logistics/light industry and retail. We possess long-standing experience in both sectors, as well as an excellent sense of tenant needs and the latest market trends.

In terms of the profitability of a real estate project, the occupancy and the financing of the property at attractive conditions are exceptionally important. When it comes to financing, we can harness both equity and debt financing, striking the right balance in terms of the financing structure. On the debt financing side, we primarily rely on annuity loans and on a healthy share of promissory note loans, enabling us to respond flexibly to market conditions. This is the ideal mix for the long-term financing of property projects and also offers the benefit that favourable interest rate terms are fixed for an extended period. On the equity side, we utilise the entire spectrum of capital measures offered by the international capital markets, depending on the market situation.

The flexibility in the three areas described offers a strong foundation to keep increasing the value of the company continuously and sustainably. In turn, this is the basis for allowing our shareholders to share in the growth of VIB Vermögen AG in the form of a dividend payment.

THE THREE STRATEGIC CORE COMPONENTS OF OUR BUSINESS MODEL



PROPERTY PORTFOLIO 2021

We have been profitably increasing the value of our company for years by expanding our portfolio to include attractive properties, primarily in the logistics segment, Depending on the market situation, we pursue direct acquisitions, in-house developments and redensification projects. In all three areas, we possess decades of experience, which guarantees the growth of VIB Vermögen AG.

Below is a summary of our portfolio activities in the 2021 fiscal year.

In **February**, we were able to meet the city of Ingolstadt's request for premises for a vaccination centre, thereby letting a space measuring 2,200 sqm at Donau City Center in Ingolstadt. The contract was limited until the end of the year, as negotiations were already under way for long-term rental agreements with two retail tenants; these negotiations were concluded successfully.

The Mayor of Ingolstadt made the following remarks: "It is a happy occurrence that the space in DCC became free, enabling a second vaccination centre so quickly. The working relationship with VIB was seamless and unbureaucratic."

In **March**, we were able to report the **renewal of rental agreements** for three properties spanning a total of 62,000 sqm. The rental agreement for our in-house development in Haiming, with a space of 38,500 sqm, was renewed for a further ten years. The logistics property in Baunatal, which measures 11,400 sqm, was renewed for five-and-a-half years; for our logistics property in Regensburg, which was developed in-house and spans 12,250 sqm, the rental agreement was extended by 18 months.

In April, we reported successful **redensification and rental contract renewals** for further properties. The in-house development in Schwäbisch Gmünd, which previously measured roughly 16,400 sqm, is being extended by some 6,100 sqm. Completion is scheduled for the first half of 2022. The rental agreement for a total new area of 22,500 sqm will then run for a further seven years. Half of the roof of the extension will be planted with greenery, with a photovoltaic installation fitted on the other half.

HAIMING

Renewal of the rental agreement for 38,500 sqm for a further ten years.

In April, we also added two completed **in-house developments**, with a total area of 16,500 sqm, to the portfolio.

ESLARN

Following the green light in September 2020 for the construction of a logistics warehouse in Eslarn on the German–Czech border, we were able to report its completion and handover in April 2021. On a site measuring 22,000 sqm, a lettable site of some 9,400 sqm has now been built. The building was recognised with DGNB Gold, meaning that it complies with the very best state-of-the-art technology and sustainability standards. We attracted the company TechData as a tenant, one of the world’s largest distributors of technology products, services and solutions. TechData operates an e-commerce returns centre at the site in Eslarn. The rental agreement will run for ten years.

INTERPARK NEAR INGOLSTADT

At Interpark near Ingolstadt, we have strengthened our presence at the location with the construction start of a logistics facility in September 2020. A property with some 7,100 sqm of useful area has been built on an existing plot. We have concluded a ten-year rental agreement with our long-standing existing tenant and handed over the property to this tenant on schedule.

We were able to conclude long-term rental agreements for both properties prior to construction, implementing high energy efficiency standards during construction.

In **June**, we published the letting of our property in Ehningen, which spans an area of 9,100 sqm. With this property, we were able to showcase our expertise in **acquisition and further development,** especially from a sustainability standpoint. The rental agreement will run for five-and-a-half years.

INTERPARK

The logistics facility on Junkersring was, prior to the start of construction, let for a ten-year period from the date of completion.

BURGEONING DEVELOPMENT PIPELINE

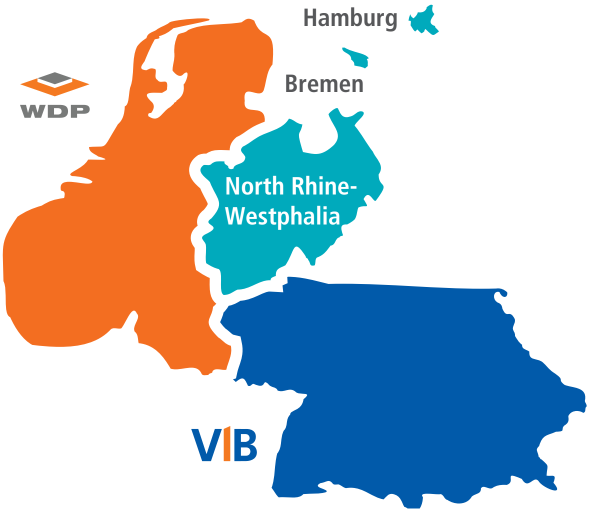
We also managed to expand our development pipeline, reporting no less than two successes in June. First of all, we acquired a site in Meitingen near Augsburg measuring some 63,000 sqm, which is ideal for the flexible development of a property on a scale of roughly 25,300 sqm. Secondly, we managed to obtain planning permission for our site in Erding. In both cases, our close and constructive cooperation with local authorities was decisive in achieving a positive outcome.

PORTFOLIO OPTIMISATION CONTINUED

In the area of portfolio optimisation, we reported the sale of the retail park in Aalen in **October**. The property had a rentable area of some 10,200 sqm, with a cinema and with the discount supermarket Norma as the anchor tenant.

IN-HOUSE DEVELOPMENTS

Our pipeline currently offers the potential for creating approx. 180,000 sqm of rentable space.



JOINT VENTURE

The geographiclocation of both companies and, as a result, the customer base are perfect for a joint venture in which both parties can bring their expertise to the table as equal partners.

JOINT VENTURE WITH WDP

In December, we published the letting in full of a development project in Gelsenkirchen, which we completed in a two construction phases as part of a joint venture. The first construction phase, with floor space of 20,000 sqm, got under way at the start of 2021 and was handed over to the tenant, Imperial, on December 1, 2021. The second construction phase, which we expect to be completed by mid 2022, boasts floor space of some 26,000 sqm. It is let to Dokas, a German wholesaler and distributor for high-quality canine and feline snacks.

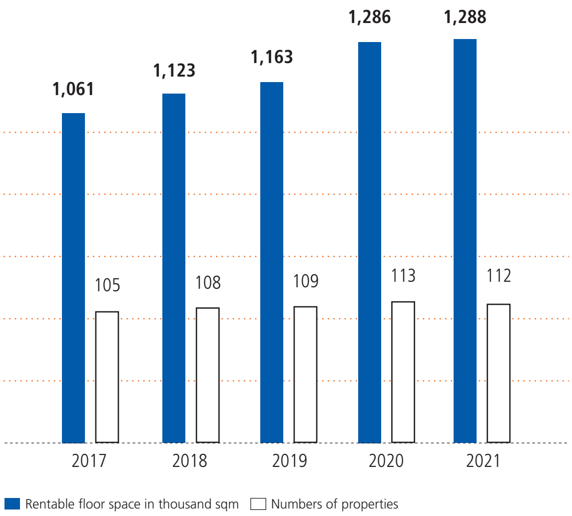
Our in-house developments all lead the way in terms of sustainability, i.e. they are fitted with photovoltaic installations and certified in accordance with DGNB (Gold Standard).

PORTFOLIO KPIS AS OF DECEMBER 31, 2021

As of year end 2022, our property portfolio comprised 112 properties with a rentable area of some 1.3 million sqm. Including properties under construction, the portfolio value stood at some EUR 1.5 billion. This represents a year-on-year increase of EUR 116.7 million, or 8.5%.

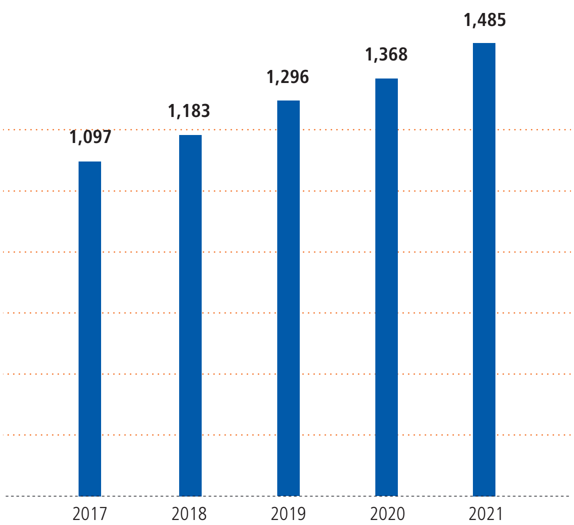
TREND IN RENTABLE AREA AND NUMBER OF PROPERTIES

VALUE AS OF YEAR-END



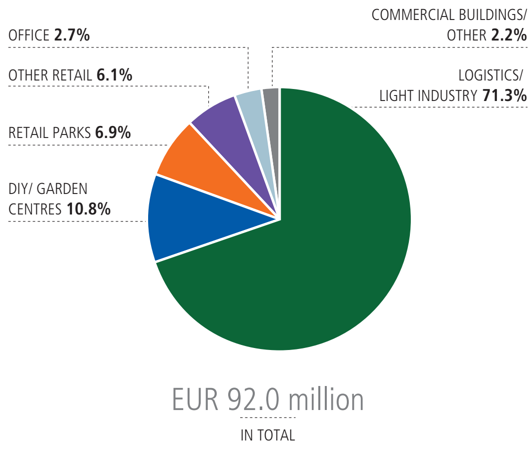
5-YEAR SUMMARY OF THE PORTFOLIO MARKET VALUE

VALUE AS OF YEAR-END



Compared to the previous year, we increased annualised net rental income by EUR 2.4 million, from EUR 89.6 million to EUR 92.0 million, by means of portfolio expansion and rental indexing.

BREAKDOWN OF ANNUALISED NET RENTAL INCOME (AS OF 31/12/2021)



71.3% of rental income was attributable to tenants from logistics/light industry, with tenants from rental accounting for 23.8%. Revenue is rounded off with 2.7% from office space rentals, and 2.2% from properties from the service/other segment. Our clear focus on the logistics sector, as well as retail parks and garden centres, once again proved extremely strong, even in the previous year which was once again dominated by the coronavirus pandemic. We only needed to grant rental waivers/ deferrals to our tenants on a very marginal scale.

ATTRACTIVE RENTAL YIELDS

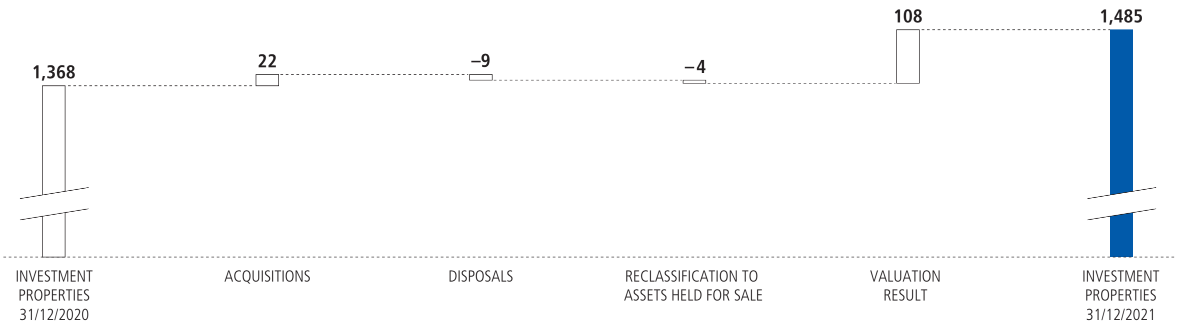
The value increases on the real estate market resulted in a positive value appreciation of EUR 108.2 million in the annual appraisal of our portfolio, which is carried out by an external surveyor. The rental yield stood at 6.37% as of December 31, 2021, compared to 6.83% in the previous year.

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/light industry 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.

DEVELOPMENT OF PORTFOLIO MARKET VALUE DURING THE YEAR

IN EUR MILLION



SOLID AND BALANCED FINANCING STRUCTURE

In order to achieve sustainable and profitable commercial success with properties, the factors of investment volume, letting and financing play a decisive role. In terms of financing, we rely on a solid and balanced mix of debit and internal financing. On the debit financing side, we use traditional financing models involving annuity loans and promissory note loans. We also tap into equity financing by issuing mandatory convertible bonds and issuing new shares by means of capital increases. When selecting the appropriate financing instrument, we pay very close attention to the macroeconomic situation and choose the financing method accordingly. In the process, we always take the interests of our shareholders and investors into account.

As of the end of the year, the average interest rate for the Group's total portfolio of borrowings stood at 1.70%, compared with 1.77% in the previous year.

The LTV (loan-to-value) ratio and the NRV (net reinstatement value) are two further key indicators of a company's stability. Whereas the loan-to-value ratio indicates the ratio of net debt to total assets, the EPRA NRV is the value of a company's assets minus the value of its liabilities, where the company operates as a long-term portfolio manager.

As of December 31, 2021, LTV was down by 6.1% at 44.2%, compared with 50.3% as of December 31, 2020. The EPRA NRV increased by 21.9% as of December 31, 2021, from EUR 728 million to EUR 887 million due to the positive consolidated result and the renewed appreciation of the property portfolio.

SHARE AND INVESTOR RELATIONS

2021 was an extremely exciting year on the markets. Despite relatively high volatility, the stock markets ultimately performed very positively. The German lead index, the DAX, closed the year's final day of trading at 15,884 points. This equates to an increase of 16% compared to the 2020 closing price. When viewed over the course of the year, the MDAX and SDAX also increased, climbing by 14% and 11% respectively. Nonetheless, the coronavirus pandemic – which impacted the macroeconomic situation – once again made its presence felt on the trading floor. With falling infection rates and the corresponding economic recovery during the first half of 2021, the DAX exceeded the 15,000 point mark for the first time, after which it generally fluctuated between 15,000 and 16,000 points. The rise was linked with the decision of the European Central Bank to continue its low interest rate policy and was aided by the passing of the US$ 1,900 billion economic recovery package passed in the United States.

Repeated falls in prices, some of which were sharp, were due to rising inflation, particularly on account of high commodity and energy prices. Moreover, global stark markets were adversely impacted to a significant degree by delivery bottlenecks and the increasing spread of the Omicron variant of coronavirus, including rising infection rates from November onwards. In the final two trading weeks of the year, however, all three indices – the DAX, MDAX and SDAX – rose once again and reached their 2021 annual highs.

The VIB share performed extremely strongly over the course of the year and entered 2022 with a plus of 58.6% and a price of EUR 45.45. Since the low point of EUR 28.75 on March 19, 2021, the share price rose continuously with moderate fluctuations.

Initially, this trend continued in the first quarter of 2022, with the share price achieving its all-time high of EUR 53.80 on February 7, 2022. The VIB share then fell to its lowest point thus far of EUR 43.20 on March 7, 2022. In this regard, the price of the VIB share was affected by myriad external factors. One factor was the partial public takeover offer of DIC Asset GmbH, another was the start of the war in Ukraine.

KEY DATA AND SHARE INDICATORS

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

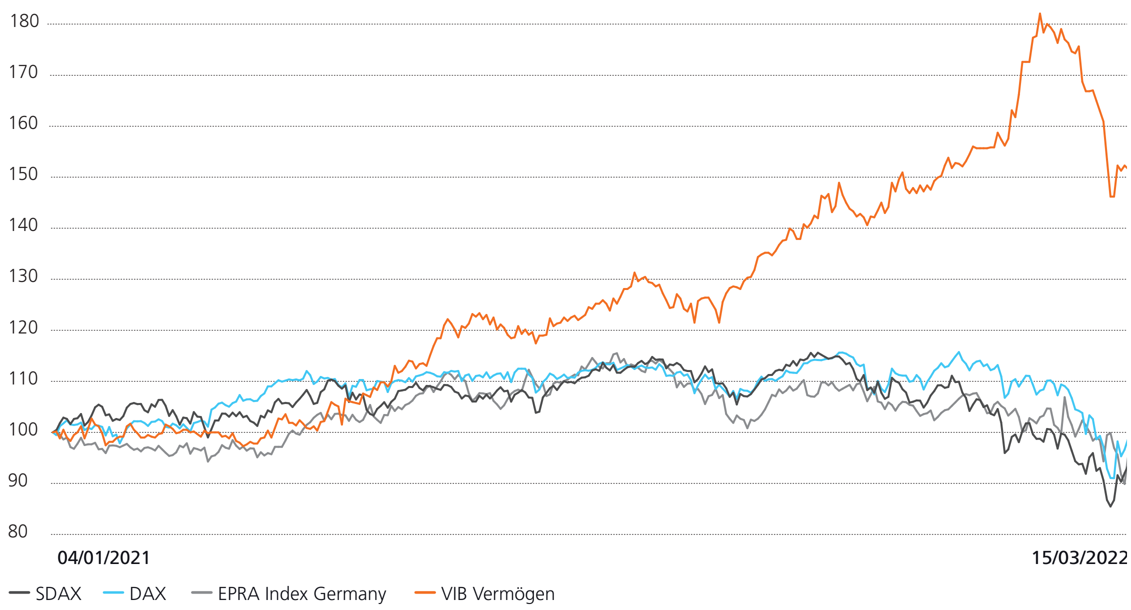
SHARE KPIS AS OF 31/12/2021

Subscribed share capital	EUR 27,710,009
Nominal value per share	EUR 1.00
Number of outstanding shares	27,710,009
Net reinstatement value (NRV) per share (undiluted)	EUR 32.02
Balance sheet equity (consolidated)	EUR 761,970 thousand
Dividend per ordinary share for the 2021 financial year	EUR 0.85[1]
Closing price for the year (31/12/2020)	EUR 28.65
Closing price for the year (31/12/2021)	EUR 45.45
Annual high	EUR 45.45
Annual low	EUR 28.75
Average daily trading volume in 2021[2]	43,800 shares
Market capitalisation (31/12/2021)	EUR 1,259.4 million

[1] Management proposal
[2] XETRA and all stock exchanges

SHARE PRICE DEVELOPMENT

SINCE 04/01/2021 (INDEXED COMPARISON WITH EPRA AND THE DAX AND SDAX INDICES, IN %)



SHARE PRICE DEVELOPMENT IN 2021

During the stock exchange year, the VIB share rose by 58.6%, closing the year on its annual high of EUR 45.45 on December 30, 2021. During the course of the year, there were repeated but relatively moderate fluctuations, prompted by the overall uncertainty on the stock exchange due to the coronavirus pandemic. Since the low point of EUR 28.75 on March 19, 2021, however, the share price rose continuously. Individual, short-lived share price falls from mid September and in November were attributable to the global economic situation, which was, for instance, adversely impacted by supply chain difficulties, rising commodity and energy prices and the intensification of the pandemic with the emergence of the Omicron variant of COVID-19. However, these were unable to stop the positive performance of the share price.

VALUE DEVELOPMENT OVER TIME

	5 years	10 years	15 years
DAX (share price index)	10%	46%	60%
SDAX (share price index)	49%	134%	153%
EPRA Germany	65%	182%	60%
VIB Vermögen AG	**68%**	**265%**	**399%**

THE VIB SHARE IS SYNONYMOUS WITH SUSTAINABLE DIVIDEND GROWTH

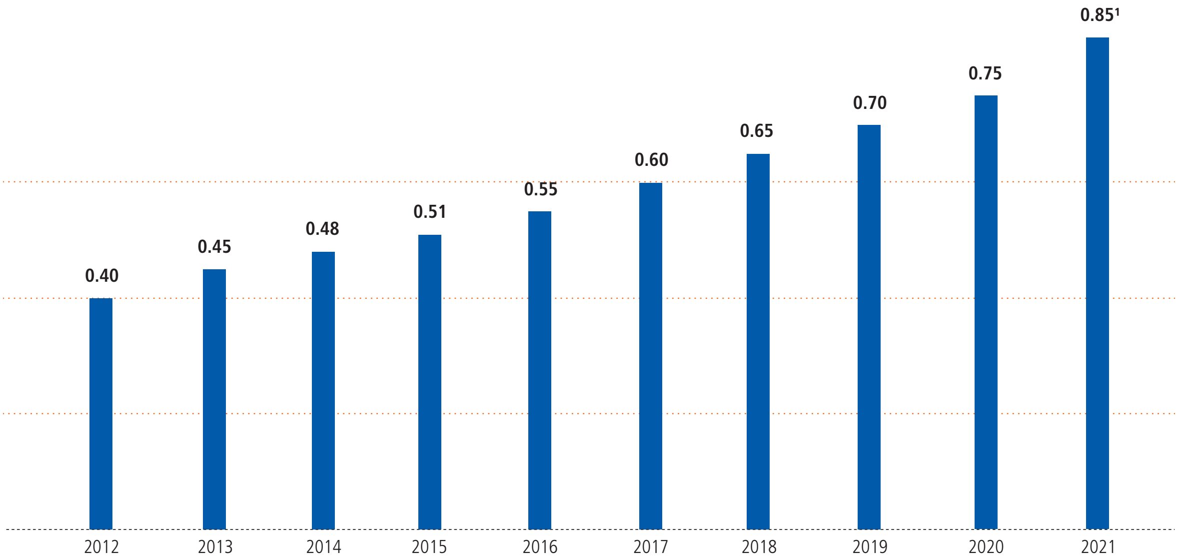
Shares represent an attractive investment option, not just in periods of low interest rates. With the VIB share, investors not only benefit from share price development, but also from the company's success in the form of a dividend payment. The VIB share is a sustainable payer of dividends: ever since its flotation in 2005, VIB Vermögen AG has allowed its shareholders to share in the company's profitable growth by paying out a dividend every year.

The Managing and Supervisory Boards once again intend to propose a dividend increase to to this years Annual General Meeting – already the thirteenth rise in a row. It is planned to pay out a dividend of EUR 0.85 per share for the 2021 fiscal year. This corresponds to a year-on-year increase of EUR 0.10, or 13.3%. As such, the total distributable amount stands at roughly EUR 23.5 million.

As in previous years, the VIB Vermögen AG dividend payment is based on the operational performance of VIB Vermögen AG. Funds from operations (FFO) represent the key indicator in this regard. With a payout ratio of some 40% of generated FFO, the company is once again within the long-term target range of 40 to 45% for 2021.

DIVIDEND GROWTH PER SHARE

IN EUR



¹ Management proposals

MARKET CAPITALISATION OF ROUGHLY EUR 1.3 BILLION

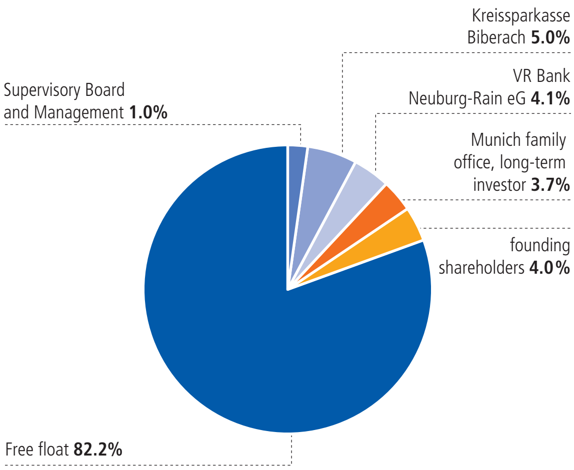
On the basis of the total number of shares of 27,710,009 and the closing price for the year of EUR 45.45 per share on December 30, 2021, the market capitalisation of VIB Vermögen AG stood at some EUR 1,259 million at year-end.

SHAREHOLDER STRUCTURE AS OF DECEMBER 31, 2021

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, 2021, this gave rise to the following shareholder structure:

Kreissparkasse Biberach held 5% and VR Bank Neuburg-Rain eG (founding investor) 4.1%; in addition, further founding shareholders and their relatives held 4.0% of voting rights, a Munich-based family office has a 3.7% interest and 1.0% of shares are held by the Supervisory Board and the management of VIB Vermögen AG. As of the end of the 2021 fiscal year, the free float of VIB Vermögen AG stood at 82.2%.

SHAREHOLDER STRUCTURE



As of 31/12/2021

HOW ANALYSTS CURRENTLY VIEW THE VIB SHARE

During the 2021 fiscal year, our share was regularly covered by national and international banks and research houses. The analysts' opinions are currently as follows:

ANALYST RECOMMENDATIONS AT A GLANCE

Analyst	Bank	Rating	Share price target (EUR)	Date
André Remke	Baader Bank	Buy	56.50	24/2
Paul May	Barclays	Buy	62.00	16/2
Kai Klose	Berenberg	Hold	56.00	25/3
Inna Maslova	Degroof/Petercam	Sell	40.00	25/3
Pieter Runneboom	Kempen & Co	Hold	47.00	23/1
Stefan Scharff	SRC Research	Buy	51.00	25/3
Andreas Pläsier	Warburg Research	Hold	57.20	24/2

VIRTUAL ANNUAL GENERAL MEETING WITH A CHOICE OF CASH OR SCRIP DIVIDEND

The Annual General Meeting for the year 2021 was held in Ingolstadt on July 1, 2021 – and was once again a virtual event. Alongside the appropriation of profit – which was optionally available as either a cash or scrip dividend for the first time – the agenda included the formal approval of the Supervisory and Managing Boards, the election of the auditor of the annual financial statements and the election of the Supervisory Board. Around 42% of share capital was represented.

The 2021 Annual General Meeting will be held on August 30, 2022.

VIRTUAL DIALOGUE WITH THE CAPITAL MARKET REMAINS INTENSIVE

Our communication is, and will always be, aimed at all our shareholders. We take up-to-date information, equal treatment and relevance extremely seriously, along with continuity, comprehensibility and transparency. Our activities go well beyond the requirements of a listing in the Open Market of the Frankfurt Stock Exchange and the m:access quality segment of the Munich Stock Exchange. For instance, we also communicate with international investors by making all publications of relevance to the capital market available in both German and English.

On account of the ongoing coronavirus pandemic, we mainly stayed in contact with analysts and institutional/private investors by virtual means in 2021. We conducted a dialogue with numerous further investors at the property conference of the Munich Stock Exchange, the conferences of Baader and Berenberg Bank, the ERPA conference, the Degroof Petercam Real Estate Conference and at virtual roadshows that we held in tandem with Barclays, Warburg, Degroof Petercam and Baader. We wish to take this opportunity to thank you for taking the time to get to know our company and showing such great interest in our continued development.

In recognition of our active and transparent financial communication, we were honoured with the EPRA (European Public Real Estate Association) Gold Award for the fourth time running. The EPRA Awards are held annually on the basis of analysis performed by international audit firm Deloitte and honour the quality of the annual reports of listed property companies. Our sustainability reporting, which we published for the second time in 2021 on the basis of stringent EPRA criteria, was also once again recognised with the Gold Award. We are delighted to receive confirmation from the industry body that we are meeting our commitment to information and transparency.

2022 FINANCIAL CALENDER

April 27, 2022
Publication of the VIB Annual Report 2021

May 11, 2022
Publication of the 2022 Q1 interim report

August 10, 2022
Publication of the 2022 half-year report

August 30, 2022
2021 Annual General Meeting

November 9, 2022
Publication of the 2022 Q3 interim report

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 more comprehensive information to investors and stakeholders, active involvement in public and political debate, and the implementation of binding and proven methods.

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. **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.	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 assets and the liabilities of a real estate investment company in various scenarios.
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.

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.

This helps to improve the transparency, comparability and relevance of financial reporting within the industry.

EPRA KPIS AT A GLANCE

EUR THOUSAND	31/12/2021	31/12/2020	Change in %
EPRA earnings	60,530	46,588	29.9
EPRA NRV	887,289	727,901	21.9
EPRA NTA	843,252	694,396	21.4
EPRA NDV	705,921	559,356	26.2
EPRA net initial yield (NIY)	6.0%	6.3%	–0.3 pt.
EPRA TOPPED-UP NIY	6.0%	6.3%	–0.3 pt.
EPRA vacancy rate	1.2%	2.5%	–1.3 pt.
EPRA cost ratio	11.3%	13.0%	–1.7 pt.

EPRA EARNINGS

EUR THOUSAND	2021	2020
Group shareholders' share of earnings	**149,044**	**65,875**
adjusted for:		
(i) Changes in value for investment properties	–108,198	–22,323
(ii) Earnings from the disposal of investment properties	0	0
(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	17,122	3,533
(ix) Adjustments to items (i) to (viii) in relation to associates	0	0
(x) Minority interests in adjustments to EPRA Earnings	2,562	–497
Absolute EPRA earnings	**60,530**	**46,588**
Average number of shares (undiluted)	27,644,894	27,579,779
EPRA earnings per share (in EUR)	**2.19**	**1.69**

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 60,530 thousand, which equates to an increase of EUR 13,942 thousand against the previous year. This rise is attributable both to further expansion of the operating property portfolio – and the accompanying increase in net basic rents – and reductions in cost items, particularly the fall in interest expenses. This trend is also reflected in the increase in EPRA earnings per share, which have climbed from EUR 1.69 in the previous year to EUR 2.19 (EUR +0.50).

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.

Starting with the 2020 fiscal year, the previous indicators EPRA NAV and EPRA NNNAV have been replaced with three new indicators for measuring the net asset value: EPRA net reinstatement value (NRV), EPRA net tangible assets (NTA) and EPRA net disposal value (NDV).

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 improved by EUR 159,388 thousand year on year, from EUR 727,901 thousand to EUR 887,289 thousand (+21.9%). The main reasons for this were the positive consolidated result and the sustained value appreciation of the property portfolio. Despite the number of outstanding shares increasing slightly, EPRA NRV per share rose from EUR 26.39 to EUR 32.02 (EUR +5.63/+21.3%).

EPRA NAV INDICATORS

IN EUR THOUSAND	**31/12/2021**		31/12/2020	
	NAV (old)	**NRV**	NAV (old)	NRV
"Equity attributable to parent company shareholders"	732,204	732,204	599,348	599,348
Dilution effect due to options, convertible bonds and other equity instruments	0	0	0	0
Diluted NAV (old)/NRV after options, convertible bonds and other equity instruments	**732,204**	**732,204**	**599,348**	**599,348**
plus				
(ii.a) Revaluation of investment properties (if the cost model pursuant to IAS 40 is applied)	n.a.	n.a.	n.a.	n.a.
(ii.b) Revaluation of investment properties under construction (if the cost model pursuant to IAS 40 is applied)	n.a.	n.a.	n.a.	n.a.
(ii.c) Revaluation of other assets (owner-occupied properties and interests)	n.a.	n.a.	n.a.	n.a.
less				
(v) Deferred taxes (relating to changes in the market value of IPs)	88,022	88,022	66,974	66,974
(vi) Market value of derivative financial instruments	0	0	0	0
(viii.b) Intangible assets	n.a.	n.a.	n.a.	n.a.
plus				
(ix) Market value of financial liabilities (after deferred taxes)	n.a.	n.a.	n.a.	n.a.
(x) Revaluation of intangible assets to their market value	n.a.	n.a.	n.a.	n.a.
(xi) Land purchase tax (insofar as deducted from the market value)	n.a.	67,063	n.a.	61,579
EPRA NAV/NRV	**820,226**	**887,289**	**666,322**	**727,901**
Number of outstanding shares (diluted)	27,710,009	27,710,009	27,579,779	27,579,779
EPRA NAV/NRV per share (in EUR)	**29.60**	**32.02**	**24.16**	**26.39**

COMBINED PRESENTATION OF THE THREE NEW NAV INDICATORS

EPRA NAV INDICATORS

IN EUR THOUSAND	31/12/2021			
	NAV (old)	**NRV**	**NTA**	**NDV**
"Equity attributable to parent company shareholders"	732,204	732,204	732,204	732,204
Dilution effect due to options, convertible bonds and other equity instruments	0	0	0	0
Diluted NAV (old)/NRV after options, convertible bonds and other equity instruments	**732,204**	**732,204**	**732,204**	**732,204**
plus				
(ii.a) Revaluation of investment properties (if the cost model pursuant to IAS 40 is applied)	n.a.	n.a.	n.a.	n.a.
(ii.b) Revaluation of investment properties under construction (if the cost model pursuant to IAS 40 is applied)	n.a.	n.a.	n.a.	n.a.
(ii.c) Revaluation of other assets (owner-occupied properties and interests)	n.a.	n.a.	n.a.	n.a.
less				
(v) Deferred taxes (in relation to value changes of investment properties)	88,022	88,022	44,011 (50%)	n.a.
(vi) Market value of derivative financial instruments	0	0	0	n.a.
(viii.b) Intangible assets	n.a.	n.a.	–26	n.a.
plus				
(ix) Market value of financial liabilities (after deferred taxes)	n.a.	n.a.	n.a.	–26,283
(x) Remeasurement of intangible assets at market value	n.a.	n.a.	n.a.	n.a.
(xi) Land purchase tax (insofar as deducted from the market value)	n.a.	67,063	67,063	n.a.
EPRA NAV/NRV	**820,226**	**887,289**	**843,252**	**705,921**
Number of outstanding shares (diluted)	27,710,009	27,710,009	27,710,009	27,710,009
EPRA NAV per share (in EUR)	**29.60**	**32.02**	**30.43**	**25.48**

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 and the slightly disproportional rise in the market value of the property portfolio, the net initial yield fell slightly from 6.32% to 6.03%.

EPRA NET INITIAL YIELD

IN EUR THOUSAND	**31/12/2021**	31/12/2020
Investment properties as per balance sheet	1,484,703	1,368,001
Properties under construction, reserved plots	–55,473	–51,231
Assets held for sale	18,560	14,900
Market value of the property portfolio (net)	**1,447,790**	**1,331,670**
Transaction cost reduction (purchasers' costs)	67,063	61,579
Market value of the property portfolio (gross)	**1,514,853**	**1,393,249**
Annualised net basic rent	91,958	89,597
Non-recoverable operating expenses	–675	–1,476
Annualised net rental income	**91,283**	**88,121**
Letting incentives	–340	–432
Topped-up annualised rental income	**90,943**	**87,689**
EPRA Net Initial Yield (in %)	**6.03**	**6.32**
Topped-up EPRA Net Initial Yield (in %)	6.00	6.29

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 decrease in temporary vacancies as of the end of the year under review, the EPRA vacancy rate fell from 2.5% to 1.2% This represents a decline of 1.3 percentage points.

EPRA VACANCY RATE

IN EUR THOUSAND	31/12/2021	31/12/2020
Annualised market rent for the total portfolio	93,081	91,877
Vacant properties measured at market values	1,123	2,280
EPRA Vacancy Rate (in %)	**1.2**	**2.5**

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.

Given the disproportionately high year-on-year rise in net basic rents and a relatively stable cost base, the cost ratio fell from 13.0% to 11.3%. This represents a decline of 1.7 percentage points.

EPRA COST RATIO

IN EUR THOUSAND	31/12/2021	31/12/2020
Expenses for investment properties	16,585	17,377
Proceeds from the recovery of operating expenses	–12,456	–11,312
Personnel expenses	4,481	4,216
Other operating expenses	2,105	1,851
Other operating income	–537	–1,421
EPRA costs (incl. vacancy costs)	**10,178**	**10,711**
Direct vacancy costs	0	0
EPRA costs (excl. vacancy costs)	**10,178**	**10,711**
Revenue from net basic rents	**90,322**	**82,109**
EPRA Cost Ratio (incl. vacancy costs) in %	**11.3**	**13.0**
EPRA Cost Ratio (excl. vacancy costs) in %	**11.3**	**13.0**

EPRA REPORTING ON THE DEVELOPMENT OF THE PROPERTY PORTFOLIO

ACCOUNTING AS PER IAS 40

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. Subsequent measurement is performed at fair value and recognised in profit or loss, less the ancillary costs that would be incurred by a typical potential buyer.

MEASUREMENT INFORMATION

Fair values are measured at least once a year by an independent property appraiser. We have instructed Landestreuhand Weihenstephan GmbH Wirtschaftsprüfungsgesellschaft, Freising, to perform these measurements.

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).

The values of investment properties and of properties held for sale, recognised on the assets side of the balance sheet, correspond in full to the value of the property portfolio as determined by the appraiser.

For more information on the valuation model applied, please refer to pages 86 and 106 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.

NET RENTAL PROCEEDS BY REMAINING TERMS OF RENTAL AGREEMENTS

	Share in %	Net rent (EUR thousands)
Rolling	7.0	6,412
1 to 3 years	18.0	16,597
3 to 5 years	23.9	22,024
5 to 7 years	14.5	13,319
7 to 10 years	28.8	26,486
Longer than 10 years	7.8	7,145

› Overview of properties

Please refer to our website (https://www.vib-ag.de/immobilien) Detailed information can be found in the section entitled "Real Estate".

› Ownership status

All properties held for rental 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.

Adjusted net basic rents for the 2021 fiscal year (EUR 81,762 thousand) rose by EUR +465 thousand (+0.57%) against the previous year's level (EUR 81,297 thousand).

This change can be split into the following categories:

- Contractual indexing EUR +814 thousand
- Changes in the vacancy rate EUR +1,157 thousand
- Changes arising from existing agreements EUR –1,506 thousand

INFORMATION ON INVESTMENT PROPERTIES

IN EUR THOUSAND	**Group** (excluding joint ventures)	**Joint ventures** (Proportional share)	**Group total**
New investments/ acquisitions	22,837	7,435	30,272
Developments, properties under construction	–1,401	2,709	–1,308
Subsequent capitalisation of existing properties			
› Creation of additional rentable space	0	108	108
› Improvement of existing rentable space	452	0	452
› Rental incentives	0	0	0
› Other	0	0	0
Capitalised borrowing rates	0	0	0
Total investments	**21,888**	**10,251**	**32,139**

CORPORATE GOVERNANCE

The cornerstone of our sustainable business success is corporate governance geared towards responsibility, transparency and long-term value creation. This is also particularly relevant in terms of day-to-day dealings with our stakeholders, tenants, shareholders and business partners, as well as actors on the financial and capital markets. On account of its listing as an open-market stock in the m:access quality segment of the Munich Stock Exchange, VIB is not bound by the formal requirements of Sect. 161 of the German Stock Corporation Act (AktG) and is therefore not required to submit a declaration of conformity with the German Corporate Governance Code. In the interests of maximum transparency, however, we believe that it is important to outline the fundamental aspects of our corporate governance policy, which are detailed below.

INFORMATION ABOUT CORPORATE GOVERNANCE PRACTICES

For VIB Vermögen AG, applicable legislation – especially company and capital market law – the company's articles of incorporation, the rules of procedure of the Supervisory and Managing Boards and observance of the Group-wide Code of Conduct form the foundation for governance and supervision of our company.

VIB Vermögen AG also believes, however, that good corporate governance entails the application of corporate governance practices that go above and beyond statutory and internal regulations. The ability of both the management and workforce to act in a proactive and committed fashion, and to respond flexibly and rapidly to change, contributes to our sustainable commercial success. A stated aim of the company is to win and retain the trust of all stakeholders in the reliability and performance of VIB Vermögen AG.

In general terms, this requires a high degree of personal initiative and openness to change, as well as expertise and dedication on the part of the whole team. The senior management of VIB Vermögen AG treat their employees with great respect and courtesy, set high standards, provide impetus and always strive to inspire the necessary confidence. In day-to-day operations, individuality is respected and diversity of opinion fostered at VIB Vermögen AG. Decisions are implemented with purpose and resolve in an atmosphere characterised by mutual acceptance and appreciation.

WORKING STYLE OF THE MANAGING AND SUPERVISORY BOARDS

A key feature of German company law is the dual governance system, which comprises a Managing Board and a Supervisory Board. The Managing Board is the governing body of a public limited company (Aktiengesellschaft) and the Supervisory Board is the oversight body. The Managing Board of VIB Vermögen AG consists of two members and is directly responsible for managing the company. The Supervisory Board monitors the Managing Board and advises it on the running of the business. In particular, it appoints the members of the Managing Board and is responsible for Managing Board matters. The Supervisory Board of VIB Vermögen AG is made up of four members. The professional experience of the Supervisory Board members – who, pursuant to the articles of incorporation, are elected for five-year terms – allows them to evaluate the activities of VIB Vermögen AG and qualifies them to perform a supervisory and advisory role in respect of the Managing Board of VIB Vermögen AG.

In the 2021 financial year, the following individuals served on the Supervisory Board:

Name	Year of birth	First elected	Elected until	Mandates in supervisory committees required by law
Ludwig Schlosser (Chairman)	1954	2019	2026	**External mandates** › Chairman of the Supervisory Board of BHB Brauholding Bayern-Mitte AG **Internal mandates** › Chairman of the Supervisory Board of BBI Bürgerliches Brauhaus Immobilien AG **Other mandates** › Chairman of the Supervisory Board of VR Bank Neuburg-Rain eG › Chairman of the Supervisory Board of Gemeinnützige Bau- und Siedlungsgenossenschaft für den Landkreis Neuburg -Schrobenhausen eG
Jürgen Wittmann (Deputy Chairman)	1963	2007	2026	**External mandates** › None **Internal mandates** › None **Other mandates** › Member of the Supervisory Board of Gemeinnützige Wohnungsbaugesellschaft Ingolstadt GmbH › Member of the Supervisory Board of brigk Digitales Gründerzentrum der Region Ingolstadt GmbH › Member of the Administrative Board of Versicherungskammer Bayern
Florian Lehn (from 01/07/2021 until 22/03/2022)	1969	2021	2026	**External mandates** › None **Internal mandates** › None **Other mandates** › Member of the Supervisory Board of Rathgeber AG › Member of the Supervisory Board of Allgemeine SÜDBODEN Grundbesitz AG
Prof. Dr. Michaela Regler (from 01/07/2021 until 22/03/2022)	1970	2021	2026	**External mandates** › None **Internal mandates** › Member of the Supervisory Board of BBI Bürgerliches Brauhaus Immobilien AG **Other mandates** › None
Rolf Klug (until 01/07/2021)	1949	2000	2021	**No mandates**
Franz-Xaver Schmidbauer (until 01/07/2021)	1943	2000	2021	**External mandates** › Member of the Supervisory Board of BHB Brauholding Bayern-Mitte AG **Internal mandates** › Deputy Chairman of the Supervisory Board of BBI Bürgerliches Brauhaus Immobilien AG **Other mandates** › None

When selecting members of the Supervisory Board, the emphasis is not only on experience, but also on the skills and specialist knowledge necessary to perform the role. The Supervisory Board of VIB Vermögen AG has an Audit Committee and a Committee for Managing Board Matters. The members of the Audit Committee are Ludwig Schlosser (Committee Chairman), Jürgen Wittmann (Deputy Committee Chairman), Florian Lehn and Professor Michaela Regler. The members of the Committee for Managing Board Matters are Ludwig Schlosser (Committee Chairman), Jürgen Wittmann (Deputy Committee Chairman), Florian Lehn and Professor Michaela Regler.

The Supervisory Board is quorate when three Supervisory Board members are present for a vote. It passes resolutions with a majority of the votes cast, with the Supervisory Board Chairman having the casting vote in the event of a tie. The Chairman of the Supervisory Board coordinates the work of the Supervisory Board, chairs its meetings and represents its interests vis-à-vis external parties. The Supervisory Board report issued to the Annual General Meeting outlines details of the Supervisory Board's work in the year under review.

The Managing and Supervisory Boards of VIB Vermögen AG work together closely and in a spirit of mutual trust as they perform their statutory duties. The shared goal is to sustainably increase the value of the company. The Supervisory Board is consulted on corporate strategy and planning, as well as on all other questions of fundamental importance to the company. Significant business transactions are subject to approval requirements set out by the Supervisory Board. The Managing Board provides the Supervisory Board with regular and comprehensive information – both in a timely fashion in writing and at the Supervisory Board meetings – on all developments and events significant to the company. This information pertains to the general course of business, corporate planning, risk reporting and any compliance measures employed by the Managing Board to ensure adherence to rules and legislation within the company. If necessary, the Supervisory Board will meet without the Managing Board, and extraordinary Supervisory Board meetings will be held.

Together with the Managing Board, the Supervisory Board manages the long-term succession planning of the Managing Board. Long-term succession planning takes into consideration the applicable legal requirements, particularly those of the German Stock Corporation Act (AktG), and the company-specific needs of VIB Vermögen AG as a property management company. Paying due regard to the specific qualification requirements for Managing Board positions, the Supervisory Board draws up an ideal profile, which is used as a basis to shortlist available candidates. Where necessary, the Supervisory Board is supported by external consultants in terms of developing a requirements profile and selecting candidates.

In the 2021 fiscal year, there were no conflicts of interest on the part of Managing and Supervisory Board members that had to be disclosed to the Supervisory Board. There were also no consultancy contracts, or other contracts for services/works, between the members of the senior management and the company in the 2021 fiscal year.

We do not regard a general age limit for Managing and Supervisory Board members as appropriate. The ability to successfully lead a company or to monitor the Managing Board in the necessary manner from a Supervisory Board position is not, in our view, dependent on a certain age.

The company has taken out D&O insurance (directors' and officers' liability insurance) for the Managing and Supervisory Boards. In the event of a claim, an excess of 10% of the loss amount has been agreed upon for Managing and Supervisory Board members alike.

MANAGING AND SUPERVISORY BOARD REMUNERATION

The system, amount and payment dates of Managing Board remuneration are set out and regularly reviewed by the Supervisory Board on behalf of VIB Vermögen AG. In terms of evaluating the appropriateness of remuneration, the extent of the duties and areas of responsibility of the individual Managing Board member are taken into account on the one hand; on the other hand, factors such as the size of the company, its asset, financial and earnings position, and its development opportunities are considered on the other.

The remuneration system for the Managing Board of VIB Vermögen AG comprises a non-performance-related component and a performance-related component. The non-performance-related component consists of a fixed annual salary and fringe benefits. Pension commitments are also granted. The fixed annual salary is payable in twelve monthly instalments. The fringe benefits primarily comprise insurance premiums and the use of company cars. Tax is paid on taxable fringe benefits by each Managing Board member separately.

The performance-related component of the remuneration system is tied to the economic performance of the company and is subject to upper monetary caps. The system combines both short-term incentive (STI) and long-term incentive (LTI) components that are linked to the sustainably successful development of the company.

The short-term variable remuneration (STI) is calculated on the basis of the consolidated pre-tax profit per share reported for the year, adjusted for valuation effects and extraordinary items. The calculation basis is dynamic, as it increases by 5% each year, which clearly illustrates the link with successful company performance. Moreover, the short-term variable remuneration is only paid out if the calculation basis for the granting of this remuneration has been exceeded in at least three of the previous four years. It is capped at EUR 210,000 for the Chief Executive Officer and at EUR 200,000 for other Managing Board members.

The long-term variable remuneration (LTI) comprises the acquisition of an entitlement in the form of "phantom stocks". The level of the calculation threshold for these imaginary shares depends on the attainment of targets agreed upon separately by the Managing and Supervisory Boards. The targets that need to be reached are communicated by the company's Supervisory Board prior to the start of each fiscal year. If achieved in full, each target corresponds to a partial amount of the maximum calculation threshold. The sum total of the partial amounts for each target equates to 100% of the calculation threshold. This is EUR 100,000 for the Chief Executive Officer and EUR 90,000 for other Managing Board members. The number of phantom stocks assigned to the Managing Board in accordance with the calculation threshold based on target attainment is calculated by dividing the average XETRA price of the VIB share on the final 30 days of trading of the financial year to which the target relates by the calculation threshold based on target attainment. Long-term variable remuneration in the equivalent value of the assigned phantom stocks is paid out following a vesting period of four years. The value of the long-term variable remuneration is calculated by multiplying the number of phantom stocks eligible for payout by the average XETRA price of the VIB share on the final 30 days of trading of the fourth year following the year that was definitive for their assignment. During the four-year vesting period of the assigned phantom stocks, the holders are entitled to the payment of a dividend amount for the phantom stocks pursuant to the resolution of the Annual General Meeting on the payment of a dividend (dividend settlement) that is definitive for the fiscal year concerned. This dividend will be payable on the dividend date set by the Annual General Meeting. The payout amount of the long-term variable remuneration is capped at EUR 150,000 for the Chief Executive Officer and at EUR 135,000 for other Managing Board members. The dividend settlement is not deducted from these caps. At the discretion of the Supervisory Board, the cap may be raised or lowered by up to 25%. The Supervisory Board will only adjust the cap in response to exceptional individual performance or oversights on the part of a Managing Board member.

As an open-market issuer, VIB Vermögen AG is not bound by the German Corporate Governance Code (GCGC) and therefore does not prepare a separate remuneration report. As a publicly traded company, we nonetheless wish to fulfil increasing transparency requirements and include the following detailed breakdown of VIB Managing Board remuneration:

Overall Managing Board remuneration stood at EUR 1,198 thousand in the year under review.

The Chief Executive Officer was paid total remuneration of EUR 617 thousand. This amount comprises non-performance-related components and short- and long-term performance-related components. The non-performance-related component includes a fixed annual salary of EUR 240 thousand and ancillary benefits in the amount of EUR 14 thousand.

The Chief Financial Officer was paid total remuneration of EUR 581 thousand in the 2021 financial year. This amount comprises non-performance-related components and short- and long-term performance-related components. The non-performance-related component includes a fixed annual salary of EUR 230 thousand and ancillary benefits in the amount of EUR 14 thousand.

In addition, pension contributions of EUR 338 thousand for serving and former Managing Board members are included in personnel expenses. Pension payments of EUR 39 thousand were made to former Managing Board members in the year under review.

Benefits paid to a Managing Board member on the occasion of premature termination of their Managing Board tenure due to a change of control are limited to three annual salaries.

No advances or loans were granted to members of the Managing Board by the company. In the year under review, no Managing Board member received benefits or benefit commitments from a third party in respect of their position as a Managing Board member.

The Supervisory Board did not grant the Managing Board members any one-off benefits in the 2021 fiscal year.

Furthermore, no share option programmes or similar securities-oriented incentive systems are currently in place for the Managing Board.

Supervisory Board remuneration is composed as follows:

The Chairman of the Supervisory Board was paid total remuneration of EUR 120 thousand in the 2021 financial year. The Deputy Chairman received remuneration of EUR 80 thousand, with each further member of the Supervisory Board receiving EUR 45 thousand each.

FURTHER ELEMENTS OF GOOD CORPORATE GOVERNANCE

INFORMATION AND TRANSPARENCY FOR SHAREHOLDERS

By law, the Supervisory Board enables shareholders to exercise their voting rights and obtain information. Our shareholders exercise their rights at the company's Annual General Meeting. The Annual General Meeting votes on all matters that, as prescribed by law, are of a binding nature for all shareholders and the company.

All documents relating to the Annual General Meeting required by law are, pursuant to company law, available in German on our website (www.vib-ag.de) from the date on which the meeting is called. These include the invitation, the agenda items, any reports and information required for voting purposes and any information on attending the Annual General Meeting, voting and safeguarding shareholder rights.

The Annual General Meeting is organised in order to ensure that shareholders are provided with comprehensive information in a timely and effective manner. Whenever a ballot is held, each share entitles the holder to one vote. All shareholders who register on time and in accordance with the eligibility requirements set out in the invitation to the Annual General Meeting are entitled to attend the Annual General Meeting. Shareholders who are unable to attend the Annual General Meeting in person have the opportunity to entrust their voting rights to official proxies named by VIB Vermögen AG, but who are bound by the shareholders' instructions, or to be represented by a financial institution, a shareholders' association or another proxy chosen by the shareholder. The official proxies can be contacted during the entire duration of the Annual General Meeting. Following the Annual General Meeting, the attendance figures and voting results will be published in the "Investor Relations" section of the company's website (www.vib-ag.de). The next Annual General Meeting of VIB Vermögen AG will be held on August 30, 2022.

All half-yearly and annual reports, as well as the interim reports, can be accessed on the company's website. The Managing Board regularly and promptly informs shareholders, interested investors, analysts and the media of significant developments at the company. This is done by means of publishing corporate news and, where necessary, ad hoc releases. The "Investor Relations" section of the company's website (www.vib-ag.de) also provides an interested audience with more comprehensive information on VIB Vermögen AG. Important dates for shareholders are also listed in a financial calender and published online on an annual basis. The financial reports, the financial calendar and ad hoc/press releases are available for download online in the "Investor Relations" section of the company website (www.vib-ag.de).

COMPLIANCE

In its day-to-day operations, VIB Vermögen AG is reliant on the trust of all its stakeholders. Behaviours that could harm this trust, unfairly influence the capital market or damage the reputation of our company must be avoided.

For the company, its governance and oversight bodies and its employees, compliance is therefore not just the adherence to existing legislation, but also adherence to internal instructions and voluntary commitments in order to put the values, principles and rules of responsible corporate governance into practice in day-to-day business operations. The central element in this regard is the Group-wide VIB Code of Conduct, which sets out explicit rules on fair competition and the avoidance of conflicts of interest, the non-discrimination of minorities, the prevention of corruption (Group-wide Anti-Corruption Guidelines), data protection and the conduct of VIB employees in public.

Each employee is personally responsible for ensuring that they comply with the Code of Conduct. If employees or external third parties and business partners have any information about possible breaches of the law or contraventions of guidelines, they can contact the VIB Vermögen AG Compliance Officers directly at Verhaltenskodex@vib-ag.de.

The company helps employees to independently incorporate the issue of compliance in their day-to-day work by means of regular training programmes (e.g. data protection, legal issues concerning their specific role, etc.).

RISK MANAGEMENT

The responsible handling of business risks, i.e. an efficient risk management system (RMS), also helps ensure the success of good corporate governance. An RMS of this nature makes it possible to identify and assess risks at an early stage and to initiate appropriate countermeasures. To this end, the Managing Board of VIB Vermögen AG has company-specific reporting and control systems at its disposal.

Furthermore, these systems are reviewed and enhanced on a regular basis and cover all areas of the company. The Managing Board informs the Supervisory Board of existing risks and their progression on a regular basis. Within the context of the end-of-year audit of the annual financial statements, the Supervisory Board focuses particularly on overseeing the accounting process including reporting, the effectiveness of the internal control system, the risk management system, compliance and the final audit.
In the risk report, which forms part of the consolidated management report in the 2021 Annual Report, we report on the principles of the risk management system and the current risks to the company.

ACCOUNTING AND END-OF-YEAR AUDIT

VIB Vermögen AG prepares its annual financial statements in accordance with the provisions of the German Commercial Code (HGB), the German Stock Corporation Act (Aktiengesetz) and the International Financial Reporting Standards (IFRS).

The annual financial statements of VIB Vermögen AG and the consolidated financial statements for 2020 were audited by the audit firm appointed at the Annual General Meeting – Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft – before being approved and adopted by the Supervisory Board. The audits were conducted in accordance with German audit guidelines and with due regard to the principles of proper end-of-year audits as set out by Institut der Wirtschaftsprüfer in Deutschland e.V. [Institute of Public Auditors in Germany, Incorporated Association] (IDW).

At the 2021 Annual General Meeting, Ernst & Young Wirtschaftsprüfungsgesellschaft GmbH was chosen as the auditor of the annual financial statements of VIB Vermögen AG and the 2021 consolidated financial statements. Prior to a proposal being made as to the choice of auditor, the Supervisory Board obtained a declaration from the auditor detailing any relations between the auditor, its governing bodies and audit manager and the company or members of its bodies. There were no doubts as to the auditor's independence.

SUSTAINABILITY AT VIB VERMÖGEN AG

Ever since it was founded in 1993, VIB Vermögen AG has been committed to a long-term and sustainable growth strategy. For us, it is paramount that our economic objectives go hand in hand with environmental and social responsibility. We are committed to this principle and take it extremely seriously. Our success proves us right: since its inception, VIB has grown into one of the most successful developers and portfolio managers of properties in the logistics, light industry and retail sectors in Germany.

As a portfolio manager of commercial properties, we plan for the long term; this applies both to properties that we acquire directly and to our own in-house developments. This is reflected in the fact that our tenants usually remain in our properties for several decades. Accordingly, we invest in maintenance and modernisation measures across the entire life cycle of the building. In respect of a potential change of tenant, we also ensure that our properties offer versatile usability options and remain in a good condition. Furthermore, we pursue a financing strategy that is largely dominated by long-term annuity loans.

SUSTAINABILITY – A DIALOGUE WITH OUR STAKEHOLDERS

As a publicly traded company, we maintain relations with a variety of stakeholder groups. By virtue of our many years on the market and our regional focus on southern Germany, we know these stakeholders very well indeed. Regular communication with these groups helps us understand their views and expectations, identify room for improvement and devise specific courses of action.

Our most important stakeholders are our tenants and shareholders, our service providers and financing banks and, last but not least, our employees. They all make an important contribution to the successful development of the company.

VIB STAKEHOLDER APPROACH: 5 CATEGORIES

SUSTAINABILITY ISSUES OF MATERIAL IMPORTANCE AT VIB

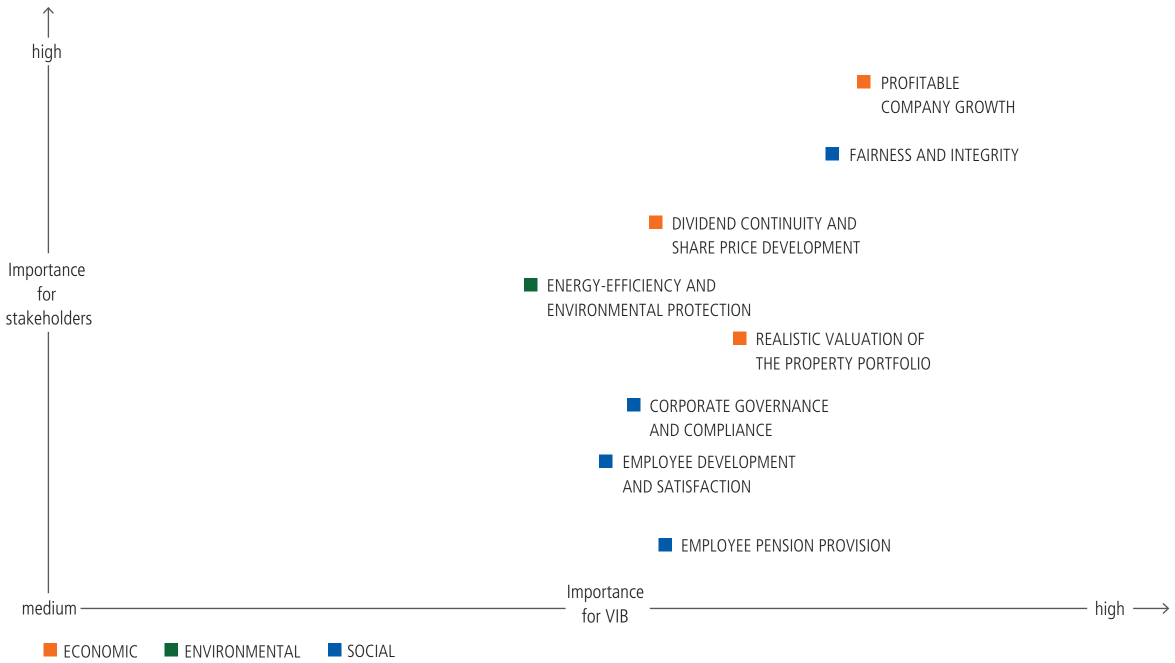
As an experienced property developer and portfolio management company, we have built up a close-knit network with our key stakeholder groups. On the basis of our day-to-day work and our long-standing dialogue with them, we have identified various issues that have a notable influence on the sustainable development of VIB Vermögen AG. We have presented the most significant of these issues in the form of a materiality matrix. In order to take the differing levels of significance of the individual issues into account, we have performed individualised weighting of the issues for each individual stakeholder. The materiality matrix comprises what we regard as the most important economic, environmental and social areas; these play a material role in both our sustainable business success and the acceptance of our company on the part of our stakeholders.

ECONOMIC, ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

In our opinion, the cornerstone of sustainable company development always includes economic factors, as there can be no lasting positive development in environmental and social issues without economic success.

Properties offer numerous starting points in terms of environmental sustainability that go beyond existing statutory requirements, regardless of whether they are logistics, light industry, retail or office spaces. Both in terms of our new builds and our existing properties, we therefore always take into account ecological aspects such as resource-saving construction methods and good alternative usability.

THE MATERIALITY MATRIX OF VIB VERMÖGEN AG



VIB VERMÖGEN AG ONCE AGAIN HONOURED WITH THE EPRA GOLD AWARD FOR ITS SUSTAINABILITY REPORTING

VIB Vermögen AG has been a member of the European Public Real Estate Association (EPRA) since 2011. Based in Brussels, the organisation represents the interests of listed European property companies vis-à-vis the general public and helps them raise their profile. Furthermore, the uniform reporting standards set out by EPRA ensure the greatest possible transparency, both for the capital market and the general public.

In 2020, we published a sustainability report in accordance with the stringent EPRA transparency requirements for the first time. It was immediately recognised in the highest category, "Gold". We are all the more delighted that we were able to maintain this high transparency standard in 2021 and that we were once again honoured with the Gold Award for our EPRA sustainability reporting.

The full EPRA Sustainability Report can be accessed at www.vib-ag.de/en/sustainability.

CONCLUSION

Ever since VIB Vermögen AG was founded more than 28 years ago, sustainability has been a core component of the company's day-to-day operations and its values. Our aim is not only to generate added value for our shareholders and tenants; indeed, we are also committed to the general public, our business partners and, last but not least, our employees in everything we do. For us, responsible and transparent corporate governance is essential for the long-term success of our company.

Sustainability aspects are not only taken into consideration in dealings with our stakeholders, but are also at the heart of our growth strategy. Sustainable and profitable growth, on the basis of environmental and social aspects, will continue to shape our actions in the years to come.

For more information on sustainability, please visit www.vib-ag.de/en/sustainability.

CONSOLIDATED MANAGEMENT REPORT

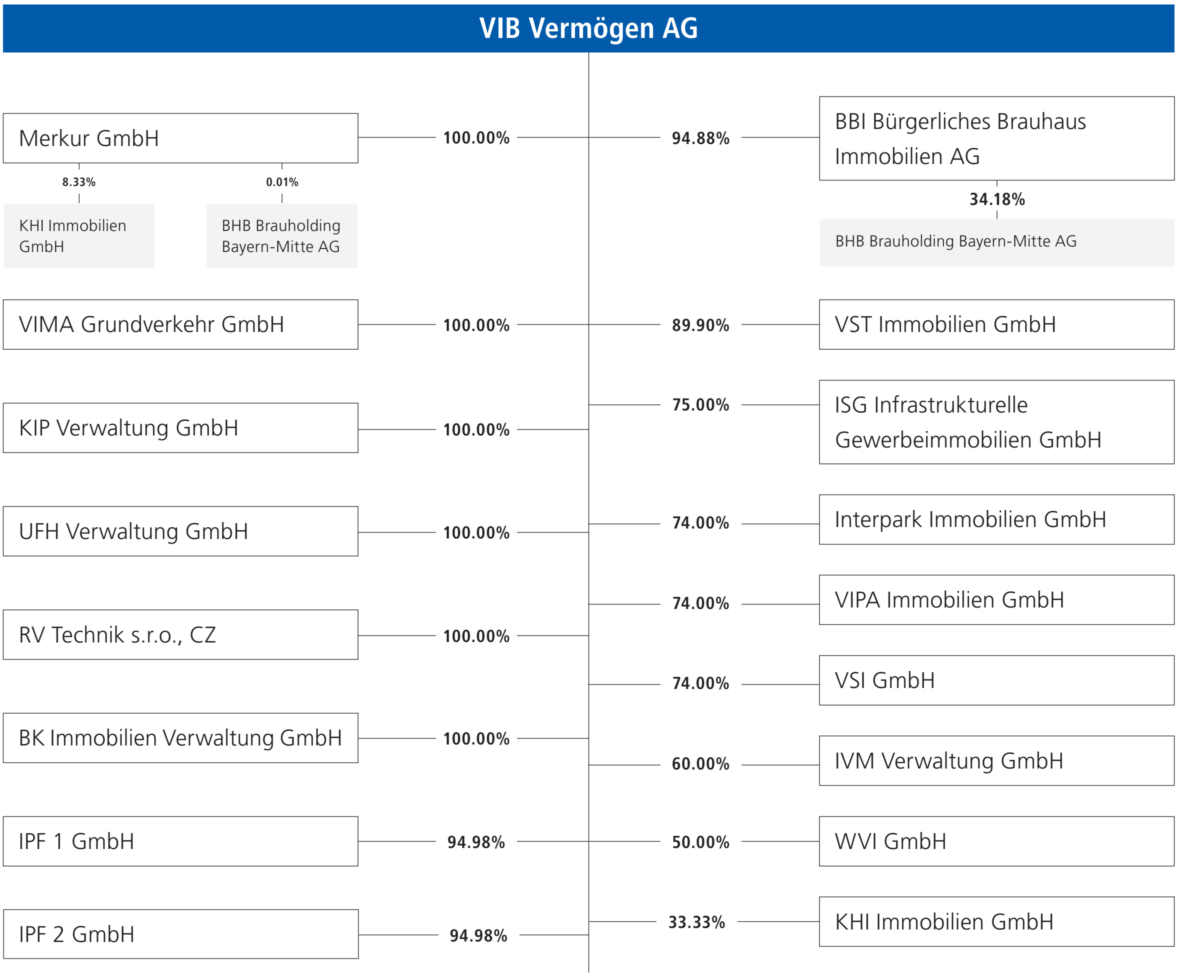
BASIS OF THE GROUP

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. We focus on properties in the logistics/light industry and retail sectors in the southern German region. 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.

Our business model is based on a "develop-or-buy-and-hold" strategy. We develop new properties from scratch and acquire properties that are usually already fully let in order to transfer them to our portfolio over the long term and generate lasting rental income from them. VIB also holds investments in companies with real estate assets. As of December 31, 2021, our portfolio comprised a total of 112 properties (previous year: 113). The focus is on attractive logistics and light industry properties and specialist retail parks, as well as commercial and service centres, with a total rentable area of approximately 1.29 million sqm (previous year: 1.29 million sqm). Another part of our strategy is that our properties are managed by our own employees, meaning that we always maintain direct ties to our tenants. We are assisted with these administrative activities by our wholly owned subsidiary Merkur GmbH.

OVERVIEW OF PARTICIPATING INTERESTS AS OF 31/12/2021



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 2021 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. A profit-transfer agreement is in place between VIB Vermögen AG and BBI Immobilien AG. Accordingly, VIB Vermögen AG 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

As a company listed in the open market segment, we pursue the objective of continuously and sustainably increasing the value of our company by expanding our property portfolio. The management of high-yield commercial properties enables high recurring cash flows (funds from operations, FFO), sustained increases in the net asset value (NAV) of the company and the distribution of appropriate dividends to our shareholders.

VIB pursues a threefold strategy to this end:

DEVELOP-OR-BUY-AND-HOLD-STRATEGIE

We continuously expand our property portfolio by means of targeted in-house developments and acquisitions in the regional centres of southern Germany. Our focus in this regard is on the economic sectors of logistics and retail. In Germany, both of these segments play a prominent role in the value chain and have been recording steady growth rates for years. We focus on German medium-sized commercial tenants and multinational corporations. We also invest in industrial and office properties in order to ensure asset diversification.

Whether developing new properties or acquiring existing ones, we also harness the network of regional and nationwide partners that we have built up over more than 25 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. This approach minimises our project and financing risks and enables speedy and needs-driven completion of construction projects in the interests of customers.

SUSTAINABLE FINANCING

Financing – and the right balance between equity and debt financing – is pivotal to any real estate project. We are aided in this regard by our contact with the financial and capital markets. On the debt financing side, we focus primarily on annuity loans and therefore pursue a sustainable and long-term financing approach. We therefore not only benefit from the continued low interest rates in the long term, but also continually increase the EPRA net reinstatement value (EPRA NRV) of our portfolio by repaying these loans on an ongoing basis. However, promissory note loans and short-term variable loans, such as those based on EURIBOR, are also used and represent a sensible addition to our debt financing mix. On the equity side, we use suitable capital measures as required, such as the issuance of mandatory convertible bonds and the carrying out of traditional capital increases.

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.

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 the key performance indicators. If any deviations are identified, the planning targets are reviewed and, if necessary, modified; specific countermeasures are also instigated.

VIB focuses on the significant **financial performance indicators** of revenue, adjusted EBT (earnings before tax) and FFO (funds from operations).

Revenue is the primary indicator in terms of measuring company growth. This indicator includes income from let properties and comprises net basic rents and ancillary operating costs paid by tenants.

Adjusted EBT (earnings before tax) is the most important performance indicator in terms of measuring the company's earnings position. It is adjusted for one-off factors and valuation effects to improve comparability of earnings between reporting periods.

From a cash flow perspective, FFO is the most important indicator in terms of the operational course of business and can be derived from EBIT (earnings before interest and tax). The calculations do not consider potential property-related valuation effects, non-cash expenses and income and extraordinary effects. Depreciation and amortisation is eliminated. The financial result, effective income taxes and the non-controlling shareholders' share of earnings, adjusted for valuation effects, are deducted.

The most important **non-financial indicators** at VIB are the vacancy rate and the average interest rate on borrowing liabilities.

The vacancy rate indicates the share of our 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 annualised net rents that our properties are capable of generating.

The average interest rate on our portfolio of loan borrowings is an important indicator in terms of our long-term and sustainable financing strategy. In addition to the total volume of borrowing liabilities, the average interest rate has a particularly significant influence on the amount of interest expenses, which also represent one of the largest expense items in our income statement.

KEY PERFORMANCE INDICATORS AT A GLANCE

KPI	Description	**2021**	2020
Financial performance indicators			
Revenue	Revenue as per income statement	EUR 103.8 million	EUR 94.2 million
Adjusted EBT	Earnings before tax (excluding valuation effects and extraordinary items)	EUR 66.7 million	EUR 57.7 million
FFO	Funds from operations (indicates the property portfolio's earnings strength)	EUR 58.4 million	EUR 50.4 million
Non-financial performance indicators		**As of 31/12/2021**	As of 31/12/2020
Vacancy rate	Based on annualised net rent	1.2%	2.5%
Average interest rate on borrowing portfolio	Fixed- and variable-interest borrowings	1.70%	1.77%

4. EMPLOYEES

As of the end of the 2021 fiscal year, the VIB Group employed 37 commercial staff in addition to the members of the Managing Board (31/12/2020: 38 staff). In addition, 6 industrial staff (31/12/2020: 6 staff) were employed, primarily in part-time employment arrangements associated with facilities management. The resulting expenses are passed on to our tenants via ancillary costs.

In the fiscal year under review, the Managing Board comprised Martin Pfandzelter (Chief Executive) and Holger Pilgenröther (Managing Board member). With a Supervisory Board resolution of 22/03/2022, Mr Oehme was appointed as an additional Managing Board Member effective as of 23/03/2022.

BUSINESS REPORT

1. MARKET AND COMPETITIVE ENVIRONMENT[1]

MACROECONOMIC TRENDS

Economic growth in the 2021 fiscal year was once again largely contingent on coronavirus infection rates and the associated public health measures. Despite the ongoing pandemic and increasing supply and materials bottlenecks, the German economy recovered following the slump. According to calculations of the German Federal Statistical Office, the price-adjusted gross domestic product (GDP) was up by 2.7% year on year in 2021.

Compared to the crisis year 2020, during which production was, at times, hampered by considerable constraints connected with the coronavirus pandemic, economic output recovered in virtually all sectors in 2021. Whereas private consumer spending stabilised at roughly the low level of the previous year, public spending once again helped to prop up the German economy. In particular, the state spent more money on procurement of the free rapid antigen tests and coronavirus vaccinations – introduced on a blanket basis in spring 2021 – and on the operation of test and vaccination centres.

Service sectors grew sharply compared to 2020. Economic output in the business service sector (which includes research and development, legal and tax consultancy and engineering firms), for example, rose by 5.4%. In the combined sector of retail, transport and hospitality, economic growth came in somewhat lower at 3.0% on account of ongoing pandemic-related restrictions. Economic growth only declined slightly by 0.4% in the construction industry, in which the coronavirus pandemic did not leave any noticeable traces in 2020.

Pleasing growth was witnessed in foreign trade, which recovered following the sharp declines of the previous year. When adjusted for prices, Germany exported 9.4% more products and services abroad than in 2020. Price-adjusted imports climbed by 8.6% during the same period. As such, foreign trade in Germany was only down slightly on the pre-crisis level of 2019.

SECTOR TRENDS

The German property investment market closed the 2021 fiscal year with a new record in spite of the coronavirus crisis. Transaction volume totalled EUR 111.1 billion, which equates to a year-on-year increase of 36%. This once again pays testament to the appeal of Germany as a property investment location, but also highlights the lack of high-yield investment alternatives for investors.

As in previous years, logistics properties were once again subject to extremely strong demand at EUR 10.2 billion, which was EUR 1.2 billion higher than the prior-year figure. As such, more capital was ploughed into distribution, production and warehouse facilities than ever before. Unlike in the previous year, no negative effects were witnessed due to the coronavirus pandemic. Demand for logistics space continued to increase on a broad spectrum, with logistics service providers and retail/industrial service providers all still on the hunt for space.

[1] Sources: German Federal Statistical Office, Jones Lang Lasalle (JLL) Real Esate Market Overview 2021

The retail segment remained challenging in the second year of the pandemic. A total of EUR 8.5 billion was invested in properties of this asset class in the year under review, which corresponds to a slight decline of EUR 2.1 billion against the previous year. The lion's share of capital – totalling EUR 6.0 billion – was channelled into specialist retailers, supermarkets and discount supermarkets, as well as primarily food-focused retail parks. By contrast, demand for investments in shopping centres, department stores and city centre retail properties was less strong due to pandemic-related restrictions.

2. BUSINESS TRENDS

TARGET/ACTUAL COMPARISON

	Forecast for 2021	Actual 2021 figures
Financial performance indicators		
Revenue	EUR 99.0 to 105.0 million	EUR 103.8 million
EBT excluding valuation effects and extraordinary items	EUR 61.0 to 65.0 million	EUR 66.7 million
FFO (funds from operations)	EUR 54.0 to 58.0 million	EUR 58.4 million
Non-financial performance indicators	Forecast for 31/12/2021	Actual figures as of 31/12/2021
Vacancy rate	Low, single-digit percentage range	1.2%
Average interest rate on borrowing portfolio	Moderate reduction compared to the figure as of 31/12/2020 (1.77%)	1.70%

VIB continued its growth trajectory of recent years and managed to achieve, or even exceed, all its own targets for 2021. The financial impacts on the VIB Group due to the coronavirus pandemic once again remained contained in the second year of the pandemic. Tenants affected particularly severely by the crisis were granted total rental waives in the amount of EUR 530 thousand in the period from January 1 to December 31, 2021 (previous year: EUR 396 thousand).

Revenue of EUR 103.8 million lay within the EUR 99.0 million to EUR 105.0 million forecast that we set for ourselves. The rise in revenue was driven by the pro rata rental income from new properties added to the portfolio in 2021 and by properties acquired and completed in the previous year that generated rental income over a full year for the first time in 2021.

Earnings before tax (EBT), excluding valuation effects and extraordinary items, amounted to EUR 66.7 million in the reporting period, which is slightly higher than the forecast of EUR 61.0 million to EUR 65.0 million issued at the start of the year. The main reason for this positive trend lay in additional rental incomes from new properties, coupled with lower interest expenses due to a further fall in the average rate for borrowing liabilities.

FFO (funds from operations) stood at EUR 58.4 million in the year under review. By virtue of the positive course of business, the forecast issued at the start of the year – of EUR 54.0 million to EUR 58.0 million – was exceeded.

Alongside its financial targets, the company also met all its non-financial targets:

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, 2021. We achieved this target with a vacancy rate of 1.2% (31/12/2020: 2.5%).

In terms of the average interest rate on our borrowing portfolio, we achieved a figure of 1.70% as of December 31, 2021. The forecast had been for a moderate improvement on the figure of 1.77% as of the balance sheet date of December 31, 2020. Thanks to the continued low interest rate conditions for new financing agreements, as well as the expiry of fixed-interest periods on existing loans, we managed to achieve the forecast reduction.

3. EARNINGS, ASSETS AND FINANCIAL POSITION

EARNINGS POSITION

SELECTED INDICATORS OF EARNINGS POSITION

IN EUR THOUSAND	2021	2020	Change
Revenue	103,771	94,207	+10.2%
Changes in value for investment properties	108,198	22,323	+384.7%
EBIT	189,085	94,223	+100.7%
EBIT excluding valuation effects and extraordinary items	80,887	71,900	+12.5%
EBT	181,648	80,041	+126.9%
EBT excluding valuation effects and extraordinary items	66,720	57,718	+15.6%
Consolidated net income	153,681	67,269	+128.5%
Earnings per share in EUR (diluted and undiluted)	5.39	2.39	+125.5%

Revenue rose by EUR 9.6 million to EUR 103.8 million in the 2021 fiscal year (previous year: EUR 94.2 million). This was chiefly attributable to additional rental incomes from new investments in 2021, as well as properties acquired and developed in-house in the previous year that only generated rental incomes across an entire year for the first time in 2021. Alongside rental incomes, the item "Revenue" also includes operating costs paid by tenants. Other operating revenue came in at EUR 0.7 million (previous year: EUR 1.5 million) and, as in the previous year, mainly includes insurance compensation for building damage and the proceeds of asset disposals. Total operating revenue, which comprises revenue and other operating revenue, rose by EUR 8.8 million to EUR 104.5 million (previous year: EUR 95.7 million).

The market valuation of properties and sites as of December 31, 2021, led to positive changes in value for investment properties of EUR 108.2 million (previous year: EUR 22.3 million). This item includes both increases and reductions in value. Net value increases came to EUR 111.0 million (previous year: EUR 39.6 million), whereas net value reductions came to EUR 2.8 million (previous year: EUR 17.3 million).

Expenses for investment properties were down by EUR 0.8 million on the previous year at EUR 16.6 million (previous year: EUR 17.4 million). Whereas ancillary cost expenses rose from EUR 12.8 million to EUR 13.1 million on account of new additions to the property portfolio, maintenance expenses fell from EUR 4.6 million to EUR 3.5 million. Personnel expenses amounted to EUR 4.5 million (previous year: EUR 4.2 million), whereas other operating expenses came in at EUR 2.1 million (previous year: EUR 1.9 million).

Depreciation and amortisation stood at EUR 0.4 million (previous year: EUR 0.3 million) and mainly included scheduled depreciation on the owner-occupied administration building of VIB Vermögen AG. After deducting depreciation, we achieved earnings before interest and tax (EBIT) of EUR 189.1 million in the year under review (previous year: EUR 94.2 million). When adjusted for property-related valuation effects, EBIT improved by EUR 9.0 million to EUR 80.9 million (previous year: EUR 71.9 million).

Profit/loss on equity-accounted investments amounted to EUR 6.1 million, compared to EUR 0.1 million in the previous year. The main reasons for the increase were valuation gains from investment properties of the non-fully-consolidated subsidiary WVI GmbH, which is part of the joint venture with WDP.

By virtue of the further decrease in the average interest rate on borrowing liabilities, the item "Interest and similar expenses" declined further, coming in at EUR 13.4 million in the year under review (previous year: EUR 14.1 million). The expenses from the guaranteed dividend paid to the shareholders of BBI Immobilien AG remained on a par with the previous year at EUR 0.2 million.

Earnings before tax (EBT) improved by EUR 101.6 million in the year under review to EUR 181.6 million (previous year: EUR 80.0 million). When adjusted for valuation effects of the fully consolidated investment properties in the amount of EUR 108.2 million (previous year: EUR 22.3 million) and valuation effects plus adjustments of depreciation and deferred taxes on investment properties from joint ventures in the amount of EUR 6.7 million (previous year: EUR 0 million), adjusted EBT came in at EUR 66.7 million, which represents a year-on-year increase of EUR 9.0 million, or 15.6%

(previous year: EUR 57.7 million). As in the previous year, there were no extraordinary effects. The average rental yield of all Group properties stood at 6.37% (31/12/2020: 6.83%).

Income taxes came in at EUR 28.0 million (previous year: EUR 12.8 million). EUR 6.9 million thereof was attributable to current taxes (previous year: EUR 5.8 million) and EUR 21.1 million thereof was attributable to deferred taxes (previous year: EUR 7.0 million). The income tax rate was 15.4% (previous year: 15.8%).

Consolidated net income improved to EUR 153.7 million and was therefore EUR 86.4 million up on the previous year (previous year: EUR 67.3 million). The undiluted and diluted earnings per share both stood at EUR 5.39 (previous year: EUR 2.39).

NET ASSETS

SELECTED INDICATORS OF NET ASSETS

IN EUR THOUSAND	**31/12/2021**	31/12/2020	Change
Total assets	1,609,188	1,454,156	+10.7%
Investment properties	1,484,703	1,368,001	+8.5%
Net debt (current and non-current financial liabilities less bank balances)	679,573	708,584	–4.1%
Equity	761,970	625,178	+21.9%
Equity ratio	47.4%	43.0%	+4.4 pt.

The total assets of the VIB Group rose by EUR 155.0 million compared with the previous year's balance sheet date to EUR 1,609.2 million (31/12/2020: EUR 1,454.2 million). Within this item, investment properties – i.e. properties, land and properties under construction – constituted the largest asset category at EUR 1,484.7 million (31/12/2020: EUR 1,368.0 million). Interests in associated companies rose by EUR 9.3 million to EUR 23.5 million (31/12/2020: EUR 14.2 million), chiefly on account of value appreciation of investment properties and contributions to the capital reserves of the corresponding companies.

Current assets stood at EUR 90.2 million as of December 31, 2021 (31/12/2020: EUR 60.8 million). Receivables and other assets stood at EUR 2.5 million (31/12/2020: EUR 3.7 million) and included trade receivables in the amount of EUR 1.3 million (31/12/2020: EUR 1.4 million) and other assets in the amount of EUR 1.2 million (31/12/2020: EUR 2.4 million). Bank balances and cash in hand increased from EUR 39.4 million to EUR 68.2 million; assets held for sale climbed by EUR 3.7 million to EUR 18.6 million (31/12/2020: EUR 14.9 million).

As a result of the increase in accumulated earnings, equity climbed to EUR 762.0 million as of December 31, 2021 (31/12/2020: EUR 625.2 million). As of the balance sheet date, the equity ratio rose to 47.4% (31/12/2020: 43.0%).

Due to the creation of new shares in connection with the 2021 scrip dividend, subscribed capital rose from EUR 27.6 million to EUR 27.7 million, with capital reserves increasing from EUR 191.2 million to EUR 195.5 million. As part of the preparation of the annual financial statements (separate financial statements prepared according to the German Commercial Code [HGB]), EUR 9.0 million was added to retained earnings, causing this item to rise to EUR 104.1 million as of December 31, 2021 (31/12/2020: EUR 95.1 million).

Accumulated earnings rose by 41.8% to EUR 404.8 million as at the balance sheet date (31/12/2020: EUR 285.4 million). Two opposing effects, in particular, were at work here: on the one hand, the increased net profit for the period (attributable to Group shareholders) in 2021 of EUR 149.0 million (previous year: EUR 65.9 million) and, on the other hand, the dividend distribution to our shareholders of EUR 20.7 million (previous year: EUR 19.3 million). The balance sheet item "Non-controlling interests" increased from EUR 25.8 million to EUR 29.8 million.

Non-current liabilities stood at EUR 779.6 million as of December 31, 2021 (31/12/2020: EUR 788.2 million). The largest item was non-current financial liabilities (mainly bank loans to finance the property portfolio), which fell by EUR 29.8 million to EUR 688.1 million (31/12/2020: EUR 717.9 million). Deferred tax liabilities result primarily from differing valuations between the IFRS and tax values of properties and rose to EUR 88.0 million as of the balance sheet date (31/12/2020: EUR 67.0 million). The year-on-year increase was mainly due to portfolio expansion in the form of new investments and positive adjustments to the values of investment properties.

Current liabilities increased from EUR 40.8 million to EUR 67.6 million, which was chiefly due to a rise in current financial liabilities and bank loans to EUR 59.7 million (31/12/2020: EUR 30.1 million). Other liabilities decreased from EUR 9.4 million to EUR 6.6 million.

The financial position of the VIB Group once again made it possible to fund a portion of planned investments through equity in 2021. Furthermore, we took out new loans in the year under review and repaid loans as planned when they became due. Due to the positive value appreciation of investment properties and the ongoing repayment of annuity loans, the company's net asset value (NAV) rose significantly to EUR 820.2 million as of the balance sheet date (31/12/2020: EUR 666.3 million).

NET ASSET VALUE (NAV) – UNDILUTED

IN EUR THOUSAND	**31/12/2021**	31/12/2020
Investment Properties	1,484,703	1,368,001
Other assets	10,793	11,154
Interests in associated companies	23,521	14,230
Assets held for sale	18,560	14,900
+/– other assets/equity and liabilities (including minority interests)	–37,778	–33,379
Net debt	–679,573	–708,584
NAV/net assets (undiluted)	**820,226**	**666,322**
Number of shares (balance sheet date)	27,710,009	27,579,779
NAV per share in EUR (undiluted)	**29.60**	**24.16**

NET ASSET VALUE (NAV) – DILUTED

IN EUR THOUSAND		
NAV/net assets (undiluted)	820,226	666,322
NAV/net assets (diluted)	**820,226**	**666,322**
Number of shares (balance sheet date)	27,710,009	27,579,779
Potential ordinary shares from:		
Number of shares (diluted)	27,710,009	27,579,779
NAV per share in EUR (diluted)	**29.60**	**24.16**

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 of our property portfolio). The main aim of our financial management is to ensure financial stability. As of the balance sheet date, we had access to undrawn credit and overdraft lines in the amount of EUR 15.5 million (previous year: EUR 23.0 million).

SELECTED INDICATORS OF FINANCIAL POSITION

IN EUR THOUSAND	**2021**	2020	Change
Cash flow from operating activities	74,779	65,317	+9,462
Cash flow from investment activities	–15,427	–67,662	+52,235
Cash flow from financing activities	–30,551	4,970	–35,521
Cash and cash equivalents at end of period	68,164	39,363	+28,801

Cash flow from operating activities came in at EUR 74.8 million in the year under review (previous year: EUR 65.3 million).

Cash outflow from investment activities amounted to EUR 15.4 million in the period under review, compared with EUR 67.7 million in the prior-year period. This item mainly reflects investments in the property portfolio of the VIB Group. The year-on-year decline is chiefly due to lower investments in the property portfolio in the amount of EUR 21.9 million (previous year: EUR 65.5 million).

A net cash outflow from financing activities of EUR 30.6 million was recorded (previous year: cash inflow of EUR 5.0 million). Among other things, this item comprises a cash inflow from equity capital contributions in connection with the 2021 scrip dividend in the amount of EUR 4.4 million (previous year: 0 EUR), a cash outflow for dividend payments of EUR 21.6 million (previous year: EUR 20.2 million) and a cash inflow from the taking out of bank loans for investments in the property portfolio of EUR 30.9 million (previous year: EUR 66.0 million). In addition, financial loan repayments were made in the amount of EUR 31.1 million (previous year: EUR 26.7 million), as well as interest payments in connection with financial loans of EUR 13.4 million (previous year: EUR 14.1 million).

In total, cash and cash equivalents increased by EUR 28.8 million to EUR 68.2 million as of December 31, 2021.

FUNDS FROM OPERATIONS (FFO) PER SHARE – INDICATOR OF THE PORTFOLIO'S EARNINGS STRENGTH

IN EUR THOUSAND	2021	2020
Earnings before interest and tax (EBIT)	**189,085**	**94,223**
adjusted for:		
Income/expenses (non-cash effective)	73	188
Depreciation and amortisation	438	329
Changes in value for investment properties	–108,198	–22,323
	81,398	**72,417**
Interest and similar expenses	–13,363	–14,134
Profit/loss on equity-accounted investments	–447	–109
Expenses from guaranteed dividends	–166	–166
	67,422	**58,008**
Effective tax expense	–6,925	–5,763
	60,497	**52,245**
Minority interest (adjusted for valuation gains/losses)	–2,075	–1,891
FFO in absolute terms	**58,422**	**50,354**
Average number of shares in fiscal year in EUR	27,644,894	27,579,779
FFO per share	**2.11**	**1.83**
Share price on the respective closing date in EUR	45.45	28.65
FFO yield on the respective closing date	4.64%	6.39%

FFO (funds from operations) – i.e. cash inflow from operating activities – rose from EUR 50.4 million to EUR 58.4 million in the year under review.

4. OVERALL STATEMENT ON THE COMPANY'S BUSINESS POSITION

From the point of view of the Managing Board of VIB Vermögen AG, the 2021 fiscal year can be regarded as a resounding success despite the ongoing coronavirus crisis. The company's own targets, which had been set in the forecast for the year, were all met or even exceeded.

The Managing Board takes the view that VIB remains in a strong operational and financial position in the current financial year in terms of continuing its business strategy geared towards sustainable growth. However, the company once again identifies various risks in 2022 that could, in certain circumstances, have an adverse impact on the expected course of business. Crucial factors in this regard will be developments in the coronavirus pandemic and in the problems affecting global supply chains. Moreover, we see an increased risk for the German economy in the wake of the Ukraine crisis. However, it is not possible to foresee potential impacts at this time – and these do not form part of the business forecast of the VIB Group. Substantial changes to the underlying economic conditions may necessitate a revision of the forecasts.

REPORT ON RISKS AND OPPORTUNITIES

RISK REPORT

1. RISK MANAGEMENT

VIB Vermögen AG operates in an economic environment characterised by a sharp increase in change and complexity. This goes hand in hand with frequently changing underlying conditions in day-to-day operations, which may relate to a variety of areas, such as politics, society, legislation, business and technology. Changes in these underlying conditions may influence the course of business and are sometimes associated with risks for the company. With this in mind, VIB Vermögen AG has established a risk management system (RMS) that makes it possible to identify potential risks at an early stage. The RMS ensures that the Managing Board is informed promptly of the occurrence of a risk scenario, enabling it to take appropriate countermeasures.

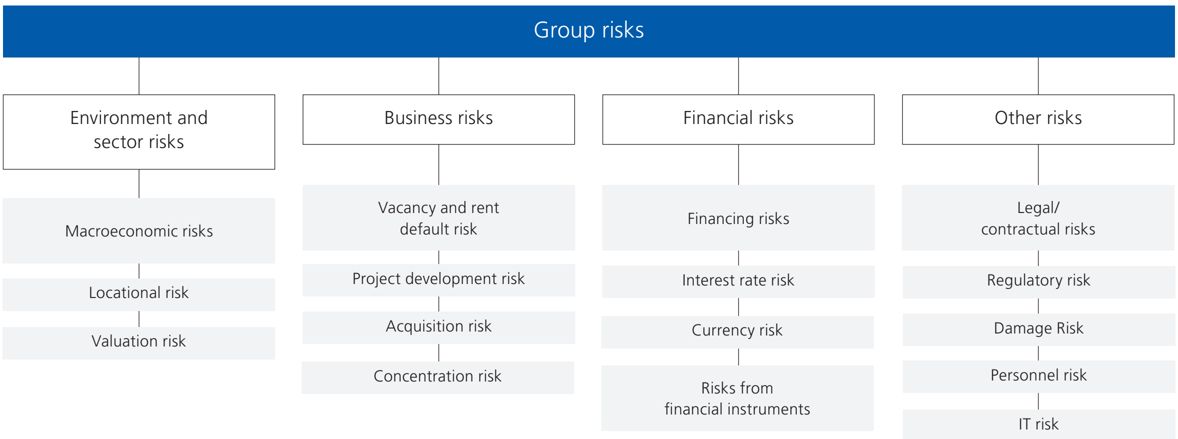
BASIC PRINCIPLES OF RISK MANAGEMENT

The VIB risk management policy supports the corporate goal of safeguarding the company's future as a going concern and of increasing the company's value by means of sustainable growth. In this regard, we define risks both as the danger of possible losses and the danger of potential profits not being realised or only being realised to an insufficient extent.

The VIB risk management policy forms an integral component of the company's business strategy and is set by the Managing Board. In order to identify, manage and counteract potential risks at an early stage, a risk management system has been implemented at all Group subsidiaries. This RMS is closely integrated into operating procedures and processes – especially property-related operations, controlling and planning processes, the Group-wide accounting process, and reporting to the Managing and Supervisory Boards.

Risk reporting occurs on a regular basis – at least, however, twice a year. The Managing Board is also to be informed immediately in the form of unscheduled reports about all new risks categorised as material.

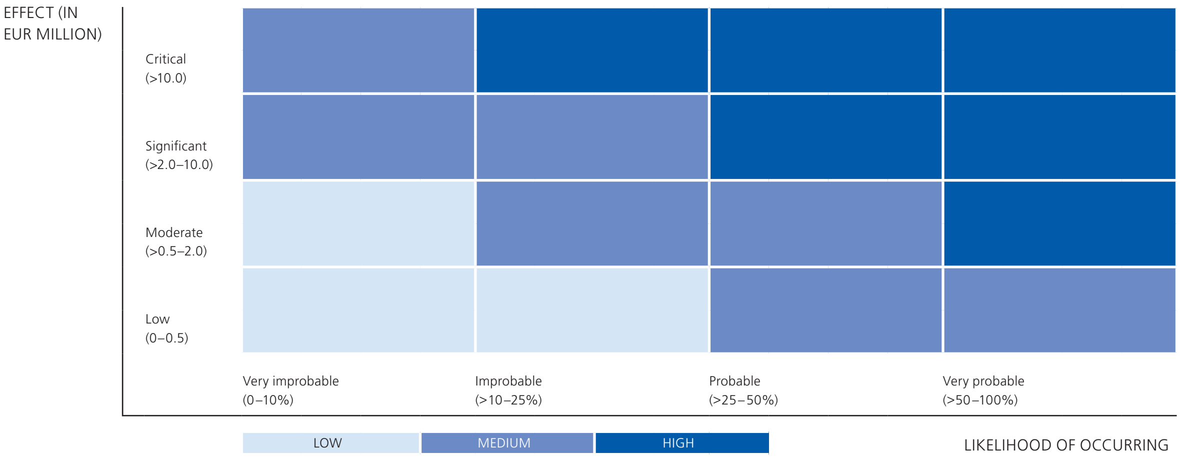
We classify potential risks into four categories that are also applied Group-wide at all subsidiaries.



Once specific risks have been identified and recorded, they are analysed and classified according to their potential loss level and event probability. This is intended to enable conclusions to be drawn about the specific risk potential for VIB (see risk matrix graph):

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" within the VIB Group.

RISK MATRIX OF THE VIB GROUP



2. ACCOUNTING-RELATED INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The objective of the accounting-related internal control and risk management system is to ensure that accounts are prepared consistently and in accordance with statutory requirements, the German generally accepted accounting principles pursuant to the German Commercial Code (HGB), the International Financial Reporting Standards (IFRS), company law and internal company guidelines and processes.

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). Pursuant to Section 290 HGB, in conjunction with Section 293 HGB, VIB Vermögen AG is required to prepare consolidated financial statements and a consolidated management report. It is the responsibility of the Managing Board to prepare the consolidated financial statements and the consolidated management report. This includes the setting up and maintenance of the accounting-related internal control and risk management system.

The accounting-related internal control and risk management system forms part of risk management at the VIB Group. All accounting-related risks are monitored by the Risk Officer of the VIB Group and are included in the regular risk reports submitted to the Managing and Supervisory Boards.

The financial statements are prepared centrally by the Finance and Accounts department under the auspices of the Managing Board. This ensures a uniform and consistent approach when preparing the financial statements. The accounting data is processed using an accounting software program in accordance with a uniform chart of accounts and consistent accounting guidelines, as well as predefined processes and process checks.

Automated plausibility checks are performed with the help of the software used. Accounting-related information is shared on an ongoing basis between the Head of Accounts and the Managing Board. In order to identify and avert possible errors and deviations during preparation of the financial statements, the dual-control principle is applied to all key procedures and processes. This principle states that no single individual can be responsible for an important procedure or process. The use of IT systems with automated access control mechanisms and integrated plausibility checks establishes an automated control structure that is designed to ensure maximum data security at all times. All internal processes and guidelines connected with the preparation of financial statements are regularly reviewed in terms of their effectiveness and, where necessary, adapted to reflect new requirements.

Once the consolidated financial statements have been prepared and then audited by the appointed auditor, these consolidated financial statements and the management report are submitted to the Supervisory Board for review. This review takes place in consultation with the auditor. Once the review has been concluded, the Supervisory Board approves the consolidated financial statements.

3. COMPANY RISKS

As in the previous year, the company's general risk position is heightened, principally due to the enduring coronavirus crisis. This influences the evaluation of certain individual risks to the company outlined below.

ENVIRONMENT AND SECTOR RISKS

MACROECONOMIC RISKS

The commercial property market in Germany is influenced by macroeconomic trends. In the event of an economic slowdown, there is a risk that companies will be less willing to invest. As a consequence, this could result in less demand for rental space, an increased vacancy risk and falling rents. In order to counteract these risks, VIB has always pursued a diversified portfolio and a tenant base with excellent credit ratings as part of its property strategy. In order to minimise the risk of long-term vacancies, we always agree long rental terms with our tenants and ensure that our properties offer good alternative usability.

As a reflection of the continuing risks due to the coronavirus pandemic, coupled with potential effects of the Ukraine crisis on the German economy, we assess the macroeconomic risk VIB to be "moderate", as in the previous year.

LOCATION RISK

When the company acquires or develops properties, certain risks could arise from an incorrect evaluation of the property's location (e.g. due to changes in the transport infrastructure) or an incorrect assessment of the local rental market. In turn, this could have an adverse impact on the values of the properties concerned and the rental income that can be generated from such properties. In order to mitigate such risks, comprehensive due diligence is performed prior to every transaction. Moreover, our in-house property management 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 gauge the risk of a general deterioration of the location quality of our properties as "low," as in the previous year.

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 development of the property portfolio, the market value of all properties is calculated every year by an independent external property valuation surveyor, applying the discounted cash flow (DCF) method. 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.

The main exogenous risks, over which the company has no control, include economic changes, overall interest rate trends and inflation. Possible consequences include declining demand for commercial properties, falling rents overall and rising vacancy rates. The value of a property also depends on internal factors, such as the condition of the property or the remaining term of the rental agreement.

In order to minimise these risks, the property portfolio of VIB is diversified, both in a regional sense and in terms of sector. Furthermore, the in-house management of our properties enables close contact with our tenants, meaning that we can respond very quickly to problems and changing tenant needs where necessary.

We gauge the risk of a substantial decrease in the valuation of the real estate portfolio as "moderate," as in the previous year.

BUSINESS RISKS

VACANCY AND RENTAL DEFAULT RISK

As a long-term portfolio manager, we are subject to a certain 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. This makes it easier to let them again quickly if rental agreements are terminated. Thanks to the aforementioned measures, the vacancy rate at VIB has been constantly below 3% for many years, coming in at 1.2% as of December 31, 2021.

On account of the current risk situation, we assess the vacancy and rental default risk as "moderate", as in 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.

In some individual development projects, sites are acquired for which planning permission has yet to be obtained. In the event that planning permission is not granted by the authorities, the risk exists that the planned construction projects may be delayed or not even completed at all. 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 works with experienced general contractors on larger construction projects.

We gauge potential risk from development projects 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 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 more than 25 years of experience as a portfolio management company and our corresponding connections in the commercial property market. Furthermore, we perform technical, financial and legal due diligence prior to any transaction.

The acquisition risk is currently evaluated as "low", as in the previous year.

CONCENTRATION RISK

The VIB property portfolio is diversified in terms of its core sectors of logistics and retail, as well as in a regional sense. Our tenant base includes small and medium-sized enterprises as well as multinational corporations. The VIB portfolio includes several anchor tenants, who rent multiple properties. As such, there is a risk that individual anchor tenants could experience payment difficulties or, in a worst-case scenario, be forced to file for insolvency. This would result in payment defaults on the part of the tenant and significant negative impacts on the earnings position of the company.

In order to mitigate the risk of unexpectedly high vacancy rates or rental defaults, VIB focuses on careful tenant selection and long-running rental agreements. The low vacancy rate, which has been below 3% for several years, pays testament to property management at VIB that works in this regard.

As an economic slowdown could impact both smaller individual tenants and larger groups of tenants, we continue to appraise the concentration risk as "moderate", as in the previous year.

FINANCIAL RISKS

FINANCING RISKS

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 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.

We are also subject to a liquidity risk in connection with financial risks. Our liquidity management is based on the daily availability of our bank accounts and rolling liquidity planning that factors in all payment-related circumstances. As of the balance sheet date, VIB has sufficient total cash and cash equivalents to ensure solvency at all times in its ongoing business operations.

Even though negative effects of the coronavirus pandemic are still to be expected during the course of 2022, these are likely to be much less substantial compared to those witnessed in the previous year. By virtue of the seamless financing of the most recent investment projects within the VIB Group and the many positive conversations with our partner banks, there was no significant increase in the financing risk in the year under review and we do not envisage any such increase in the months ahead.

With this in mind, we have downgraded the financing risk from "moderate" to "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 also 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 will worsen.

In order to hedge as effectively as possible against short- and medium-term interest rate fluctuations, we mainly take out annuity loans, the overwhelming majority of which have a fixed-interest period of 10 years, for the financing of real estate projects. Within the financing mix, these are complemented on a case-by-case basis by promissory note loans with an agreed fixed term.

Given the ongoing low interest rate level, however, we also utilise loans with variable-interest agreements, such as those based on EURIBOR. Based on the total volume of borrowing liabilities at the VIB Group, the share of variable-interest loans stood at a mere 6% as of December 31, 2021.

While there are still no clear signals from the European Central Bank (ECB) of an interest rate rise in the eurozone in the near future, it is expected that interest rates will increase gradually in the United States in 2022. Whether or not the ECB will follow this example in the current fiscal year will depend on the inflation trend and the ongoing course of the coronavirus pandemic.

Compared to the previous year, we see an increased risk of an interest rate rise within the next 12 months. For this reason, we are upgrading the classification of the interest rate risk from "low" to "moderate" as of December 31, 2021.

CURRENCY RISK

Loans and credit granted to, and interests in, foreign subsidiaries are always subject to the risk of currency fluctuations. No significant foreign currency items existed at VIB as of December 31, 2021.

We therefore currently appraise our currency risk as "low", as in the previous year.

RISKS FROM FINANCIAL INSTRUMENTS

VIB does not currently employ any financial instruments that have a significant impact on the impact statement.

We gauge the potential risks from financial instruments as "low", as in the previous year.

OTHER RISKS

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.

VIB and its subsidiaries could be involved in court proceedings connected with the acquisition, development or sale of properties and land. Such proceedings could adversely affect the economic position of the company. Currently, VIB is not involved in any court proceedings that could have a significant influence on the company's business activities.

As a company, VIB 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 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 within the VIB Group in the 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.

Currently, we are aware of no serious legal and contractual risks that could pose a danger to the company. We therefore appraise this risk as "low", as in the previous year.

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 regulation and supervision of the financial sector, including measures taken in light of the economic and financial crisis in 2008.

The new 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.

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 and 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.

In light of the continuous increase in regulation, e.g. in connection with the EU taxonomy, we have upgraded the regulatory risk from "low" to "medium".

RISK OF DAMAGE

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 severe negative consequences for the earnings, assets and financial position of VIB.

We counter these risks through extensive insurance coverage. All-risks insurance polices have generally been taken out in respect of the properties held by VIB. 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 for the company 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. Since 2013, VIB has 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 the VIB Group's significant business processes are based on IT systems. 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 or sensitive company data. This would entail financial losses and reputational damage for VIB.

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.

IT risks have not changed significantly compared with the previous year. We continue to appraise such risk as "low".

SUMMARY OF RISK SITUATION

Risk management at VIB 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. In our opinion, the current risk situation in certain VIB risk areas remains heightened due to the continuing coronavirus pandemic and the potential consequences of the Ukraine crisis on the German economy. It is, however, 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 extremely 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. VIB always aims for a balanced relationship between risks and opportunities in order to increase the company value in the long term, which is in the interests of all stakeholders.

On account of the still favourable interest rate level, the Managing Board continues to see growth potential on the German commercial property market. As a portfolio management company, we see an opportunity to continue growing sustainably and profitably here. In order to achieve our planned development yields, we aim to continue benefiting from our in-house expertise and our network – particularly in the economically strong southern German region – in respect of development projects.

A key pillar of our business model is the management of our property portfolio by in-house VIB personnel. 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, 2021, the property portfolio of VIB comprises 112 properties with a total useful area of some 1.29 million square metres. 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.

For us, a balanced financing mix is another key building block in terms of achieving our growth targets. On the one hand, the debt financing side plays a key role. By virtue of our many years of experience, we have built up a close network with financing banks. Thanks to this network and, not least, the continued favourable interest rate environment, we are in a position to agree suitable terms for new and follow-on financing arrangements for our real estate projects. Annuity loans with fixed-interest periods of ten years are our preferred financing option. However, promissory note loans and short-term variable loans, based on EURIBOR, are also used and represent a sensible addition to our debt financing mix.

On the other hand, we also use the spectrum of equity financing possibilities as a company listed in the open market segment. Through active dialogue with the capital market and the high degree of transparency vis-à-vis our investors and analysts, we are able to draw on all forms of equity financing (e.g. mandatory convertible bonds or capital increases) where necessary.

In terms of the financing of our company growth overall, we continue to see an opportunity to agree very favourable terms on both the debt and equity financing sides, which, in turn, may have a positive effect on the earnings position of the company.

SUMMARY OF THE OPPORTUNITIES REPORT

Within the commercial property sector, VIB has specialised in particular in the logistics and retail segments in recent years. The company boasts a diversified property portfolio, which has been exhibiting a vacancy rate of below 3% for many years. The continuing coronavirus pandemic notwithstanding, the Managing Board believes that the company is in a strong position to successfully continue its strategy, which is geared towards sustainable growth, and harness market opportunities in this regard as they present themselves in the future.

OUTLOOK

Potential impacts of the coronavirus crisis on the company's earnings position continue to play a role in terms of planning for the 2022 fiscal year. Based on the experience of the year under review, we calculate Group-wide rental defaults affecting earnings of approx. EUR 0.2 million for the current 2022 fiscal year. The extent to which these coronavirus-related rental defaults will actually impact the company's profit will, however, only become clear during the course of/at the end of 2022 and hinges on the further progression of the pandemic.

The potential consequences of the Ukraine crisis and global supply chain issues on the German economy and the German commercial property market are, in the opinion of the Managing Board, not currently foreseeable and do not form part of this forecast.

Revenue planning for the 2022 fiscal year was carried out on the basis of existing properties as of December 31, 2021. Furthermore, this planning also includes pro rata revenue contributions from development projects that will be completed during the course of 2022. Based on these assumptions, we anticipate revenue of EUR 103.0 million to EUR 109.0 million for the 2022 fiscal year (2021: EUR 103.8 million).

For 2022, we also forecast EBT, before valuation effects and extraordinary items, of between EUR 67.0 million and EUR 71.0 million (2021: EUR 66.7 million). We expect FFO to be within a range of EUR 58.0 million to EUR 62.0 million in the current fiscal year (2021: EUR 58.4 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 2022 fiscal year (31/12/2021: 1.2%). As we do not anticipate a significant rise in overall interest rates in 2022, we expect a further slight reduction in the average interest rate on our borrowing liabilities as of December 31, 2022 (31/12/2021: 1.70%).

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 as a consequence of the Ukraine crisis, the coronavirus pandemic or other events, the Managing Board does not discount the possibility of a deviation from this forecast.

Neuburg/Danube, April 25, 2022

Martin Pfandzelter
(Chief Executive Officer)

Dirk Oehme
(Member of the Managing Board)

Holger Pilgenröther
(Member of the Managing Board)

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT (IFRS)

FOR THE PERIOD FROM JANUARY 1, 2021, TO DECEMBER 31, 2021

IN EUR THOUSAND	Note	**01/01–31/12/2021**	01/01.–31/12/2020
Revenue	D.1	**103,771**	**94,207**
Other operating income	D.2	725	1,466
Total operating income		**104,496**	**95,673**
Changes in value for investment properties	D.3	108,198	22,323
Expenses for investment properties	D.4	–16,585	–17,377
Personnel expenses	D.5	–4,481	–4,216
Other operating expenses	D.6	–2,105	–1,851
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**189,523**	**94,552**
Depreciation and amortisation	D.7	–438	–329
Earnings before interest and tax (EBIT))		**189,085**	**94,223**
Profit/loss on equity accounted investments	D.8	6,092	118
Interest and similar expenses	D.9	–13,363	–14,134
Expenses from guaranteed dividends	D.10	–166	–166
Earnings before tax (EBT)		**181,648**	**80,041**
Income tax	D.11	–27,967	–12,772
Consolidated net income		**153,681**	**67,269**
Group shareholders' share of earnings		149,044	65,875
Non-controlling shareholders' share of earnings	D.12	4,637	1,394
EARNINGS PER ORDINARY SHARE (IN EUR)			
Profit/loss on continuing operations	D.13	5.39	2.39
Undiluted earnings per share		**5.39**	**2.39**
DILUTED EARNINGS PER SHARE (IN EUR)			
Profit/loss on continuing operations	D.13	5.39	2.39
Diluted earnings per share		**5.39**	**2.39**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

FOR THE PERIOD FROM JANUARY 1, 2021, TO DECEMBER 31, 2021

IN EUR THOUSAND	Note	2021	2020
Consolidated net income		**153,681**	**67,269**
Other income			
Other comprehensive income to be reclassified to the income statement in subsequent periods			
Foreign currency effects from the translation of independent subsidiaries Income		9	–6
tax effect		0	0
		9	**–6**
Cash flow hedges – value changes to effective hedges		0	1,161
Income tax effect	D.21	0	–167
		0	**994**
Other comprehensive income to be reclassified to the income statement in subsequent periods		**9**	**988**
Other comprehensive income not to be reclassified to the income statement in subsequent periods			
Actuarial gains/losses Pension plans		92	–159
Income tax effect	D.21	-14	26
		78	**–133**
Other comprehensive income not to be reclassified to the income statement in subsequent periods		**78**	**–133**
Other comprehensive income after tax		**87**	**855**
otal comprehensive income after tax		**153,768**	**68,124**
Total comprehensive income attributable to:			
Group shareholders		149,132	66,706
Non-controlling shareholders		4,636	1,418

CONSOLIDATED BALANCE SHEET (IFRS)

AS OF DECEMBER 31, 2021

ASSETS

IN EUR THOUSAND	Note	31/12/2021	31/12/2020
Non-current assets			
Intangible assets		26	18
Property, plant and equipment	D.15	10,767	11,136
Investment properties	D.16	1,484,703	1,368,001
"Interests in associated companies and joint ventures"	D.17	23,521	14,230
Total non-current assets		**1,519,017**	**1,393,385**
Current assets			
Receivables and other assets	D.18	2,533	3,739
Bank balances and cash in hand	D.19	68,164	39,363
Prepayments and accrued income		914	2,769
Assets held for sale	D.20	18,560	14,900
Total current assets		**90,171**	**60,771**
Total assets		**1,609,188**	**1,454,156**

EQUITY AND LIABILITIES

IN EUR THOUSAND	Note	31/12/2021	31/12/2020
EQUITY	D.21		
Subscribed share capital		27,710	27,580
Share premium account		195,496	191,218
Retained earnings		104,150	95,106
Accumulated earnings		404,823	285,428
Foreign currency translation		25	16
Equity attributable to parent company shareholders		**732,204**	**599,348**
Non-controlling shareholders' share of earnings		29,766	25,830
Total equity		**761,970**	**625,178**
Non-current liabilities			
Financial liabilities	D.22	688,067	717,894
Deferred taxes	D.24	88,022	66,974
Pension provisions	D.25	3,496	3,328
Total non-current liabilities		**779,585**	**788,196**
Current liabilities			
Financial liabilities	D.26	59,670	30,053
Income tax liabilities	D.28	461	241
Liabilities to participating interests	D.29	833	827
Other liabilities	D.30	6,591	9,369
Accruals and deferred income		78	292
Total current liabilities		**67,633**	**40,782**
Total liabilities		**1,609,188**	**1,454,156**

CONSOLIDATED CASH FLOW STATEMENT (IFRS)

FOR THE PERIOD FROM JANUARY 1, 2021, TO DECEMBER 31, 2021

IN EUR THOUSAND	Note	**01/01–31/12/2021**	01/01–31/12/2020
A. Cash flow from operating activities			
Net income for the year (after tax)		153,681	67,269
+/– Net interest result	D.9	13,363	14,134
+/– Income tax expense	D.11	27,967	12,772
+/– Depreciation/appreciation on fixed and intangible assets	D.7	438	329
+/– Increase/decrease in provisions		168	400
+/– Changes in value for investment properties	D.3	–108,198	–22,323
+/– Profit/loss on equity-accounted investments	D.8	–6,092	–118
+/– Income taxes paid		–6,705	–7,191
Cash flow from operating activities after tax (before interest expense)		**74,622**	**65,272**
+/– Other non-cash expenses/income		93	–160
+/– Changes in inventories, receivables and other assets not attributable to investing activities		3,056	–2,031
+/– Change in liabilities not attributable to financing activities		–2,992	2,236
“Cash flow from operating activities (before interest expense)”		**74,779**	**65,317**
B. Cash flow from investing activities			
– Outgoing payments for investments in intangible fixed assets		–17	–20
– Outgoing payments for investments in property, plant and equipment	D.15	–109	–1,430
– Outgoing payments for investments in investment properties	D.16	–21,888	–65,542
– Outgoing payments for investments in financial fixed assets	D.17	–3,200	–2,170
+ Proceeds from the disposal of fixed assets and investment properties		9,787	1,500
Cash flow from financing activities		**–15,427**	**–67,662**

IN EUR THOUSAND	Note	**01/01–31/12/2021**	01/01–31/12/2020
C. Cash flow from financing activities			
+ Proceeds from the drawing down of borrowings	D.32	30,900	66,000
– Payments to company owners and non-controlling shareholders (dividends)	D.13	–21,644	–20,241
– Outgoing payments for the redemption of borrowings	D.32	–31,110	–26,655
+/–Proceeds from equity capital contributions of companies of the parent company.		4,400	0
+/– Payments received from non-controlling shareholders		266	0
+ Interest received		0	0
+ Dividends received		0	0
– Interest paid	D.9	–13,363	–14,134
Cash flow from financing activities		**–30,551**	**4,970**
D. Cash and cash equivalents at end of period			
Net change in cash and cash equivalents			
+/– Cash flow from operating activities		74,779	65,317
+/– Cash flow from investing activities		–15,427	–67,662
+/– Cash flow from financing activities		–30,551	4,970
Change in cash flow		**28,801**	**2,625**
Cash and cash equivalents at start of period	D.19	39,363	36,738
Cash and cash equivalents at end of period	D.19	**68,164**	**39,363**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)

FOR THE PERIOD FROM JANUARY 1, 2021, TO DECEMBER 31, 2021

IN EUR THOUSAND
Balance 01/01/2021
Net income for the period
Other income
Total income
Authorised Capital (conversion to scrip dividend)
Transfers to retained earnings
"First-time consolidation of TU VIPA Immobilien GmbH"
Dividends paid
Balance 31/12/2021

FOR THE PERIOD FROM JANUARY 1, 2020, TO DECEMBER 31, 2020

Balance 01/01/2020
Net income for the period
Other income
Total income
Reclassifications between shareholders recognised in equity
Transfers to retained earnings
Dividends paid
Balance 31/12/2020

Subscribed share capital	Share premium account	Retained earnings	Cumulative earnings	Cash flow hedge reserve	Currency translation reserve	Equity attributable to shareholders of the parent company	Share attributable to non-controlling shareholders	Note D.21 Consolidated equity
27,580	**191,218**	**95,106**	**285,428**	**0**	**16**	**599,348**	**25,830**	**625,178**
0	0	0	149,044	0	0	149,044	4,637	153,681
0	0	0	79	0	9	88	–1	87
0	**0**	**0**	**149,123**	**0**	**9**	**149,132**	**4,636**	**153,768**
130	4,278			0	0	4,408	0	4,408
0	0	9,044	–9,044	0	0	0	0	0
0	0	0	0	0	0	0	260	260
0	0	0	–20,684	0	0	–20,684	–960	–21,644
27,710	**195,496**	**104,150**	**404,823**	**0**	**25**	**732,204**	**29,766**	**761,970**

27,580	**191,218**	**85,559**	**248,539**	**–929**	**22**	**551,989**	**25,306**	**577,295**
0	0	0	65,875	0	0	65,875	1,394	67,269
0	0	0	–133	970	–6	831	24	855
0	**0**	**0**	**65,742**	**970**	**–6**	**66,706**	**1,418**	**68,124**
0	0	0	0	–41	0	–41	41	0
0	0	9,547	–9,547	0	0	0	0	0
0	0	0	–19,306	0	0	–19,306	–935	–20,241
27,580	**191,218**	**95,106**	**285,428**	**0**	**16**	**599,348**	**25,830**	**625,178**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2021 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).

The Group's core competencies are the purchasing, development and management of its own real estate assets and the holding of participating interests in companies with real estate assets. As a portfolio manager for commercial real estate in the southern German region, the VIB Group has been able to establish a high-yielding portfolio of properties over the past few years, with investments focusing on promising high-growth regions in southern Germany.

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). 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. 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, 2021. 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.

Standard/interpretations	Content of the standard/interpretations	Mandatory from
Amendment to IFRS 4	Deferral of effective date of IFRS 9	fiscal years commencing on or after January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Reform of reference interest rates – phase 2	fiscal years commencing on or after January 1, 2021
Amendments to IFRS 16	COVID-19-related rent concessions after June 30, 2021	fiscal years commencing on or after April 1, 2021

AMENDMENTS TO IFRS 4 – DEFERRAL OF EFFECTIVE DATE OF IFRS 9

On June 25, 2020, amendments to IFRS 4 were issued that deferred the effective date of IFRS 9 in IFRS 4 to financial years beginning on or after January 1, 2023. These amendments have no effect on VIB AG.

AMENDMENTS TO IFRS 9, IAS 39, IFRS 7, IFRS 4 AND IFRS 16 – REFORM OF REFERENCE INTEREST RATES – PHASE 2

In August 2020, the IASB published amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Reform of reference interest rates – phase 2. These amendments follow on from phase 1, published in 2019, and seek to clarify questions arising from the implementation of IBOR reform, including the substitution of one reference rate with another. As the Group does not currently hold any interest rate hedges, these amendments did not have any effects on the consolidated financial statements for the current fiscal year under review, but could be applicable to transactions in the future.

AMENDMENTS TO IFRS 16 – COVID-19-RELATED RENT CONCESSIONS AFTER JUNE 30, 2021

On May 28, 2020, the IASB published amendments to IFRS 16 (Covid-19-Related Rent Concessions – Amendment to IFRS 16 Leases). The Board passed the amendments in order to grant relief to lessees in respect of the application of the provisions of IFRS 16 when accounting for lease modifications due to rent concessions due to the coronavirus pandemic. With the publication of the amendments to IFRS 16 (Covid-19-Related Rent Concessions beyond June 30, 2021), the IASB merely extended the application period of the original amendment. The relief does not apply to lessors. As the Group has not taken advantage of any rent concessions as a lessee, this provision has no effect on the consolidated financial statements of VIB.

The IASB has published the following **standards and interpretations that have already been transposed into EU law, but that were not yet mandatory in the 2021 fiscal year**. The Group is not applying these standards early.

Standard/interpretations	Content of the standard/interpretations	Mandatory from
Amendment to IFRS 3	Reference to the conceptual framework	fiscal years commencing on or after January 1, 2022
Amendment to IAS 16	Proceeds before intended use of an asset	fiscal years commencing on or after January 1, 2022
Amendments to IAS 37	Onerous contracts – cost of fulfilling a contract	fiscal years commencing on or after January 1, 2022
	Annual improvements cycle (2018–2020)	fiscal years commencing on or after January 1, 2022
Amendments to IAS 8	Definition of accounting estimates	fiscal years commencing on or after January 1, 2023
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	fiscal years commencing on or after January 1, 2023

AMENDMENTS TO IAS 37 – ONEROUS CONTRACTS – COST OF FULFILLING A CONTRACT

In May 2020, the IASB published amendments to IAS 37 Provisions for Onerous Contracts – Costs of Fulfilling a Contract – in order to specify which costs an entity needs to consider when assessing whether a contract is onerous or loss-generating. The Group would apply these amendments if not all obligations were met at the start of a financial year. Based on the current accounting and valuation method, the Group does not anticipate that the amendments will have any effect.

All other new provisions and amendments to standards listed above do not apply to the Group and will therefore not have any effect on the earnings, financial and asset position of the Group or on recognition issues.

The IASB has published the following **standards and interpretations that that were not yet mandatory in the 2021 fiscal year**. These standards and interpretations **have not yet been endorsed by the EU**.

Standard/interpretations	Content of the standard/interpretations	Mandatory from
IFRS 17	Insurance contracts and amendments to IFRS 17	fiscal years commencing on or after January 1, 2023
Amendments to IAS 1	Classification of liabilities as current or non-current	fiscal years commencing on or after January 1, 2023
Amendment to IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policy	fiscal years commencing on or after January 1, 2023

The Group intends to apply all amendments to standards and interpretations on the date on which each amendment takes effect.

AMENDMENT TO IAS 1 AND IFRS PRACTICE STATEMENT 2 – DISCLOSURE OF ACCOUNTING POLICY

On February 12, 2021, the IASB published amendments to IAS 1 and IFRS Practice Statement 2. In future, information only needs to be provided on material accounting policies and no longer on significant accounting policies. The amendment includes guidelines and explanatory examples that are designed to facilitate an assessment of whether accounting policies are material.

All other new provisions and amendments to standards listed above do not apply to the Group and will therefore not have any effect on the earnings, financial and asset position of the Group or on recognition issues.

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. Goodwill is 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 (e.g. investment properties) 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 (e.g. investment properties) and non-recurring (e.g. non-current assets classified as held for sale) fair value measurement.

An external surveyor is contracted to value the real estate portfolio. The related decision in this context is made annually by the Managing Board. Market knowledge, reputation, independence, expertise and compliance with professional standards are the main criteria that are applied to select the valuation surveyor. Following discussions with the external valuation surveyor, the relevant managerial staff who are responsible for real estate valuation and the managers who are responsible for the properties decide which valuation techniques and inputs are to be applied in each specific case. On each balance sheet date, the managerial staff who are responsible for real estate valuation analyse the value changes of assets and liabilities that must be remeasured or reappraised pursuant to Group financial accounting policies. This entails reconciling the significant inputs that are applied in the valuation with contracts and other relevant documents. Fair value changes for each property are reviewed together with the surveyor, and any changes are investigated as to their plausibility.

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 consolidated. 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, 2021 – as in the previous year – the following companies were carried as associates and joint ventures according to the equity method:

- BHB Brauholding Bayern-Mitte AG (Kapitalanteil 34.2 %)
- KHI Immobilien GmbH (Kapitalanteil 41.7 %)
- WVI GmbH (Kapitalanteil 50.0 %)

The associates'/joint ventures' balance sheet dates harmonise with the balance sheet date of the VIB Group.

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. As the non-current assets held for sale regularly constitute investment properties, these continue to be recognised at fair value.

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 so-called 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 – "Rental and Management of Real Estate Assets" – in the year under review. The Group represents a so-called "one segment company" in this context. The company has refrained from segment reporting for this reason.

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 concluded 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. Revenue 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.

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). 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 tax losses carried forward that can be utilised in the future are reported 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.

INTANGIBLE ASSETS (LICENCES, INCLUDING SOFTWARE)

Purchased intangible assets are recognised at cost. In the case of acquired software, straight-line amortisation over four years is imputed as a result of its limited 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.

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)	30–35 years
› Other property, plant and equipement	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.

INVESTMENT PROPERTIES

Due to the business activities of the company, all properties let to third parties are classed as investment properties pursuant to IAS 40. Newly acquired properties are valued at cost, including transaction costs. Any government investment subsidies to cover additional expenses from listed buildings as a result of investments in real estate are deducted from the acquisition costs of the corresponding asset pursuant to IAS 20. Subsequent measurement is performed at fair value, which reflects the market conditions on the cut-off date, in profit or loss. Gains and losses from changes to the fair value of investment properties are recognised in profit or loss in the period in which they arise, including the corresponding tax effect.

The fair values were measured by an independent valuation surveyor (Landestreuhand Weihenstephan GmbH Wirtschaftsprüfungsgesellschaft, Freising). The valuation surveyor generally applied the discounted cash flow method to identify the fair values.

In the discounted cash flow method, the fair value of a property mostly depends on the following influencing factors:

- expected gross rent
- expected loss of rent from vacant units
- management costs (operating and management costs as well as ground rent not allocable to tenants)
- default risk with regards to rents and assessments
- maintenance expenses
- discount and capitalisation rates

Gross rents include contractual rents and customary rents for short-term vacancies. The capitalisation and discount rates are calculated and categorised individually for each property (please refer to Chapter D. 16, "Investment property").

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. Fair value generally applies for valuation in accordance with IAS 40. In addition to other parameters, this includes rental income from current tenancies and appropriate and reasonable assumptions that correspond to what would be agreed between knowledgeable, willing parties for rental income generated from future tenancies according to current market conditions.

Pursuant to IAS 40.53, a rebuttable presumption exists that an entity will be able to measure reliably and on a continuing basis the fair value of an investment property. If the fair value of an investment property under construction cannot be reliably determined as a result of the early stage of the project, it is measured at cost. As soon as VIB is able to identify the fair value, the property is carried at fair value. This occurs when the property is completed, at the latest.

As a result of factors including the early development phase of the properties, the VIB Group was unable to reliably measure the fair value for the overwhelming majority of investment properties under construction. As of the balance sheet date, these were consequently measured at amortised cost in line with IAS 16.

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 to an insignificant extent.

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 revenue. 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 solely 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.

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 as well as 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 comprise trade payables and other liabilities, loans including overdrafts, and derivative financial instruments.

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.

DERIVATIVE FINANCIAL INSTRUMENTS AND THE ACCOUNTING TREATMENT OF HEDGES

FIRST-TIME RECOGNITION AND SUBSEQUENT MEASUREMENT

In the past, the Group had concluded interest rate swaps to hedge against interest rate risks (cash flow hedges). Such derivative financial instruments are recognised at fair value on their contract dates and remeasured at fair value in subsequent periods. Derivative financial instruments are recognised as financial assets if their fair value is positive, and as financial liabilities if their fair value is negative.

At the start of the hedge, both the hedge itself and the Group's risk management objectives and strategies in terms of the hedge are formally recorded and documented.

The effective portion of the gain or loss from a hedging instrument is recorded in the cash flow hedge reserve within other comprehensive income, whereas the non-effective portion is immediately recognised through profit or loss. The cash flow hedge reserve is adjusted to either the cumulative gain or loss from the hedging instrument since the start of the hedge or the cumulative change in the fair value of the hedged underlying transaction, whichever is lower.

The cumulative amount recorded in other comprehensive income is reclassified to the income statement as a reclassification adjustment in the period(s) in which the hedged cash flows affect profit or loss for the period.

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. 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, the cash flow hedge reserve 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 euros, 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 the euro for all of the companies with the exception of RV Technik s.r.o., CZ.

Assets (including goodwill and hidden reserves disclosed as part of a purchase price allocation) and liabilities for foreign subsidiaries for which the functional currency is not the euro are translated in line with IAS 21 at the rate prevailing on the balance sheet date, while income and expenses are translated applying the average rate of exchange. VIB Vermögen AG takes translation differences directly to equity.

TRANSACTIONS AND BALANCES

Foreign currency transactions are translated to the functional currency applying the exchange rate on the transaction date. Gains and losses that result from the fulfilment of these transactions and from conversion, at the closing rate, of monetary assets and liabilities in foreign currency are reported in the income statement.

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 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 and derivatives.
- 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 2021 fiscal year.

INFORMATION ABOUT SUBSIDIARIES

As of December 31, 2021, 15 (previous year: 14) 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, 2021:

Company	Headquarters	Voting rights and equity interest (in %)	
		31/12/21	31/12/20
Merkur GmbH	Neuburg/Danube	100.00	100.00
RV Technik s.r.o., CZ	Pilsen (Czech Republic)	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
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
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	–
VSI GmbH	Neuburg/Danube	74.00	74.00
IVM Verwaltung GmbH	Neuburg/Danube	60.00	60.00

In the 2021 fiscal year, the group of consolidated companies was expanded through the cash formation of an additional entity, VIPA Immobilien GmbH. The parent company holds 74.0% of the shares in this company. The remaining 26.0% are held by a further shareholder. Otherwise, there were no significant changes in the group of subsidiaries compared to the previous year.

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 46.

The main business activity of the parent company and of all its subsidiaries is the management and letting of commercial real estate.

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	Headquarters	Equity interest and voting rights interest of non-controlling shareholders (in %)		Gain or loss attributable to non-controlling interests (in EUR thousand)		Cumulative non-controlling interests (in EUR thousand)	
		31/12/21	31/12/20	**2021**	2020	**31/12/21**	31/12/20
BBI Bürgerliches Brauhaus Immobilien AG	Ingolstadt	5.12	5.12	842	201	7,345	6,504
Interpark Immobilien GmbH	Neuburg/Danube	26.0	26.0	1,361	1,343	8,299	7,380
ISG Infrastrukturelle Gewerbeimmobilien GmbH	Ingolstadt	25.0	25.0	818	–759	4,988	4,345
Subsidiaries with individually immaterial non-controlling interests						9,134	7,601
Total sum of non-controlling interests						**29,766**	**25,830**

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 40.

BBI BÜRGERLICHES BRAUHAUS IMMOBILIEN AG

IN EUR THOUSAND	**31/12/21**	31/12/20
Non-current assets	241,709	229,452
Current assets	12,170	6,935
Non-current liabilities	114,350	105,660
Current liabilities	12,113	17,182
Interest in equity attributable to parent company shareholders	120,071	107,734
Non-controlling shareholders	7,345	5,811

IN EUR THOUSAND	**2021**	2020
Revenue	15,596	15,470
Other income	12,496	643
Expenses	–14,201	–12,184
Net profit for the year	**13,891**	**3,929**
Net profit for the year attributable to parent company shareholders	13,049	3,728
Net profit for the year attributable to non-controlling shareholders	842	201
Total net income for the year	**13,891**	**3,929**
Other comprehensive income attributable to parent company shareholders	–19	441
Other comprehensive income attributable to non-controlling shareholders	–1	24
Total other comprehensive income	**–20**	**465**
Total comprehensive income attributable to parent company shareholders	13,030	4,169
Total comprehensive income attributable to non-controlling shareholders	841	225
Total income	**13,871**	**4,394**
Dividends paid to non-controlling shareholders	—	—
Net cash flows from operating activities	13,736	13,947
Net cash flows from investing activities	11	–1,948
Net cash flows from financing activities	–8,192	–7,982
Total net cash flows	**5,555**	**4,017**

INTERPARK IMMOBILIEN GMBH

IN EUR THOUSAND	31/12/21	31/12/20
Non-current assets	54,421	51,081
Current assets	1,149	1,252
Non-current liabilities	22,574	22,920
Current liabilities	1,077	1,027
Interest in equity attributable to parent company shareholders	23,621	21,005
Non-controlling shareholders	8,299	7,380

IN EUR THOUSAND	2021	2020
Revenue	3,779	3,773
Other income	3,340	3,290
Expenses	–1,885	–1,896
Net profit for the year	**5,234**	**5,167**
Net profit for the year attributable to parent company shareholders	3,873	3,824
Net profit for the year attributable to non-controlling shareholders	1,361	1,343
Total net income for the year	**5,234**	**5,167**
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	3,873	3,824
Total comprehensive income attributable to non-controlling shareholders	1,361	1,343
Total income	**5,234**	**5,167**
Dividends paid to non-controlling shareholders	442	437
Net cash flows from operating activities	3,012	2,929
Net cash flows from investing activities	0	0
Net cash flows from financing activities	–3,127	–3,106
Total net cash flows	**–115**	**–177**

ISG INFRASTRUKTURELLE GEWERBEIMMOBILIEN GMBH

IN EUR THOUSAND	31/12/21	31/12/20
Non-current assets	33,299	31,549
Current assets	402	211
Non-current liabilities	13,206	8,357
Current liabilities	570	6,049
Interest in equity attributable to parent company shareholders	14,937	13,015
Non-controlling shareholders	4,988	4,338

IN EUR THOUSAND	2021	2020
Revenue	2,624	2,576
Other income	1,750	0
Expenses	–1,103	–5,611
Net profit for the year	**3,271**	**–3,035**
Net profit for the year attributable to parent company shareholders	2,453	–2,276
Net profit for the year attributable to non-controlling shareholders	818	–759
Total net income for the year	**3,271**	**–3,035**
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	2,453	–2,276
Total comprehensive income attributable to non-controlling shareholders	818	–759
Total income	**3,271**	**–3,035**
Dividends paid to non-controlling shareholders	175	175
Net cash flows from operating activities	2,214	2,143
Net cash flows from investing activities	0	0
Net cash flows from financing activities	–2,023	–2,246
Total net cash flows	**191**	**–103**

D. NOTES ON THE INCOME STATEMENT AND BALANCE SHEET

The structure of the income statement for the current fiscal year is the same as in the previous fiscal year.

1. REVENUE

The Group's revenues are composed as follows:

IN EUR THOUSAND	**2021**	2020
Revenue from rents excluding utilities charges	90,322	82,109
Revenue from passed-on land tax and building insurance	2,502	2,275
Revenue from operating costs	9,954	9,037
Other revenue	993	786
	103,771	**94,207**

The revenue relates almost exclusively to revenue from the letting of investment properties.

The net basic rents for 2021 are reduced by rent waivers in the amount of EUR 530 thousand (previous year: EUR 396 thousand) on account of agreements with tenants due to the coronavirus pandemic.

The land taxes and building insurance premiums charged to tenants, and from which the tenant derives no separate use, are recognised separately as revenue from passed-on land tax and building insurance.

The corresponding costs for the accessing of such services are recognised under the item "Expenses for investment properties".

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 revenue.

Other income mainly includes charges passed on to customers, as well as service revenues and compensation for rental defaults.

2. OTHER OPERATING INCOME

IN EUR THOUSAND	**2021**	2020
Other operating revenue	725	1,466
	725	**1,466**

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 "Expenses for investment properties".

3. CHANGES IN VALUE FOR INVESTMENT PROPERTIES

IN EUR THOUSAND	2021	2020
Reversals to impairment charges arising from changes in market value IAS 40	111,029	39,647
Impairment charges arising from changes in market value IAS 40	–2,831	–17,324
	108,198	**22,323**

Rental properties are measured at fair value through profit or loss pursuant to IAS 40. As it was not yet possible to reliably determine the fair value for the overwhelming majority of properties still being developed, these were mostly measured and recognised at amortised cost.

Reversals to impairment losses of EUR 111,029 thousand are composed as follows:

IN EUR THOUSAND	2021	2020
Increase in the value of development projects and acquisitions after completion of the development/start of property use	5,696	22,286
Increases in the value of portfolio properties	100,933	17,361
Increases in the value of properties under construction	4,400	0
	111,029	**39,647**

4. EXPENSES FOR INVESTMENT PROPERTIES

The expenses connected with investment properties are composed as follows:

IN EUR THOUSAND	2021	2020
Land expenses/operating costs	13,131	12,788
Maintenance expenses	3,454	4,589
	16,585	**17,377**

Expenses for investment properties that did not contribute to generating rental income during the year under review (including in construction, vacancies, etc.) are of minor importance. Maintenance expenses include items for the repair of building damage connected with the amounts recognised above under D. 2 "Insurance compensation."

5. PERSONNEL EXPENSES

IN EUR THOUSAND	2021	2020
Wages and salaries	3,584	3,373
Social security contributions	897	843
	4,481	**4,216**

The VIB Group employed an average of 45 employees excluding the two Managing Board members (previous year: 42). Of this figure, 38 employees (previous year: 36) were employed in the commercial segment and 7 employees (previous year: 6) in the industrial segment (caretakers).

6. OTHER OPERATING EXPENSES

Other operating expenses rose slightly from EUR 1,851 thousand in the previous year to EUR 2,105 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.

7. DEPRECIATION AND AMORTISATION

IN EUR THOUSAND	2021	2020
Amortisation	9	4
Depreciation	429	325
	438	**329**

The rise in depreciation on property, plant and equipment from EUR 325 thousand in the previous year to EUR 429 thousand in the year under review results from the acquisition of new property, plant and equipment and operating and office equipment that serve the purpose of letting.

8. PROFIT/LOSS ON EQUITY-ACCOUNTED INVESTMENTS

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

IN EUR THOUSAND	2021	2020
BHB Brauholding Bayern-Mitte AG	–191	–466
KHI Immobilien GmbH	–21	–31
WVI GmbH	6,304	615
	6,092	**118**

The income from investments is recognised pursuant to IAS 28.10 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. The result of the joint venture WVI GmbH rose by pro rata positive changes in value for investment properties in the amount of EUR 6,730 thousand.

9. INTEREST AND SIMILAR EXPENSES

Interest and similar expenses in the amount of EUR 13,363 thousand (previous year: EUR 14,134 thousand) are mostly due to interest on bank borrowings and interest on pension provisions.

The interest expense for financial liabilities that are not measured at fair value through profit or loss amounted to EUR 13,363 thousand in the fiscal year under review (previous year: EUR 12,966 thousand).

10. EXPENSES FROM GUARANTEED DIVIDENDS

This expense results from the dividend guaranteed to outstanding shareholders as set out in the profit and loss transfer agreement with BBI Immobilien AG and reduces earnings in the amount of EUR 166 thousand (previous year: EUR 166 thousand). The cash settlement was set at EUR 0.74 (gross) per ordinary share.

11. INCOME TAX

Income taxes are composed as follows:

IN EUR THOUSAND	**2021**	2020
Current income tax expense	6,925	5,763
Deferred income tax expense	21,042	7,009
Expense from taxes on income	**27,967**	**12,772**

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

The deferred tax expense arises primarily from deferred taxes on the valuation differences on investment properties.

The differences between the reported tax expense and the expected 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%. Any trade tax effects are reported as reconciliation issues.

IN EUR THOUSAND	**2021**	2020
Earnings before income taxes	**181,648**	**80,041**
Anticipated income tax rate: 15.825%		
Anticipated income tax expense	28,746	12,666
Prior years' taxes (current and deferred)	0	35
Use of non-capitalized loss carryforwards	0	–89
Tax impact of subsidiaries and equity accounted investments	–964	–19
Corporation tax on compensation payment	26	26
Tax rate differences (trade tax)	37	23
Tax-free income (especially Sect. 8b KStG)	37	37
Tax effects from 6b (reserves)	128	188
Non-tax-deductible expenses	27	21
Other	–70	–116
Reported income tax expense	**27,967**	**12,772**
Effective tax rate	15.40%	15.96%

12. NON-CONTROLLING SHAREHOLDERS' SHARE OF EARNINGS

Consolidated net income in the amount of EUR 153,681 thousand (previous year: EUR 67,269 thousand) includes shares attributable to non-controlling shareholders (BBI Immobilien AG, IPF 1 GmbH, IPF 2 GmbH, VST Immobilien GmbH, ISG Infrastrukturelle Gewerbeimmobilien GmbH, Interpark Immobilien GmbH, VIPA Immobilien GmbH, VSI GmbH, IVM Verwaltung GmbH) in the amount of EUR 4,637 thousand (previous year: EUR 1,394 thousand).

13. EARNINGS PER SHARE

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

IN EUR THOUSAND	**2021**	2020
Consolidated net income	153,681	67,269
Less: earnings attributable to non-controlling interests	–4,637	–1,394
Basis for undiluted earnings per share	**149,044**	**65,875**
Less: Profit/loss on discontinued operations	0	0
Basis for undiluted earnings per share for continuing operations	**149,044**	**65,875**
Impact of potentially dilutive shares	0	0
Basis for diluted earnings per share	**149,044**	**65,875**
Less: Profit/loss on discontinued operations	0	0
Basis for diluted earnings per share for continuing operations	**149,044**	**65,875**
Number of Shares		
Weighted average number of shares in circulation for undiluted earnings per share	27,644,894	27,579,779
Impact of potentially dilutive shares	0	0
Weighted average number of shares in circulation for diluted earnings per share	27,644,894	27,579,779
Undiluted earnings per share (in EUR)	**5.39**	**2.39**
Undiluted earnings per share for continuing operations (in EUR)	**5.39**	**2.39**
Diluted earnings per share (in EUR)	**5.39**	**2.39**
Diluted earnings per share for continuing operations (in EUR)	**5.39**	**2.39**

DIVIDENDS PAID

For the 2020 fiscal year, the company offered its dividend as a discretionary dividend, on the basis of Authorised Capital 2020, for the first time. The shareholders were able to choose between a cash dividend and the subscription of new shares, or a combination of the two options.

According to a resolution of the Annual General Meeting on July 1, 2021, an amount of EUR 20,684,834.25 (previous year: EUR 19,305,845.30) was disbursed from the 2020 net retained profit of VIB Vermögen AG. This corresponds to a dividend of EUR 0.75 per share (previous year: EUR 0.70).

Prior to the expiry of the subscription period on July 16, 2021, more than 30% of shareholders opted for a scrip dividend. In total, dividend entitlements in the amount of EUR 4,452 thousand were reinvested in the company as non-cash contributions. This gave rise to new shares in the amount of EUR 130 thousand as per the subscription offer. The remaining difference, less capital procurement costs, was added to the company's capital reserves.

The Managing and Supervisory Boards of VIB Vermögen AG will propose to the shareholders at the company's 2022 Annual General Meeting that an amount of EUR 0.85 per share for the 2021 fiscal year be disbursed from the net retained profit of VIB Vermögen AG (total of EUR 23,553,507.65).

14. 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 BY HIERARCHY LEVELS AS OF DECEMBER 31, 2021

			Fair value measurement applying		
IN EUR THOUSAND	Measurement date	Total	prices listed on active markets (Level 1)	significant observable inputs (Level 2)	significant observable inputs (Level 3)
Assets measured at fair value:					
Investment Properties (Note 16)					
Logistics/Light industry	31/12/21	1,025,350	—	—	1,025,350
Retail	31/12/21	332,300	—	—	332,300
Office	31/12/21	37,780	—	—	37,780
Commercial buildings/other	31/12/21	33,800	—	—	33,800
Liabilities for which fair value is reported in the notes:					
Interest-bearing loans (Note 37)					
Fixed-interest loans	31/12/21	729,047	—	729,047	—

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

QUANTITATIVE INFORMATION ABOUT THE FAIR VALUE MEASUREMENT OF ASSETS BY HIERARCHY LEVELS AS OF DECEMBER 31, 2020

			Fair value measurement applying		
IN EUR THOUSAND	Measurement date	Total	prices listed on active markets (Level 1)	significant observable inputs (Level 2)	significant observable inputs (Level 3)
Assets measured at fair value:					
Investment Properties (Note 16)					
Logistics/Light industry	31/12/20	922,400	—	—	922,400
Retail	31/12/20	320,360	—	—	320,360
Office	31/12/20	37,730	—	—	37,730
Commercial buildings/other	31/12/20	36,280	—	—	36,280
Liabilities for which fair value is reported in the notes:					
Interest-bearing loans (Note 37)					
Fixed-interest loans	31/12/20	732,495	—	732,495	—

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

15. PROPERTY, PLANT AND EQUIPMENT

IN EUR THOUSAND	Land and buildings	Other property, plant and equipment	Advance payments made and fixed assets under construction	Total
Cost as of 01/01/2021	**7,582**	**5,598**	**0**	**13,180**
Additions	0	110	0	110
Disposals	0	–117	0	–117
Reclassified to investment properties	0	0	0	0
Balance 31/12/2021	**7,582**	**5,591**	**0**	**13,173**
Amortisation/impairment as of 01/01/2021	**769**	**1,275**	**0**	**2,044**
Additions	206	224	0	430
Disposals	0	–68	0	–68
Balance 31/12/2021	**975**	**1,431**	**0**	**2,406**
Carrying amount 31/12/2021	**6,607**	**4,160**	**0**	**10,767**
Carrying amount 01/01/2021	**6,813**	**4,323**	**0**	**11,136**

IN EUR THOUSAND	Land and buildings	Other property, plant and equipment	Advance payments made and fixed assets under construction	Total
Cost as of 01/01/2020	**7,582**	**1,989**	**2,197**	**11,768**
Additions	0	39	1,392	1,431
Disposals	0	–19	0	–19
Reclassified to investment properties	0	3,589	–3,589	0
Balance 31/12/2020	**7,582**	**5,598**	**0**	**13,180**
Amortisation/impairment as of 01/01/2020	**564**	**1,174**	**0**	**1,738**
Additions	205	120	0	325
Disposals	0	–19	0	–19
Balance 31/12/2020	**769**	**1,275**	**0**	**2,044**
Carrying amount 31/12/2020	**6,813**	**4,323**	**0**	**11,136**
Carrying amount 01/01/2020	**7,018**	**815**	**2,197**	**10,030**

16. INVESTMENT PROPERTIES

IN EUR THOUSAND	2021	2020
Investment properties, measured at fair value	1,429,230	1,316,770
Property under construction, measured at amortised cost	55,473	51,231
	1,484,703	**1,368,001**

INVESTMENT PROPERTIES, MEASURED AT FAIR VALUE

IN EUR THOUSAND	2021	2020
Carrying amount 01/01	**1,316,770**	**1,180,770**
Additions	6,097	6,802
Disposals	–8,967	–1,320
Reclassified from property under construction	15,192	123,095
Reclassified to assets held for sale	–3,660	–14,900
Unrealised increases in market value	106,629	39,647
Unrealised deductions in market value	–2,831	–17,324
Carrying amount 31/12	**1,429,230**	**1,316,770**

The investment properties (IAS 40) relate to properties held for rental and value appreciation purposes deriving from the Group's core business. The Group measures the properties on the basis of the fair value model. An external valuation surveyor, Landestreuhand Weihenstephan GmbH, Wirtschaftsprüfungsgesellschaft, Freising, was appointed for this purpose.

The properties relate predominantly to commercial real estate assets that are largely let to renowned tenants on a long-term basis. The properties are subdivided into the categories of logistics/light industry, wholesale/retail, office, and service and other.

In respect of three smaller properties from the "service and other" segment, which were sold in the year under review, ownership and benefits/encumbrances only pass to the buyer as of the end of the first quarter of the following year. These properties, with a market value of EUR 3,660 thousand, were therefore reclassified to the item "Assets held for sale".

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.

Note 14 includes information concerning the fair value hierarchy for investment properties measured at fair value.

The changes in the fair values per category are as follows:

IN EUR THOUSAND	Logistics/Light industry	Retail	Office	Commercial buildings/other	Total
Carrying amount 01/01/2021	**922,400**	**320,360**	**37,730**	**36,280**	**1,316,770**
Additions	5,980	0	0	117	6,097
Disposals	–2,072	–6,895	0	0	–8,967
Reclassified to assets held for sale	0	0	0	–3,660	–3,660
Reclassified from/to property under construction	15,122	0	70	0	15,192
Unrealised market value changes recognised in profit or loss for the period	83,920	18,835	–20	1,063	103,798
Carrying amount 31/12/2021	**1,025,350**	**332,300**	**37,780**	**33,800**	**1,429,230**

IN EUR THOUSAND	Logistics/Light industry	Retail	Office	Commercial buildings/other	Total
Carrying amount 01/01/2020	**781,490**	**322,130**	**39,510**	**37,640**	**1,180,770**
Changes to consolidation scope	4,720	1,948	0	135	6,803
Additions	–1,320	0	0	0	–1,320
Disposals	0	–14,900	0	0	–14,900
Reclassified from/to property under construction	111,075	12,019	0	0	123,094
Unrealised market value changes recognised in profit or loss for the period	26,435	–837	–1,780	–1,495	22,323
Carrying amount 31/12/2020	**922,400**	**320,360**	**37,730**	**36,280**	**1,316,770**

The unrealised gains and losses recognised in profit or loss for the period are reported under the “changes in value for investment properties” item. The value fluctuations were most pronounced in the “logistics/ light industry” asset class, where both appreciations and depreciations were witnessed depending on the micro location. Overall, the appreciations significantly outweighed the depreciations. In absolute terms, the value fluctuations in the remaining asset classes were of minor importance.

The applied measurement methods and significant inputs for investment properties measured at fair value are as follows:

Category	Measurement method	Significant non-observable input parameters	Range/value[1] 2021	Range/value[1] 2020
Logistics/Light industry real estate	Discounted cash flow method	Estimated rent per sqm and month	EUR 3.33 – EUR 15.59 (weighted average: EUR 5.48)	EUR 3.33 – EUR 14.70 (weighted average: EUR 5.41)
		Estimated operating costs per sqm and month	EUR 0.24 – EUR 1.33 (weighted average: EUR 0.40)	EUR 0.24 – EUR 1.33 (weighted average:EUR 0.40)
		Discounting rate	4.60% – 9.00% (weighted average: 6.02%)	5.80% – 9.00% (weighted average: 6.61%)
		Capitalisation rate	5.10% – 8.50% (weighted average: 5.62%)	5.30% – 8.50% (weighted average: 6.11%)
Retail properties	Discounted cash flow method	Estimated rent per sqm and month	EUR 4.50 – EUR 12.89 (weighted average: EUR 8.00)	EUR 4.50 – EUR 12.63 (weighted average: EUR 7.81)
		Estimated operating costs per sqm and month	EUR 0.06 – EUR 1.56 (weighted average: EUR 0.66)	EUR 0.06 – EUR 1.53 (weighted average: EUR 0.65)
		Discounting rate	5.30% – 6.90% (weighted average: 5.99%)	5.50% – 7.40% (weighted average: 6.22%)
		Capitalisation rate	4.80% – 6.40% (weighted average: 5.49%)	5.00% – 6.90% (weighted average: 5.72%)
Office Real estate	Discounted cash flow method	Estimated rent per sqm and month	EUR 5.00 – EUR 12.79 (weighted average: EUR 7.76)	EUR 5.00 – EUR 12.66 (weighted average: EUR 7.69)
		Estimated operating costs per sqm and month	EUR 0.57 – EUR 1.45 (weighted average: EUR 0.88)	EUR 0.57 – EUR 1.44 (weighted average: EUR 0.87)
		Discounting rate	5.60% – 7.90% (weighted average: 6.46%)	5.75% – 8.05% (weighted average: 6.62%)
		Capitalisation rate	5.10% – 7.40% (weighted average: 6.06%)	5.25% – 7.55% (weighted average: 6.12%)
Commercial buildings/other	Discounted cash flow method	Estimated rent per sqm and month	EUR 2.14 – EUR 11.17 (weighted average: EUR 7.91)	EUR 2.05 – EUR 30.31 (weighted average: EUR 9.17)
		Estimated operating costs per sqm and month	EUR 0.20 – EUR 1.04 (weighted average: EUR 0.77)	EUR 0.19 – EUR 2.83 (weighted average: EUR 0.88)
		Discounting rate	3.75% – 7.55% (weighted average: 5.52%)	3.85% – 9.40% (weighted average: 6.15%)
		Capitalisation rate	3.25% – 7.05% (weighted average: 5.02%)	3.35% – 8.90% (weighted average: 5.65%)

[1] The average values presented in the table are derived from the arithmetic average of the respective values of a category.

The properties are generally valued applying the discounted cash flow (DCF) method. The model comprises two phases: during the first phase (detailed planning period over 10 years), periodic cash surpluses are calculated and then discounted to the measurement date. For the second phase, which follows the detailed planning period, a residual value (disposal proceeds) is calculated by capitalising a sustainably achievable cash surplus into perpetuity. This residual value is also discounted to the measurement date. The gross present value of the property comprises the sum of the discounted cash surpluses from the detailed planning phase and the discounted disposal proceeds. This is converted into a net present value (net disposal price) by deducting potential buyers' incidental purchase costs (transaction costs): land purchase tax, as well as notary and land registry costs.

The calculation of the income surpluses generally comprises all incoming and outgoing payments relating to the property. Incoming payments include contractually agreed gross rents taking any rental adjustment clauses into consideration. A standard market rent that takes into account rental increases that are expected over the course of time is applied to spaces that become vacant on a short-term basis, as well as for periods after rental contracts expire. Outgoing payments comprise property management costs: mainly administrative expenses, operating costs that cannot be charged on to the tenant, maintenance expenses, ground rents, and costs in relation to guarantees, doubtful debts, contingent losses and so on. During the detailed planning period, management costs are calculated on the basis of cost rates that reflect the anticipated costs. These cost rates are based on actual costs incurred in previous periods.

Identifiable structural vacancies and any maintenance backlogs are reflected through corresponding discounts from the gross present value.

Yields derived from the real estate market are used to discount the cash flows anticipated for the detailed planning period and the residual value (disposal proceeds). The starting point is the "gross initial yield", i.e. the ratio of the contractual rent to the sale price of the property excluding incidental purchase costs. Taking the gross initial yield, the net initial yield is determined as a property-specific rate of interest. The net initial yield shows the ratio of the incoming payment surpluses to the total investment, which comprises the purchase price plus incidental purchase costs. The specific circumstances pertaining to the individual property being valued (location, age, condition, rentability) are factored in by applying property-specific additions or deductions to the net initial yield. The capitalisation rate used to determine the residual value (disposal proceeds) usually deviates from the rate used to discount the incoming payment surpluses during the detailed planning period and the residual value on the measurement date due to growth deductions and ageing additions.

When observed on an isolated basis, significant increases (reductions) in the estimated rent would result in a significantly higher (lower) fair value for the respective property. In contrast, a significant increase (decrease) in management costs would feed through to a considerably lower (higher) fair value. When observed on an isolated basis, a markedly higher discounting rate (and capitalisation rate) would result in a significantly lower (higher) fair value. In general, a modification to the assumptions relating to the expected market rent gives rise to a corresponding change to the discounting rate (and capitalisation rate).

PROPERTIES UNDER CONSTRUCTION

IN EUR THOUSAND	2021	2020
Carrying amount 01/01	**51,231**	**115,582**
Additions	15,791	58,749
Disposals	–766	0
Exchange rate effects	9	–5
Reclassified to investment properties measured at fair value	–15,192	–123,095
Impairment charges relating to reserved plots due to a decrease in market values	4,400	0
Carrying amount 31/12	**55,473**	**51,231**

Property under construction relates predominately to developed land plots with buildings under construction and undeveloped portfolio land plots measured at amortised cost.

The investment properties are encumbered with land charges and mortgages in connection with the long- and short-term financial liabilities taken out for financing.

The cost of assets under construction serves as the best approximation of fair value.

As a result of factors including the early development phase of the properties, the VIB Group was unable to reliably measure the fair value for a portion of investment properties under construction. As of December 31, 2021, these were consequently measured at amortised cost in line with IAS 16. On account of a decisive planning milestone having been reached, one larger development project was measured at fair value.

If internal or external sources of information indicate that the recoverable amount of a single asset (plot) is lower than its carrying amount, then the asset concerned will be written down accordingly.

17. INTERESTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

The investments in associated companies and joint ventures 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.

All interests in associates and joint ventures are regarded as immaterial when taken individually.

IN EUR THOUSAND	2021	2020
Carrying amount 01/01	**14,230**	**11,941**
Acquired investments	3,200	2,171
Investments disposed of	0	0
Dividends received	0	0
Profit/loss from continuing operations	6,091	118
Carrying amount 31/12	**23,521**	**14,230**

Shares in associated companies rose sharply, mainly due to contributions to the capital reserves of the companies concerned in the amount of EUR 3,200 thousand and the disproportionate rise in profit on account of positive changes in the market value of investment properties totalling EUR 6,730 thousand.

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

IN EUR THOUSAND	2021	2020
Group interest in profit or loss from continuing operations	6,091	118
Group interest in total comprehensive income	**6,091**	**118**

In respect of the interest in BHB Brauholding Bayern Mitte AG, the market value fell below the amortised carrying amount as of the end of the year, due to the declining share price. This value decrease, which is expected to continue, gave rise to an impairment expense totalling EUR 314 thousand as of the balance sheet date (previous year: EUR 327 thousand).

18. RECEIVABLES AND OTHER ASSETS

IN EUR THOUSAND	2021	2020
Trade receivables	1,293	1,387
Other assets	1,240	2,352
	2,533	**3,739**

Trade receivables stem mostly from current renting 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 158 thousand (previous year: EUR 232 thousand).

Other assets primarily relate to maintenance reserves, insurance payments and short-term loans extended.

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

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

IN EUR THOUSAND	2021	2020
Balance – start of year	232	66
Additions	140	192
Consumed in derecognition	–86	–4
Release	–128	–22
	158	**232**

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 no correlations exist. 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 coronavirus pandemic.

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 are carried in the income statement under other operating expenses, with reversals carried under other operating income.

19. 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. 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.

20. ASSETS HELD FOR SALE

IN EUR THOUSAND	**2021**	2020
Carrying amount 01/01	**14,900**	**0**
Additions	3,660	14,900
Carrying amount 31/12	**18,560**	**14,900**

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.

21. EQUITY

SUBSCRIBED SHARE CAPITAL

The subscribed share capital of VIB Vermögen AG amounts to EUR 27,710,009 (previous year: EUR 27,579,779.00) and is divided into 27,710,009 ordinary/registered shares (previous year: 27,579,779). On July 22, 2021, the Managing Board, with the consent of the Supervisory Board granted on the same day, decided to increase the share capital of the company by EUR 130,230.00 from EUR 27,579,779.00 to EUR 27,710,009.00 using Authorised Capital 2020 and by issuing 130,230 new registered no-par-value shares (ordinary shares) with a pro rata share of the share capital of EUR 1.00 per share ("new shares") in return for the non-cash contribution of pro rata dividend entitlements of EUR 0.53 per ordinary share.

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 increased by EUR 4,278 thousand year on year from EUR 191,218 thousand to EUR 195,496 thousand. This increase stems from the difference arising from the dividend entitlements of EUR 4,452 thousand less newly created shares in the amount of EUR 130 thousand and less capital procurement costs after tax in the amount of EUR 44 thousand.

RETAINED EARNINGS

As part of the preparation of its annual financial statements as of December 31, 2021 (separate financial statements prepared according to the German Commercial Code [HGB]), the Managing Board of VIB Vermögen AG added EUR 9,044 thousand to retained earnings (previous year: EUR 9,547 thousand).

ACCUMULATED EARNINGS

The Group's accumulated earnings derive from the previous year's earnings less the distribution for 2020 (EUR 20,685 thousand), the allocations to the retained earnings of the parent company (EUR 9,044 thousand) plus the current consolidated net income from the 2021 fiscal year that is due to Group shareholders (EUR 149,044 thousand) and the corresponding other earnings (excluding foreign currency translation) from the statement of other comprehensive income (EUR 78 thousand).

FOREIGN CURRENCY TRANSLATION

This reserve includes the differences from the conversion of foreign currencies at the foreign subsidiaries to the Group's functional currency.

NON-CONTROLLING SHAREHOLDERS' SHARE OF EARNINGS

The interest for non-controlling shareholders is attributable to the interests in BBI Immobilien AG, IPF 1 GmbH, IPF 2 GmbH, VST Immobilien GmbH, ISG Infrastrukturelle Gewerbeimmobilien GmbH, Interpark Immobilien GmbH, VIPA Immobilien GmbH, VSI GmbH and IVM Verwaltung GmbH.

This item changed as follows:

IN EUR THOUSAND	**2021**	2020
Balance – start of year	25,830	25,306
Distribution to shareholders	–960	–935
Share of annual earnings	4,637	1,394
Non-controlling shareholders' share of other comprehensive income	–1	–1
Reclassifications between shareholders recognised in equity	0	66
Recognition of share of non-controlling shareholders		
VST GmbH	260	0
Balance – end of year	**29,766**	**25,830**

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

AUTHORISED CAPITAL

Authorised Capital 2020/I:

The Annual General Meeting on July 2, 2020, adopted a resolution to create further authorised capital (Authorised Capital 2020/I) in the amount of EUR 2,758 thousand. Of this authorised capital, an amount of EUR 130 thousand was used to issue new registered no-par-value shares (ordinary shares) with a pro rata share of the share capital of EUR 1.00 per ordinary share ("new shares") in return for the non-cash contribution of pro rata dividend entitlements. 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 July 1, 2025.

The total available authorised capital consequently stands at EUR 2,628 thousand.

CONDITIONAL CAPITAL

Conditional Capital 2020/I:

The Annual General Meeting on July 2, 2020, adopted a resolution to create further conditional capital (2020/I) in the amount of EUR 2,758 thousand. None of this conditional capital had been used as of December 31, 2021. The 2020 conditional capital is still available in full as of the balance sheet date.

DEFERRED TAXES ON INCOME AND EXPENSES TAKEN DIRECTLY TO OTHER INCOME

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

IN EUR THOUSAND	2021			2020		
	Before tax	Taxes	After tax	Before tax	Taxes	After tax
Foreign currency effects from the translation of independent subsidiaries	9	0	9	–6	0	–6
Mark-to-market valuation of cash flow hedges	0	0	0	1,161	–167	994
Actuarial gains/losses on pension plans	92	–14	78	–159	26	–133
Income and expenses taken directly to equity	**101**	**–14**	**87**	**996**	**–141**	**855**

22. NON-CURRENT FINANCIAL LIABILITIES

IN EUR THOUSAND	2021	2020
Remaining term of between 1 and 5 years	200,732	175,371
Remaining term of more than 5 years	487,335	542,523
	688,067	**717,894**

Financial liabilities with a term of more than 12 months are from the following companies:

IN EUR THOUSAND	2021	2020
Non-current financial liabilities		
VIB Vermögen AG	429,111	468,367
BBI Bürgerliches Brauhaus Immobilien AG	96,856	90,677
KIP Verwaltung GmbH	77,172	73,872
Interpark Immobilien GmbH	18,674	19,666
UFH Verwaltung GmbH	12,716	13,202
VSI GmbH	11,697	12,677
ISG Infrastrukturelle Gewerbeimmobilien GmbH	11,144	6,694
IPF 2 GmbH	9,719	10,482
IPF 1 GmbH	9,112	9,827
VST Immobilien GmbH	6,819	7,048
Merkur GmbH	3,820	4,097
IVM Verwaltung GmbH	1,227	1,285
	688,067	**717,894**

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

23. LIABILITIES ARISING FROM DERIVATIVE FINANCIAL INSTRUMENTS

The Group utilised interest rate swaps in the past to manage risk and to optimise interest expenses connected with bank loans drawn down.

There are currently no transactions and hedges of this kind.

24. 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	**2021**	2020
Deferred tax assets		
Pension provisions/other	264	253
Others	0	26
Total deferred tax assets	**264**	**279**
Deferred tax liabilities		
Investment properties	88,286	67,253
Total deferred tax liabilities	**88,286**	**67,253**
Offsetting of deferred tax assets and liabilities	–264	–279
Carrying amount after offsetting		
Deferred tax assets	**0**	**0**
Deferred tax liabilities	**88,022**	**66,974**

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

Losses carried forward on December 31, 2021, were reported as follows:

- › Trade tax EUR 18,646 thousand (previous year: EUR 17,670 thousand)
- › Corporation tax EUR 1,067 thousand (previous year: EUR 706 thousand)

No deferred tax was capitalised for trade losses due to the expanded scope of tax reduction.

No deferred tax liabilities were recognised for EUR 176,687 thousand of *outside basis differences* (previous year: EUR 137,333 thousand) since the parent company is able to control a reversal, and reversal is currently not anticipated.

At the level of the parent company, distributions from, or sales of, its subsidiaries would only be taxable at 5% of the tax rate, which would result in a deferred tax liability of EUR 1,398 thousand (previous year: EUR 1,087 thousand).

25. 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 3,496 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	**2021**	2020
Balance 01/01	**3,328**	**2,928**
Newly acquired benefit entitlements	338	314
Interest expense	34	39
Pensions paid	–113	–111
Actuarial gains/losses		
due to changes in demographic assumptions	62	–9
due to changes in financial assumptions	–154	167
due to experience-related adjustments	0	0
Balance 31/12	**3,495**	**3,328**

Calculated actuarial assumptions:

IN %	**2021**	2020
Discounting rate	0.80 – 1.45	0.70 – 1.17
Pension trend	1.75 – 2.00	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, 2021, generates the following results:

- A 1 percentage point increase in the discount rate results in a EUR 499 thousand decrease in the DBO, and a EUR 33 thousand increase in the interest cost.
- A 1 percentage point decrease in the discount rate results in a EUR 638 thousand increase in the DBO, and a EUR 21 thousand decrease in the interest cost.
- A 1 percentage point increase in pension growth results in a EUR 494 thousand increase in the DBO, and a EUR 17 thousand increase in the interest cost.
- A 1 percentage point decrease in pension growth results in a EUR 409 thousand decrease in the DBO, and a EUR 5 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	**2021**	2020
Over the next 12 months	114	111
Between 2 and 5 years	435	430
Between 5 and 10 years	903	805
More than 10 years	2,044	1,982
Expected outgoing payments	**3,496**	**3,328**

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

26. CURRENT 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.

Current financial liabilities are from the following companies:

IN EUR THOUSAND	**2021**	2020
VIB Vermögen AG	48,870	14,594
BBI Bürgerliches Brauhaus Immobilien AG	4,033	3,775
KIP Verwaltung GmbH	1,623	1,129
VSI GmbH	1,051	1,023
Interpark Immobilien GmbH	993	970
IPF 2 GmbH	763	737
IPF 1 GmbH	715	691
ISG Infrastrukturelle Gewerbeimmobilien GmbH	491	6,013
UFH Verwaltung GmbH	486	477
Merkur GmbH	358	360
VST Immobilien GmbH	229	227
IVM Verwaltung GmbH	58	57
	59,670	**30,053**

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

27. PROVISIONS

The amounts carried as provisions relate to transactions from 2021 or earlier years that have led to a current obligation by the company and that are expected to lead to an outflow of resources. Uncertainty exists, however, surrounding the date on which these will become due and the exact amount of the liability.

No obligations entailing significant uncertainties existed as of December 31, 2021, as in the previous year. As a consequence, all corresponding amounts are reported among liabilities.

28. INCOME TAX LIABILITIES

The reported income tax liabilities of EUR 461 thousand (previous year: EUR 241 thousand) mainly relate to current tax liabilities for 2021 relating to VIB Vermögen AG (EUR 318 thousand).

29. LIABILITIES TO MINORITY SHAREHOLDERS

The reported liabilities relate to liabilities of fully consolidated companies to their non-controlling shareholders. This instance relates to interest-bearing liabilities on the part of VSI GmbH in the amount of EUR 833 thousand (previous year: EUR 827 thousand).

30. OTHER LIABILITIES

IN EUR THOUSAND	**2021**	2020
Trade payables	1,361	1,521
Other current liabilities	5,230	7,848
	6,591	**9,369**

Other current liabilities mainly relate to liabilities from outstanding property-related invoices, bonus entitlements, operating cost rebates, accrued interest and payable VAT.

31. 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).

One reporting segment pursuant to IFRS 8 was calculated since the Group’s business activities are restricted almost exclusively to the rental 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.

32. CASH FLOW STATEMENT

The cash and cash equivalents in the amount of EUR 68,164 thousand (previous year: EUR 39,363 thousand) comprise the balance sheet item bank balances and cash on hand, which includes cheques, 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

			Non-cash			
IN EUR THOUSAND	31/12/2020	Cash	Addition/ disposal	Interest	Reclassification	31/12/2021
Development of financial liabilities						
Non-current financial liabilities	717,894	29,843	0	0	–59,670	688,067
Current financial liabilities	30,053	–30,053	0	0	59,670	59,670
Total financial liabilities	**747,947**	**–210**	**0**	**0**	**0**	**747,737**

			Non-cash			
IN EUR THOUSAND	31/12/2019	Cash	Addition/ disposal	Interest	Reclassification	31/12/2020
Development of financial liabilities						
Non-current financial liabilities	680,915	67,032	0	0	–30,053	717,894
Current financial liabilities	27,687	–27,687	0	0	30,053	30,053
Total financial liabilities	**708,602**	**39,345**	**0**	**0**	**0**	**747,947**

33. 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, 2021, 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 5 thousand (previous year: EUR 13 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 29,090 thousand (previous year: EUR 5,279 thousand) exists from investment projects and land purchase agreements that have already commenced.

34. 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 2022, VIB AG will receive the following minimum lease payments from uncancellable existing rental agreements.

IN EUR THOUSAND	**2021**	2020
Due within 12 months	89,302	87,808
Due within 13 – 24 months	80,149	75,484
Due within 25 – 36 months	74,127	64,597
Due within 37 – 48 months	64,771	59,575
Due within 49 – 60 months	51,674	51,052
Due in more than 60 months	160,558	174,471
	520,581	**512,987**

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.

The company reported through the income statement EUR 814 thousand (previous year: EUR 127 thousand) of contingent rental payments in the fiscal year under review.

35. 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, 2021, the Group had at its disposal undrawn credit lines in an amount of EUR 15,459 thousand (previous year: EUR 22,959 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 31/12/2021					
due in 1–12 months	2,468	68,689	1,361	3,838	**76,356**
due in 12–60 months	14,875	222,852	0	0	**237,727**
due in > 60 months	38,180	604,751	0	0	**642,931**
Liquidity analysis as of 31/12/2020					
due in 1–12 months	8,084	34,962	1,521	6,105	**50,672**
due in 12–60 months	15,871	199,813	0	0	**215,684**
due in > 60 months	43,105	659,428	0	0	**702,533**

The average interest rate on the variable-rate financial loans amounted to 0.76% as of December 31, 2021 (previous year: 0.82%). The average interest rate on the fixed-rate financial loans amounted to 1.76% as of December 31, 2021 (previous year: 1.85%).

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. Non-current bank borrowings with variable interest rates were, in the past, partly hedged against the risk of interest rate changes using interest rate swaps; to this extent, no interest rate risk existed. Currently, there are no interest rate swaps.

Changes in market interest rates for interest rate swaps classified as hedges impacted the hedge reserve under equity and were consequently taken into account in equity-related sensitivity calculations.

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 2021, earnings would have been approx. EUR 475 thousand (previous year: EUR 370 thousand) lower (higher).

36. 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: non-current and current financial investments, 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:

IN EUR THOUSAND	Trade receivables	Other financial receivables and assets
Loans and receivables – 31/12/2021		
Gross carrying amount	1,451	1,240
of which overdue, but not-value adjusted	0	0
of which value-adjusted	357	0
Loans and receivables – 31/12/2020		
Gross carrying amount	1,619	2,352
of which overdue, but not-value adjusted	0	0
of which value-adjusted	415	0

In the case of the trade receivables and other receivables and assets that were neither value-adjusted 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.

37. 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.

2021

IN EUR THOUSAND
Assets
Receivables and other assets
Trade receivables
Other financial assets
Bank balances and cash in hand
Equity and liabilities
Variable-rate loans
Fixed-interest loans
Hedge accounting derivatives
Liabilities to participating interests
Trade payables
Other financial liabilities
of which aggregated according to IFRS 9 measurement categories
Financial assets
Loans and receivables (LaR) (measured at amortised cost)
Financial liabilities
Financial liabilities at cost (FLAC) (measured at amortised cost)
Derivatives with cash flow hedge (CF hedge) (measured at fair value directly in equity)

IFRS 13 fair value category	Carrying amount as of 31/12/2021	Fair value as of 31/12/2021	of which at amortised cost	of which at fair value through profit or loss	of which at fair value through equity
n. a.	1,293	n. a.	1,293	—	—
n. a.	1,240	n. a.	1,240	—	—
n. a.	68,164	n. a.	68,164	—	—
Stufe 2	44,973	n. a.	44,973	—	—
Stufe 2	702,764	729,047	702,764	—	—
Stufe 2	—	—	—	—	—
n. a.	833	n. a.	833	—	—
n. a.	1,361	n. a.	1,361	—	—
n. a.	3,838	n. a.	3,838	—	—
	70,697				
	753,769				
	—				

2020

IN EUR THOUSAND
Assets
Receivables and other assets
Trade receivables
Other financial assets
Bank balances and cash in hand
Equity and liabilities
Variable-rate loans
Fixed-interest loans
Hedge accounting derivatives
Liabilities to participating interests
Trade payables
Other financial liabilities
of which aggregated according to IFRS 9 measurement categories
Financial assets
Loans and receivables (LaR) (measured at amortised cost)
Financial liabilities
Financial liabilities at cost (FLAC) (measured at amortised cost)
Derivatives with cash flow hedge (CF hedge) (measured at fair value directly in equity)

Measurement categories as per IFRS 13	Carrying amount as of 31/12/2020	Fair value as of 31/12/2020	of which at amortised cost	of which at fair value through profit or loss	of which at fair value through equity
n. a.	1,387	n. a.	1,387	—	—
n. a.	2,352	n. a.	2,352	—	—
n. a.	39,363	n. a.	39,363	—	—
Stufe 2	55,443	n. a.	55,443	—	—
Stufe 2	692,503	732,495	692,503	—	—
Stufe 2	—	—	—	—	—
n. a.	827	n. a.	827	—	—
n. a.	1,521	n. a.	1,521	—	—
n. a.	6,105	n. a.	6,105	—	—
	43,102				
	756,399				
	—				

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, 2021.
› 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 calculations. These models included a range of variables such as business partners' credit ratings, cash and forward currency exchange rates and yield curves. The derivative items marked to market were closed and cancelled as of December 31, 2021.

The VIB Group has pledged investment properties in the amount of EUR 29,410 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 (TEUR 49,290).

The following net gains and losses were reported for the individual categories of financial assets and liabilities in the income statement and statement of comprehensive income:

IN EUR THOUSAND	**2021**	2020
Loans and receivables	–74	166
Bank balances and cash in hand	0	0
Financial liabilities measured at amortised cost	–13,722	–13,203
Derivative financial instruments designated and effective as hedging instruments (cash flow hedges)	0	–7
of which in consolidated profit or loss	0	–1,168
of which in other comprehensive income	0	1,161

The net gains/losses comprise interest expenses, interest income, dividends, 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 359 thousand (previous year: EUR 237 thousand).

As part of its risk management, the company mostly utilised in the past interest rate swaps to hedge against interest rate risks from variable-interest loans. It mostly utilised cash flow hedges, which compensated for the risks from future changes in interest cash flows. Impairment losses of EUR 140 thousand (previous year: EUR 192 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 214 thousand (previous year: EUR 26 thousand).

38. 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	**31/12/2021**	31/12/2020
Equity	761,970	625,178
Equity as a % of total capital	47.4	43
Liabilities	847,218	828,978
Liabilities as a % of total capital	52.6	57
	1,609,188	**1,454,156**

39. THE COMPANY'S BOARDS

In the 2021 fiscal year, the Managing Board comprised:

Martin Pfandzelter, Chief Executive Officer, business administration graduate (Diplom-Kaufmann), Neuburg/Danube
As of 31/12/2021, Mr Pfandzelter performs no functions on controlling bodies.

Holger Pilgenröther, Managing Board member, business studies graduate (Diplom-Betriebswirt), Neuburg/Danube
As of 31/12/2021, Mr Pilgenröther performs no functions on controlling bodies.

As of the beginning of the 2022 fiscal year, the Managing Board was enlarged:

Dirk Oehme, Managing Board member, business administration graduate (Diplom-Kaufmann), Frankfurt am Main
Mr Oehme was appointed to the Managing Board effective as of 23/03/2022 by way of a Supervisory Board resolution as of 22/03/2022.

As of 25/04/2022, Mr Oehme performs no functions on controlling bodies.

Members of the Supervisory Board

- Mr Ludwig Schlosser (Chairman),
  mathematics graduate (Diplom-Mathematiker), Managing Director of Boston Capital GmbH
- Mr Jürgen Wittmann (Deputy Chairman) Chairman of the Managing Board of Sparkasse Ingolstadt Eichstätt
- Mr Franz-Xaver Schmidbauer,
  engineering graduate (Diplom-Ingenieur), Managing Director of FXS Vermögensverwaltung GmbH (until 01/07/2021)
- Mr Rolf Klug, Businessman, Managing Director of MK Vermögensverwaltungs GmbH
  (until 01/07/2021)
- Mr Florian Lehn, engineering graduate (Dipl. Ing. (FH)), Managing Partner of surveyor Lehn & Partner (from 01/07/2021 to 22/03/2022)
- Professor Michaela Regler, Professor for Private Business Law at THI Ingolstadt
  (from 01/07/2021 to 22/03/2022)

Due to the departure of Mr Florian Lehn and Professor Michaela Regler from the Supervisory Board as of 22/03/2022, the following individuals were appointed to the Supervisory Board:

- Professor Gerhard Schmidt
  Lawyer, Glattbach (appointed by the court as of 13/04/2022)
- Ms Sonja Wärntges
  Economics graduate (Diplom-Ökonomin), Frankfurt am Main
  (appointed by the court as of 13/04/2022)

40. 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 2021 (and previously in December 2020), and was made accessible to shareholders on the website (www.bbi-immobilien-ag.de).

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.

41. 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 (SIT) and a long-term variable (LTI) component. During the year under review, remuneration in the amount of EUR 1,198 thousand (previous year: EUR 1,090 thousand) was granted; this included variable remuneration of EUR 700 thousand (previous year: EUR 594 thousand) and fringe benefits of EUR 28 thousand (previous year: EUR 26 thousand). In addition, pension contributions of EUR 299 thousand (previous year: EUR 276 thousand) for serving and former Managing Board members are included in personnel expenses. Pension payments of EUR 39 thousand were made to former Managing Board members in the year under review (previous year: EUR 38 thousand).

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

SHARE-BASED REMUNERATION

Obligations arising from share-based remuneration with cash settlement are recognised as other liabilities and are remeasured at fair value as of each balance sheet date. The expenses are recognised as personnel expenses in the fiscal year concerned.

Since the LTI (long-term incentive) programme was introduced in the 2020 fiscal year, the Managing Board members receive additional long-term variable remuneration in the form of phantom stocks, depending on the attainment of strategic growth targets and the company's capital market valuation. The Supervisory Board sets specific targets at the start of the fiscal year. After the end of the fiscal year concerned or, at the latest, by the end of the first quarter of the following year, the Supervisory Board reviews the Supervisory Board reviews percentage attainment of the targets set. As such, the remuneration entitlement always arises by the end of the fiscal year. The average XETRA course over the final 30 trading days prior to the cut-off date is used to calculate the number of phantom shares. The amount pledged is then divided by the average course on the basis of target attainment in order to arrive at the number of phantom shares. The maximum assessment basis, in the event of 100% target attainment, has been contractually stipulated and is capped at EUR 190 thousand. In addition to the maximum assessment basis, the Managing Board members are also entitled to the dividend paid out in the following year. The phantom stocks are once again used to calculate the dividend entitlement.

The LTI programme has been conceived as a share-based remuneration plan with cash settlement (cash-settled plan) pursuant to IFRS 2, meaning that the shareholders' result is not diluted; vice versa, the payout entitlement can lapse completely if the target is not achieved at the defined level.

The value of the phantom stocks assigned under the LTI programme but not yet paid out was calculated on the basis of the underlying agreements.

The liability recognised as of the balance sheet date breaks down as follows:

Term complex	End of vesting period	Total
2020–2023	31/12/2024	EUR 285 thousand (previous year: EUR 190 thousand).
2021–2024	31/12/2025	EUR 190 thousand (previous EUR 0 thousand).

In the reporting year, the LTI programme generated an expense pursuant to IFRS 2 totalling EUR 285 thousand (2020: EUR 190 thousand).

The liability is generally remeasured through profit and loss as of the balance sheet date by multiplying the number of calculated phantom stocks by the share price as of the balance sheet date.

For more information, please refer to the Managing Board remuneration report.

42. COMPENSATION OF THE SUPERVISORY BOARD

Total compensation for the Supervisory Board of VIB Vermögen AG amounted to EUR 290 thousand in the fiscal year under review (previous year: EUR 230 thousand).

43. AUDITOR'S FEES

The expenses reported in the 2021 fiscal year for the auditor of the parent company relating to audit services amount to EUR 98 thousand for 2021 (previous year: EUR 98 thousand). A total of EUR 0 thousand (previous year: EUR 0 thousand) was reported for other certification services.

44. EVENTS AFTER THE REPORTING DATE

The effects connected with the ongoing coronavirus pandemic and the newly emerging Ukraine crisis from 2022 onwards cannot yet be precisely quantified. The company may, however, become exposed to risks arising from rent deferrals and lost earnings, as well as due to delays in the completion of modernisation and new construction work. It is not yet possible to appraise these risks in terms of their likelihood of occurrence and the scale of their influence on liquidity and earnings. Despite the coronavirus pandemic and the Ukraine crisis, VIB does not anticipate significant long-term adverse effects on the property market.

Correspondingly, stable property values are expected – DIC Asset AG (DIC), ISIN: DE000A1X3XX4, published an ad hoc notification on March 16, 2022, announcing that it had secured a majority of the shares in VIB Vermögen AG. This majority shareholding comprises some 36% of the outstanding shares in VIB Vermögen AG, which DIC acquired outside its voluntary public partial offer, as well as more than 15% of the outstanding shares in VIB Vermögen AG, which DIC acquired as part of its offer by March 16, 2022. The DIC Group already holds 60% of the VIB shares currently in circulation. As part of the offer, it was tendered a total of some 33.7% of the shares in VIB, which is more than the 6,500,000 VIB shares covered by the partial offer. As such, DIC will fully consolidate VIB effective from April 1, 2022. In connection with the integration of VIB within the DIC Group, Mr Dirk Oehme was appointed as an additional member of the Managing Board of VIB Vermögen AG. The Chief Executive Officer of VIB Vermögen AG, Mr Martin Pfandzelter, and the Chief Financial Officer of VIB, Mr Holger Pilgenröther, have informed the Supervisory Board of VIB that they will step down from the Managing Board of VIB effective as of June 30, 2022.

Furthermore, a memorandum of understanding concluded between the companies stipulates that DIC should be represented on the Supervisory Board to an extent commensurate with its interest in VIB. Pursuant to the provisions of this memorandum of understanding, the VIB Supervisory Board members Mr Florian Lehn and Professor Michaela Regler have stepped down effective as of March 22, 2022. As the Supervisory Board, pursuant to the articles of incorporation, still needs to consist of four members, DIC, as the majority shareholder, has proposed to the governing bodies of VIB that an application be made to the court to appoint Sonja Wärntges and Professor Gerhard Schmidt as new Supervisory Board members of VIB. Ingolstadt District Court approved the appointment by way of a decision on April 13, 2022. The Chairman of the Supervisory Board, Mr Ludwig Schlosser, and the Deputy Chairman of the Supervisory Board, Mr Jürgen Wittmann, will remain in post on the Supervisory Board of VIB.

45. RELATED PARTIES

VIB Vermögen AG prepares these consolidated financial statements as the uppermost controlling company. These consolidated financial statements are not included in any higher-level consolidated financial statements.

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.

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 49.8 million (previous year: EUR 47.0 million). The interest expense for the period totals EUR 826 thousand (previous year: EUR 844 thousand).

The company has also taken out multiple loans in a total amount of EUR 2.1 million with VR Bank Neuburg-Rain eG (previous year: EUR 1.9 million). Supervisory Board Chairman Ludwig Schlosser is also the Chairman of the bank's Supervisory Board. The interest expense for the period totals EUR 36 thousand (previous year: EUR 35 thousand).

The loans extended were entered into on an arm's-length basis.

Please refer to notes 41 and 42 in these Notes for information about compensation of staff in key positions (Managing Board members).

46. 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:

	Share of capital in %
Merkur GmbH, Neuburg a. d. Donau	100.00
VIMA Grundverkehr GmbH, Neuburg	100.00
KIP Verwaltung GmbH, Neuburg	100.00
UFH Verwaltung GmbH, Neuburg	100.00
BK Immobilien Verwaltung GmbH, Neuburg	100.00
RV Technik s.r.o., Plzen (Czech Republic))	100.00
IPF 1 GmbH, Neuburg	94.98
IPF 2 GmbH, Neuburg	94.98
BBI Bürgerliches Brauhaus Immobilien AG, Ingolstadt	94.88
VST Immobilien GmbH, Neuburg	89.90
ISG Infrastrukturelle Gewerbeimmobilien GmbH, Ingolstadt	75.00
Interpark Immobilien GmbH, Neuburg	74.00
VIPA Immobilien GmbH, Neuburg	74.00
VSI GmbH, Neuburg	74.00
IVM Verwaltung GmbH, Neuburg	60.00
BHB Brauholding Bayern-Mitte AG, Ingolstadt*/***	34.18
KHI Immobilien GmbH, Neuburg**/***	41.66
WVI GmbH, Neuburg***	50.00

* Indirect interest

** Direct and indirect interest

*** Inclusion as per the equity method

47. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR PUBLICATION PURSUANT TO IAS 10.17

The Managing Board approved these consolidated financial statements for publication on April 25, 2022. The Supervisory Board's task is to review the consolidated financial statements and declare whether it approves the consolidated financial statements.

Neuburg/Danube, April 25, 2022

Martin Pfandzelter	Dirk Oehme	Holger Pilgenröther
(Chief Executive Officer)	**(Member of the Managing Board)**	**(Member of the Managing Board)**

AUDIT OPINION OF THE INDEPENDENT AUDITOR

To VIB Vermögen AG

AUDIT FINDINGS

We have audited the consolidated financial statements of VIB Vermögen AG, Neuburg an der Donau,

Germany, and its subsidiaries ("the Group") comprising the consolidated balance sheet as of December 31, 2021, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the fiscal year from January 1, 2021, to December 31, 2021, and the notes to the consolidated financial statements (including a summary of significant accounting methods). Furthermore, we have audited the consolidated management report of VIB Vermögen AG for the fiscal year from January 1, 2021, to December 31, 2021.

In our judgement, and based on the findings gleaned from the audit,

- the enclosed consolidated financial statements comply with IFRS (as applicable in the EU) – and the applicable supplementary provisions of German law pursuant to Section 315e (1) HGB – in all significant respects and, paying due regard to these provisions, provide a true and fair view of the Group's assets and financial position as of December 31, 2021, as well as its earnings position for the fiscal year from January 1, 2021, to December 31, 2021, and
- the enclosed consolidated management report provides an accurate overall picture of the position of the company. This consolidated management report is consistent with the consolidated financial statements in all significant respects, complies with German statutory requirements and accurately presents the opportunities and risks connected with future development.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has resulted in no objections to the conformity of the consolidated financial statements and the consolidated management report.

BASIS OF THE AUDIT FINDINGS

We conducted our audit of the consolidated financial statements and the consolidated management report in accordance with Section 317 HGB, paying due regard to the principles of proper end-of-year audits set out by Institut der Wirtschaftsprüfer in Deutschland e.V. [Institute of Public Auditors in Germany, Incorporated Association] (IDW). Our responsibility pursuant to these regulations and principles is described in greater detail in the section of our audit opinion entitled "Responsibility of the auditor for auditing the consolidated financial statements and the consolidated management report". In accordance with the provisions of German commercial and professional law, we are independent from the Group companies and have also met our other German professional obligations in accordance with these requirements. We take the view that the audit evidence we have obtained is sufficient and appropriate to serve as a basis for our audit findings in respect of the consolidated financial statements and the consolidated management report.

OTHER INFORMATION

The Supervisory Board is responsible for the Supervisory Board report. The legal representatives are responsible for the other information. This other information comprises the following intended sections of the Annual Report: the letter to the shareholders, the Supervisory Board report, the business model, EPRA performance indicators, the share and investor relations and the property portfolio. We have obtained a version of this other information prior to issuing this audit opinion.

Our audit findings on the consolidated financial statements and the consolidated management report do not extend to the other information. Accordingly, we issue neither an audit opinion nor any other form of audit conclusion in respect hereof.

In connection with our audit, it is our responsibility to read the other information and to deem whether this other information

- exhibits significant discrepancies with the consolidated financial statements, the consolidated management report or other findings gleaned during our audit or
- appears to be incorrect in any other significant respect.

If, on the basis of the work we have carried out, arrive at the conclusion that a significant misrepresentation of this other information exists, we are obliged to report on this fact. We have nothing to report in this regard.

RESPONSIBILITY OF THE LEGAL REPRESENTATIVES AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE CONSOLIDATED MANAGEMENT REPORT

The legal representatives are responsible for preparing consolidated financial statements that comply with IFRS (as applicable in the EU) and the applicable supplementary provisions of German law pursuant to Section 315e (1) HGB in all significant respects and for ensuring that the consolidated financial statements, paying due regard to these provisions, provide a true and fair view of the Group's asset, financial and earnings position. Further, the legal representatives are responsible for the internal controls that they deem necessary to enable preparation of consolidated financial statements that are free from significant misrepresentations, whether intentional or unintentional.

When preparing the consolidated financial statements, the legal representatives are responsible for evaluating the ability of the Group to continue as a going concern. Furthermore, they are responsible for disclosing any relevant circumstances in connection with the Group's ability to continue as a going concern. In addition, they are responsible for preparing a balance sheet on the basis of the going concern principle of accounting unless it is their intention to liquidate the Group or to discontinue operations or if there is no realistic alternative hereto.

The legal representatives are also responsible for preparing a consolidated management report that provides an accurate overall picture of the position of the company, is consistent with the consolidated financial statements in all significant respects, complies with German statutory requirements and accurately presents the opportunities and risks connected with future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) that they regard as necessary to enable preparation of a consolidated management report in accordance with the applicable German statutory requirements and to provide sufficient and appropriate evidence for the statements made in the consolidated management report.

The Supervisory Board is responsible for monitoring the accounting process used by the Group to prepare the consolidated financial statements and the consolidated management report.

RESPONSIBILITY OF THE AUDITOR FOR AUDITING THE CONSOLIDATED FINANCIAL STATEMENTS AND THE CONSOLIDATED MANAGEMENT REPORT

Our aim is to acquire reasonable assurance as to whether the consolidated financial statements as a whole are free from significant misrepresentations (whether intentional or unintentional) and as to whether or not the consolidated management report as a whole provides an accurate overall picture of the position of the Group, is consistent with the consolidated financial statements and the findings gleaned during the audit in all significant respects, complies with German statutory requirements and accurately presents the opportunities and risks connected with future development – and to issue an audit opinion that contains our audit findings in respect of the consolidated financial statements and consolidated management report.

Reasonable assurance is a high degree of assurance, but not a guarantee that an audit conducted in accordance with Section 317 HGB, paying due regard to the principles of proper end-of-year audits set out by Institut der Wirtschaftsprüfer in Deutschland e.V. [Institute of Public Auditors in Germany, Incorporated Association] (IDW), will always identify a significant misrepresentation. Misrepresentations may result from infringements or inaccuracies and are regarded as significant if it could reasonably be expected that they would – whether taken individually or in aggregate – influence the economic decisions taken by addressees on the basis of these consolidated financial statements and this consolidated management report.

During the audit, we exercise due care and discretion and maintain professional scepticism. Furthermore, we

- identify and assess the risks of significant misrepresentations (whether intentional or unintentional) in the consolidated financial statements and the consolidated management report, plan and execute audit activities as a response to these risks and obtain audit evidence that is sufficient and appropriate as a basis for our audit findings. The risk of a significant misrepresentation not being identified is higher in the event of infringements than in the event of inaccuracies, as infringements may involve fraudulent conspiracy, forgeries, the deliberate withholding of information, misleading representations and/or the abrogation of internal controls;
- gain an understanding of the internal control systems relevant for the audit of the consolidated financial statements and the precautions and measures relevant for the audit of the consolidated management report in order to plan audit activities that are appropriate to the circumstances, but not with a view to issuing an audit opinion in respect of the effectiveness of these systems;
- evaluate the appropriateness of the accounting methods applied by the legal representatives and the validity of the estimated values and associated disclosures presented by the legal representatives;

- draw conclusions about the appropriateness of the going concern principle of accounting applied by the legal representatives and, on the basis of the audit evidence obtained, draw conclusions as to whether there is significant uncertainty in relation to events or circumstances that could cast significant doubt on the ability of the Group to operate as a going concern. If we come to the conclusion that significant uncertainty exists, we are obliged, in the audit opinion, to draw attention to the corresponding disclosures in the consolidated financial statements and consolidated management report or, if these disclosures are inappropriate, to modify our audit findings in respect hereof. We base our conclusions on the audit evidence we have obtained prior to issuing our audit opinion. However, future events or circumstances may result in the Group being unable to continue operating as a going concern;
- assess the overall presentation as well as the structure and content of the consolidated financial statements, including the disclosures, and assess whether the consolidated financial statements present the underlying transactions and events in such a way that the consolidated financial statements, paying due regard to IFRS (as applicable in the EU) and the applicable supplementary provisions of German law pursuant to Section 315e (1) HGB, provide a true and fair view of the Group's asset, earnings and financial position;
- obtain sufficient and appropriate audit evidence for the accounting information pertaining to companies or business activities within the Group in order to issue audit findings in respect of the consolidated financial statements and consolidated management report. We are responsible for directing, monitoring and conducting the audit of the consolidated financial statements. We bear sole responsibility for our audit findings;
- evaluate the consistency of the consolidated management report with the consolidated financial statements, its compliance with legislation and its presentation of the Group's position;
- carry out audit activities in respect of the forward-looking statements made by the legal representatives in the consolidated management report. On the basis of sufficient and appropriate audit evidence, we examine, in particular, the significant assumptions underlying the forward-looking statements made by the legal representatives and assess whether the forward-looking statements have been derived appropriately from these assumptions. We do not issue a separate audit opinion on either the forward-looking statements or the assumptions on which they are based. There is a considerable and unavoidable risk that future events will deviate significantly from forward-looking statements.

We discuss, with the officers responsible for monitoring, aspects such as the planned extent and scheduling of the audit and significant audit findings (including any shortcomings in internal control systems that we identify during our audit)."

Munich, April 26, 2022

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Horbach	Ehrnböck
(Auditor)	(Auditor)

FINANCIAL CALENDAR

April 27, 2022
Publication of the VIB Annual Report 2021

May 11, 2022
Publication of the 2022 half-year report

August 10, 2022
Publication of the 2022 half-year report

August 30, 2022
2021 Annual General Meeting

November 9, 2022
Publication of the 2022 Q3 interim report

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IMPRINT

Publisher
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Concept, Design and Text
Kirchhoff Consult AG

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KEY GROUP INDICATORS 5-YEAR OVERVIEW

IN EUR THOUSAND	2017	2018	2019	2020	**2021**
Income statement					
Revenue	83,550	86,789	90,995	94,207	103,771
Changes in value for investment properties	17,380	19,454	22,319	22,323	108,198
EBT (earnings before tax)	64,453	71,200	78,287	80,041	181,648
EBT excluding valuation effects and extraordinary items	47,073	51,746	55,968	57,718	66,720
Consolidated net income	53,938	59,895	65,411	67,269	153,681
Earnings per share (in EUR), undiluted/diluted	1.87	2.09	2.29	2.39	5.39
Balance sheet					
Total assets	1,153,741	1,234,908	1,359,731	1,454,156	1,609,188
Investment properties	1,096,724	1,182,548	1,296,352	1,368,001	1,484,703
Equity	483,355	527,593	577,295	625,178	761,970
Equity ratio (in %)	41.9	42.7	42.5	43.0	47.4
Net debt	570,452	610,098	671,864	708,584	679,573
LTV (loan-to-value ratio, in %)	51.4	51.0	51.0	50.3	44.2
NAV (net asset value), undiluted	512,547	559,949	612,974	666,322	820,226
NAV per share (in EUR), undiluted	18.58	20.30	22.23	24.16	29.60
Other key financials					
FFO (funds from operations)	41,194	45,298	48,929	50,354	58,422
FFO per share (in EUR)	1.49	1.64	1.77	1.83	2.11
Share price (Xetra closing price, in EUR)	21.20	21.20	29.80	28.65	45.45
Number of shares (reporting date: 31/12)	27,579,779	27,579,779	27,579,779	27,579,779	27,710,009
Market capitalisation (reporting date: 31/12)	584,691	584,691	821,877	790,161	1,259,420
Dividend per share (in EUR)	0.60	0.65	0.70	0.75	0.85[1]
ICR (interest coverage ratio: interest expense/ net basic rents, in %)	24.4	21.1	19.1	17.5	14.9
Average borrowing rate (in %)	2.55	2.33	2.10	1.77	1.70
Real estate KPIs					
Annualised net basic rents	73,615	78,249	81,321	89,597	91,958
Vacancy rate (in %)	0.8	0.7	1.0	2.5	1.2
Rentable space (in sqm)	1,060,896	1,123,271	1,162,586	1,285,995	1,287,818
Rental yield (in %)	7.09	7.02	6.92	6.83	6.37
Average remaining term of rental agreements (in years)	5.2	5.4	5.3	5.7	5.7
EPRA performance indicators					
EPRA earnings	37,620	41,777	44,762	46,588	60,530
EPRA earnings per share (in EUR)	1.36	1.51	1.62	1.69	2.19
EPRA NRV			668,699	727,901	887,289
EPRA NRV per share (in EUR)			24.25	26.39	32.02
EPRA NTA			638,785	694,396	843,252
EPRA NTA per share (in EUR)			23.16	25.18	30.43
EPRA vacancy rate (in %)	0.8	0.7	1.0	2.5	1.2
EPRA net initial yield (in %)	6.6	6.7	6.5	6.3	6.0
EPRA cost ratio (in %)	12.1	11.9	12.2	13.0	11.3

[1] Management proposal

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