

Half-year Financial Report
2020

VALUES BUILT ON FORESIGHT



KEY GROUP INDICATORS

IN EUR THOUSAND	H1 2020	H1 2019	Change in %
Income statement			
Revenue	46,408	45,084	+2.9
Changes in value for investment properties	5,897	2,276	+159.1
EEBT (earnings before tax)	34,593	29,953	+15.5
EBT excluding valuation effects and extraordinary items	28,696	27,677	+3.7
Consolidated net income	29,050	25,048	+16.0
Earnings per share (undiluted/diluted, in EUR)	1.02	0.88	+15.9
Balance sheet			
	30.06.2020	31.12.2019	
Total assets	1,401,939	1,359,731	+3.1
Investment properties	1,338,251	1,296,352	+3.2
Equity	606,510	577,295	+5.1
Equity ratio (in %)	43.3	42.5	+0.8 pt.
Net debt	689,489	671,864	+2.6
LTV (loan-to-value ratio, in %)	50.6	51.0	-0.4 pt.
NAV (net asset value), undiluted/diluted	643,669	612,974	+5.0
NAV per share (in EUR), undiluted/diluted	23.34	22.23	+5.0
Other key financials			
	H1 2020	H1 2019	
FFO (funds from operations)	25,063	24,081	+4.1
FFO per share (in EUR)	0.91	0.87	+4.1
	30.06.2020	31.12.2019	
Share price (XETRA closing price, in EUR)	27.25	29.80	-8.6
Number of shares on balance sheet date	27,579,779	27,579,779	0
Market capitalisation as of the balance sheet date	751,549	821,877	-8.6
ICR (interest coverage ratio: interest expense/net basic rents, in %)	18.1	19.1	-1.0 pt.
Average borrowing rate (in %)	2.04	2.10	-0.06 pt.
Real estate KPIs			
	30.06.2020	31.12.2019	
Annualised net basic rents	81,549	81,321	+0.3
Vacancy rate (in %)	2.7	1.0	1.7 pt.
Rentable space (in sqm)	1,182,648	1,162,586	+1.7
EPRA performance indicators			
	H1 2020	H1 2019	
EPRA earnings	23,115	22,238	+3.9
EPRA earnings per share (in EUR)	0.84	0.81	+3.9
	30.06.2020	31.12.2019	
EPRA NAV	643,669	612,974	+5.0
EPRA NAV per share (in EUR)	23.34	22.23	+5.0
EPRA vacancy rate (in %)	2.7	1.0	+1.7 pt.

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VIB REMAINS ON COURSE IN THE FIRST HALF OF 2020

Despite the coronavirus crisis, VIB Vermögen AG can look back on a successful first six months of 2020. Due to the additions to the property portfolio during the second half of 2019 and the first half of 2020, the company was able to further increase both revenue and earnings. At the time of preparation of these half-year financial statements, the effects of the coronavirus crisis remain manageable and do not currently constitute a substantial risk for the company. In the interests of continuing long-standing business relations with tenants, individual solutions have been found for those companies that are encountering severe economic difficulties as a result of the crisis. Agreements have been concluded in this regard; these include as of July 31, 2020 rental deferrals (EUR 575 thousand), but – in certain circumstances – also relate to rental waivers (EUR 330 thousand).

PROPERTY PORTFOLIO

OVERVIEW

On the cut-off date of June 30, 2020, the property portfolio of the VIB Group comprised a total of 112 properties with a total rentable area of 1,182,648 sqm. At Group level, the vacancy rate remains extremely low at 2.7% (31/12/2019: 1.0%). The increase compared to the previous year is attributable to a temporary vacancy that necessitated tenant-related conversion work during a change of tenant. Logistics and light industry properties account for the lion's share of the portfolio (67%), followed by retail parks and home improvement stores/garden centres (27% in total). The "office" and "service/other" segments represent a combined share of 6%.

As of the balance sheet date, the market value of the property portfolio stood at EUR 1,338 million (31/12/2019: EUR 1,296 million); annualised net rents increased to EUR 81.5 million on account of the investments in new properties and sites (31/12/2019: EUR 81.3 million).

PROPERTY PORTFOLIO IN KEY FIGURES

Number of properties	112
Rentable space	1,182,648 sqm
Market value of portfolio	EUR 1,338 million
Annualised net basic rents	EUR 81.5 million
Vacancy rate	2.7 %

Last updated: June 30, 2020

The VIB property portfolio is characterised by an attractive average remaining term of rental agreements. As of the balance sheet date, this stands at 5 years and 7 months, thus ensuring a high degree of predictability in relation to rental revenues.

In terms of tenant structure, we also attach considerable importance to diversification in order to minimise any cluster or concentration risks. As such, no single tenant has a share of more than 10% of total rental income, with the largest ten VIB tenants accounting for approx. 45% of the portfolio as a whole. Furthermore, we always check the credit rating of a future tenant before entering into a rental agreement in order to minimise the risk of rent default.

2020 PORTFOLIO DEVELOPMENT

Back at the start of 2019, VIB acquired another Dehner garden centre, in Göppingen. This retail property, which measures 10,200 sqm, was extensively modernised and handed over to the tenant on January 1, 2020.

At the start of July (and therefore not included in the indicators of the half-year report as of June 30, 2020), the development project for Amazon in Gersthofen, near Augsburg, was completed four weeks ahead of schedule and handed over to the tenant. A logistics facility with 7,500 sqm of warehouse and office space has been developed at the site, which boasts superb infrastructure links. The rental agreement, which covers both warehouse/office space and large undeveloped areas for Amazon delivery vehicles, has – as usual – been concluded on a long-term basis. In terms of sustainability, we are particularly pleased that preparatory investments have already been made so that, if necessary, the entire fleet can be served with sufficient charging capacity for electric vehicles. Furthermore, a photovoltaic system will be installed on the roof of the logistics building.

The second construction phase of the largest development project to date, on Zeppelinstrasse at Interpark, continues to progress according to plan. The two-storey logistics complex will boast a total useful area of 87,000 sqm and reflect VIB's commitment to sustainable construction, particularly by virtue of its efficient use of space across two floors. The first construction phase, with a useful area of 27,500 sqm, was handed over to the tenant at the end of 2019. The second construction phase was also fully let as of the start of building work and will be completed in the fourth quarter of 2020.

VIB currently has a site pipeline with a total useful area of 130,000 sqm for future development projects. The company also has further development sites totalling some 40,000 sqm at its disposal in connection with the partnership with WDP (Warehouse de Pauw). In addition to in-house developments, we also review the possibility of expanding our portfolio by means of targeted acquisitions, as well as redensification projects on existing sites, on an ongoing basis.

2020 ANNUAL GENERAL MEETING



At the 2020 Annual General Meeting, which was held in virtual form on July 2, 2020, VIB Vermögen AG summarised the company's course of business in the previous financial year and explained the continued strategy for the 2020 financial year.

We are particularly pleased that the shareholders present at this year's Annual General Meeting were able to approve the eleventh dividend increase in a row. At EUR 0.70 per share, compared to EUR 0.65 per share in the previous year, this represented an increase of 7.7% and a total distribution of EUR 19.3 million for the 2019 financial year (previous year: EUR 17.9 million). The dividend was paid to shareholders on July 7, 2020. The shareholders also affirmed their trust in the Managing and Supervisory Boards with clear majorities.

For more information on the individual resolutions, as well as the general presentation documents for the Annual General Meeting, please visit the company website at www.vib-ag.de.

BUSINESS REPORT

COURSE OF BUSINESS

Despite the coronavirus crisis, we are satisfied with the course of business in the first half of 2020, with all indicators in line with the guidance issued at the start of the year. By virtue of the new additions to the property portfolio, we have been able to further increase both revenue and earnings as planned. All significant cost items have developed as expected. As the interest rate environment remains favourable, we were able to achieve a further moderate reduction in interest expenses. This resulted in climbs in our earnings before tax (EBT) and our funds from operations (FFO).

No further events occurred after the end of the first half of 2020 that had a material impact on the company's earnings, assets and financial position.

EXPLANATORY NOTES ON THE EARNINGS, ASSETS AND FINANCIAL POSITION

EARNINGS POSITION

SELECTED INDICATORS OF EARNINGS POSITION

IN EUR THOUSAND	H1 2020	H1 2019	Change in %
Revenue	46,408	45,084	+2.9
Changes in value for investment properties	5,897	2,276	+159.1
EBT	34,593	29,953	+15.5
EBT excluding valuation effects and extraordinary items	28,696	27,677	+3.7
Consolidated net income	29,050	25,048	+16.0
Earnings per share (in EUR), undiluted/diluted	1.02	0.88	+15.9
FFO	25,063	24,081	+4.1
FFO per share (in EUR)	0.91	0.87	+4.1

Due to new additions to the property portfolio and rental indexing, revenue rose by 2.9% on the prior-year period to EUR 46,408 thousand (previous year: EUR 45,084 thousand). This figure already takes into account rental waivers granted to companies that have been particularly badly impacted by the coronavirus crisis.

Changes in value for investment properties were EUR 5,897 thousand (previous year: EUR 2,276 thousand) and resulted chiefly from construction projects that are currently ongoing or that have already been completed. Due to the high degree of completion and pre-letting of these projects under construction as of the balance sheet date of June 30, 2020, they were measured at fair value pursuant to IAS 40.53A.

Expenses for investment properties were up by 11.2% on the previous year at EUR 8,063 thousand (previous year: EUR 7,251 thousand), with operating costs coming in at EUR 6,122 thousand (previous year: EUR 6,005 thousand) and maintenance costs at EUR 1,940 thousand (previous year: EUR 1,246 thousand). Personnel expenses came in at EUR 2,084 thousand in the first six months (previous year: EUR 1,942 thousand), with other operating expenses increasing by EUR 114 thousand to EUR 916 thousand (previous year: EUR 802 thousand).

Interest expenses declined by EUR 314 thousand, or 4.1%, year-on-year to EUR 7,259 thousand (previous year: EUR 7,573 thousand). Whilst net debt (bank liabilities less bank balances) increased due to the taking out of new loans associated with company growth, the average interest rate of loan liabilities fell once again. Earnings before tax (EBT) stood at EUR 34,593 thousand, compared with EUR 29,953 thousand in the previous year. EBT adjusted for valuation effects and extraordinary items rose year-on-year to EUR 28,696 thousand (previous year: EUR 27,677 thousand), which equates to an increase of 3.7%, or EUR 1,019 thousand.

Income tax expenses stood at EUR 5,543 thousand (previous year: EUR 4,905 thousand), with current taxes coming in at EUR 2,902 thousand (previous year: EUR 2,849 thousand) and deferred taxes totalling EUR 2,641 thousand (previous year: EUR 2,056 thousand). Consolidated net income rose by 16.0% in the first half of 2020, climbing from EUR 25,048 thousand in the previous year to EUR 29,050 thousand. Both undiluted and diluted earnings per share stood at EUR 1.02 in the reporting period (previous year: EUR 0.88).

NET ASSETS

SELECTED INDICATORS OF NET ASSETS

IN EUR THOUSAND	30/06/2020	31/12/2019	Change in %
Total assets	1,401,939	1,359,731	+3.1
Investment properties	1,338,251	1,296,352	+3.2
Net debt (current and non-current financial liabilities less bank balances)	689,489	671,864	+2.6
Equity	606,510	577,295	+5.1
Equity ratio	43.3 %	42.5 %	+0.8 pt.

The total assets of the VIB Group rose by EUR 42,208 thousand compared with December 31, 2019, to EUR 1,401,939 thousand (31/12/2019: EUR 1,359,731 thousand). Due to new investments in the property portfolio, investment properties climbed by EUR 41,899 thousand to EUR 1,338,251 thousand (31/12/2019: EUR 1,296,352 thousand). Bank balances and cash in hand came in at EUR 33,503 thousand as of the cut-off date (31/12/2019: EUR 36,738 thousand).

Due to the consolidated result generated, equity rose to EUR 606,510 thousand as of the balance sheet date of June 30, 2020 (31/12/2019: EUR 577,295 thousand), with the equity ratio increasing by 0.8 percentage points to 43.3% (31/12/2019: 42.5%).

Non-current financial liabilities increased by EUR 13,654 thousand to EUR 694,569 thousand due to investment activities (31/12/2019: EUR 680,915 thousand), whereas current financial liabilities were up by EUR 736 thousand to EUR 28,423 thousand (31/12/2019: EUR 27,687 thousand). Net debt, i.e. the balance between current and non-current financial liabilities less bank balances, came to EUR 689,489 thousand as of June 30, 2020, and was therefore up by EUR 17,625 thousand on year end 2019 (31/12/2019: EUR 671,864 thousand).

By virtue of the positive course of business, the undiluted net asset value (NAV) of the company climbed to EUR 643,669 thousand as of June 30, 2020 (31/12/2019: EUR 612,974 thousand). Taking the 27,579,779 shares in circulation as of June 30, 2020, this corresponds to an undiluted NAV per share of EUR 23.34 as of the balance sheet cut-off date, compared to EUR 22.23 as of December 31, 2019 – an increase of 5.0%, or EUR 1.11 per share.

FINANCIAL POSITION

SELECTED INDICATORS OF FINANCIAL POSITION

IN EUR THOUSAND	H1 2020	H1 2019
Cash and cash equivalents at start of period	36,738	31,015
Cash flow from operating activities	28,541	33,698
Cash flow from investment activities	-38,428	-53,492
Cash flow from financing activities	6,652	23,735
Cash and cash equivalents at end of period	33,503	34,956

Cash flow from operating activities came in at EUR 28,541 thousand in the reporting period (previous year: EUR 33,698 thousand). Cash outflow from investment activities amounted to EUR 38,428 thousand (previous year: EUR 53,492 thousand), mainly due to investments in the property portfolio. Net cash inflow from financing activities stood at EUR 6,652 thousand (previous year: EUR 23,735 thousand). This figure includes a cash inflow of EUR 25,000 thousand (previous year: EUR 63,789 thousand) from the taking out of new loans as well as a cash outflow from the repayment of loans in the amount of EUR 10,610 thousand (previous year: EUR 33,596 thousand). Interest payments on bank liabilities declined by EUR 314 thousand year-on-year to EUR 7,259 thousand (previous year: EUR 7,573 thousand).

As of the balance sheet date of June 30, 2020, the VIB Group's cash and cash equivalents totalled EUR 33,503 thousand (30/06/2019: EUR 34,956 thousand).

FFO (funds from operations) as an indicator of the company's cash inflow from operating activities climbed to EUR 25,063 thousand in the first half of 2020 (previous year: EUR 24,081 thousand). FFO per share improved accordingly from EUR 0.87 to EUR 0.91.

EMPLOYEES

In addition to the two members of the Managing Board, the VIB Group employed a further 36 commercial members of staff (31/12/2019: 35) and 7 industrial members of staff (31/12/2019: 6) as of the balance sheet date of June 30, 2020. The industrial staff are primarily employed on a part-time basis to manage our properties. The resulting personnel expenses are passed on to our tenants via ancillary costs.

The Managing Board comprises Martin Pfandzelter (CEO) and Holger Pilgenröther (CFO).

OVERALL STATEMENT ON THE COMPANY'S BUSINESS POSITION

Despite the negative macroeconomic effects of the coronavirus crisis, we are satisfied with the course of business of the VIB Group in the first half of 2020. Development in both revenue and adjusted earnings before tax (EBT) was in line with the guidance issued at the start of the year. The rental deferrals and – in isolated cases – rental waivers agreed thus far with tenants remain limited as of the time of preparation of these half-year financial statements. It is not currently possible to reliably assess the impacts of the coronavirus crisis and its economic consequences, whether for Germany or for the property sector in particular. However, we are currently working on the basis that there will be no significant increase in rental deferrals and rental waivers for VIB properties in the second half of the year. The company has sufficient liquid assets to continue its positive course of business going forward.

RISKS AND OPPORTUNITIES

The basic principles of risk management, as well as significant opportunities and risks (particularly the risks connected with the coronavirus crisis), are presented in detail in the 2019 Annual Report. No further risks have been identified that, in the opinion of the company, could jeopardise the company's future as a going concern.

OUTLOOK

Despite the economic consequences of the coronavirus crisis, we believe that the macroeconomic and property sector-specific underlying conditions are in place to enable VIB to continue its profitable growth trajectory in the second half of the year.

Subject to the assumption that there will be no significant deterioration in the economic situation in the second half of 2020, such as due to a second lockdown, we confirm the guidance for the 2020 financial year published in the 2019 Annual Report:

- › an increase in revenue to between EUR 91.0 million and EUR 97.0 million (2019: EUR 91.0 million)
- › an increase in earnings before tax (EBT), excluding valuation effects and extraordinary items, to between EUR 55.0 million and EUR 59.0 million (2019: EUR 56.0 million)
- › an increase in funds from operations (FFO) to between EUR 48.0 million and EUR 52.0 million (2019: EUR 48.9 million)

Furthermore, we anticipate

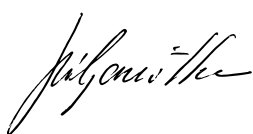
- › a low single-digit vacancy rate as of December 31, 2020 (31/12/2019: 1.0%) and
- › a further slight reduction in the average interest rate on the borrowing portfolio as of the end of 2020 (31/12/2019: 2.10%).

This outlook could be influenced by material changes to the underlying macroeconomic conditions (e.g. a renewed intensification of the coronavirus crisis) and unplanned acquisitions or disposals of properties.

Neuburg/Danube, August 6, 2020



Martin Pfandzelter
(Chief Executive Officer)



Holger Pilgenröther
(Member of the Managing Board)

CONSOLIDATED INCOME STATEMENT (IFRS)

FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2020

IN EUR THOUSAND	H1 2020	H1 2019
Revenue	46,408	45,084
Other operating income	984	267
Total operating income	47,392	45,351
Changes in value for investment properties	5,897	2,276
Expenses for investment properties	-8,063	-7,251
Personnel expenses	-2,084	-1,942
Other operating expenses	-916	-802
Earnings before interest, tax, depreciation and amortisation (EBITDA)	42,226	37,632
Depreciation and amortisation	-155	-153
Earnings before interest and tax (EBIT)	42,071	37,479
Profit/loss on equity-accounted investments	-136	115
Other interest and similar income	0	15
Interest and similar expenses	-7,259	-7,573
Expenses from guaranteed dividends	-83	-83
Earnings before tax (EBT)	34,593	29,953
Income tax	-5,543	-4,905
Consolidated net income	29,050	25,048
Group shareholders' share of earnings	28,079	24,182
Non-controlling shareholders' share of earnings	971	866
UNDILUTED EARNINGS PER ORDINARY SHARE (IN EUR)		
Profit/loss on continuing operations	1.02	0.88
Undiluted earnings per share	1.02	0.88
DILUTED EARNINGS PER ORDINARY SHARE (IN EUR)		
Profit/loss on continuing operations	1.02	0.88
Diluted earnings per share	1.02	0.88

CONSOLIDATED BALANCE SHEET (IFRS)

AS OF JUNE 30, 2020

ASSETS

IN EUR THOUSAND	30/06/2020	31/12/2019
Non-current assets		
Intangible assets	8	2
Property, plant and equipment	10,119	10,031
Investment properties	1,338,251	1,296,352
Interests in associated companies	13,975	11,941
Total non-current assets	1,362,353	1,318,326
Current assets		
Receivables and other assets	4,754	3,555
Bank balances and cash in hand	33,503	36,738
Prepayments and accrued income	1,329	1,112
Total current assets	39,586	41,405
Total assets	1,401,939	1,359,731

EQUITY AND LIABILITIES

IN EUR THOUSAND	30/06/2020	31/12/2019
Equity		
Subscribed share capital	27,580	27,580
Share premium account	191,218	191,218
Retained earnings	85,559	85,559
Cumulative earnings	276,617	248,539
Cash flow hedges	-292	-929
Foreign currency translation	13	22
Equity attributable to parent company shareholders	580,695	551,989
Non-controlling shareholders' share of earnings	25,815	25,306
Total equity	606,510	577,295
Non-current liabilities		
Financial liabilities	694,569	680,915
Derivative financial instruments	396	1,161
Deferred taxes	62,578	59,824
Pension provisions	3,062	2,928
Total non-current liabilities	760,605	744,828
Current liabilities		
Financial liabilities	28,423	27,687
Income tax liabilities	1,028	1,669
Liabilities to participating interests	830	827
Other liabilities	4,497	7,298
Accruals and deferred income	46	127
Total current liabilities	34,824	37,608
Total assets	1,401,939	1,359,731

FINANCIAL CALENDAR



November 11, 2020

Publication of the 2020 Q3 interim report

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MASTHEAD

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Court of registration

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