VIB

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dynamic performance

Annual Report 2022 of VIB Vermögen AG

Group KPIs

in EUR thousand	01/01/–31/12/2022	01/01/–31/12/2021	Change absolute	Change in %
INCOME STATEMENT KPIS				
Gross rental income	93,784	90,322	3,462	+3.8
Amortisation and depreciation on investment properties	–31,014	–29,005	–2,009	+6.9
Earnings from ordinary business activities (EBT)	61,851	37,210	24,641	+66.2
Adjusted earnings from ordinary business activities (EBT)	70,753	66,215	4,538	+6.9
Consolidated net income	54,704	31,039	23,665	+76.2
Earnings per share[1] (in EUR), undiluted/diluted	1.90	1.08	0.82	+75.9
BALANCE SHEET KPIS	**31/12/2022**	31/12/2021		
Total assets	1,586,409	1,417,690	168,719	+11.9
Investment properties	1,145,908	1,300,628	–154,720	–11.9
Equity	744,754	599,604	145,150	+24.2
Equity ratio (in %)	46.9	42.3		+4.6 points
Net debt	667,867	679,573	–11,706	–1.7
LTV (loan-to-value ratio, in %)	28.9	44.5		–15.6 points
OTHER KEY FINANCIALS	**01/01/–31/12/2022**	01/01/–31/12/2021		
FFO excluding valuation effects and extraordinary items	62,662	58,601	4,061	+6.9
FFO per share[1] (in EUR)	2.22	2.12	0.10	+4.7
	31/12/2022	31/12/2021		
Share price (Xetra closing price, in EUR)	20.30	45.45	–25.15	–55.3
Number of shares[2] (balance sheet date)	33,054,587	27,710,009	5,344,578	+19.3
Market capitalisation (balance sheet date)	671,008	1,259,420	–588,412	–46.7
ICR (interest coverage ratio: interest expense/net basic rents, in %)	13.2	14.7		–1.5 points
Average borrowing rate (in %)	1.77	1.70		+0.07 points
REAL ESTATE KPIS	**31/12/2022**	31/12/2021		
Annualised net basic rents	99,597	91,958	7,639	+8.3
Vacancy rate (in %)	1.4	1.2		+0.2 points
Rentable space (in sqm)	1,365,381	1,287,818	77,563	+6.0
EPRA PERFORMANCE INDICATORS	**01/01/–31/12/2022**	01/01/–31/12/2021		
EPRA-earnings	57,257	54,752	2,505	+4.6
EPRA-earnings per share (in EUR)	2.03	1.98	0.05	+2.5
EPRA NRV	1,737,064	887,090	849,974	+95.8
EPRA NRV per share (in EUR)	52.55	32.01	20.54	+64.2
EPRA NDV	1,530,026	705,188	824,838	+117.0
EPRA NDV per share (in EUR)	46.29	25.45	20.84	+ 81.9
EPRA NTA	1,471,098	746,278	724,820	+97.1
EPRA NTA per share (in EUR)	44.51	26.93	17.58	+65.3
EPRA vacancy rate (in %)	1.4	1.2		+0.2 points

Prior-year figures recalculated
[1] Average number of shares during the financial year
[2] Shares in issues as of the balance sheet date

VIB Vermögen AG

Profitable logistics and light industrial properties are our area of expertise

For almost 30 years, we have been developing, acquiring and managing modern and sustainably profitable commercial properties for our portfolio. Our focus in this area is on properties in the asset class of logistics and light industrial. As of the end of the 2022 fiscal year, our portfolio comprised 114 properties with a total rentable area of approximately 1.37 million sqm. The balance sheet value of these properties stands at approximately EUR 1.4 billion.

Thanks to our broad-based business model, which comprises direct acquisitions alongside the entire spectrum of in-house development and redensification projects, we are able to respond flexibly to market developments. We not only selectively acquire and sell existing properties, but also focus on the in-house development of prime real estate. As of year-end 2022, we have integrated the new business area – property management for institutional investors – into our business model and already boast a substantial initial volume of approx. EUR 1.1 billion of assets under management. With this Annual Report, we hope to provide you with an overview of our performance, current developments and future strategic direction.

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TO OUR SHAREHOLDERS

Letter to the shareholders

Dear Shareholders,
Dear Sir or Madam,

VIB Vermögen AG can look back on an extremely successful fiscal year 2022. Despite the challenging economic environment – with rising inflation, a tighter interest rate policy pursued by central banks and the ongoing war in Ukraine – we surpassed the strong performance of the previous year in terms of both revenue and earnings. Alongside this record result, we have further strengthened the partnership between VIB Vermögen AG and the DIC Asset Group and pooled the various competencies and resources within a single property platform that boasts a leading position on the German commercial property market with a focus on office and logistics space.

Gross rental income rose by 3.8% year on year to EUR 93.8 million. This growth was driven both by higher rental income from our existing properties and by the new additions to our property portfolio from the previous year. As of the end of the 2022 fiscal year, our portfolio comprised 114 commercial properties with a balance sheet value of approx. EUR 1.4 billion. FFO (funds from operations), which is an indicator of cash inflow from operating activities, improved by 6.9% to EUR 62.7 million.

Another positive factor is the extremely low vacancy rate, which represents continued proof of the quality of our properties. In an overall environment shaped by uncertainty, we managed to keep the vacancy rate at an excellent level of 1.4%, compared with 1.2% in the previous year.

Adjusted for extraordinary items, total earnings from ordinary business activities climbed by 17.2% to EUR 44.7 million. Consolidated net income rose significantly by 76.2% to EUR 54.7 million. The company's performance in the 2022 fiscal year offers impressive proof that our strategic direction, with a clear investment focus on the logistics and light industrial segment, represents the foundation for long-term, sustainable and profitable growth, even in challenging economic times.

Environmental and social responsibility are core components of our successful business model. For many years, we have been pursuing the objective of achieving our economic targets while operating in a sustainable way. EPRA, the association representing listed property companies in Europe, presented us with two Gold Awards in 2022 in recognition of the exemplary transparency and quality of our financial and sustainability reporting.

Our "NEXT HORIZON" project is a prime example of our ESG approach. The marketing for our largest development project of recent years got under way in Erding in February 2022.

On a plot boasting 111,000 sqm of net project development area, we are constructing several buildings with a total rental area of approx. 79,000 sqm for various uses. The buildings are being constructed in accordance with the stringent criteria required to achieve DGNB Gold sustainability certification. It is intended that the entire site will be heated using district heating. As such, we are avoiding the use of fossil fuels and highlighting our sustainability commitment. The demand for individual units within the "NEXT HORIZON" project is high and we are conducting rental negotiations with big-name tenants.

In addition to this unique project, we are continuing to expand our portfolio of attractive logistics and light industrial locations. On a site in Meitingen measuring 45,000 sqm, work began on a new logistics complex with a useful area of 26,000 sqm in August 2022. Completion is scheduled for July 2023. At the same time, another logistics property in Ingolstadt, with a total useful area of 7,000 sqm, is also under construction. This too is scheduled for completion in summer 2023. Overall, we boast a current development pipeline of approx. 138,000 sqm that will provide us with additional attractive cash flows going forward.

At the end of June 2022, WVI GmbH – a joint venture with Belgian logistics company WDP – was successfully ended. The sale generated significant income. The positive earnings contribution from the sale of the investment once again illustrates our expertise as an experienced and successful project developer in the logistics sector.

It is not only the aforementioned activities that exemplify our continued focus on the logistics and light industrial segment, which has been successful for many years, and the associated streamlining of our business model. Moving forward, we intend to concentrate our operations solely on this sector while gradually reducing the properties of other asset classes within our portfolio. We benefit in this regard from our company's partnership with the DIC Asset Group, which is having a positive effect on VIB Vermögen AG from both a strategic and an organisational standpoint. As planned, we successfully entered the profitable and high-liquidity segment of asset management of properties for institutional investors at the end of 2022, launching the new "Institutional Business" division of VIB Vermögen AG with a substantial volume from day one. As such, the first steps towards the future strategic focus have been taken successfully.

In November 2022, we acquired a full logistics package from the DIC Asset Group; this package comprises nine properties worth approx. EUR 56 million as well as two management companies, worth approx. EUR 43 million, that perform real estate management for third parties in the logistics sector. Thanks to the non-cash capital increase of 4,872,761 shares, we were able to accelerate the planned expansion of our logistics portfolio without using up any of our own funds.

The sale in December of 31 retail properties from our existing portfolio for approx. EUR 308 million to the new open-ended property fund VIB Retail Balance I, set up by VIB, enabled us to achieve two further strategic milestones in one fell swoop. Firstly, we are handling property management for the fund and expanding the "Institutional Business" segment; secondly, we are shifting the focus of our own existing portfolio onto the logistics and light industrial segment.

Moreover, the closer integration with the DIC Asset Group is also broadening our future operating radius. So far, we have mostly been active in southern Germany. By virtue of the joint nationwide property platform and access to existing networks, coupled with many years of expertise, including in local German markets, new opportunities and potential sources of earnings are opening up for VIB Vermögen AG.

Dear shareholders, VIB Vermögen AG is a successful company with a clear strategic focus. We boast a robust business model, which we expanded in 2022 to include property management for institutional investors, and are in a position to harness our strengths more efficiently as part of the DIC Asset Group. As the new Managing Board team, we look forward to resolutely driving forward the successful development of VIB Vermögen AG, even in challenging times. Our even sharper focus on the logistics and light industrial segment continues to ensure reliable and sustainable cash flows from an in-demand asset class, both within our own portfolio and from the property portfolios of institutional investors we now manage.

For the 2023 fiscal year, we anticipate gross rental income of between EUR 82.0 million and EUR 88.0 million. We forecast funds from operations before tax and minority interests (FFO) in an amount of EUR 58.0 million to EUR 64.0 million, as well as a vacancy rate in the low, single-digit percentage range. For the purpose of short- and medium-term development of our property platform and to enable pending investments in our development projects over the next two years, we will propose to this year's Annual General Meeting that no dividend be paid for the 2022 fiscal year.

We would like to thank our employees, whose day-to-day dedication paves the way for the success of VIB Vermögen AG. We also wish to thank our business partners and shareholders for their loyalty and trust. We would be delighted if you were to accompany us on our exciting future journey.

Yours sincerely,

Neuburg/Danube, February 10, 2023

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

Managing Board

Dirk Oehme
(Speaker of the Board)

Nicolai Greiner

Rainer Hettmer

Supervisory Board report

Dear Shareholders,

The previous year was a resounding success for VIB Vermögen AG, with revenue and earnings growth continuing as planned. Both indicators reached a new record high in a challenging macroeconomic environment. At the same time, 2022 was a year of change for our company, both at a structural and at a strategic level. The engagement of the DIC Asset Group and the subsequent expansion of its interest to some 68% offer myriad opportunities for further company growth at VIB Vermögen AG. With the completion of the non-cash capital increase in November 2022, we have acquired not only an extensive portfolio of logistics properties, but also two management companies that handle the management of logistics properties for institutional investors. This spearheaded the company's entry into the new "Institutional Business" segment, which represents a significant expansion of the business model. As such, the strategic focus has been clearly sharpened and now firmly lies on the attractive logistics and light industrial segment. As of December 31, 2022, the VIB Group property portfolio comprised 114 properties with a total rentable area of 1.37 million sqm. These properties are supplemented by the 43 Institutional Business properties with a total rentable area of 0.9 million sqm, which we have been managing since the end of the fiscal year under review. Including the Institutional Business segment, the market value of our managed assets amounts to EUR 3.1 billion as of December 31, 2022.

In the 2022 fiscal year, the Supervisory Board of VIB Vermögen AG examined the position of the company in great detail on an ongoing basis, thereby fulfilling the advisory and controlling functions incumbent upon it according to both the law and the company's articles of incorporation during the year under review.

Composition of the Supervisory Board

As a result of the changes to the shareholder structure at the beginning of 2022, the composition of the Supervisory Board changed in the 2022 fiscal year. At the Supervisory Board meeting on March 22, 2022, the members Professor Doctor Michaela Regler and Florian Lehn stepped down with immediate effect. Professor Doctor Gerhard Schmidt and Sonja Wärntges were subsequently appointed as new members of the Supervisory Board by a decision of Ingolstadt District Court of April 13, 2022. At the Annual General Meeting of August 30, 2022, Sonja Wärntges and Professor Doctor Gerhard Schmidt were confirmed as Supervisory Board members and elected to the Supervisory Board by the shareholders.

There was also a change at the helm of the Supervisory Board at the end of 2022. At the Supervisory Board meeting on December 13, 2022, Professor Doctor Gerhard Schmidt was unanimously elected Chairman of the Supervisory Board. With effect as of the end of January 31, 2023, Ludwig Schlosser has stepped down from the Supervisory Board of VIB Vermögen AG. He will remain in post as Chairman of the Supervisory Board of BBI Bürgerliches Brauhaus Immobilien AG and BHB Brauholding Bayern-Mitte AG and continue his work in these roles. Furthermore, Ludwig Schlosser will continue to assist VIB Vermögen AG as a consultant. I would like to take this opportunity to thank Ludwig Schlosser for his outstanding support, including in the phase following the acquisition of a majority share in VIB Vermögen AG by the DIC Group. With his entrepreneurial drive and considerable experience, Ludwig Schlosser was central to the Group's integration and we are grateful to him that he will continue to chair the two aforementioned Supervisory Boards while supporting the Group.

On February 6, 2023, Johannes von Mutius was appointed by the court as a further member of the Supervisory Board of VIB Vermögen AG to succeed Ludwig Schlosser.

Supervision of management and cooperation with the Managing Board

Throughout the entire fiscal year, the Supervisory Board supervised and advised the Managing Board in respect of the management of the company. The Supervisory Board was always involved in all significant decisions – such as the communication strategy in relation to the change in shareholder structure, the completion of the non-cash capital increase and the setting up of a fund, VIB Retail Balance I, for the first time – in a timely and comprehensive manner. The Managing Board's activities gave rise to no objections. The Managing Board informed the Supervisory Board regularly, promptly and in detail about all topics concerning the company's business activities. This applies particularly in respect of the company's earnings, assets and financial position, as well as new investment and business opportunities.

Supervisory Board meetings

Six ordinary Supervisory Board meetings and a further nine extraordinary Supervisory Board meetings were held in the 2022 fiscal year. The meetings were held either in person or by means of videoconference/teleconference. In addition, there were five resolutions, four of which were passed by means of written circulation procedure via email, and one by telephone.

All Supervisory Board members attended the total of 15 Supervisory Board meetings in the fiscal year under review. Jürgen Wittmann was unable to attend four meetings.

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

At the start of the year, extraordinary meetings of the Supervisory Board were held on **February 2, 2022, February 7, 2022, February 9, 2022, February 19, 2022,** and **February 23, 2022,** in connection with the announcement of the partial takeover offer and the published partial takeover offer. At these meetings, the possible responses and the opportunities and risks were analysed and the next steps discussed, agreed upon and determined; furthermore, a reasoned statement of the Managing and Supervisory Boards on the partial takeover offer of DIC Asset Group was developed and decided upon. In some cases, specialist external consultants were present at the Supervisory Board meetings. At the meeting on **February 23, 2022,** the Supervisory Board also decided to publish provisional financial indicators for the 2021 fiscal year and approved the proposal of the Managing Board on the expected dividend for the 2021 fiscal year.

At the first ordinary meeting on **March 22, 2022,** it was decided to approve the company's memorandum of understanding with the DIC Asset Group. As a consequence, it was decided to terminate the Managing Board contracts of Martin Pfandzelter and Holger Pilgenröther as of June 30, 2022 and to conclude consultancy agreements with both of them. In addition, it was decided to enlarge the Managing Board to three members; variable remuneration components for Managing Board members were also discussed. Dirk Oehme was appointed as the additional Managing Board member; a new schedule of responsibilities was set for the Managing Board. In accordance with the memorandum of understanding, the Supervisory Board members Professor Doctor Michaela Regler and Florian Lehn stepped down with immediate effect. A decision was taken to submit an application for the court appointment of Professor Doctor Gerhard Schmidt and Sonja Wärntges to replace the two departing members.

Further agenda items were the discussion of the annual financial statements and interim consolidated financial statements for 2021 and approval of the Managing Board's proposal to pay a dividend of EUR 0.85 for the 2021 fiscal year. In addition, discussions were held on the risk and controlling report as of December 31, 2021, and current developments in corporate strategy and corporate planning. The Supervisory Board was also informed about the status of share capital and authorised/conditional capital. Having been provided with information on current development projects, the Supervisory Board approved the corresponding proposed resolutions of the Managing Board. A resolution was also passed approving the sale of the company's shares in a foreign subsidiary.

At the ordinary Supervisory Board and Audit Committee meeting on **April 26, 2022,** the Supervisory Board was constituted following the court appointment of Professor Doctor Gerhard Schmidt and Sonja Wärntges. Ludwig Schlosser was confirmed as Chairman of the Supervisory Board, and Jürgen Wittmann confirmed as Deputy Chairman. At this meeting, the annual financial statements in accordance with the German Commercial Code (HGB) and the consolidated financial statements in accordance with IFRS for the 2021 fiscal year were discussed and approved/adopted. In addition, the meeting also covered variable remuneration for Managing Board Members and Supervisory Board remuneration for the 2021 fiscal year, as well as various Managing Board matters. The course of business was explained on the basis of provisional figures for the period to March 31, 2022, and information provided on current property-related developments and the future investment strategy.

The next extraordinary Supervisory Board meeting was held on **May 25, 2022.** The focal points of this meeting were the controlling report for the period to March 31, 2022, the evaluation of the property portfolio by CBRE and current property-related topics and developments. At the meeting of the Supervisory Board and Audit Committee, discussions were held on proposed resolutions to the Annual General Meeting, in particular the selection of BDO AG Wirtschaftsprüfungsgesellschaft, Munich, as the auditor of the annual and consolidated financial statements for the 2022 fiscal year and the agenda of the Annual General Meeting.

At the ordinary meeting of **June 28, 2022,** Rainer Hettmer (responsible for financing activities) and Nicolai Greiner (responsible for real estate operations) were appointed to the Managing Board. In addition, approval was granted for the sale of the company's shares in WVI GmbH and resolutions were passed on current development projects and on an addition to the agenda of the Annual General Meeting authorising the purchase of treasury shares. Further agenda items were the future financing strategy and portfolio optimisation opportunities.

The matters on the agenda at the ordinary meeting on **July 27, 2022,** were the Managing Board's report on the course of business in the first half of 2022, ongoing development projects and a discussion on the company's overall strategy.

At the extraordinary meeting on **August 30, 2022,** the Supervisory Board was constituted following the election of Professor Doctor Gerhard Schmidt and Sonja Wärntges as members of the Supervisory Board by the Annual General Meeting of the same day. Ludwig Schlosser was confirmed as Chairman, and Jürgen Wittmann confirmed as Deputy Chairman. In addition, approval was granted to the Managing Board's resolution on the capital increase in connection with the scrip dividend, and the appointment of Rainer Hettmer as Managing Board Member extended.

A further extraordinary Supervisory Board meeting was held on **October 5, 2022.** The focal points of this meeting were the Managing Board's report on the course of business, an explanation of the controlling report to June 30, 2022, and current property-related information. The Supervisory Board appointed Dirk Oehme as Speaker of the Board, discussed and approved the rules of procedure for the Managing Board and discussed other Managing Board matters.

At the ordinary Supervisory Board meeting on **November 8, 2022,** the Managing Board outlined to the Supervisory Board the possible acquisition of a logistics property portfolio, including two management companies, from DIC Asset AG as part of a non-cash capital increase with the exclusion of the subscription right and discussed the next steps. In addition Managing Board matters were also discussed.

At the ordinary meeting on **December 13, 2022,** the Managing Board reported on the course of business in the 2022 fiscal year on the basis of provisional figures and explained the controlling report for the period to September 30, 2022. The current property-related topic, including financing, was the potential package sale to a fund. Other topics were Managing Board remuneration in comparison with the peer group, various Supervisory Board matters like the mandatory evaluation of the Supervisory Board and Supervisory Board remuneration. In addition, a discussion was held on the audit of the annual financial statements by BDO AG Wirtschaftsprüfungsgesellschaft and the associated focal points of the audit. The financial calendar for the 2023 fiscal year was also reviewed at this meeting. In addition, the members of the Supervisory Board unanimously elected Professor Doctor Gerhard Schmidt as the new Chairman.

At the final extraordinary meeting on **December 20, 2022,** the Managing Board explained the current status of selected development projects.

Resolutions

In addition to the resolutions passed at the various ordinary and extraordinary Supervisory Board meetings, the Supervisory Board also passed further resolutions by means of the circulation procedure via email/by telephone. In particular, these comprise budget approvals for development projects **(June 13, 2022),** resolutions in connection with the Annual General Meeting **(August 30, 2022)** – particularly concerning the scrip dividend and changes to the articles of incorporation (**September 9, 2022,** and **September 19, 2022)** – and resolutions relating to the non-cash increase **(November 24, 2022).**

Committees

The Audit Committee met on April 26, 2022, at the accounting meeting of the Supervisory Board, and at the Supervisory Board meeting of May 25, 2022, in connection with preparations for the Annual General Meeting. Managing Board matters were regularly discussed at the Supervisory Board meetings. On account of the identity of the members of the Audit Committee and Supervisory Board, no separate meetings of the Committee for Managing Board Matters were held.

Approval and adoption of the 2022 annual and consolidated financial statements

The Supervisory Board and Audit Committee reviewed the annual financial statements as of December 31, 2022, which the Managing Board prepared according to German commercial law regulations (HGB), and discussed them, together with the corresponding audit report prepared by BDO AG Wirtschaftsprüfungsgesellschaft, Munich – represented by auditor Frank Werner – at their meeting on February 10, 2023. The review of the 2022 annual financial statements led to no modifications, and an unqualified audit opinion was issued. The annual financial statements as of December 31, 2022, were approved without objections and are thereby adopted. The Supervisory Board concurs with the Managing Board's proposal concerning the application of retained earnings.

The Supervisory Board and Audit Committee also reviewed the 2022 consolidated annual financial statements, which the Managing Board prepared according to International Financial Reporting Standards (IFRS), and discussed them, together with the corresponding audit report prepared by BDO AG Wirtschaftsprüfungsgesellschaft, Munich – represented by auditor Frank Werner – at their meeting on February 10, 2023. The audit of the 2022 consolidated financial statements also resulted in no amendments, with an unqualified audit opinion being issued and the consolidated financial statements as of December 31, 2022, being approved by the Supervisory Board.

The Supervisory Board wishes to thank the Managing Board, as well as all VIB Group employees, for their contribution to the extraordinary success of VIB Vermögen AG in the 2022 fiscal year.

Neuburg/Danube, February 10, 2023

On behalf of the Supervisory Board

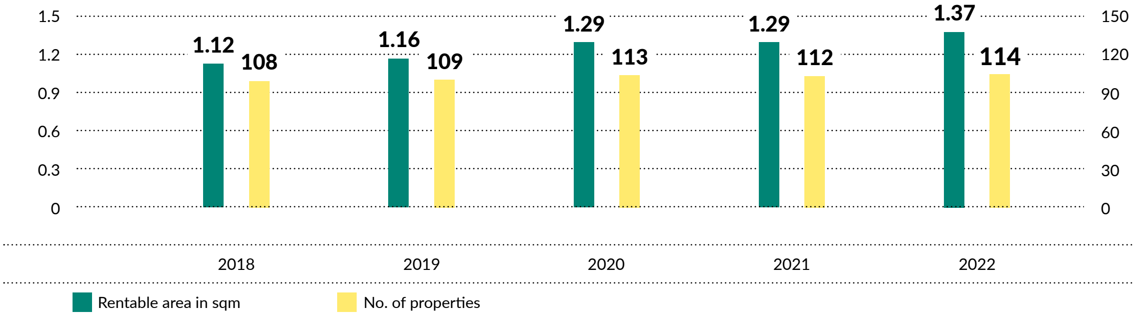
Professor Doctor Gerhard Schmidt

Property portfolio of the VIB Group in 2022

As of year-end 2022, the property portfolio of the VIB Group comprised 114 properties (31/12/2021: 112) with a rental area of some 1.37 million sqm (31/12/2021: 1.29 million sqm). The real estate assets recognised on the balance sheet, including the retail portfolio properties held for sale (which are sold to a special property fund as of 31/03/2023), stood at EUR 1.40 billion, compared with EUR 1.32 billion, as of December 31, 2021.

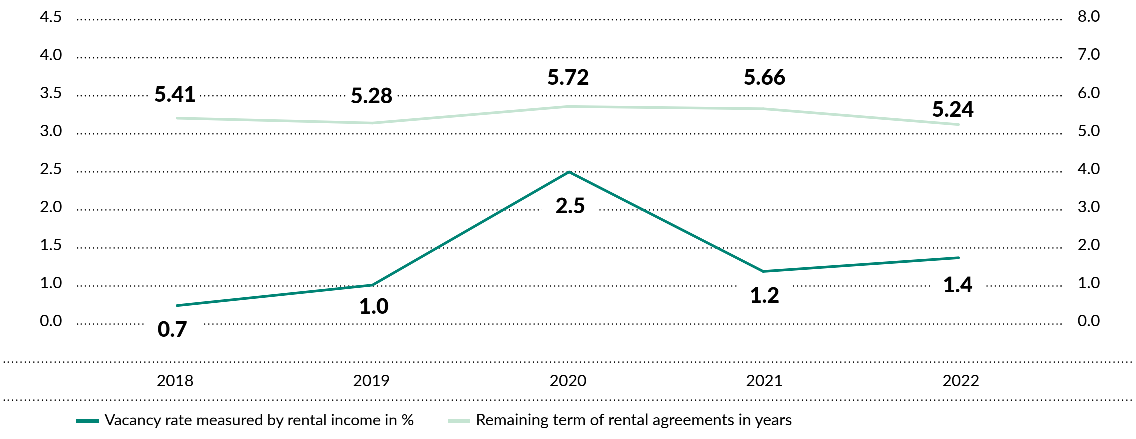
An indicator of the attractiveness of the VIB property portfolio and of efficient property management is the vacancy rate, which has been low for many years and once again came in at an excellent 1.4% as of December 31, 2022. As a result, the portfolio is characterised by a stable residual term of its rental agreements, which has consistently been between 5 and 6 years over recent years. Both figures represent a key factor in terms of strong rental incomes that can be forecast for several years.

Trend in rentable area and number of properties



As of the end of each year

Trend in vacancy rate and remaining terms of rental agreements



On account of the expansion of the property portfolio, coupled with rental indexing, annualised net rental income increased by 8.0% from EUR 92.2 million to EUR 99.6 million in the 2022 fiscal year.

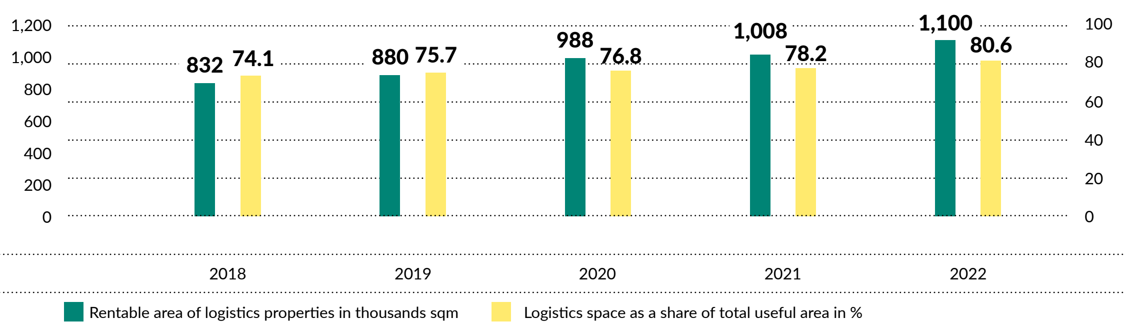
74.6% of rental income was attributable to tenants from logistics/light industry, with tenants from retail accounting for 21.1%. Revenue is rounded off with 2.5% from office space rentals, and 1.8% from properties from the service/other segment.

Sector share of annualised net rental income

As of December 31, 2022

As a property management company with considerable experience and a top-class network in the real estate sector, our focus has been on expanding the logistics/light industry segment for many years now. Here, we still continue to see further lucrative growth potential in the years ahead, even against a backdrop of rising interest rates and higher purchase and development costs.

Development of the logistics/light industrial segment



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.

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/bullet 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.

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

Share and investor relations

A year of extremes – huge pressure on global stock markets in 2022

The 2022 stock market year was dominated by considerable losses in almost all asset classes. The stock and bond markets alike came under huge pressure and posted noticeable losses over the course of the year. Alongside the high volatility, triggered by global crises and uncertainty as to future monetary policy and economic developments, it was also unusual that the bond markets, in particular, exhibited historically weak performance and did not contribute to the stability of capital markets.

The zero-Covid policy in China continued to impact the highly interconnected global economy well into 2022. In particular, the start of the war in Ukraine on February 24, 2022, represents an upheaval with far-reaching implications, as the resulting energy price shock wave further compounded the existing supply chain and inflation problems. The high inflation prompted an unusually short, sharp U-turn on the part of central banks, led by the interest rate measures of the US Federal Reserve and Bank of England and the subsequent steps of the European Central Bank.

Pressure on the property sector also affects VIB share

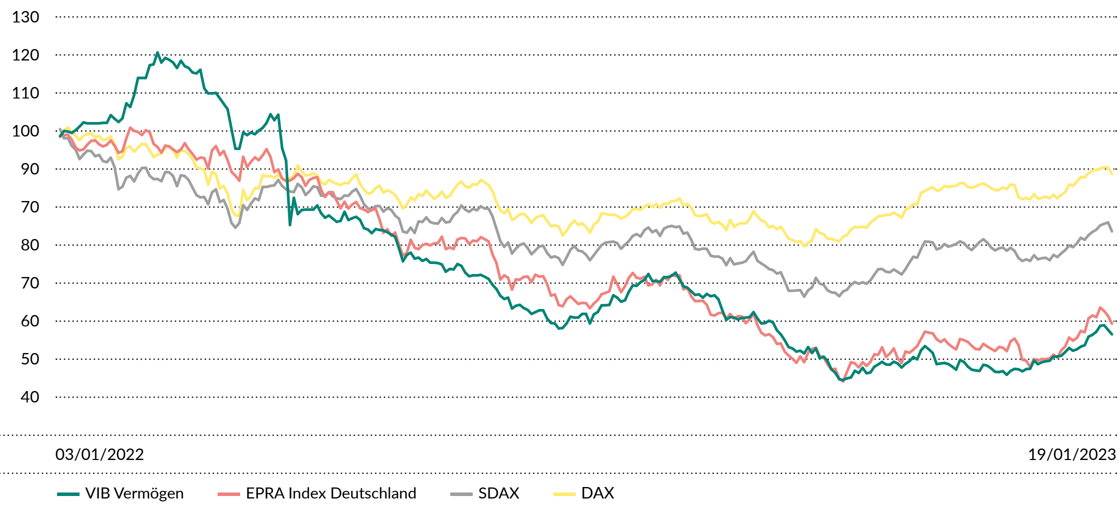
The uncertainty surrounding the global geopolitical and macroeconomic crises, as well as the sharp rises in real estate financing in the course of 2022, hit the property sector even harder than the market as a whole. Although the DAX and SDAX posted declines of 12% and 27%, the sector index EPRA Developed Europe, comprising listed European property companies, recorded a far more significant slump of 39%. The fall in the German industry index EPRA Germany even stood at 54%. Against this backdrop, the performance of the VIB Vermögen AG share ('VIB share') was in step with the industry index at –53%, taking into account the dividend distribution of EUR 0.85 per share and taking the Xetra starting price for 2022 of EUR 45.45, compared with EUR 20.30 at year-end.

Share price development in 2022

The start of the trading year was shaped by the positive operational outlook of VIB Vermögen AG and the public partial takeover offer made by DIC Asset AG. The high for the year, EUR 53.80, came on February 7. With the outbreak of war in Ukraine and the resulting rises in inflation and interest rates, company-specific factors were overshadowed by the general negative market sentiment, especially for real estate stocks. Against a backdrop of occasionally extreme volatility, the VIB share fell over the course of the year to a low of EUR 17.72 on October 13, 2022. While this phase was interrupted by an extended recovery in the summer months of July and August, this did not prove to be sustainable and overarching market trends continued to make their mark. In the fourth quarter, the VIB share profited from an improved market climate, and the company increasingly persuaded investors with its strategic focus on logistics and light industrial properties, meaning that the share closed out the year at EUR 20.30 on December 31. This is 15% up on the low for the year.

Share price development

Indexed comparison with EPRA and the DAX and SDAX indices in %



Dividend

For the purpose of short- and medium-term development of our property platform and to enable pending investments in our development projects over the next two years, we will propose to this year's Annual General Meeting that no dividend be paid for the 2022 fiscal year.

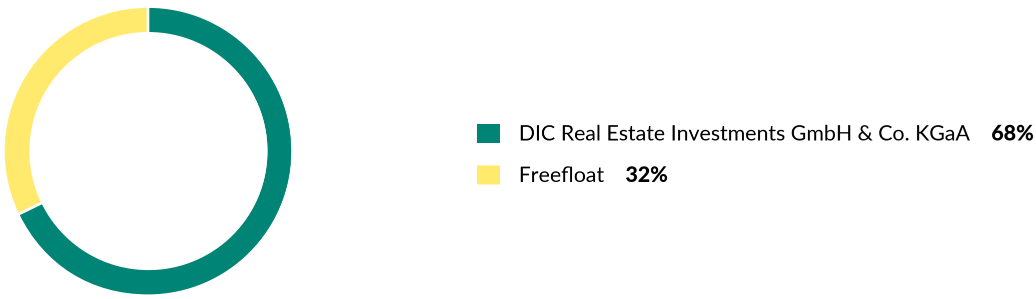
Market capitalisation of EUR 671 million

On the basis of the total number of shares of 33,054,587 and the closing price for the year of EUR 20.30 per share on December 31, 2022, the market capitalisation of VIB Vermögen AG stood at some EUR 671 million at year-end.

Shareholder structure as of December 31, 2022

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, 2022, this gave rise to the following shareholder structure: DIC Real Estate Investments GmbH & Co. KGaA held some 68% of voting rights. The remaining approx. 32% of VIB Vermögen AG shares were in free float.

Shareholder structure



As of December 31, 2022

Successful virtual Annual General Meeting

The Annual General Meeting for the year 2022 was held in Neuburg on August 30, 2022 – and was once again a virtual event. The agenda items included the appropriation of profit – for the second time, as a choice between cash and scrip dividend – the formal approval of the Managing and Supervisory Boards, the election of the annual auditor, the election of the new Supervisory Board members Professor Doctor Gerhard Schmidt and Sonja Wärntges and resolutions on the purchase of treasury shares and the creation of a new authorised capital. Around 73% of share capital was represented.

The ordinary 2023 Annual General Meeting is scheduled for July 4, 2023.

2023 financial calendar

February 15, 2023
Publication of the VIB Annual Report 2022

July 4, 2023
2022 Annual General Meeting

August 3, 2023
Publication of the 2023 half-year report

Key data

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

Share KPIs as of 31/12/2022

Subscribed share capital	EUR 33,054,587
Nominal value per share	EUR 1.00
Number of outstanding shares	33,054,587 shares
Net reinstatement value (NRV) per share (undiluted)	EUR 52.55
Balance sheet equity (consolidated)	TEUR 744,754
Closing price for the year (31/12/2021)	EUR 45.45
Closing price for the year (31/12/2022)	EUR 20.30
Annual high	EUR 53.80
Annual low	EUR 17.72
Average daily trading volume in 2022[1]	43,400 shares
Market capitalisation (31/12/2022)	EUR 671 million

[1] Xetra and all stock exchanges

EPRA performance indicators

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

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

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

Description of EPRA KPIs

EPRA performance indicators	Definition	Purpose
1. EPRA earnings	**Earnings** from operational activities	A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.
2. EPRA NAV performance indicators	**EPRA net reinstatement value (NRV):** Describes a portfolio management company on the basis that it never sells any properties and focuses on the maintenance and value appreciation of the portfolio. It reflects the value that would be required to rebuild the entity.	The EPRA NAV performance indicators adjust the NAV in accordance with the IFRS financial statements in order to provide stakeholders with the most relevant information on the fair value of assets and the liabilities of a real estate investment company in various scenarios.
	EPRA net tangible assets (NTA): This value assumes that entities buy and sell assets, resulting in certain unavoidable deferred taxes. However, these may be regarded more flexibly as in the previous NAV analysis. The NTA represents an improvement on the previously used NAV.	
	EPRA net disposal value (NDV): Represents the net asset value of a company in a disposal scenario, where deferred taxes, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.	
3.I EPRA net initial yield (NIY)	Ratio of annualised net basic rents at the balance sheet date to the market value of investment properties within the portfolio. Non-recoverable operating expenses are deducted from annualised net basic rents, and estimated purchasers' costs are added to the market value of investment properties.	An objective measure of portfolio valuations. It is designed to make it easier for investors to compare different portfolios. Entities should present details on how the figure is calculated, as well as on the reconciliation between EPRA NIY and the "topped-up" NIY.
3,2 EPRA TOPPED-UP NIY	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).	
4. EPRA vacancy rate	The EPRA vacancy rate is calculated using a ratio of the estimated market rent of vacant properties to the estimated market rent of the property portfolio as a whole.	A percentage comparison of investment property space that is vacant with the total rentable space, based on the estimated market rental value (ERV).
5. EPRA cost ratio	Calculates the ratio of operating and administrative costs to rental income within a one-year period.	This indicator provides an insight into the cost-effectiveness of a company's operating and administrative activities.
6. EPRA LTV	To calculate EPRA LTV, debts are divided by the market value of the properties.	This is an important indicator in terms of determining the ratio of debt to the market value of the properties.

EPRA KPIs at a glance

in EUR thousand	31/12/2022	31/12/2021	Change in %
EPRA earnings	57,257	54,752	4.6
EPRA NRV	1,737,064	887,090	95.8
EPRA NTA	1,471,098	746,278	97.1
EPRA NDV	1,530,026	705,188	117.0
EPRA net initial yield (NIY) in %	4.6	6.0	–1.4 pts.
EPRA TOPPED-UP NIY in %	4.6	6.0	–1.4 pts.
EPRA vacancy rate in %	1.4	1.2	0.2 pts.
EPRA cost ratio in %	17.4	10.0	7.4 pts.
EPRA LTV in %	28.5	–	–

EPRA earnings

DThe “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 57,257 thousand, which equates to an increase of EUR 2,505 thousand against the previous year. The increase is chiefly due to the further expansion of the operational property portfolio and the associated rise in net basic rents. This trend is also reflected in the increase in EPRA earnings per share, which have climbed from EUR 1.98 in the previous year to EUR 2.03 (EUR +0.05).

EPRA earnings

In EUR thousand		2022	2021
Group shareholders’ share of earnings		**53,578**	**29,912**
korrigiert um:			
(i)	Change in market value or depreciation/amortisation of investment properties	31,014	29,005
(ii)	Earnings from the disposal of investment properties	–374	505
(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	–4,849	–4,670
(ix)	Adjustments to items (i) to (viii) in relation to associates	0	0
(x)	Minority interests in adjustments to EPRA earnings	2,562	–497
(xi)	Other one-off effects	–22,112	0
Absolute EPRA earnings		**57,257**	**54,752**
Average number of shares (undiluted)		28,234,027	27,644,894
EPRA earnings per share (in EUR)		**2.03**	**1.98**

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

EPRA NET asset value (NAV) indicators

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

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

EPRA NRV improved by EUR 849,974 thousand year-on-year, from EUR 887,090 thousand to EUR 1,737,064 thousand (+95.8%). The main reasons underpinning this increase were the remeasurement of the property portfolio in the 2022 fiscal year and the positive consolidated net income in the fiscal year under review. Despite the number of outstanding shares increasing slightly, EPRA NRV per share rose from EUR 32.01 to EUR 52.55 (EUR +20.54/+64.2%).

EPRA NAV indicators in EUR thousand

in EUR thousand		31/12/2022 NRV	31/12/2021 NRV
Equity attributable to parent company shareholders		713,566	573,671
Dilution effect due to options, convertible bonds and other equity instruments		0	0
Diluted NRV after options, convertible bonds and other equity instruments		**713,566**	**573,671**
plus			
(ii.a)	Revaluation of investment properties (if the cost model pursuant to IAS 40 is applied)	869,354	187,466
(ii.b)	Revaluation of investment properties under construction (if the cost model pursuant to IAS 40 is applied)	n. a.	n. a.
(ii.c)	Revaluation of other assets (owner-occupied properties and interests)	n. a.	n. a.
less			
(v)	Deferred taxes (in relation to value changes of investment properties)	58,590	58,890
(vi)	Market value of derivative financial instruments	0	0
(viii.b)	Intangible assets	n. a.	n. a.
plus			
(ix)	Market value of financial liabilities (after deferred taxes)	n. a.	n. a.
(x)	Remeasurement of intangible assets	n. a.	n. a.
(xi)	Land purchase tax (insofar as deducted from the market value)	95,554	67,063
EPRA-NAV/NRV		**1,737,064**	**887,090**
Number of outstanding shares (diluted)		33,054,587	27,710,009
EPRA NAV/NRV per share (in EUR)		**52.55**	**32.01**

Reporting of further NAV performance indicators

EPRA NAV indicators

in EUR thousand		31/12/2022 NTA	31/12/2022 NDV
Equity attributable to parent company shareholders		713,566	713,566
Dilution effect due to options, convertible bonds and other equity instruments		0	0
Diluted NRV after options, convertible bonds and other equity instruments		**713,566**	**713,566**
plus			
(ii.a)	Revaluation of investment properties (if the cost model pursuant to IAS 40 is applied)	869,354	869,354
(ii.b)	Revaluation of investment properties under construction (if the cost model pursuant to IAS 40 is applied)	n. a.	n. a.
(ii.c)	Revaluation of other assets (owner-occupied properties and interests)	n. a.	n. a.
less			
(v)	Remeasurement of intangible assets at market value	–68,788 (50%)	–137,575
(vi)	Market value of derivative financial instruments	0	n. a.
(viii.b)	Intangible assets	–43,034	n. a.
plus			
(ix)	Market value of financial liabilities (after deferred taxes)	n. a.	84,681
(x)	Remeasurement of intangible assets at market value	n. a.	n. a.
(xi)	Land purchase tax (where deducted from market value)	n. a.	n. a.
EPRA-NAV/NRV		**1,471,098**	**1,530,026**
Number of outstanding shares (diluted)		33,054,587	33,054,587
EPRA NAV/NRV per share (in EUR)		**44.51**	**46.29**

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 disproportional rise in the market value of the property portfolio, the net initial yield fell from 6.03% to 4.56%.

EPRA NET initial yield

in EUR thousand	31/12/2022	31/12/2021
Investment properties (market values)	2,291,116	1,484,703
Properties under construction, reserved plots	–220,047	–55,473
Assets held for sale	0	18,560
Market value of the property portfolio (net)	**2,071,069**	**1,447,790**
Transaction cost reduction (purchasers' costs)	95,554	67,063
Market value of the property portfolio (gross)	**2,166,623**	**1,514,853**
Annualised net basic rent	99,597	91,958
Non-recoverable operating expenses	–793	–675
Annualised net rental income	**98,804**	**91,283**
Letting incentives	–403	–340
Topped-up annualised rental income	**98,401**	**90,943**
EPRA net initial yield (in %)	**4.56**	**6.03**
Topped-up EPRA net initial yield (in %)	4.54	6.00

EPRA vacancy rate

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

Due to a slight rise in temporary vacancies as of the end of the year under review, the EPRA vacancy rate marginally increased from 1.2% to 1.4%. This represents a rise of 0.2 percentage points.

EPRA vacancy rate

in EUR thousand	31/12/2022	31/12/2021
Annualised market rent for the total portfolio	100,979	93,081
Vacant properties measured at market values	1,382	1,123
EPRA vacancy rate (in %)	**1.4**	**1.2**

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 moderate year-on-year rise in net basic rents and a sharp increase in the cost base due to extraordinary items, the cost ratio climbed from 10.0% to 17.4%. This represents a rise of 7.4 percentage points.

EPRA cost ratio

in EUR thousand	31/12/2022	31/12/2021
Expenses for investment properties	18,290	15,666
Proceeds from the recovery of operating expenses	-12,965	-12,456
Personnel expenses	7,918	4,481
Other operating expenses	3,791	1,796
Other operating income	-692	-490
EPRA costs (incl. vacancy costs)	**16,342**	**8,997**
Direct vacancy costs	0	0
EPRA costs (excl. vacancy costs)	**16,342**	**8,997**
Revenue from net basic rents	**93,784**	**90,322**
EPRA cost ratio (incl. vacancy costs) in %	**17.4**	**10.0**
EPRA cost ratio (excl. vacancy costs) in %	17.4	10.0

EPRA LTV

EPRA LTV is an important indicator in terms of determining the ratio of debt to the market value of the properties. This indicator is reported for the first time due to a newly introduced requirement by the standard setter in the 2022 fiscal year.

EPRA LTV

in EUR thousand	31/12/2022 As per consolidated balance sheet	Share of JVs	Share of significant associates	Minority shares	Combined
Non-current financial liabilities	583,646			-29,182	554,464
Current financial liabilities	152,047			-7,602	144,445
Net liabilities	0			0	0
Less:					
Bank balances and cash in hand	-67,826			3,391	-64,435
Net liabilities (a)	**667,867**	**0**	**0**	**-33,393**	**634,474**
Market value of own company headquarters	5,200				5,200
Market value of investment properties	1,983,216			-99,161	1,884,055
Assets held for sale/properties	308,000			-15,400	292,600
Net receivables	45,590			-2,280	43,311
Total market value of assets (b)	**2,342,006**	**0**	**0**	**-116,840**	**2,225,166**
LTV (a/b)	**28.52**				**28.51**

EPRA reporting on the development of the property portfolio

Accounting as per IAS 40

In the 2022 fiscal year, the model for measuring investment properties was changed from the previously applied fair value model pursuant to IAS 40,33 to the at-cost model pursuant to IAS 40,56. The final balance sheet figures for the two fiscal years prior to the change (2020 and 2021) have been recalculated and adjusted accordingly.

Due to the business activities of the company, all properties held for the purpose of letting are classed as investment properties pursuant to IAS 40. Newly acquired properties are valued at cost. For the purpose of subsequent measurement, investment properties are measured at cost, less depreciation/amortisation and any write-ups pursuant to IAS 16.

Land is not amortised. Buildings are amortised on a straight-line basis over their useful economic life and reviewed annually for impairment.

Measurement information

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

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

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

For more information on the valuation model applied, please refer to pages 72 et seq. 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 in EUR thousand
Rolling	9.1	9,040
1 to 3 years	25.7	25,588
3 to 5 years	15.7	15,672
5 to 7 years	19.5	19,435
7 to 10 years	26.4	26,319
Longer than 10 years	3.6	3,568

- Overview of properties

Please refer to our website *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 2022 fiscal year (EUR 91,460 thousand) rose by EUR +3,398 thousand (+3.86%) against the previous year’s level (EUR 88,062 thousand).

This change can be split into the following categories:

– Contractual indexing	EUR +2,671 thousand
– Changes in the vacancy rate	EUR −259 thousand
– Changes arising from existing agreements	EUR +986 thousand

Information on investment properties

in EUR thousand	**Group** (excluding joint ventures)	**Joint ventures** (proportional share)	**Group total**
New investments/acquisitions	100,310	0	100,310
Developments, properties under construction	34,774	0	34,774
Subsequent capitalisation of existing properties			
Creation of additional rentable space	0	0	0
Improvement to existing rentable space	3,161	0	3,161
Rental incentives	0	0	0
Other	0	0	0
Capitalised interest on borrowings	0	0	0
Total investments	**138,245**	**0**	**138,245**

CONSOLIDATED MANAGEMENT REPORT

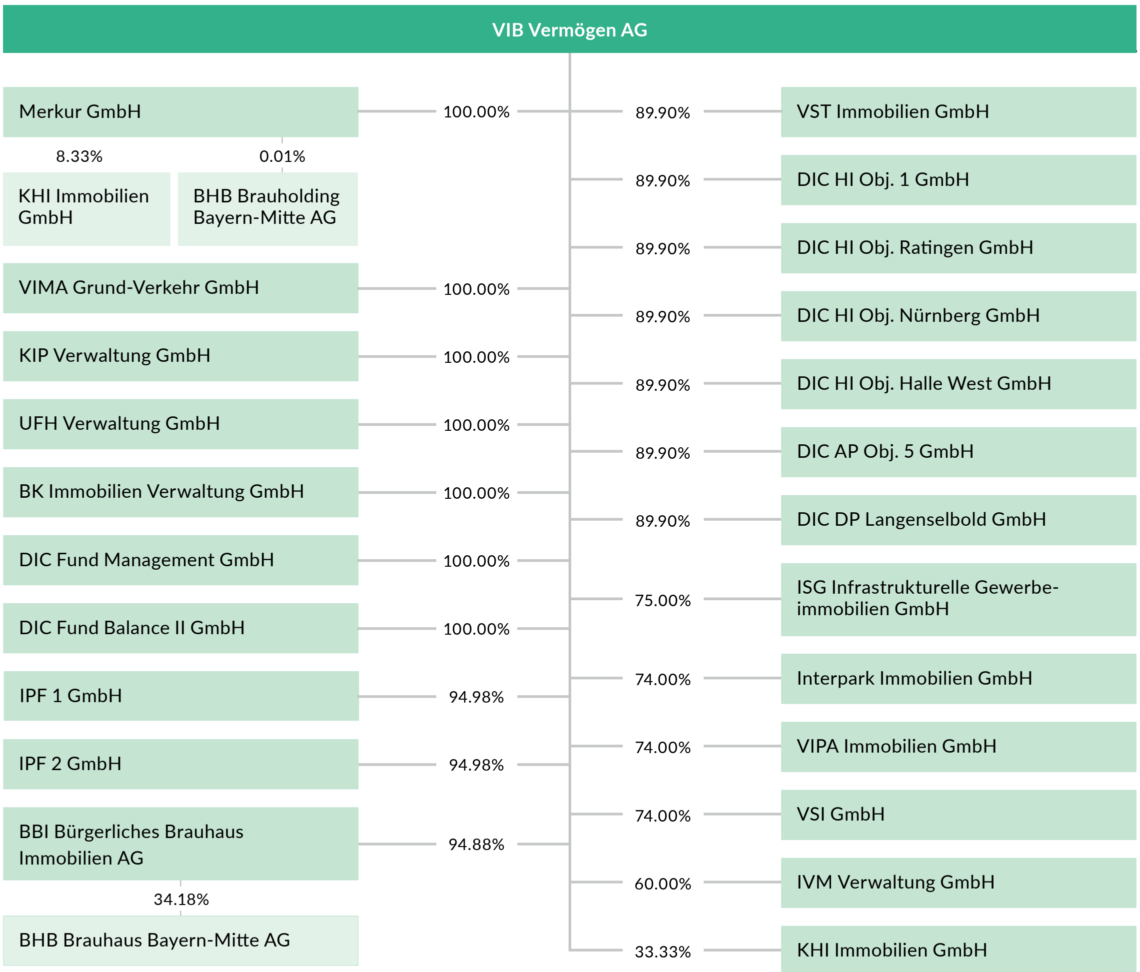
Basis of the Group

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.

The business model of VIB was 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, 2022, our portfolio of existing properties comprised a total of 114 properties (previous year: 112). In particular, the focus is on attractive logistics and light industry properties and specialist retail parks, which are complemented by commercial and service centres, with a total rentable area of approximately 1.35 million sqm (previous year: 1.29 million sqm). As of the end of the fiscal year, we extended our business model to include the area of asset management for the vehicles of external third parties, particularly institutional investors. As of December 31, 2022, the managed portfolio for institutional investors

Overview of participating interests as of December 31, 2022



comprised 43 properties with a total rentable area of some 0.9 million sqm. Another part of our strategy is that the properties covered by our asset/property management operations 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.

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 2022 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

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

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

The financial and accounting structure of a portfolio management company, combined with the management expertise of an active asset management firm, enables us to seize market opportunities quickly and flexibly.

The overall result of our platform activities is characterised by outstanding reliability and scalability in respect of risk balance, continuity and capital efficiency.

Measured on the balance sheet date of December 31, 2022, total assets under management were worth approx. EUR 3,128 million. The company's own portfolio accounts for some EUR 2,071 million of this figure, with some EUR 1,057 million attributable to mandated assets.

In-house portfolio

We continuously expand our own 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 almost 30 years. Selecting a suitable location for a property plays a particularly vital role for us in this regard, irrespective of whether we are acquiring the property or developing it ourselves. A key element of our development strategy is that our construction projects usually only begin once we have secured binding rental agreements for a significant portion of the property concerned. This approach minimises our project and financing risks and enables speedy and needs-driven completion of construction projects in the interests of customers.

Property management on behalf of institutional investors

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

In-house portfolio management

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

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 has harmonised its reporting with that of DIC Asset AG and, in terms of **key financial indicators**, is concentrating on gross rental income (previously revenue) and FFO (funds from operations).

Gross rental income represents the key indicator for evaluating growth within the company’s own portfolio and includes net basic rents for the let properties.

From a cash flow perspective, FFO is the most important indicator in terms of the operational course of business and can be derived from earnings from ordinary business activities. Depreciation and amortisation on properties is re-added during calculation, whereas current income taxes are deducted. One-off effects and non-controlling shareholders’ share of earnings are not taken into account.

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 the portfolio of loan borrowings is an important indicator in terms of the company's 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 the income statement of the VIB Group.

Key performance indicators at a glance

KPI	Description	**2022**	2021
FINANCIAL PERFORMANCE INDICATORS			
Gross rental income	Gross rental income as per income statement	EUR 93.8 million	EUR 90.3 million
FFO	Funds from Operations (before tax and non-controlling interests, indicates the property portfolio's earnings strength)	EUR 62.7 million	EUR 58.6 million
NON-FINANCIAL PERFORMANCE INDICATORS		**As of 31/12/2022**	As of 31/12/2021
Vacancy rate	Based on annualised net rent	1.4%	1.2%
Average interest rate on borrowing portfolio	Fixed- and variable-interest borrowings	1.77%	1.70%

4. Employees

As of the end of the 2022 fiscal year, the VIB Group employed 33 commercial staff in addition to the members of the Managing Board (31/12/2021: 37 staff). In addition, one industrial employee was employed on a part-time basis (31/12/2021: 6 employees).

As of December 31, 2022, the Managing Board comprised Dirk Oehme (Managing Board member since March 22, 2022, Speaker of the Board since October 5, 2022), Nicolai Greiner (Managing Board member since October 1, 2022) and Rainer Hettmer (Managing Board member since July 1, 2022). The former Managing Board members Martin Pfandzelter and Holger Pilgenröther stepped down with effect from June 30, 2022.

Business Report

1. Market and competitive environment[1]

Macroeconomic trends

The German economy fails to recover after coronavirus – stronger growth thwarted by high inflation, the energy crisis, supply chain disruption and war

The German economy recorded scant growth in 2022. The negative factors were too dominant and were triggered by historically high inflation, the increase in energy prices, persistent supply chain disruption and the Russian invasion of Ukraine. The first quarter was shaped by two fundamental economic trends: on the one hand, the coronavirus pandemic, which, at least in Europe, is gradually dying down, and the burgeoning order books in German industry, which pointed to noticeable economic growth; on the other hand, the Russian invasion of Ukraine and the resulting economic consequences, such as sanctions, disruption in the supply of raw materials and upstream products, and a level of uncertainty, particularly concerning energy prices, that was hard to gauge. The economy grew slightly in the first quarter (+0.2% GDP growth compared to the previous quarter).

In the second quarter, the German economy continued to recover from the pandemic, particularly in consumer-focused service areas. However, growth was dampened considerably by the rapid rise in inflation, the war in Ukraine and disruption in global supply chains, which proved to be persistent. In the second quarter, German GDP grew by a mere 0.1% compared to the previous quarter.

In the third quarter, the recovery of the German economy finally came to a halt. The high inflation rates (September 2022: 10%) reduced consumers' earnings and savings in real terms, weakening their purchasing power. The construction industry also slowed down considerably. In addition to materials shortages and the sharp rise in construction costs, this was driven, in particular, by the change in interest rate policy, which also led to an increase in financing costs. Economic output only increased by +0.3% compared to the previous quarter.

The fourth quarter was dominated by major shocks on the supply side. These resulted in fears of looming shortages in energy supply (gas supplies). There was also continuing disruption in supply chains (upstream products from Asia), as well as an increasing shortage of labour in more and more sectors. This led to difficulties in production and strengthened the effects of inflation. Government measures are intended to mitigate the impacts of the energy crisis. However, the government is also creating (artificial) demand as a result, which, in light of limited production capacity, is further driving price increases. According to preliminary calculations of the Federal Statistical Office, GDP growth for the year as a whole came in at 1.9%, meaning that the pre-coronavirus level was reached. Overall, the positive economic forces, which prevailed in particular at the start of the year, were not enough to counterbalance the cluster of negative factors comprising inflation, supply chain disruption, war and the skills shortage. Ultimately, the German economy had to weather a difficult year. The purchasing power of private households is weakened by high energy prices, which is why private consumer spending is also down.

With an average inflation rate of 7.9% (previous year: 3.1%), inflation in Germany reached the highest level since 1950 in 2022. Alongside base effects (arising due to the coronavirus-related cut in VAT in 2020 and the resulting price reductions), the increase was mainly driven by the sharp rises in crude oil products and natural gas imports compared to the previous year. The situation was compounded by rising prices in many raw materials and upstream products due to disrupted supply chains as a consequence of the coronavirus pandemic. As a response to the historic inflation levels, the European Central Bank (ECB) took drastic action

[1] Sources: Kiel Institute Economic Outlook, ifo Business Climate Index, European Central Bank (ECB) reports, Jones Lang LaSalle Investment and Office Market Overview.

on interest rates, the first step being to increase the base rate by 0.5 percentage points at the end of July. The next step came in September, with a rise of 0.75 percentage points to 1.25%. On November 2, the European main refinancing operations rate rose again by 0.75 percentage points to 2.0%. At the end of the year, the ECB reiterated that further interest rate and other accompanying measures would be considered in 2023 in order to combat inflation. The ECB forecasts that inflation will continue to come down during the course of 2023 before ultimately levelling off at 6.3%.

The global environment is also showing weakness and is not generating any positive economic momentum. Towards the end of the year, the economic outlook improved slightly. In particular, the wholesale prices of gas and electricity fell further, but remain at a high level. In the coming year, it is likely that inflation will remain high. The Kiel Institute for the World Economy (ifw Kiel) forecasts that disposable income and private consumer spending will decline further in real terms, although the extent of the contraction is hard to predict.

Industry performance

Decline in the commercial property investment market less dramatic than previously feared

Despite the challenging macroeconomic circumstances, the German property investment market achieved a volume of EUR 54.1 billion in 2022 according to figures released by BNP Paribas Real Estate (BNPPRE). This corresponds to a decline of approx. 16% compared to the previous year. However, this decline was less sharp than had been feared midway through the year. The volume for 2022 was also only 2% below the ten-year average.

Once again, the share of individual properties was relatively high (EUR 36.5 billion), but the volume was 25% below the previous year. Portfolio deals developed in the opposite direction, growing by 10% to some EUR 17.6 billion. The market continued to bide its time in the fourth quarter of 2022, meaning that there was no year-end bounce. Against the backdrop of weakening economic forecasts, sharp rises in interest rates and historic levels of inflation, all market players had to contend with uncertainty in respect of the short- to medium-term picture. This led to many sales not going ahead despite already being in the marketing stage.

Office and logistics properties the most in-demand asset classes

Measured against the total turnover of the German property investment market (EUR 54.1 billion), offices took the number-one spot with a share of EUR 22.25 billion (41%). This represents a drop of 7 percentage points compared to the previous year. Accounting for just under EUR 10.14 billion (19%), logistics properties took second place (+4% against the previous year). This asset class achieved a record result in 2022 thanks to a strong first half of the year. Growth was strongest in the category of EUR 50 to 100 million (+5.9% against the previous year). However, the logistics investment market was not immune to geopolitical events and the turnaround in interest rate policy.

2. Course of business

Target attainment

From the point of view of the Managing Board of VIB Vermögen AG, the 2022 fiscal year can be regarded as a resounding success despite the economic impacts of the war in Ukraine on the German economy.

In the 2022 reporting year, the VIB Group reached or exceeded the targets that it set itself in relation to revenue, earnings before tax (excluding valuation effects and extraordinary items), funds from operations (FFO) and the vacancy rate. In respect of the average interest rate on the portfolio of borrowings, the target of a slight reduction in the interest rates compared to December 31, 2021, was missed slightly on account of interest rate rises by the ECB during the course of 2022 that were not foreseeable at the time of planning.

To enable improved comparability with other property companies, the structure of the income statement was modified to comply with the structure recommended by the European Public Real Estate Association (EPRA) in the fiscal year under review. Prior-year figures were recalculated where necessary. For the sake of comparability, the forecasts for the 2022 fiscal year published in the 2021 Annual Report are shown next to the old income statement financial indicators revenue and earnings before tax (EBT) excluding valuation effects and extraordinary items.

Forecast/actual comparison

	Forecast for 2022	Actual 2022 figures
FINANCIAL PERFORMANCE INDICATORS		
Revenue	EUR 103.0 million to EUR 109.0 million	EUR 106.8 million
EBT excluding valuation effects and extraordinary items	EUR 67.0 million to EUR 71.0 million	EUR 70.8 million
FFO (funds from operations)	EUR 58.0 million to EUR 62.0 million	EUR 62.7 million
NON-FINANCIAL PERFORMANCE INDICATORS	Forecast for 31/12/2022	Actual figures as of 31/12/2022
Vacancy rate	Low, single-digit percentage range	1.4%
Average interest rate on borrowing portfolio	Slight reduction in the figure of 1.70% as of 31/12/2021	1.77%

In spite of the macroeconomic challenges surrounding the war in Ukraine, high inflation and supply chain disruption, the VIB Group can look back on a successful 2022 fiscal year. Furthermore, the financial impacts of the coronavirus pandemic lessened considerably in the year under review. In 2022, VIB only granted rental waivers (extraordinary effects) in the amount of EUR 136 thousand to tenants particularly badly affected by the pandemic. This is in comparison with rental waivers totalling EUR 494 thousand in the previous year.

Revenue (gross rental income plus earnings from operating and ancillary costs charged on to tenants) of EUR 106.8 million lay within the EUR 103.0 million to EUR 109.0 million forecast that we set for ourselves. The rise in revenue was driven by rental indexing, the pro rata rental income from new properties added to the portfolio in 2022 and by properties completed in the previous year that generated rental income over a full year for the first time in 2022.

Earnings before tax (EBT), excluding valuation effects and extraordinary items, amounted to EUR 70.8 million in the reporting period, which is at the upper end of the forecast range of EUR 67.0 million to EUR 71.0 million issued at the start of the year. The main reason for the positive trend lay in additional rental income from new properties and lower expenditure in the areas of personnel and administration (expense items adjusted for extraordinary effects).

FFO (funds from operations) stood at EUR 62.7 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 58.0 million to EUR 62.0 million – was slightly exceeded.

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, 2022. This target was achieved with a vacancy rate of 1.4% (31/12/2021: 1.2%).

In terms of average interest rates on the portfolio of borrowings, the forecast was for a slight improvement on the prior-year figure of 1.70% as of December 31, 2021. With a figure of 1.77% as of December 31, 2022, this forecast was not quite achieved; this was due to interest rate increases in the fiscal year that were not foreseeable at the time of issuing the forecast.

3. Earnings, assets and financial position

Earnings position

VIB Vermögen AG has changed its reporting in line with industry standards. As a result, the structure of the balance sheet and income statement was adjusted. The consolidated balance sheet is prepared using a classified balance sheet method (in accordance with IAS 1). Assets that will be realised within twelve months after the balance sheet date and liabilities that will become due within one year after the balance sheet date are recognised as current. The income statement has been prepared on the basis of the methods recommended by the European Public Real Estate Association (EPRA).

Furthermore, the accounting and measurement rules in connection with investment properties have been changed from the fair-value method (IAS 40) to the amortised-cost model (at cost, IAS 16). This adjustment was made retroactively as of January 1, 2020 pursuant to IAS 8. The adjusted structure and the changes to the accounting and measurement methods affect various items on the balance sheet and income statement. Where changes have resulted, the prior-year figures have been adjusted accordingly. For this reason, the prior-year figures shown in this report are only comparable with previous reporting to a limited extent.

Selected indicators of earnings position

In EUR thousand	**2022**	2021	Change (%)
Gross rental income	93,784	90,322	+3.8
Net rental income	88,459	87,112	+1.5
Earnings from ordinary business activities	61,851	37,210	+66.2
Earnings from ordinary business activities, excluding one-off effects	44,726	38,166	+17.2
Consolidated net income	54,704	31,039	+76.2
Funds from operations (FFO)	62,662	58,601	+6.9

Gross rental income increased by 3.8%, or EUR 3.5 million, to EUR 93.8 million in the fiscal year under review, particularly on account of additions to the property portfolio and rental indexing. Rental waivers granted by the VIB Group to tenants particularly affected by the coronavirus pandemic have already been taken into account and fell sharply year on year to EUR 0.1 million (previous year: EUR 0.5 million).

Net rental income came in at EUR 88.4 million and was therefore up by 1.5% on the previous year (previous year: EUR 87.1 million). This item includes both the ancillary cost payments from tenants totalling EUR 13.0 million (previous year: EUR 12.5 million) and the advance operating cost payments to utility companies payable by VIB in the amount of EUR 13.8 million (previous year: EUR 12.1 million), as well as other property-related expenses (mostly maintenance costs for the property portfolio) in the amount of EUR 4.5 million (previous year: EUR 3.5 million).

The increase in administrative expenses to EUR 3.8 million (previous year: EUR 1.8 million) is particularly attributable to legal and consultancy costs totalling EUR 1.5 million in connection with the change to the shareholder structure of VIB Vermögen AG. Personnel expenses stood at EUR 7.9 million and also include one-off effects (previous year: EUR 4.5 million) in connection with the change to the shareholder structure.

Depreciation and amortisation came in at EUR 31.4 million (previous year: EUR 29.4 million) and include both depreciation on investment properties and property, plant and equipment, as well as one-off write-downs on properties.

Income from property administration fees comprises asset and property management, letting, project coordination and transaction fees associated with the management of properties on behalf of institutional investors. In the fiscal year under review, VIB generated EUR 3.1 million as part of the initial establishment of a fund (VIB Retail Balance I).

Other operating revenue came in at EUR 0.9 million (previous year: EUR 0.5 million) and chiefly comprises insurance compensation due to building damage.

The sale of investment properties resulted in net proceeds of EUR 25.8 million (previous year: EUR 9.7 million). The strategic sales, carried out as part of portfolio optimisation, related to three retail properties and one office property. The residual carrying amounts of the aforementioned properties totalled EUR 25.4 million (previous year: EUR 10.2 million), meaning that a net profit of EUR 0.4 million (previous year: –0.5 million) was generated from the sale of investment properties.

Earnings from associated companies in the amount of EUR 21.5 million (previous year: EUR –0.6 million) mainly comprises the earnings from the sale of the interest in joint venture WVI GmbH as of June 30, 2022. Interest income came in at EUR 2.9 million (previous year: EUR 0) and relates to the change in market value of an interest hedge. Interest expenses were reduced to EUR 12.3 million (previous year: EUR 13.5 million) by virtue of the decrease in loan liabilities.

The result from ordinary business activities rose sharply by EUR 24.6 million against the previous year to EUR 61.9 million (previous year: EUR 37.2 million). When adjusted for one-off effects, the result from ordinary business activities amounts to EUR 44.7 million (previous year: EUR 38.2 million). The net one-off effects amount to EUR 17.1 million (previous year: EUR –1.0 million) and comprise operating expenses of EUR 5.5 million in connection with the new shareholder structure, write-downs on properties of EUR 5.0 million, and earnings from transactions and interest hedges of EUR 27.6 million.

Income taxes came in at EUR 7.4 million (previous year: EUR 6.9 million). Consolidated net income improved by EUR 23.7 million to EUR 54.7 million in the reporting period (previous year: EUR 31.0 million), earnings per share came in at EUR 1.90 and were therefore significantly higher than the level of EUR 1.08 in the previous year.

FFO (funds from operations) – i.e. cash inflow from operating activities – rose by EUR 4.1 million, from EUR 58.6 million to EUR 62.7 million in the year under review.

Net assets

Selected indicators of net assets

In EUR thousand	**31/12/2022**	31/12/2021	Change (%)
Total assets	1,586,409	1,417,690	+11.9
Investment properties	1,145,908	1,300,628	–11.9
Investment properties (incl. assets held for sale)	1,400,853	1,319,188	+6.2
Non-current financial liabilities	583,646	688,067	–15.2
Current financial liabilities	152,047	59,670	+154.8
Equity	744,754	599,604	+24.2
Equity ratio	46.9%	42.3%	+4.6 PP

Total assets climbed by EUR 168.7 million to EUR 1,586.4 million as of the balance sheet date (31/12/2021: 1,417.7 million). Investment properties at the VIB Group came in at EUR 1,145.9 million, compared with EUR 1,300.6 million in the previous year. The decrease is due to the reclassification of the retail portfolio within the special fund held for sale in the amount of EUR 254.9 million to the balance sheet item "Assets held for sale". Investment properties at the VIB Group, including assets held for sale, came in at EUR 1,400.8 million, compared with EUR 1,319.2 million in the previous year.

Interests in associated companies increased from EUR 16.1 million to EUR 17.9 million, in particular due to further capital contributions to these companies. The item "Intangible assets" stood at EUR 43.0 million (31/12/2021: EUR 0.03 million) and comprises property management agreements in relation to the Group companies acquired as part of the non-cash capital increase.

Trade receivables climbed by EUR 1.1 million to EUR 2.4 million (31/12/2021: EUR 1.3 million). Other assets stood at EUR 43.5 million (31/12/2021: EUR 2.2 million) and chiefly comprise outstanding receivables vis-à-vis third parties in the form of fund restructuring fees in connection with the setting up of a fund (VIB Retail Balance I), as well as the balance sheet value of an interest hedge. Bank balances remained more or less unchanged and amounted to EUR 67.8 million (31/12/2021: EUR 68.2 million). The item "Assets held for sale" relates to the properties of a retail portfolio that will be sold to a special property fund.

Due to the creation of new shares in connection with the capital increase and scrip dividend, subscribed capital rose from EUR 27.7 million to EUR 33.1 million, with capital reserves increasing from EUR 195.5 million to EUR 299.3 million. Cumulative earnings climbed from EUR 246.3 million to EUR 277.1 million and were subject to two contradictory effects: on the one hand, the share of earnings attributable to Group shareholders for 2022 of EUR 53.6 million, recognised in the income statement, and, on the other hand, the dividend payment to shareholders in the amount of EUR 22.8 million. The item "Minority interests" mainly increased due to the first-time consolidation of new companies as part of the non-cash capital increase.

Non-current interest-bearing financial liabilities fell by EUR 104.4 million to EUR 583.6 million (31/12/2021: EUR 688.1 million), whereas current interest-bearing financial liabilities increased by EUR 92.4 million to EUR 152.0 million (31/12/2021: EUR 59.7 million). On a net basis, total financial liabilities fell by EUR 12.2 million to EUR 735.6 million (31/12/2021: EUR 747.8 million).

Liabilities to related parties stood at EUR 31.1 million (31/12/2021: EUR 0) and consist of liabilities in connection with first-time fund structuring and interest hedges. Liabilities to associated companies stood at EUR 2.9 million (31/12/2021: EUR 0.8 million) and included liabilities to minority interests. Other liabilities rose to EUR 9.0 million (31/12/2021: EUR 5.3 million), mainly due to higher outstanding VAT liabilities and higher invoices for trade payables.

The financial position of the VIB Group once again made it possible to carry out a portion of planned investments through equity in 2022. Furthermore, the Group took out new loans in the year under review and repaid loans as planned when they became due. The company's net asset value (NAV) increased significantly to EUR 1,645.1 million (31/12/2021: EUR 813.2 million) as of the balance sheet date, chiefly due to the remeasurement of the property portfolio.

Financial position

The financial management of VIB includes the planning, coordination and monitoring of all measures designed to acquire funds (equity and debt financing) and deploy funds (investment, primarily in the expansion and maintenance of our property portfolio). The main aim of our financial management is to ensure the financial stability of VIB. As of the balance sheet date, the Group had access to undrawn credit and overdraft lines in the amount of EUR 15.1 million (previous year: EUR 15.5 million).

Selected indicators of financial position

In EUR thousand	**2022**	2021	Change
Cash flow from operating activities (before interest expense)	+67,812	+74,946	–7,134
Cash flow from investment activities	+7,225	–15,427	+22,652
Cash flow from financing activities	–80,284	–30,718	–49,566
Changes in cash and cash equivalents related to the scope of consolidation	+4,909	0	+4,909
Cash and cash equivalents at end of period	67,826	68,164	–338

Cash flow from operating activities came in at EUR 67.8 million in the year under review (previous year: EUR 74.9 million). Cash inflow from investment activities amounted to EUR 7.2 million, compared with a cash outflow EUR 15.4 million in the prior-year period. Significant items were payments for investments in the property portfolio totalling EUR 37.9 million (previous year: EUR 21.9 million) and the cash inflow totalling EUR 25.8 million (previous year: EUR 9.8 million) from property sales made in the year under review. Furthermore, there was also a cash inflow from the sale of the interest in WVI GmbH in the amount of EUR 25.2 million (previous year: EUR 0).

A net cash outflow from financing activities of EUR 80.3 million was recorded (previous year: cash inflow of EUR 30.7 million). This comprises a cash inflow of EUR 29.9 million (previous year: EUR 30.9 million) from the taking out of bank loans for investments in the property portfolio, a cash outflow of EUR 13.6 million (previous year: EUR 16.3 million) for dividend payments to company shareholders and a cash outflow of EUR 1.1 million (previous year: EUR 1.0 million) for dividend payments to non-controlling shareholders and a cash outflow of EUR 85.3 million (previous year: EUR 31.1 million) for financial loan repayments. There was also a cash inflow of EUR 2.1 million (previous year: EUR 0.3 million) from contributions from non-controlling shareholders. The VIB Group paid interest in the amount of EUR 12.3 million (previous year: EUR 13.5 million) in the fiscal year under review. Changes in cash and equivalents related to the scope of consolidation came in at EUR 4.9 million (previous year: EUR 0).

In total, cash and cash equivalents fell by EUR 0.3 million to EUR 67.8 million as of December 31, 2022.

4. Overall statement on the company’s business position

From the point of view of the Managing Board, the 2022 fiscal year can be regarded as a resounding success despite the economic impacts of the war in Ukraine, high inflation rates and persistent supply chain disruption. Despite this success, the VIB Group feels that it continues to be exposed to a variety of business risks in the 2023 fiscal year. The crucial factor in this regard will be any further consequences for the German economy and commercial property market as a result of the war in Ukraine. Despite the current economic challenges, the Managing Board expects that the underlying conditions for the property business of the VIB Group will remain stable overall in the 2023 fiscal year. Should the situation deteriorate considerably contrary to expectations, the statements in the business forecasts will have to be adjusted accordingly.

Report on Risks and Opportunities

Risk report

1. Risk management

VIB Vermögen AG operates in an economic environment marked by rapidly increasing volatility and complexity due to the war in Ukraine and the coronavirus pandemic. 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 VIB Group. With this in mind, VIB 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.

The VIB Group classifies potential risks into four categories that are also applied Group-wide at all subsidiaries:

Group risks

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

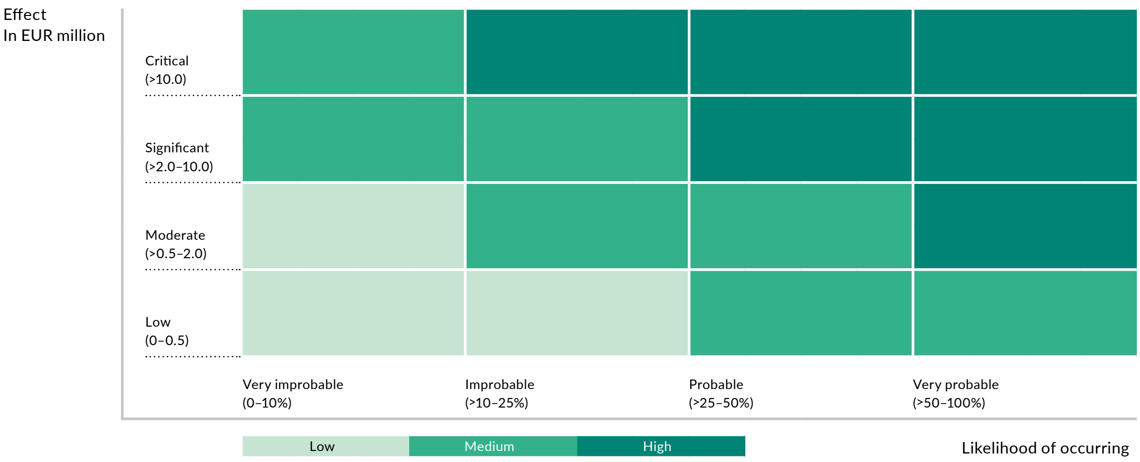
Once specific risks have been identified and recorded, they are analysed and classified according to their potential loss level and event probability. This is intended to enable conclusions to be drawn about the specific risk potential for VIB (see risk matrix graph):

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. Due to the inclusion of VIB Vermögen AG and all its subsidiaries in the consolidated financial statements of DIC Asset AG, Frankfurt am Main, from the 2022 fiscal year, however, the requirement to produce separate consolidated financial statements for VIB Vermögen AG no longer applies. The consolidated financial statements in accordance with the provisions of the IASB continue to be prepared on a voluntary basis (Sect. 315e [3] HGB).

The preparation of the consolidated financial statements and Group management report is the responsibility of the Managing Board. This includes the establishment 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

In light of the aforementioned economic challenges, the risk situation for the VIB Group remains heightened. This influences the evaluation of certain individual risks to the company outlined below.

Environment and sector risks

Macroeconomic risks

In its autumn report, the German Federal Government anticipates that the German economy will fall into a mild recession in 2023. The main reasons stated for this decline in growth include the war in Ukraine, persistently high energy prices, high inflation and continued supply chain disruption. Ultimately, the Federal Government and leading economic research institutes predict that German gross domestic product will decline slightly in 2023, which may pose greater challenges to private households and companies alike.

It is highly probable that the situation will also remain challenging overall on the commercial property market in 2023. Jones Lang LaSalle (JLL) estimates that institutional investors, in particular, will invest more heavily in fixed-rate government bonds in the first few months of the new year due to the increasing interest rates. The longer the inflationary environment continues, however, the more likely it is that institutional and private investors will recognise the real-term losses in purchasing power and asset value. According to JLL, this could result in more capital being funnelled into commercial property and therefore a rise in demand for this asset class.

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 for the German economy, we assess the macroeconomic risk for VIB to be “moderate”, as in the previous year.

Locational 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 value development of the property portfolio, the market value of all properties is calculated every year by an independent external property valuation surveyor. 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.

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 rent 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 1.4% as of December 31, 2022.

Even though the vacancy rate at VIB remains at an extremely low level, we still gauge the risk of an increased vacancy rate in the coming months as heightened on account of the economic challenges. We therefore regard the vacancy and rent default risk as unchanged and therefore “moderate”.

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 almost 30 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 therefore 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 many years, pays testament to successful property management at VIB.

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 risk

VIB works closely with local and national banks in relation to the financing of real estate projects. The Managing Board takes the view that a deterioration in the economic situation in Germany 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.

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.

We therefore currently appraise the financing risk as “low”, as in the previous year.

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, the VIB Group mainly takes out long-term 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 by interest-bearing loans and promissory note loans with an agreed fixed term.

In the second half of 2022, the ECB began increasing the base rate, which has led to a rise in the financing rates for property loans. It is currently not possible to predict the extent to which the ECB may increase rates further in 2023.

Even though rising interest rates, especially in the medium and long term, will lead to higher interest expenses for the VIB Group, any negative effect will remain small compared to the total interest rate volume when viewed over a twelve-month period. The Managing Board gauges such a risk as “moderate”, as in the previous year.

Currency risk
Loans and credit granted to, and interests in, foreign subsidiaries are always subject to the risk of currency fluctuations. As of December 31, 2022, there are no significant foreign currency items within the VIB Group.

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

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

Despite the conclusion of interest rate hedges, VIB gauges the risk 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 and compliance guidelines) by all employees and the management. A failure to comply could have negative consequences on the company's business activities, as well as reputational damage. To ensure observance with compliance standards, a compliance unit has been set up at VIB. This unit defines internal guidelines and process requirements and handles training on compliance-related topics for all employees of the VIB Group. No breaches of compliance guidelines were reported 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 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 increasing regulations, including the EU taxonomy framework, we assess the regulatory risk as "moderate", as in the previous year

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.

VIB counters 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 Group arising from a damage risk as "low", as in the previous year.

Personnel risk

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

We counter this risk with a remuneration system that reflects performance fairly and by granting additional benefits to our employees, such as a company pension scheme. VIB also offers training opportunities and, since 2013, 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 of 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.

Despite the economic impacts of the war in Ukraine, it is the appraisal of the Managing Board that no severe risks are currently identifiable that could directly jeopardise the future of the company as a going concern.

Opportunities report

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

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

Furthermore, we also see an opportunity to supplement our engagement as a property portfolio manager with services in our role as the initiator and manager of investment products for institutional customers. The aim is to tap into new areas of business that contribute to increases in the Group's gross rental income and earnings.

A key pillar of our business model is the management of our property portfolio by in-house personnel of the VIB Group. 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, 2022, the property portfolio of VIB comprises 114 properties with a total useful area of some 1.35 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. Even against the backdrop of rising interest rates, VIB is still in a position to agree correspondingly attractive interest rate terms for upcoming new financing and refinancing agreements. Long-term loans, with a fixed-interest period of several years, are our preferred financing option 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 other hand, we also use the spectrum of equity financing possibilities available to us as a listed company. 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. traditional 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 over the past almost 30 years. The company boasts a diversified property portfolio, which has been exhibiting a vacancy rate in the low single-digit percentage range for many years. The current economic challenges 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

It is highly probable that the German economy will slip into a mild recession in 2023. The main reasons for this are the war in Ukraine, persistently high energy prices, high inflation and continued supply chain disruption. This will pose major challenges to private households and companies alike.

Following a year of declining transaction volume, the outlook for the property market remains clouded by uncertainty. Jones Lang LaSalle (JLL) estimates that institutional investors, in particular, will invest more heavily in fixed-rate government bonds in the first few months of 2023 due to the increasing interest rates and that demand for property will remain low. The longer the inflationary environment continues, however, the more likely it is that institutional and private investors will recognise the real-term losses in purchasing power and asset value. According to JLL, this could result in more capital being funnelled into commercial property as an asset class.

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

The planning of gross rental income for the 2023 fiscal year was carried out on the basis of existing properties as of December 31, 2022. Furthermore, this planning also includes pro rata revenue contributions from development projects that will be completed during the course of 2023. As already explained, the VIB Group has sold retail properties to a special property fund. Until the anticipated transfer of ownership, benefits and encumbrances on March 31, 2023, all rental proceeds and expenses connected with these properties are still included within planning for the 2023 fiscal year. From April 1, 2023, planning only includes rental proceeds from properties still within the VIB Group. Due to the sale, the 2023 forecasts for the key indicators of gross rental income will be down on 2022.

Based on operational planning, we anticipate gross rental income of EUR 82.0 million to EUR 88.0 million for the 2023 fiscal year (2022: EUR 93.8 million).

We also anticipate FFO, which will be recognized before tax and minority interests from 2023, in the range of EUR 58.0 million to EUR 64.0 million (2022: EUR 62.7 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 2023 fiscal year (31/12/2022: 1.4%). As we are anticipating further interest rate rises from the ECB during the course of 2023, the Managing Board takes the view that it is not currently possible to issue a precise forecast of the average interest rate, and we will therefore not publish such a forecast (December 31, 2022: 1.77%).

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 war in Ukraine or other events, the Managing Board does not discount the possibility of a deviation from this forecast.

Neuburg/Danube, February 10, 2023

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

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement (IFRS)

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

In EUR thousand	Note	01/01/–31/12/2022	01/01/–31/12/2021[1]
Gross rental income	D. 1	**93,784**	**90,322**
Earnings from operating and ancillary costs	D. 2	12,965	12,456
Expenses from operating and ancillary costs	D. 2	–13,758	–12,138
Other property-related expenses	D. 3	–4,532	–3,528
Net rental income		**88,459**	**87,112**
Administrative expenses	D. 4	–3,791	–1,796[1]
Personnel expenses	D. 5	–7,918	–4,481
Depreciation	D. 6	–31,454	–29,443[1]
Earnings from property administration fees	D. 7	3,105	0
Other operating income	D. 8	942	490[1]
Net earnings from the disposal of investment properties		25,760	9,728
Residual carrying amount of investment properties		–25,386	–10,233
Gains from the disposal of investment properties	D. 9	**374**	**–505**
Earnings before interest and other financing activities		**49,717**	**51,377**
Earnings attributable to associated companies	D. 10	21,518	–638[1]
Interest income	D. 11	2,910	0
Interest expense	D. 11	–12,294	–13,529
Earnings from ordinary business activities		**61,851**	**37,210**
Income tax	D. 12	–7,404	–6,925
Deferred taxes	D. 12	257	754[1]
Consolidated net income		**54,704**	**31,039[1]**
Share of earnings attributable to Group shareholders		53,578	29,912[1]
Share of earnings attributable to minority shareholders	D. 13	1,126	1,127[1]
Earnings per ordinary share in EUR			
Profit/loss on continuing operations	D. 14	1.90	1.08[1]
Profit/loss on discontinued operations		0.00	0.00
Undiluted earnings per share		**1.90**	**1.08[1]**
Diluted earnings per share in EUR			
Profit/loss on continuing operations	D. 14	1.90	1.08[1]
Profit/loss on discontinued operations		0.00	0.00
Diluted earnings per share		**1.90**	**1.08[1]**

[1] Prior-year figures adjusted.
Please refer to the introductory explanations on the income statement and balance sheet in section D of the Notes.

Consolidated statement of comprehensive income (IFRS)

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

In EUR thousand	Note	2022	2021[1]
Consolidated net income		**54,704**	**31,039[1]**
OTHER INCOME			
Other comprehensive income to be reclassified to the income statement in subsequent periods			
Foreign currency effects from the translation of independent subsidiaries		–26	9
Income tax effect		0	0
		–26	**9**
Other comprehensive income to be reclassified to the income statement in subsequent periods		**–26**	**9**
Other comprehensive income not to be reclassified to the income statement in subsequent periods			
Actuarial gains/losses from pension plans		883	92
Income tax effect	D. 27	–140	–14
		743	**78**
Other comprehensive income not to be reclassified to the income statement in subsequent periods		**743**	**78**
Other comprehensive income after tax		**717**	**87**
Total comprehensive income after tax		**55,421**	**31,126[1]**
Total comprehensive income attributable to			
Group shareholders		54,292	30,000[1]
Non-controlling shareholders		1,129	1,126[1]

[1] Prior-year figures adjusted.
Please refer to the introductory explanations on the income statement and balance sheet in section D of the Notes.

Consolidated balance sheet (IFRS)

as of December 31, 2022

Assets

In EUR thousand	Note	**31/12/2022**	31/12/2021[1]	01/01/2021[1]
NON-CURRENT ASSETS				
Investment properties	D.15	1,145,908	1,300,628[1]	1,321,513[1]
Property, plant and equipment	D.17	10,923	10,767	11,136
Interests in associated companies	D.18	17,868	16,098[1]	13,537[1]
Intangible assets	D.19	43,034	26	18
Total non-current assets		**1,217,733**	**1,327,519[1]**	**1,346,204[1]**
CURRENT ASSETS				
Trade receivables	D.20	2,381	1,293	1,387
Receivables from related parties		41	0	0
Other assets	D.21	43,483	2,154	5,121
Bank balances and cash in hand	D.22	67,826	68,164	39,363
Assets held for sale	D.23	254,945	18,560	15,021
Total current assets		**368,676**	**90,171**	**60,892**
Total assets		**1,586,409**	**1,417,690[1]**	**1,407,096[1]**

[1] Prior-year figures adjusted.
Please refer to the introductory explanations on the income statement and balance sheet in section D of the Notes.

Consolidated balance sheet (IFRS)

as of December 31, 2022

Equity and liabilities

In EUR thousand	Note	**31/12/2022**	31/12/2021[1]	01/01/2021[1]
EQUITY	D.24			
Subscribed share capital		33,055	27,710	27,580
Share premium account		299,307	195,496	191,218
Retained earnings		104,150	104,150	95,106
Accumulated earnings		277,054	246,290[1]	246,028[1]
Foreign currency translation		0	25	16
Equity attributable to parent company shareholders		**713,566**	**573,671[1]**	**559,948[1]**
Minority interest		31,188	25,933[1]	25,506[1]
Total equity		**744,754**	**599,604[1]**	**585,454[1]**
NON-CURRENT LIABILITIES				
Non-current interest-bearing financial liabilities	D.25	583,646	688,067	717,894
Deferred tax liabilities	D.26	58,590	58,890[1]	59,638[1]
Pension provisions	D.27	3,192	3,496	3,328
Total non-current liabilities		**645,428**	**750,453[1]**	**780,860[1]**
CURRENT LIABILITIES				
Current interest-bearing financial liabilities	D.28	152,047	59,670	30,053
Trade payables	D.29	345	1,361	1,521
Liabilities to related parties	D.30	31,088	0	0
Liabilities to participating interests	D.31	2,906	833	827
Income tax liabilities	D.32	831	461	241
Other liabilities	D.33	9,010	5,308	8,140
Total current liabilities		**196,227**	**67,633**	**40,782**
Total liabilities		**1,586,409**	**1,417,690[1]**	**1,407,096[1]**

[1] Prior-year figures adjusted.
Please refer to the introductory explanations on the income statement and balance sheet in section D of the Notes.

Consolidated cash flow statement (IFRS)

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

In EUR thousand		Note	**01/01/–31/12/2022**	01/01/–31/12/2021[1]
A.	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Net income for the year (after tax)		54,704	31,039[1]
+/–	Net interest result	D. 11	9,384	13,529
+/–	Income tax expense	D. 12	7,147	6,171[1]
+	Depreciation on property, plant and equipment and intangible assets	D. 6	31,454	29,443[1]
+/–	Increase/decrease in provisions		–304	168
+/–	Profit/loss on equity-accounted investments	D. 10	–21,519	638[1]
–	Income taxes paid		–7,034	–6,704
	Cash flow from operating activities after tax (before interest expense)		**73,832**	**74,284[1]**
+/–	Other non-cash expenses/income		–2,479	93
+/–	Changes in inventories, receivables and other assets not attributable to investing activities		–33,189	3,561[1]
+/–	Change in liabilities not attributable to financing activities		29,648	–2,992
	Cash flow from operating activities (before interest expense)		**67,812**	**74,946[1]**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
–	Outgoing payments for investments in intangible fixed assets	D. 19	–20	–17
–	Outgoing payments for investments in property, plant and equipment	D. 17	–594	–109
–	Outgoing payments for investments in investment properties	D. 15	–37,936	–21,888
–	Outgoing payments for investments in financial fixed assets	D. 18	–5,209	–3,200
+	Proceeds from the disposal of fixed assets and investment properties		25,776	9,787
+	Proceeds from the disposal of financial fixed assets		25,208	0
	Cash flow from investing activities		**7,225**	**–15,427**

In EUR thousand		Note	01/01/– 31/12/2022	01/01/– 31/12/2021[1]
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
+	Proceeds from the drawing down of borrowings	D. 35	29,925	30,900
–	Payments to company owners and shareholders of the parent companies (dividends)	D. 14	–12,372	–16,285
–	Payments for dividends to other shareholders	D. 14	–1.095	–960
–	Payments for capital increase costs	D. 14	–1.219	0
–	Outgoing payments for the redemption of borrowings	D. 35	–85,302	–31,110
+	Payments received from non-controlling shareholders		2,073	266
+	Interest received	D. 11	0	0
–	Interest paid	D. 11	–12,294	–13,529
	Cash flow from financing activities		**–80,284**	**–30,718**
D.	**CASH AND CASH EQUIVALENTS AT END OF PERIOD**			
	Net change in cash and cash equivalents			
+/–	Cash flow from operating activities		67,812	74,946[1]
+/–	Cash flow from investing activities		7,225	–15,427
+/–	Cash flow from financing activities		–80,284	–30,718
	Change in cash flow		**–5,247**	**28,801**
+/–	Changes to cash and cash equivalents related to the scope of consolidation		4,909	0
	Cash and cash equivalents at start of period	D. 22	68,164	39,363
	Cash and cash equivalents at end of period	D. 22	**67,826**	**68,164**

[1] Prior-year figures adjusted.
Please refer to the introductory explanations on the income statement and balance sheet in section D of the Notes.

Consolidated statement of changes in equity (IFRS)

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

In EUR thousand	Subscribed share capital	Share premium account	Retained earnings	Accumulated earnings	Foreign currency translation	Equity attributable to parent company shareholders	Share attributable to non-controlling shareholders	Note D.24 Consolidated equity
Balance 01/01/2022[1]	**27,710**	**195,496**	**104,150**	**365,422**	**25**	**692,803**	**29,442**	**722,245**
Effects arising from retrospective change in measurement model	0	0	0	–119,132	0	–119,132	–3,509	–122,641
Balance 01/01/2022[1]	**27,710**	**195,496**	**104,150**	**246,290**	**25**	**573,671**	**25,933**	**599,604**
Net income for the period	0	0	0	53,578	0	53,578	1,126	54,704
Other income	0	0	0	740	–25	715	3	718
Total income	**0**	**0**	**0**	**54,318**	**–25**	**54,293**	**1,129**	**55,422**
Authorised Capital (conversion to scrip dividend)	472	10,710	0	–11,182	0	0	0	0
Authorised Capital (non-cash capital increase)	4,873	94,127	0	0	0	99,000	0	99,000
Net expenditure costs	0	–1,026	0	0	0	–1,026	0	–1,026
Changes in the scope of consolidation	0	0	0	0	0	0	5,220	5,220
Dividends paid	0	0	0	–12,372	0	–12,372	–1,094	–13,466
Balance 31/12/2022	**33,055**	**299,307**	**104,150**	**277,054**	**0**	**713,566**	**31,188**	**744,754**

[1] Prior-year figures adjusted.
Please refer to the introductory explanations on the income statement and balance sheet in section D of the Notes.

for the period from January 1, 2021 to December 31, 2021

In EUR thousand	Subscribed share capital	Share premium account	Retained earnings	Accumulated earnings	Foreign currency translation	Equity attributable to parent company shareholders	Share attributable to non-controlling shareholders	Note D.24 Consolidated equity
Balance 01/01/2021[1]	**27,580**	**191,218**	**95,106**	**285,428**	**16**	**599,348**	**25,830**	**625,178**
Effects arising from retrospective change in measurement model	0	0	0	–39,400	0	–39,400	–324	–39,724
Balance 01/01/2021[1]	**27,580**	**191,218**	**95,106**	**246,028**	**16**	**559,948**	**25,506**	**585,454**
Net income for the period	0	0	0	29,912	0	29,912	1,127	31,039
Other income	0	0	0	79	9	88	0	88
Total income	**0**	**0**	**0**	**29,991**	**9**	**30,000**	**1,127**	**31,127**
Authorised Capital (conversion to scrip dividend)	130	4,322	0	–4,452	0	0	0	0
Net expenditure costs	0	–44	0	0	0	–44	0	–44
Transfers to retained earnings	0	0	9,044	–9,044	0	0	0	0
Changes in the scope of consolidation	0	0	0	0	0	0	260	260
Dividends paid	0	0	0	–16,233	0	–16,233	–960	–17,193
Balance 31/12/2021[1]	**27,710**	**195,496**	**104,150**	**246,290**	**25**	**573,671**	**25,933**	**599,604**

[1] Prior-year figures adjusted.
Please refer to the introductory explanations on the income statement and balance sheet in section D of the Notes.

Notes to the consolidated financial statements for the 2022 financial year

A. General information and presentation of the consolidated financial statements

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

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

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

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

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

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

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

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

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

Non-controlling interests form part of consolidated equity.

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

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

B. Application of IFRS

VIB AG has applied all of the standards (IFRS, IAS) issued by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC) and the Standing Interpretations Committee (SIC) which applied in the EU on December 31, 2022. 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 16	COVID-19-related rent concessions after June 30, 2021	fiscal years commencing on or after April 1, 2021
limited Amendments to IFRS 3	Reference to the conceptual framework – specification of an exemption	fiscal years commencing on or after January 1, 2022
limited Amendments to IAS 16	Proceeds before intended use	fiscal years commencing on or after January 1, 2022
limited Amendments to IAS 37	Costs of fulfilling a contract	fiscal years commencing on or after January 1, 2022
	Annual improvements to IFRS	fiscal years commencing on or after January 1, 2022

Amendments to IFRS 16 – COVID-19-related rent concessions after June 30, 2021

This amendment extends the temporary relief in terms of recognising rental concessions for lessees. This relief makes it possible to not recognise certain COVID-19-related rent concessions as lease modifications on the balance sheet. 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.

Limited amendments to IFRS 3 – reference to the conceptual framework

The IASB published amendments to IFRS 3 in May 2020. It was updated to include a reference to the new conceptual framework in IFRS 3. Furthermore, an exemption was specified in more detail. As such, an acquirer is required to apply the relevant standards (and not the conceptual framework) in respect of separately recognised liabilities and contingent liabilities that fall within the scope of IAS 37 and IFRIC 21. Also, an express prohibition on recognising contingent assets was included within IFRS 3. These changes have no significant effect on these consolidated financial statements.

Limited amendments to IAS 16 – proceeds before intended use

The IASB published amendments to IAS 16 in May 2020. These relate to sale proceeds during the phase in which the property, plant or equipment is still being tested. The amendment prohibits the deduction of such proceeds from the costs of manufacturing/installation (recognition in profit or loss). These changes have no significant effect on these consolidated financial statements.

Limited amendments to IAS 37 – costs of fulfilling a contract

The IASB published amendments to IAS 37 in May 2020. This amendment relates to the costs that a company should include as costs of fulfilling a contract if it determines that a contract is onerous. It specifies that these "costs of fulfilling a contract" comprise the "costs that relate directly to the contract". Costs that relate directly to the contract must not be additional (incremental) costs. These changes have no significant effect on these consolidated financial statements.

Annual improvements to IFRS (AIP), 2018–2020 cycle

The amendments arising from the new AIP 2018–2020 are as follows:

- Amendments to IFRS 1: If a subsidiary changes to IFRS after the parent company, it can choose (IFRS 1.D16(a)) to report the balance sheet values presented in the consolidated financial statements of the parent company. However, this discretionary right does not apply to equity and therefore the (cumulative) translation differences arising from the subsidiary's investments in foreign sub-subsidiaries. As a result of the amendments, the subsidiary's cumulative translation differences are included in the exemption of IFRS 1.D16(a) – but they alone – based on the date on which the parent company switched to IFRS.

- Amendments to IFRS 9: this amendment clarifies which fees an entity includes when it applies the "10 per cent test" in paragraph B3.3.6 of IFRS 9. When applying the 10 per cent test, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

- Amendments to IFRS 16: an illustration of lease incentives has been removed from Illustrative Example 13 accompanying IFRS 16. The example includes, for example, illustrations of payments of the lessor to the lessee to reimburse expenses for tenant fittings, which – arbitrarily – do not qualify as lease incentives pursuant to IFRS 16.24(b).

- Amendments to IAS 41: seeks to ensure consistency with the provisions of IFRS 13 by removing the currently applicable requirement to exclude taxation cash flows when measuring fair value.

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

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 2022 fiscal year**. The Group is not applying these standards early.

Standard/interpretations	Content of the standard/interpretations	Mandatory from
IFRS 17 and amendments to IFRS 17	Insurance Contracts	fiscal years commencing on or after January 1, 2023
Amendments to IFRS 17 and IFRS 9	Comparative Information	fiscal years commencing on or after January 1, 2023
Amendment to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	fiscal years commencing on or after January 1, 2023
Amendment to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	fiscal years commencing on or after January 1, 2023
Amendments to IAS 8	Definition of Accounting Estimates	fiscal years commencing on or after January 1, 2023

Publication of IFRS 17 and amendments to IFRS 17 Insurance Contracts

The IASB published IFRS 17 — Insurance Contracts in May 2017. The new standard pursues the aim of consistent, policy-based accounting of insurance contracts and requires insurance liabilities to be measured using current fulfilment cash flows. "IFRS 17 measures insurance contracts either under the general model or a simplified version of this called the Premium Allocation Approach. The general model is defined such that at initial recognition an entity shall measure a group of contracts at the total of (a) the amount of fulfilment cash flows ('FCF') and (b) the contractual service margin ('CSM').

On subsequent measurement, the carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

An entity shall disaggregate the amounts recognised in the statement(s) of financial performance into an insurance service result, comprising insurance revenue and insurance service expenses, and insurance finance income or expenses. An entity shall present in profit or loss revenue arising from the groups of insurance contracts issued, and insurance service expenses arising from a group of insurance contracts it issues, comprising incurred claims and other incurred insurance service expenses."

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

Amendments to IFRS 17 and IFRS 9 — Comparative Information

In December 2021, the IASB published the interpretation "Initial application of IFRS 17 and IFRS 9 — Comparative information"; this interpretation contains amendments designed to make it easier for companies to improve the usefulness of comparative information for decision-making when applying IFRS 17 and IFRS 9 for the first time. The main amendment is aimed at companies applying IFRS 17 and IFRS 9 simultaneously for the first time; this amendment relates to financial assets for which comparative information is shown, but has not been adjusted for IFRS 9, when applying IFRS 17 and IFRS 9 for the first time. Following the amendment, companies are permitted to present comparative information about a financial asset as though the classification and measurement provisions of IFRS 9 had already previously been applied to the financial asset.

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

Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction

In May 2021, the IASB published amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction. The change is an additional exemption from the initial recognition exemption provided in IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. This is also explained in the newly inserted paragraph IAS 12.22A.

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

Amendment to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policy

In February 2021, the IASB published Amendment to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policy. 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 standards listed will not be applied by the company until the date of mandatory application.

IAS 8 – Definition of Accounting Estimates

In February 2021, the IASB published the interpretation "Definition of accounting estimates (Amendments to IAS 8)" in order to help companies distinguish between accounting policies and accounting estimates. The focus of the amendment is the newly introduced definition of an accounting estimate as a "monetary amount in financial statements that is subject to measurement uncertainty", which replaces the previous definition of a change in accounting estimates. The amendment clarifies that a change in accounting estimates resulting from new information or new developments does not represent the correction of an error.

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

The IASB has published the following **standards and interpretations that were not yet mandatory in the 2022 fiscal year**. These standards and interpretations **have not yet been endorsed by the EU**.

We currently estimate that the standards and interpretations not yet transposed into EU law will have no material effect on the Group.

Standard/interpretations	Content of the standard/interpretations	Mandatory from
IFRS 16	Lease liability in a sale and leaseback	fiscal years commencing on or after January 1, 2024
Amendments to IAS 1	Classification of liabilities as current or non-current and Non-current liabilities with covenants	fiscal years commencing on or after January 1, 2024

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

Amendments to IFRS 16 — Lease liability in a sale and leaseback

The IASB published amendments to IFRS 16 in September 2022. They require a seller-lessee to subsequently measure lease liabilities arising from a sale-and-leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease. The background is that IFRS 16 includes specific provisions on the initial measurement of a liability arising from a sale-and-leaseback transaction, but no specific provisions on subsequent measurement of the liability, leading to questions of interpretation, especially in the case of subsequent modifications of the leaseback.

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

Amendment to IAS 1 Classification of liabilities as current or non-current and Non-current liabilities with covenants

In January 2020 and October 2022, the IASB published amendments to IAS 1 — Classification of liabilities as current or non-current and Non-current liabilities with covenants.

The — overwhelmingly clarifying — amendments in the classification of liabilities as current or non-current only relate to the recognition of liabilities in the presentation of the company's final position — not the amount or the time of recognition of assets, liabilities, earnings or expenses, or the disclosure made by the company in relation to these items.

The amendments in Non-current liabilities in covenants are amendments to the rules, introduced due to the classification of liabilities as current or non-current, that relate to the way in which a company classifies debt and other liabilities as current or non-current under certain circumstances. Only covenants that a company is required to satisfy before or on the balance sheet date influence the classification of debt as current or non-current. However, a company has to disclose information in the Notes that enable the addressees of the annual financial statements to understand the risk that non-current liabilities with covenants could become payable within twelve months.

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

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 at fair value according to IFRS 13. Fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability in a normal transaction between market participants at the measurement date. When measuring fair value, it is assumed that the business transaction as part of which the sale of the asset or transfer of the liability occurs either

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

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

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

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

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

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

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

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

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

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

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

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

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

Interests in associated companies and joint ventures

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

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

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

Pursuant to the equity method, interests in associated companies and joint ventures are recognised at cost on the date of first-time 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, 2022, the following companies were carried as associates according to the equity method:

- BHB Brauholding Bayern-Mitte AG (34.2% interest)
- KHI Immobilien GmbH (41.7% interest)

The 50% equity interest in WVI GmbH was sold as of June 30, 2022.

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 usually constitute investment properties, these are recognised either at fair value, less disposal costs, or at amortised cost (carrying amount), whichever is lower.

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

Segment reporting

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

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

The VIB Group reported one segment – "Rental and Management of Real Estate Assets" – in the year under review. The segment "Management of Properties of Institutional Investors", which was newly added at the end of the fiscal year, was, at that time, still under development and does not yet form part of internal reporting. The Group represents a so-called "one segment company" in this context. The company has refrained from segment reporting for this reason.

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 gross rental income.

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.

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

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

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

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

Income tax

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

The Group identifies current tax expenses based on the taxable income of the companies included as subsidiaries in the consolidated financial statements. Taxable income differs from the net income derived from the income statement, as it excludes income and expenses that will subsequently, or never, be taxable or tax-deductible due to tax regulations (including deferrals). 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.

Investment properties

In the 2022 financial year, the previously applied fair value model pursuant to IAS 40.33 was replaced by the cost model pursuant to IAS 40.56. At-cost accounting does not result in the recognition of unrealised gains. The usual wear and tear of investment properties is simultaneously recognised in the income statement under "depreciation and amortisation". Unrealised gains are only recognised in the income statement upon sale, i.e. upon actual realisation. At the same time, the investment properties are subjected to an impairment test pursuant to IAS 36, meaning that negative changes in value result in write-downs. We regard this approach as providing a fair and accurate picture of the assets, financial and earnings position, as gains are only recognised once they have actually been realised and, at the same time, depreciation of the properties is reflected in the earnings position. The change also represents harmonisation with reporting within the DIC Group.

The change to the at-cost model has been made retrospectively, weighing up the costs and benefits and taking into account the usefulness of information for balance sheet addressees. The final balance sheet figures for the two fiscal years prior to the switch (2020 and 2021) have been recalculated and adjusted accordingly.

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

Land is not amortised. Buildings are amortised on a straight-line basis over their useful economic life. They are reviewed annually for impairment by means of an impairment test (comparison of amortised cost and the recoverable amount), as well as on an ad hoc basis when there are indications of a possible impairment.

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

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

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

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

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

Property, plant and equipment

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

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

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

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

There are no restrictions in respect of the disposability of property, plant and equipment, nor any contractual obligations to buy, build or develop property, plant and equipment.

Intangible assets (licences, including software)

Purchased intangible assets are recognised at amortised cost. In the case of acquired software, straight-line amortisation over four years is imputed as a result of its limited useful life. Impairment charges are applied to intangible assets if their recoverable amount is less than their amortised cost on the balance sheet date. They are reversed if the reasons for impairment in previous years no longer apply.

Leases

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

The VIB AG Group as the lessee

As the lessee in respect of leased company vehicles, the Group has only concluded contracts to an insignificant extent. As such, the Group has refrained from applying IFRS 16.

The VIB AG Group as the lessor

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

Financial instruments

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

Financial assets

First-time recognition and measurement

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

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

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

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

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

- The financial asset is held as part of a business model whose objective is to hold financial assets for the purpose of collecting contractual cash flows and
- he contractual terms of the financial asset lead to cash flows at fixed points in time, with these cash flows solely payments of principal and interest on the outstanding capital amount.

The Group also holds financial instruments in the category "financial assets recognised at fair value in the income statement (interest rate hedge agreements)", with the following conditions satisfied:

- The financial asset is held as part of a business model whose objective is to reduce interest rate risks.

Subsequent measurement

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

The Group's financial assets measured at amortised cost contain trade receivables, receivables from related parties and other assets, which overwhelmingly 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, liabilities to related parties, other liabilities and loans, including overdrafts.

First-time recognition and measurement

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

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

Subsequent measurement

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

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

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

Derecognition

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

Bank balances and cash in hand

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

Equity

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

Provisions

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

Pension provisions

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

Foreign currencies

Functional currency and reporting currency

The consolidated financial statements are prepared in 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 companies.

Risk management

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

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

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

Valuation uncertainties, assumptions, estimation uncertainties

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

- The calculation of the fair values and values in use of assets and liabilities, as well as the useful lives of assets, is based on the management's assessment. At VIB Vermögen AG, this applies, in particular, to the valuation of investment properties and the area of financial instruments.

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

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

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

On the date the consolidated financial statements were prepared, no material changes to the assumptions on which accounting or valuation were based were to be assumed. As things stand, no notable adjustments to the assumptions and estimates or the carrying amounts of the affected assets and liabilities are therefore to be expected in the 2022 fiscal year.

Information about subsidiaries

As of December 31, 2022, 22 (previous year: 15) 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, 2022:

Company	Headquarters	Voting rights and equity interest (%)	
		31/12/2022	31/12/2021
Merkur GmbH	Neuburg/Danube	100.00	100.00
RV Technik s.r.o., CZ	Pilsen (Czech Republic)	0.00	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
DIC Fund Management GmbH	Frankfurt am Main	100.00	0.00
DIC Fund Balance II GmbH	Frankfurt am Main	100.00	0.00
BBI Bürgerliches Brauhaus Immobilien AG	Ingolstadt	94.88	94.88
IPF 1 GmbH	Neuburg/Danube	94.98	94.98
IPF 2 GmbH	Neuburg/Danube	94.98	94.98
VST Immobilien GmbH	Neuburg/Danube	89.90	89.90
DIC HI Obj. 1. GmbH	Frankfurt am Main	89.90	0.00
DIC HI Obj. Ratingen GmbH	Frankfurt am Main	89.90	0.00
DIC Objekt Nürnberg GmbH	Frankfurt am Main	89.90	0.00
DIC Objekt Halle Weststraße GmbH	Frankfurt am Main	89.90	0.00
DIC AP Objekt 5 GmbH	Frankfurt am Main	89.90	0.00
DIC DP Langenselbold Am Weiher GmbH	Frankfurt am Main	89.90	0.00
ISG Infrastrukturelle Gewerbeimmobilien GmbH	Ingolstadt	75.00	75.00
Interpark Immobilien GmbH	Neuburg/Danube	74.00	74.00
VIPA Immobilien GmbH	Neuburg/Danube	74.00	74.00
VSI GmbH	Neuburg/Danube	74.00	74.00
IVM Verwaltung GmbH	Neuburg/Danube	60.00	60.00

In the 2022 financial year, the number of subsidiaries increased due to the inclusion of eight new companies as part of the non-cash capital increase at VIB AG. These companies were consolidated for the first time as of December 31, 2022. As part of the non-cash capital increase, investment properties in the amount of EUR 100,310 thousand, intangible assets in the amount of EUR 43,034 thousand, cash and cash equivalents in the amount of EUR 4,909 thousand and financial liabilities in the amount of EUR 43,333 thousand were received.

The previously fully consolidated subsidiary RV Technik s.r.o., Pilsen, CZ, was transferred in full to a third party through the sale of the shares.

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 49.

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		Gain or loss attributable to non-controlling interests (in EUR thousand)		Cumulative non-controlling interests (In EUR thousand)	
		31/12/2022	31/12/2021	**2022**	2021	**31/12/2022**	31/12/2021
BBI Bürgerliches Brauhaus Immobilien AG	Ingolstadt	5.12%	5.12%	11	12	6,336	6,322
Interpark Immobilien GmbH	Neuburg/ Danube	26.0%	26.0%	446	411	6,414	6,410
ISG Infrastrukturelle Gewerbeimmobilien GmbH	Ingolstadt	25.0%	25.0%	268	286	5,493	5,475
Subsidiaries with individually immaterial non-controlling interests						12,945	7,726
Total sum of non-controlling interests						31,188	25,933

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

BBI Bürgerliches Brauhaus Immobilien AG

In EUR thousand	31/12/2022	31/12/2021
Non-current assets	60,132	221,095
Current assets	169,675	12,170
Non-current liabilities	36,082	111,088
Current liabilities	83,393	12,113
Interest in equity attributable to parent company shareholders	103,996	103,742
Non-controlling shareholders	6,336	6,322

	2022	2021
Revenue	16,072	15,596
Other income	346	205
Expenses	–16,207	–15,563
Net profit for the year	**211**	**238**
Net profit for the year attributable to parent company shareholders	200	226
Net profit for the year attributable to non-controlling shareholders	11	12
Total net income for the year	**211**	**238**
Other comprehensive income attributable to parent company shareholders	–17	–19
Other comprehensive income attributable to non-controlling shareholders	–3	–1
Total other comprehensive income	**–20**	**–20**
Total comprehensive income attributable to parent company shareholders	183	207
Total comprehensive income attributable to non-controlling shareholders	8	11
Total income	**191**	**218**
Dividends paid to non-controlling shareholders	–	–
Net cash flows from operating activities	13,752	13,736
Net cash flows from investing activities	–2	11
Net cash flows from financing activities	–13,336	–8,192
Total net cash flows	**414**	**5,555**

Interpark Immobilien GmbH

In EUR thousand	**31/12/2022**	31/12/2021
Non-current assets	44,787	45,788
Current assets	1,171	1,149
Non-current liabilities	20,107	21,207
Current liabilities	1,182	1,077
Interest in equity attributable to parent company shareholders	18,255	18,244
Non-controlling shareholders	6,414	6,410

	2022	2021
Revenue	3,959	3,779
Other income	0	0
Expenses	–2,244	–2,198
Net profit for the year	**1,715**	**1,581**
Net profit for the year attributable to parent company shareholders	1,269	1,170
Net profit for the year attributable to non-controlling shareholders	446	411
Total net income for the year	**1,715**	**1,581**
Other comprehensive income attributable to parent company shareholders	–	–
Other comprehensive income attributable to non-controlling shareholders	–	–
Total other comprehensive income	**–**	**–**
Total comprehensive income attributable to parent company shareholders	1,269	1,170
Total comprehensive income attributable to non-controlling shareholders	446	411
Total income	**1,715**	**1,581**
Dividends paid to non-controlling shareholders	442	442
Net cash flows from operating activities	3,109	3,012
Net cash flows from investing activities	0	0
Net cash flows from financing activities	–3,126	–3,127
Total net cash flows	**–17**	**–115**

ISG Infrastrukturelle Gewerbeimmobilien GmbH

In EUR thousand	31/12/2022	31/12/2021
Non-current assets	34,836	35,613
Current assets	709	402
Non-current liabilities	13,151	13,572
Current liabilities	450	570
Interest in equity attributable to parent company shareholders	16,451	16,398
Non-controlling shareholders	5,493	5,475

	2022	2021
Revenue	2,411	2,624
Other income	0	0
Expenses	–1,340	–1,480
Net profit for the year	**1,071**	**1,144**
Net profit for the year attributable to parent company shareholders	803	858
Net profit for the year attributable to non-controlling shareholders	268	286
Total net income for the year	**1,071**	**1,144**
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	803	858
Total comprehensive income attributable to non-controlling shareholders	268	286
Total income	**1,071**	**1,144**
Dividends paid to non-controlling shareholders	250	175
Net cash flows from operating activities	1,921	2,214
Net cash flows from investing activities	0	0
Net cash flows from financing activities	–1,627	–2,023
Total net cash flows	**294**	**191**

D. Notes on the income statement and balance sheet

In the 2022 financial year, the previously applied fair value model pursuant to IAS 40.33 was replaced by the cost model pursuant to IAS 40.56 for the accounting of investment properties. The final balance sheet figures for the two fiscal years prior to the switch (2020 and 2021) were recalculated and adjusted accordingly.

The following items in the financial statements to December 31, 2021 are affected by the corrections:

In EUR thousand	Amount before correction	Change resulting from correction	Amount after correction
CONSOLIDATED BALANCE SHEET			
Investment properties	1,484,703	–184,075	1,300,628
Interests in associated companies	23,521	–7,423	16,098
Accumulated earnings	404,823	–158,533	246,290
Minority interest	29,766	–3,833	25,933
Deferred tax liabilities	88,022	–29,132	58,890
INCOME STATEMENT			
Changes in value for investment properties	108,198	–108,198	0
Other operating revenue	725	–235	490
Depreciation/amortisation on property, plant and equipment	–438	–29,005	–29,443
Earnings attributable to associated companies	6,092	–6,730	–638
Income tax (deferred taxes)	–21,042	21,796	754
Consolidated net income	153,681	–122,642	31,039
Earnings attributable to Group shareholders	149,044	–119,132	29,912
Earnings attributable to non-controlling interests	4,637	–3,510	1,127
Total income	153,768	–122,642	31,126
Of which attributable to Group shareholders	149,132	–118,970	30,162
Of which attributable to non-controlling interests	4,636	–3,672	964
Earnings per share	5.39	–4.31	1.08

To enable improved comparability with other property companies, the structure of the income statement was modified to comply with the structure recommended by the European Public Real Estate Association (EPRA). Prior-year figures adjusted where necessary.

The items previously combined under "Revenue" (2021: EUR 103,771 thousand) are mainly reported in the items "Gross rental income" (2021: EUR 90,322 thousand) and earnings from operating and ancillary costs (2021: EUR 12,456 thousand). Here, the item "Expenses for investment properties" (2021: EUR: 17,377 thousand), which was previously shown separately, has been split into the items "Expenses arising from operating and ancillary costs" (2021: EUR 12,138 thousand) and "Other property-related expenses" (2021: EUR 3,528 thousand).

The item "Value changes in investment properties" no longer appears due to the change in accounting method for investment properties from the previous fair value model as per IAS 40.33 to the cost model as per IAS 40.56. The annual depreciation incurred on the properties arising from the cost model is recognised in the item "Depreciation and amortisation on property, plant and equipment".

The item "Other operating expenses" has been renamed "Administrative expenses". Moreover, the losses from asset disposals (2021: EUR 505 thousand) are now recognised separately.

Accounting gains/losses from the sale of properties are shown separately along with the corresponding sale proceeds and residual carrying amounts in the cumulative item "Gains from the sale of investment properties".

1. Gross rental income

Gross rental income relates exclusively to revenue from the letting of investment properties. On account of the occupancy rate, which remains extremely high, newly added properties and a rise in rental income due to indexing, the Group posted a year-on-year increase in gross rental income from EUR 90,322 thousand to EUR 93,784 thousand. The gross rental income for 2022 is reduced by rent waivers in the amount of EUR 90 thousand (previous year: EUR 530 thousand) on account of agreements with tenants due to the coronavirus pandemic.

2. Income and expenses arising from operating and ancillary costs

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

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

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

The shortfall of EUR 793 thousand (previous year: EUR –318 thousand) between income and expenses arising from operating costs is chiefly due to costs that, by virtue of contractual exemptions, could not be passed on to tenants as part of the annual settlement of ancillary costs.

3. Other property-related expenses

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

4. Administrative expenses

Administrative expenses rose from EUR 1,796 thousand in the previous year to EUR 3,791 thousand, mainly due to one-off effects in connection with changes to the shareholder structure. This item chiefly comprises general administration, legal and consultancy costs, as well as investor relations expenses, Supervisory Board remuneration and custodian fees for bank deposits.

In EUR thousand	2022	2021
Legal and consultancy costs	2,097	142
Supervisory Board remuneration	318	323
Incidental fundraising costs	272	359
Audit costs	200	181
Marketing/Investor Relations	178	153
Recruitment and other personnel costs	144	14
Vehicle costs	90	82
IT costs	57	62
Insurance premiums	56	76
Other	379	404
	3,791	**1,796**[1]

[1] Prior-year figures adjusted.
Please refer to the introductory explanations on the income statement and balance sheet in section D of the Notes.

The following fees were incurred for the services provided by Group auditor BDO AG, Wirtschaftsprüfungsgesellschaft, Munich, for the 2022 financial year. In the previous year, the fees were incurred for the services provided by the then auditor Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Munich:

In EUR thousand	2022	2021
Audit services	154	124
Other services	35	0
	189	**124**

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

Other services relate to support services in connection with certifying the value of the non-cash increase.

5. Personnel expenses

In EUR thousand	**2022**	2021
Wages and salaries	6,713	3,584
Social security contributions	1,205	897
	7,918	**4,481**

Personnel expenses increased chiefly due to one-off payments in connection with changes to the shareholder structure. The VIB Group employed an average of 37 employees excluding the three Managing Board members in the financial year (previous year: 45). Of this figure, 35 employees (previous year: 38) were employed in the commercial segment and 2 employees (previous year: 7) in the industrial segment (caretakers).

6. Depreciation

In EUR thousand	**2022**	2021
Amortisation Assets	20	9
Depreciation/amortisation on property, plant and equipment	420	429
Depreciation/amortisation on properties	31,014	29,005[1]
	31,454	**29,443**

[1] Prior-year figures adjusted.
Please refer to the introductory explanations on the income statement and balance sheet in section D of the Notes.

The rise in depreciation and amortisation on property, plant and equipment from EUR 29,443 thousand in the previous year to EUR 31,454 thousand in the year under review results primarily from one-off depreciation due to the demolition and rebuilding of an existing let property.

7. Income from property administration fees

Income in the amount of EUR 3,105 thousand (previous year: EUR 0 thousand) relates to transaction fees in connection with the setting up of the VIB Retail Balance I fund.

8. Other operating income

In EUR thousand	**2022**	2021
Other operating income	942	490[1]
	942	**490**

[1] Prior-year figures adjusted.
Please refer to the introductory explanations on the income statement and balance sheet in section D of the Notes.

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

9. Profit/loss from the disposal of investment properties

As a result of opportunistic property sales as part of portfolio optimisation, earnings of EUR 374 thousand (previous year: EUR –505 thousand) were generated from the disposal of investment properties.

10. Profit/loss attributable to associated companies

This income is attributable to the following participating interests in associated companies and joint ventures, measured at equity:

In EUR thousand	2022	2021
BHB Brauholding Bayern-Mitte AG	–127	–191
KHI Immobilien GmbH	–21	–21
WVI GmbH	21,666	–426[1]
	21,518	**–638**

[1] Prior-year figures adjusted.
Please refer to the introductory explanations on the income statement and balance sheet in section D of the Notes.

The income from investments is recognised pursuant to IAS 28 and includes both the share of the profit and loss of the interest held and adjustments to the carrying amounts of the shares due to impairment losses. The result of the joint venture WVI GmbH increased by the accounting profit resulting from the sale of the shares in the company as of June 30, 2022.

11. Interest expenses and income

Interest and similar expenses in the amount of EUR 12,294 thousand (previous year: EUR 13,529 thousand) mostly relate to interest on bank borrowings, compounding of pension provisions and the guaranteed dividend to minority shareholders of BBI Immobilien AG provided for in the profit transfer agreement. The interest expense for financial liabilities that are not measured at fair value through profit or loss amounted to EUR 12,128 thousand in the fiscal year under review (previous year: EUR 13,363 thousand). Interest income includes an amount of EUR 2,909 thousand (previous year: EUR 0 thousand) arising from an increase in the market value of an interest hedge.

12. Income tax

Income taxes are composed as follows:

In EUR thousand	2022	2021
Current income tax expense	7,404	6,925
Deferred income tax income	–257	–754[1]
Expense from taxes on income	**7,147**	**6,171**

[1] Prior-year figures adjusted.
Please refer to the introductory explanations on the income statement and balance sheet in section D of the Notes.

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

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

In EUR thousand	**2022**	2021
Property valuation	–889	–765
Capital transactions	193	11
Other	439	0
Total	**–257**	**–754**

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%, as in the previous year. Any trade tax effects are reported as reconciliation issues.

In EUR thousand	**2022**	2021
Earnings before income taxes	**61,851**	**37,210**
Anticipated income tax rate: 15.825%		
Anticipated income tax expense	9,788	5,888
Tax impact of subsidiaries and equity accounted investments	–3,235	101
Tax effects from first-time consolidations	–726	101
Corporation tax on compensation payment	26	26
Tax rate differences (trade tax)	116	37
Tax-free income (especially Sect. 8b KStG)	63	37
Tax effects from 6b reserves	855	128
Non-tax-deductible expenses	26	27
Other	234	–174
Reported income tax expense	**7,147**	**6,171**
Effective tax rate	11.56%	16.58%

13. Non-controlling shareholders' share of earnings

Consolidated net income in the amount of EUR 54,704 thousand (previous year: EUR 31,039 thousand[1]) includes amounts of EUR 1,126 thousand (previous year: EUR 1,127 thousand[1]) attributable to non-controlling shareholders.

[1] Prior-year figures adjusted.
Please refer to the introductory explanations on the income statement and balance sheet in section D of the Notes.

14. Earnings per share

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

	2022	2021
EARNINGS (IN EUR THOUSAND)		
Consolidated net income	54,704	31,039[1]
Less: earnings attributable to non-controlling interests	–1,126	–1,127[1]
Basis for undiluted earnings per share	**53,578**	**29,912[1]**
Less: profit/loss on discontinued operations	0	0
Basis for undiluted earnings per share for continuing operations	**53,578**	**29,912**
Impact of potentially dilutive registered shares	0	0
Basis for diluted earnings per share	**53,578**	**29,912**
Less: profit/loss on discontinued operations	0	0
Basis for diluted earnings per share for continuing operations	**53,578**	**29,912**
NUMBER OF SHARES		
Weighted average number of registered shares in circulation for undiluted earnings per share	28,234,027	27,644,894
Impact of potentially dilutive registered shares	0	0
Weighted average number of registered shares in circulation for diluted earnings per share	28,234,027	27,644,894
Undiluted earnings per share (in EUR)	**1.90**	**1.08[1]**
Undiluted earnings per share for continuing operations (in EUR)	**1.90**	**1.08**
Diluted earnings per share (in EUR)	**1.90**	**1.08**
Diluted earnings per share for continuing operations (in EUR)	**1.90**	**1.08**

[1] Prior-year figures adjusted.
Please refer to the introductory explanations on the income statement and balance sheet in section D of the Notes.

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. The dividend was once again offered as a discretionary dividend for the 2021 fiscal year.

According to a resolution of the Annual General Meeting on August 30, 2022, an amount of EUR 23,553,507.65 (previous year: EUR 20,684,834.25) was disbursed from the 2021 net retained profit of VIB Vermögen AG. This corresponds to a dividend of EUR 0.85 per share (previous year: EUR 0.75 per share).

Prior to the expiry of the subscription period on September 14, 2022, more than 67 per cent of shareholders opted for a scrip dividend. In total, dividend entitlements in the amount of EUR 11,182 thousand were reinvested in the company as non-cash contributions. This gave rise to new shares in the amount of EUR 472 thousand as per the subscription offer. The remaining difference, less capital procurement costs (after deferred taxes), was added to the company's capital reserves.

15. Investment properties

In EUR thousand	2022	2021
Acquisition costs Balance 01/01/	**1,352,521**	**1,345,357**
Additions	37,935	21,897
Change to consolidation scope	100,310	0
Reclassified to held for sale	–268,777	–4,495
Disposals	–9,130	–10,238
Balance 31/12/	**1,212,859**	**1,352,521**
Depreciation and amortisation Balance 01/01/	**51,893**	**23,844**
Additions	31,014	29,005
Reclassified to held for sale	–13,832	–956
Disposals	–2,124	0
Balance 31/12/	**66,951**	**51,893**
Carrying amount 01/01/	**1,300,628**	**1,321,513**
Carrying amount 31/12/	**1,145,908**	**1,300,628[2]**
Fair value[1]	2,291,116	1,503,263

[1] Incl. minority shares and IFRS 5 properties.
[2] Prior-year figures adjusted.
Please refer to the introductory explanations on the income statement and balance sheet in section D of the Notes.

VIB AG has changed the model used to value investment properties. In the 2022 financial year, the previously applied fair value model pursuant to IAS 40.33 was replaced by the cost model pursuant to IAS 40.56. The final balance sheet figures for the two fiscal years prior to the switch (2020 and 2021) were recalculated and adjusted accordingly.

Based on the final balance sheet figure for investment properties as of December 31, 2019 of EUR 1,296,352 thousand, this balance sheet item has developed as follows due to the reduction in depreciation and amortisation and due to additions/disposals:

In EUR thousand	2020
Carrying amount 01/01/	**1,296,352**
Additions/disposals	49,005
Appreciation and depreciation	–23,844
Carrying amount 31/12/	**1,321,513**

16. Fair value measurement

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

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

In EUR thousand	Measurement date	Total	Fair value measurement applying prices listed on active markets (Level 1)	significant observable inputs (Level 2)	significant non-observable inputs (Level 3)
FAIR VALUES OF THE ASSETS MEASURED USING THE AT-COST MODEL					
Investment properties (note 15)					
Logistics/light industry	31/12/22	1,642,630	–	–	1,642,630
Wholesale/retail	31/12/22	45,570	–	–	45,570
Office	31/12/22	37,290	–	–	37,290
Service/other	31/12/22	37,679	–	–	37,679
Properties under construction	31/12/22	220,047	–	–	220,047
Assets held for sale pursuant to IFRS 5 (note 23)					
Real estate	31/12/22	307,900	307,900		
Other assets (note 21)					
Interest rate hedge option (Swaption)	31/12/22	13,509	13,509		
LIABILITIES MEASURED AT FAIR VALUE					
Liabilities for which fair value is reported in the notes					
Interest-bearing loans (note 37)					
Fixed-interest loans	31/12/22	582,759	–	582,759	–

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, 2021

			Fair value measurement applying		
In EUR thousand	Measurement date	**Total**	prices listed on active markets (Level 1)	significant observable inputs (Level 2)	significant non-observable inputs (Level 3)
ASSETS MEASURED AT FAIR VALUE					
Investment properties (note 15)					
Logistics/light industry	31/12/21	1,025,350	–	–	1,025,350
Wholesale/retail	31/12/21	332,300	–	–	332,300
Office	31/12/21	37,780	–	–	37,780
Service/other	31/12/21	33,800	–	–	33,800
LIABILITIES MEASURED AT FAIR VALUE					
Liabilities for which fair value is reported in the notes					
Interest-bearing loans (note 37)					
Fixed-interest loans	31/12/21	729,047	–	729,047	–

Valuation methods applied at level 3

The fair values (net values following the deduction of transaction costs) are based fully on the findings of the independent appraiser CBRE, who were contracted for this purpose and who carried out a valuation in accordance with International Valuation Standards. Here, valuation parameters that accurately reflect market conditions are to be used as input factors. Despite the consideration of some observed market factors that correspond to level 2, fair values are to be assigned to level 3 overall.

The measurement of market values is based on the discounted cash flow method. Generally speaking, a cash flow period of ten years was assumed, at the end of which the sale of the property was imputed. The discount rate applied for measurement has been calculated using gross initial yields derived from the property market. The property-specific gross initial yield came within a range of 2.12% to 10.01% (2021: 3.50% to 7.40%). The discount rate was between 2.90% and 8.35% (2021: 3.75% and 9.00%). The interest rate applied for the capitalisation of future values corresponds to the interest rate observed on today's real estate capital market, plus a property-specific risk premium. Depending on the quality, location and structure of the properties, the capitalisation rates range between 2.90% and 7.85% (2021: 3.25% and 8.50%).

In order to carry out impairment tests on investment properties pursuant to IAS 36, the carrying amounts of the properties, with the exception of properties classified as "non-current assets held for sale", are compared with the market value and the value in use of the property, whichever was higher. The comparison uses gross values in use, i.e. excluding any transaction costs that would be incurred in the event of actual disposals. Moreover, company-specific parameters, which take into account the values in use of the properties in the context of business use, were used during calculation of the comparative values.

Factors given particular weight in this regard are the retention of the property within the Group, the forecast cash flows arising as a result and the reduced administrative costs compared with standard valuation on account of our internal Group asset management. Furthermore, an objective, asset-specific capitalisation rate was calculated in accordance with the criteria of IAS 36 A17.

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

17. Property, plant and equipment

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

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

18. Interests in associated companies

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

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

In EUR thousand	**2022**	2021[1]
Carrying amount 01/01/	**16,098**	**13,536**
Acquired investments	5,209	3,200
Investments disposed	–3,373	0
Dividends received	0	0
Profit/loss from continuing operations	–66	–638
Carrying amount 31/12/	**17,868**	**16,098**

[1] The final balance sheet figures for the two fiscal years prior to the change in the property valuation process (2020 and 2021) were recalculated and adjusted accordingly. Please refer to the introductory explanations on the income statement and balance sheet in section D of the Notes.

Despite acquisitions in the amount of EUR 5,209 thousand, interests in associated companies only rose slightly in the fiscal year under review due to the sale of the interest in WVI GmbH.

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

In EUR thousand	**2022**	2021
Group interest in profit or loss from continuing operations	–66	–638
Group interest in total comprehensive income	**–66**	**–638**

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 127 thousand as of the balance sheet date (previous year: EUR 314 thousand).

19. Intangible assets

In EUR thousand	IT software, licences	Service agreements	Total
Cost as of 01/01/2022	**227**	**0**	**227**
Additions	20	0	20
Changes to consolidation scope	0	43,008	43,008
Disposals	0	0	0
Balance 31/12/2022	**247**	**43,008**	**43,255**
Amortisation/impairment as of 01/01/2022	**201**	**0**	**201**
Additions	20	0	20
Changes to consolidation scope	0	0	0
Disposals	0	0	0
Balance 31/12/2022	**221**	**0**	**221**
Carrying amount 01/01/2022	**26**	**0**	**26**
Carrying amount 31/12/2022	**26**	**43,008**	**43,034**

In EUR thousand	IT software, licences	Service agreements	Total
Cost as of 01/01/2021	**210**	**0**	**210**
Additions	17	0	17
Changes to consolidation scope	0	0	0
Disposals	0	0	0
Balance 31/12/2021	**227**	**0**	**227**
Amortisation/impairment as of 01/01/2021	**192**	**0**	**192**
Additions	9	0	9
Changes to consolidation scope	0	0	0
Disposals	0	0	0
Balance 31/12/2021	**201**	**0**	**201**
Carrying amount 01/01/2021	**18**	**0**	**18**
Carrying amount 31/12/2021	**26**	**0**	**26**

20. Trade receivables

In EUR thousand	2022	2021
Trade receivables	2,381	1,293
	2,381	**1,293**

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 426 thousand (previous year: EUR 158 thousand).

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

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

In EUR thousand	2022	2021
Balance – start of year	158	232
Additions	394	140
Consumed in derecognition	–20	–86
Release	–106	–128
Total	**426**	**158**

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 challenging macroeconomic conditions. On account of the manageable portfolio of trade receivables, this fact was countered with the formation of individual value allowances on receivables for specific customers, where such allowances were deemed necessary. The Group does not believe that an overall valuation allowance on the entire remaining portfolio of receivables is necessary. Correspondingly, the Managing Board believes that no risk provisions are required over and above the valuation allowances already reported.

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

21. Other assets

Other assets mainly include assets from paid option premiums for interest hedges, one-off effects from brokerage commission, insurance compensation, deferrals of construction cost subsidies granted to tenants and deferrals of loan arrangement fees.

22. 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.

23. Assets held for sale

In EUR thousand	2022	2021
Carrying amount 01/01/	**18,560**	**15,021**[1]
Additions	254,945	3,660
Disposals	–18,560	–121
Carrying amount 31/12/	**254,945**	**18,560**

[1] Prior-year figures adjusted.
Please refer to the introductory explanations on the income statement and balance sheet in section D of the Notes.

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.

24. Equity

Subscribed share capital

The subscribed share capital of amounts to EUR 33,054,587 (previous year: EUR 27,710,009) and is divided into 33,054,587 ordinary/registered shares (previous year: 27,710,009). On September 19, 2022, 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 471,817.00 from EUR 27,710,009.00 to EUR 28,181,826.00 using Authorised Capital 2020 and by issuing 471,817 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 0.60 per ordinary share. On November 24, 2022, 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 4,872,761.00 from EUR 28,181,826.00 to EUR 33,054,587.00 using Authorised Capital 2022 and by issuing 4,872,761 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 non-cash contributions (non-cash capital increase). Shares in eight companies (six property management companies and two companies with management agreements) and two plots of land with an equivalent value of EUR 99,000 thousand were contributed in exchange for the issue of shares.

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 103,811 thousand year on year from EUR 195,496 thousand to EUR 299,307 thousand. This increase stems from the difference arising from the dividend entitlements of EUR 11,182 thousand less newly created shares in the amount of EUR 472 thousand and less capital procurement costs after tax in the amount of EUR 32 thousand. The share premium account also rose by the difference arising from the business interests and land contributed as non-cash contributions totalling EUR 99,000 thousand less newly created shares in the amount of EUR 4,873 thousand and less capital procurement costs after tax in the amount of EUR 1,026 thousand.

Retained earnings

Retained earnings remained unchanged on the previous year.

Accumulated earnings

The Group's accumulated earnings derive from the previous year's earnings less the distribution for 2021 (EUR 23,554 thousand), plus the current consolidated net income from the 2022 fiscal year that is due to Group shareholders (EUR 53,578 thousand) and the corresponding other earnings from the statement of other comprehensive income (EUR 740 thousand).

On account of the change in the property valuation process in the 2022 fiscal year, the final balance sheet figures for the two fiscal years prior to the year of the change have been recalculated and adjusted accordingly.

Foreign currency translation

This reserve includes differences from the conversion of foreign currencies at foreign subsidiaries to the Group's functional currency. The sole foreign subsidiary was sold during the fiscal year under review. The foreign currency reserve was closed.

Non-controlling interests

The non-controlling interests are attributable to interests in fully consolidated subsidiaries.

On account of the change in the property valuation process in the 2022 fiscal year, the final balance sheet figures for the two fiscal years prior to the year of the change have been recalculated and adjusted accordingly.

This item changed as follows:

In EUR thousand	2022	2021
Balance – start of year	**25,933**	**25,506**
Distribution to shareholders	–1,094	–960
Share of annual earnings	1,126	1,128
Non-controlling shareholders' share of other comprehensive income	3	–1
Recognition of share of non-controlling shareholders	5,220	260
Balance – end of year	**31,188**	**25,933**

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 authorised capital (Authorised Capital 2020/I) in the amount of EUR 2,758 thousand. Of this authorised capital, an amount of EUR 472 thousand was used in the 2022 fiscal year 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 2,156 thousand.

The Annual General Meeting of August 30, 2022, voted to discontinue Authorised Capital 2020. As such, no funds are available from Authorised Capital 2020 following the 2022 non-cash capital increase.

Authorised Capital 2022/I:
The Annual General Meeting on August 30, 2022, adopted a resolution to create further authorised capital (Authorised Capital 2022/I) in the amount of EUR 13,855 thousand. Of this figure, an amount of EUR 4,873 thousand was used for the non-cash capital increase of December 7, 2022 (resolution of 24/11/2022). The authorisation granted to the Managing Board to issue, with Supervisory Board assent, new shares in return for cash and non-cash capital contributions, and the possibility of simplified exclusion of subscription rights, runs until August 29, 2027.

The total available authorised capital consequently stands at EUR 8,982 thousand following partial use.

Conditional capital

Conditional Capital 2020/I:
The Annual General Meeting on July 2, 2020, adopted a resolution to create further conditional capital (2020/1) in the amount of EUR 2,758 thousand from convertible bonds and bonds with warrants. None of this conditional capital had been used as of December 31, 2022. 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:

			2022			2021
In EUR thousand	Before tax	Taxes	After tax	Before tax	Taxes	After tax
Foreign currency effects from the translation of independent subsidiaries	–26	0	–26	9	0	9
Gains/losses on pension plans	883	–140	743	92	–14	78
Income and expenses taken directly to equity	**857**	**–140**	**717**	**101**	**–14**	**87**

25. Non-current interest-bearing financial liabilities

In EUR thousand	2022	2021
Remaining term of between 1 and 5 years	164,247	200,732
Remaining term of more than 5 years	419,399	487,335
	583,646	**688,067**

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

26. 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	**2022**	2021
DEFERRED TAX ASSETS		
Pension provisions/other	150	267
Total deferred tax assets	**150**	**267**
DEFERRED TAX LIABILITIES		
Investment properties	58,279	59,157
Others	461	0
Total deferred tax liabilities	**58,740**	**59,157**
Offsetting of deferred tax assets and liabilities	–150	–267
CARRYING AMOUNT AFTER OFFSETTING		
Deferred tax assets	**0**	**0**
Deferred tax liabilities	**58,590**	**58,890**[1]

[1] Prior-year figures adjusted.
Please refer to the introductory explanations on the income statement and balance sheet in section D of the Notes.

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

Losses carried forward on December 31, 2022, were reported as follows:

- Trade tax EUR 20,089 thousand (previous year: EUR 18,646 thousand)
- Corporation tax EUR 1,954 thousand (previous year: EUR 1,067 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 124,809 thousand of outside basis differences (previous year: EUR 119,672 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 987 thousand (previous year: EUR 947 thousand).

27. 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 3,192 thousand (previous year: 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	**2022**	2021
Balance 01/01/	**3,496**	**3,328**
Newly acquired benefit entitlements	649	338
Interest expense	45	34
Pensions paid	–116	–112
Actuarial gains/losses		
due to changes in demographic assumptions	0	62
due to changes in financial assumptions	–1,148	–154
due to empirical adjustments	266	0
Balance 31/12/	**3,192**	**3,496**

Calculated actuarial assumptions:

In EUR thousand	**2022**	2021
Discounting rate	3.42%–3.57%	0.80%–1.45%
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, 2022, generates the following results:

- A 1 percentage point increase in the discount rate results in a EUR 396 thousand decrease in the DBO, and a EUR 79 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 47 thousand decrease in the interest cost.
- A 1 percentage point increase in pension growth results in a EUR 352 thousand increase in the DBO, and a EUR 78 thousand increase in the interest cost. A 1 percentage point decrease in pension growth results in a EUR 293 thousand decrease in the DBO, and a EUR 55 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	**2022**	2021
Over the next 12 months	118	114
Between 2 and 5 years	510	435
Between 5 and 10 years	986	903
More than 10 years	1,578	2,044
Expected outgoing payments	**3,192**	**3,496**

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

28. Current interest-bearing financial liabilities

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

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

29. Trade payables

Trade payables in the amount of EUR 345 thousand (previous year: EUR 1,361 thousand) chiefly relate to the taking out of services. They are payable within one year.

30. Liabilities to affiliated companies

The reported liabilities in the amount of EUR 31,088 thousand (previous year: EUR 0 thousand) relate to liabilities in connection with the exchange of services with the parent company DIC.

31. Liabilities to participating interests

The reported liabilities in the amount of EUR 2,906 thousand (previous year; EUR 833 thousand) relate to liabilities of fully consolidated companies to their non-controlling shareholders.

32. Income tax liabilities

The reported income tax liabilities of EUR 831 thousand (previous year: EUR 461 thousand) mainly relate to current tax liabilities for 2022.

33. Other liabilities

In EUR thousand	**2022**	2021
Outstanding invoices	2,772	555
Bonuses	155	885
Annual leave compensation and other personal expenses	151	86
Interest accrued	441	954
VAT	3,605	1,392
Supervisory Board remuneration	318	323
Audit fees	127	87
Guaranteed dividend	177	177
Debtors with credit balances	455	308
Other	809	541
	9,010	**5,308**

34. Segment reporting

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

Pursuant to IFRS 8, VIB Vermögen AG defines its primary business area, as in the previous year, as the utilisation and development of its own real estate portfolio (letting and management of portfolio properties segment). The segment "Management of Properties of Institutional Investors", which was newly added at the end of the fiscal year, was, at that time, still under development and does not yet form part of internal reporting. One reporting segment pursuant to IFRS 8 was calculated since the Group's business activities are restricted almost exclusively to the 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..

35. Cash flow statement

The cash and cash equivalents in the amount of EUR 67,826 thousand (previous year: EUR 68,164 thousand) comprise the balance sheet item "Bank balances and cash on hand", which includes cash on hand and bank balances as well as financial securities with an original term of three months or less.

Reconciliation of financial liabilities pursuant to IAS 7

The following table contains non-cash additions on account of first-time consolidations.

In EUR thousand	31/12/2021	Cash	Non-cash Addition/ disposal	Non-cash Interest	Re-classification	31/12/2022
Non-current financial liabilities	688,067	4,293	43,333	0	–152,047	583,646
Current financial liabilities	59,670	–59,670	0	0	152,047	152,047
Total financial liabilities	**747,737**	**–55,377**	**43,333**	**0**	**0**	**735,693**

In EUR thousand	31/12/2020	Cash	Non-cash Addition/ disposal	Non-cash Interest	Re-classification	31/12/2021
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**

36. 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, 2022, 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 5 thousand). Utilisation is not anticipated as of the balance sheet date due to business and financial circumstances.

As part of the setting up of an open-ended special property fund with a volume of EUR 350 million, VIB Vermögen AG has pledged to underwrite approx. 49% of equity in this fund in the amount of EUR 99.12 million. It is expected that this will be used in the first quarter of 2023. In this context, VIB Vermögen AG has also undertaken, in the form of a guarantee declaration, to indemnify the bank financing the property fund in respect of any losses up to EUR 18 million that may arise from the loan being rejected. It is not expected that this liability claim will be used. In addition, VIB Vermögen AG has granted an interested investor bridge financing in the amount of up to EUR 82 million in respect of an investment in the special AIF.

As of the balance sheet date, an order obligation of EUR 33,266 thousand (previous year: EUR 29,090 thousand) exists from investment projects and land purchase agreements that have already commenced.

37. 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 2023, VIB AG will receive the following minimum lease payments from uncancellable existing rental agreements.

In EUR thousand	**2022**	2021
Due within 12 months	95,089	89,302
Due within 13–24 months	87,727	80,149
Due within 25–36 months	76,936	74,127
Due within 37–48 months	62,985	64,771
Due within 49–60 months	54,161	51,674
Due in more than 60 months	145,064	160,558
	521,962	**520,581**

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 2,672 thousand (previous year: EUR 814 thousand) of contingent rental payments in the fiscal year under review.

38. 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, 2022, the Group had at its disposal undrawn credit lines in an amount of EUR 15,055 thousand (previous year: EUR 15,459 thousand).

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

In EUR thousand	Financial loans with variable interest (Repayments and interest payments)	Financial loans with fixed interest (Repayments and interest payments)	Trade payables	Other financial liabilities	**Total**
LIQUIDITY ANALYSIS AS OF 31 DECEMBER 2022					
Due in 1–12 months	14,635	148,560	345	32,603	**196,143**
Due in 12–60 months	23,325	180,479	0	0	**203,804**
Due in > 60 months	54,943	543,314	0	0	**598,257**
LIQUIDITY ANALYSIS AS OF 31 DECEMBER 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**

The average interest rate on the variable-rate financial loans amounted to 3.25% as of December 31, 2022 (previous year: 0.76%). The average interest rate on the fixed-rate financial loans amounted to 1.62% as of December 31, 2022 (previous year: 1.76%).

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

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

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

If the market interest rate level had been 100 basis points higher (lower) in 2022, earnings would have been approx. EUR 509 thousand (previous year: EUR 475 thousand) lower (higher).

39. Default risks

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

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

The following table quantifies the "loans and receivables" that have been written down individually as well as the overdue loans and receivables not yet written down:

	Trade receivables		Other financial receivables assets	
In EUR thousand	**31/12/2022**	31/12/2021	**31/12/2022**	31/12/2021
Gross carrying amount	2,807	1,451	1,240	1,240
of which overdue but not value-adjusted	0	0	0	0
of which impaired	542	357	0	0

In the case of the trade receivables and other receivables and financial 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.

40. 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.

2022

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

2021

In EUR thousand	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
ASSETS						
Receivables and other assets						
Trade receivables	n.a.	1,293	n.a.	1,293	–	–
Other financial assets	n.a.	1,240	n.a.	1,240	–	–
Bank balances and cash in hand	n.a.	68,164	n.a.	68,164	–	–
EQUITY AND LIABILITIES						
Variable-rate loans	Level 2	44,973	n.a.	44,973	–	–
Fixed-interest loans	Level 2	702,764	729,047	702,764	–	–
Hedge accounting derivatives	Level 2	–	–	–	–	–
Liabilities to participating interests	n.a.	833	n.a.	833	–	–
Trade payables	n.a.	1,361	n.a.	1,361	–	–
Other financial liabilities	n.a.	3,838	n.a.	3,838	–	–
OF WHICH AGGREGATED ACCORDING TO IFRS 9 MEASUREMENT CATEGORIES						
Financial assets						
Loans and Receivables (LaR) (measured at amortised cost)		70,697				
Financial liabilities						
Financial liabilities at cost (FLAC) (measured at amortised cost)		753,769				
Derivatives with cash flow hedge (measured at fair value directly in equity)		–				

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

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

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

- The fair values of the Group's fixed-interest loans are calculated applying the discounted cash flow method. This is based on the discounting rate that reflects the issuer's debt funding rate at the end of the period under review. The proprietary risk of non-satisfaction was categorised as low as of December 31, 2022.
- 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 VIB Group has pledged investment properties in the amount of EUR 26,210 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 (58,310 thousand).

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	**2022**	2021
Loans and receivables measured at amortised cost	268	–74
Bank balances and cash in hand	0	0
Financial liabilities measured at amortised cost	–12,400	–13,722
Derivative financial instruments designated and effective as hedging instruments (cash flow hedges)	0	0
of which in consolidated profit or loss	0	0
of which in other comprehensive income	0	0

The net gains/losses comprise impairment losses and reversals of impairment losses, as well as valuation gains/losses on financial instruments. Commissions and fees for financial liabilities that are measured at cost depressed earnings by EUR 272 thousand (previous year: EUR 359 thousand).

Profit or loss for the period includes impairment of financial assets in the amount of EUR 394 thousand (previous year: EUR 140 thousand). The impairment losses relate to specific valuation allowances applied to trade receivables. Reversals of valuation allowances applied to trade receivables amounted to EUR 126 thousand (previous year: EUR 214 thousand).

41. 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	**31/12/2022**	31/12/2021
Equity	744,754	599,604
Equity as a % of total capital	46.9	42.3
Liabilities	841,655	818,086
Liabilities as a % of total capital	53.1	57.7
	1,586,409	**1,417,690**

42. The Company's Boards

During the 2022 fiscal year, the company's Managing Board comprised:

- **Dirk Oehme**, Speaker of the Board, business administration graduate (Diplom-Kaufmann), Frankfurt am Main (from March 23, 2022)
- **Nicolai Greiner**, Managing Board member, real estate economics graduate (Dipl. Immobilienökonom), Stuttgart (from January 10, 2022)
- **Rainer Hettmer**, Managing Board member, banking administration graduate (Dipl. Bankbetriebswirt), Neuburg/Danube (from July 01, 2022)
- **Martin Pfandzelter** business administration graduate (Univ.), Neuburg/Danube (Chairman of the Managing Board until June 30, 2022)
- **Holger Pilgenröther** business administration graduate, Neuburg/Danube (Chief Financial Officer until June 30, 2022)

In the 2022 fiscal year, the Supervisory Board comprised the following members:

- **Prof. Gerhard Schmidt** Lawyer, Glattbach (appointed by the court from April, 13, 2022, elected by the AGM from August, 30 2022; Chairman since December 13, 2022)
- **Jürgen Wittmann** Chairman of the Managing Board of Sparkasse Ingolstadt Eichstätt (Deputy Chairman)
- **Ludwig Schlosser** Mathematics graduate (Diplom-Mathematiker), Managing Director of Boston Capital GmbH (Chairman until December 13, 2022)
- **Sonja Wärntges** Economics graduate, Frankfurt am Main (appointed by the court from April 13, 2022, elected by the AGM from August 30, 2022)
- **Florian Lehn** Engineering graduate (Dipl. Ing. (FH)), Managing Partner of surveyor Lehn & Partner (until March 22, 2022)
- **Prof. Michaela Regler** Professor for Private Business Law at THI Ingolstadt (until March 22, 2022)

With the exception of Mr Ludwig Schlosser, the elected Supervisory Board members have never served on the Managing Board of VIB AG.

43. 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 2022 (and previously in December 2021), 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.

44. Managing Board remuneration

Since January 01, 2020, the remuneration of the Managing Board members of the parent company VIB Vermögen AG has comprised a fixed, a short-term variable (STI) and a long-term variable (LTI) component. The Managing Board members in post as of year-end have no entitlement to a long-term variable component on account of separate agreements. During the year under review, members of the Managing Board received current remuneration of EUR 645 thousand (previous year: EUR 1,198 thousand), of which EUR 155 thousand came in the form of variable remuneration (previous year: EUR 700 thousand) and EUR 27 thousand in the form of other fringe benefits (previous year: EUR 28 thousand). Additionally, personnel expenses include one-off payments (due to termination of employment) totalling EUR 3,349 thousand for Managing Board members who stepped down in the year under review. On account of the actuarial valuation of pension provisions, the pension contributions for former Managing Board members of EUR –207 thousand (previous year: EUR 299 thousand) had a reductional effect on expenses.

Pension payments of EUR 41 thousand (previous year: EUR 39 thousand) were made to former Managing Board members in the year under review.

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

45. Supervisory Board remuneration

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

46. Auditor's fees

The expenses reported in the 2022 fiscal year for the auditor of the parent company relating to audit services amount to EUR 124 thousand for 2022 (previous year: EUR 98 thousand). A total of EUR 35 thousand (previous year: EUR 0 thousand) was reported for other certification services.

47. Events after the reporting date

No significant business transactions occurred in the period between the balance sheet date and the date of preparation of this report.

Changes in the Supervisory Board

Supervisory Board member Mr Ludwig Schlosser stepped down as of January 31, 2023. Mr Johannes von Mutius was appointed to the Supervisory Board by the court on February 6, 2023.

48. Related parties

As of the balance sheet date, VIB Vermögen AG is a company controlled by DIC Asset AG, Frankfurt (hereinafter "DIC Asset"), within the meaning of Section 17 (a) of the German Stock Corporation Act (AktG). VIB Vermögen AG is deemed to be controlled, because DIC Asset directly and indirectly holds 68.14% of voting rights in the company.

The consolidated financial statements of VIB Vermögen AG will be included within the consolidated financial statements of DIC Asset AG as the ultimate parent company (larger scope of consolidation). The consolidated financial statements of DIC Asset AG are published in the German Federal Gazette and on the website of DIC Asset AG *(www.dic-asset.de)*.

As such, DIC Asset and any companies affiliated with it are classed as related parties.

Other related parties are the Supervisory Board, the Managing Board and relatives of these persons.

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.

Related-party transactions

Through DIC Asset, VIB has concluded an interest rate option (SWAPTION). The purchase price of EUR 10.6 million is owed to DIC Asset by VIB.

In connection with the initial establishment of a vehicle concerning property management on behalf of external third parties (VIB Retail Balance I fund), especially institutional investors, VIB received a brokerage and structuring fee of EUR 20 million from the fund. Due to the use of DIC Asset resources and expertise, VIB subsidiary BK Immobilien Verwaltung GmbH purchased these services from DIC Asset. In return, DIC Asset AG received consideration in the amount of EUR 19.95 million, which is reported as a liability to a related party.

With a notarised contract of November 24, 2022, various subsidiaries of DIC Asset AG, acting on behalf of the company, acquired two properties as asset deals, seven properties as share deals (89.9%) and 100% of shares in two management companies in exchange for a non-cash contribution with an equivalent value of EUR 99 million. In exchange, a total of 4,872,761 shares were issued, which equates to an equivalent value of EUR 20.32 per share.

The company also 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 47.7 million (previous year: EUR 49.8 million). The interest expense for the period totals EUR 811 thousand (previous year: EUR 826 thousand).

The company has also taken out multiple loans in a total amount of EUR 30.1 million with VR Bank Neuburg-Rain eG (previous year: EUR 2.1 million). Supervisory Board member Ludwig Schlosser was the chairman of the bank's supervisory board until June 27, 2022. The interest expense for the period totals EUR 374 thousand (previous year: EUR 36 thousand).

Please refer to notes 45 and 46 in these Notes for information about compensation of staff in key positions (Managing Board members).

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

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

Company	Headquarters	Share of capital (%)	
		31/12/2022	31/12/2021
Merkur GmbH	Neuburg/Danube	100.00	100.00
RV Technik s.r.o., CZ	Pilsen (Czech Republic)	0.00	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
DIC Fund Management GmbH[4]	Frankfurt am Main[4]	100.00	0.00
DIC Fund Balance II GmbH[4]	Frankfurt am Main[4]	100.00	0.00
BBI Bürgerliches Brauhaus Immobilien AG	Ingolstadt	94.88	94.88
IPF 1 GmbH	Neuburg/Danube	94.98	94.98
IPF 2 GmbH	Neuburg/Danube	94.98	94.98
VST Immobilien GmbH	Neuburg/Danube	89.90	89.90
DIC HI Obj. 1. GmbH[4]	Frankfurt am Main[4]	89.90	0.00
DIC HI Obj. Ratingen GmbH[4]	Frankfurt am Main[4]	89.90	0.00
DIC Objekt Nürnberg GmbH[4]	Frankfurt am Main[4]	89.90	0.00
DIC Objekt Halle Weststraße GmbH[4]	Frankfurt am Main[4]	89.90	0.00
DIC AP Objekt 5 GmbH[4]	Frankfurt am Main[4]	89.90	0.00
DIC DP Langenselbold Am Weiher GmbH[4]	Frankfurt am Main[4]	89.90	0.00
ISG Infrastrukturelle Gewerbeimmobilien GmbH	Ingolstadt	75.00	75.00
Interpark Immobilien GmbH	Neuburg/Danube	74.00	74.00
VIPA Immobilien GmbH	Neuburg/Danube	74.00	74.00
VSI GmbH	Neuburg/Danube	74.00	74.00
IVM Verwaltung GmbH	Neuburg/Danube	60.00	60.00
BHB Brauholding Bayern Mitte AG[1/3]	Ingolstadt	34.18	34.18
KHI Immobilien GmbH[2/3]	Neuburg/Danube	41.66	41.66
WVI GmbH[3]	Neuburg/Danube	0.00	50.00

1 Indirect interest
2 Direct and indirect interest
3 Inclusion as per the equity method
4 Now renamed, with registered office moved to Neuburg/Danube

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

The Managing Board approved these consolidated financial statements for publication on February 10, 2023. The Supervisory Board's task is to review the consolidated financial statements and declare whether it approves the consolidated financial statements.

Neuburg/Danube, February 10, 2023

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

Independent Auditor's report

To VIB Vermögen AG, Neuburg a. d. Donau

Audit opinions

We have audited the consolidated financial statements VIB Vermögen AG, Neuburg a. d. Donau, and its subsidiaries (the group), which comprise the consolidated statement of financial position as at December 31, 2022, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1, 2022 to December 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In addition, we have audited the group management report of VIB Vermögen AG for the financial year from January 1, 2022 to December 31, 2022.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the group as at December 31, 2022 and of its financial performance for the financial year from January 1, 2022 to December 31, 2022, and

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

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

Basis for the audit opinions

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

Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in compliance with these requirements.

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

Other information

The executive directors and the supervisory board are responsible for the other information. Our audit opinions on the consolidated financial statements and the group management report do not cover the other information, and consequently we do not express an audit opinion nor any other form of assurance conclusion thereon.

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

- is materially inconsistent with the consolidated financial statements, with the group management report or with our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

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

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

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

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

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

The supervisory board is responsible for overseeing the group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

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

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

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

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

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

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

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

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

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

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

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

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

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

Munich, February 10, 2023

BDO AG

Wirtschaftsprüfungsgesellschaft

Jahn	Werner
Auditor	Auditor

FURTHER INFORMATION

Financial calendar

Date	
February 15, 2023	Publication of the Annual Report 2022
July 4, 2023	2022 Annual General Meeting
August 3, 2023	Publication of the 2023 half-year report

IR-Contact

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Picture Library of VIB Vermögen AG

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