

Half-year Financial Report
2022

TAKING SUSTAINABILITY TO NEW DIMENSIONS



2022 HALF-YEAR FINANCIAL REPORT OF THE VIB GROUP

VIB Vermögen AG (hereinafter also: VIB, VIB AG, the VIB Group) has converted its reporting to adapt it to industry standards. The categorisation of the balance sheet and income statement has been adjusted as part of this. The consolidated balance sheet is compiled based on the maturities method in accordance with IAS 1 (Presentation of Financial Statements). This generally involves “current” classification being given to assets that will be realised within twelve months of the reporting date and to liabilities that will mature within one year of the reporting date. The income statement has been compiled based on the schema suggested by the European Public Real Estate Association (EPRA).

Beyond that, the accounting policies in connection with investment properties were adjusted from the fair-value method (IAS 40) to the cost model (IAS 16). This adjustment was applied retroactively with effect from January 1, 2020, in accordance with IAS 8. The conversion of the categorisation and the adjustment of the accounting policies have impacts on a variety of line items on the balance sheet and income statement. Prior-year figures have been adjusted accordingly if the conversion produced changes. Consequently, the prior-year figures presented in this report can only be compared with previous reports to a limited extent.

GROUP KPIs¹

IN EUR THOUSAND	H1 2022	H1 2021	Change in %
Income statement KPIs			
Gross rental income	46,559	44,252	+5.2
Profit/loss before tax	37,858	19,707	+92.1
Adjusted profit/loss before tax	21,696	19,707	+10.1
Profit for the period	35,153	16,469	+113.4
Earnings per share ² (in EUR), undiluted/diluted	1.25	0.56	+123.2
Balance sheet KPIs			
	30/06/2022	31/12/2021	
Total assets	1,411,715	1,417,690	-0.4
Investment property	1,299,487	1,300,628	-0.1
Equity	635,304	599,604	+6.0
Equity ratio (in %)	45.0	42.3	+2.7 points
Net debt (balance between current and non-current financial liabilities less bank balances)	644,540	679,573	-5.2
LTV (loan-to-value ratio, in %)	28.2	44.5	-16.3 points
NAV (net asset value), undiluted/diluted	1,608,801	813,245	+97.8
NAV per share ³ (in EUR), undiluted/diluted	58.06	29.35	+97.8
Other key financials			
	H1 2022	H1 2021	
FFO (funds from operations), excl. valuation effects and extraordinary items	31,429	28,497	+10.3
FFO per share ² (in EUR)	1.13	1.03	+9.7
	30/06/2022	31/12/2021	
Share price (XETRA closing price, in EUR)	24.00	45.45	-47.2
Number of shares ³	27,710,009	27,710,009	0
Market capitalisation	665,040	1,259,420	-47.2
ICR (interest coverage ratio: interest expense/net basic rents, in %)	13.9	14.9	-1.0 points
Average borrowing rate (in %)	1.61	1.70	-0.09 points
Real estate KPIs			
	30/06/2022	31/12/2021	
Annualised net basic rents	92,060	91,958	+0.1
Vacancy rate (in %)	1.4	1.2	+0.2 points
Rentable space (in sqm)	1,274,172	1,287,818	-1.1
EPRA performance indicators			
	H1 2022	H1 2021	
EPRA earnings	35,418	26,486	+33.7
EPRA earnings per share (in EUR)	1.28	0.96	+33.3
	30/06/2022	31/12/2021	
EPRA NRV	1,726,268	887,090	+94.6
EPRA NRV per share (in EUR)	62.30	32.01	+94.6
EPRA NDV	1,374,828	705,188	+95.0
EPRA NDV per share (in EUR)	49.61	25.45	+94.9
EPRA NTA	1,475,564	746,278	+97.7
EPRA NTA per share (in EUR)	53.25	26.93	+97.7
EPRA vacancy rate (in %)	1.4	1.2	+0.2 points

¹ Prior-year figures have been adjusted

² Average number of shares during the financial year

³ Shares in issue as of the balance sheet date

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VIB SUCCESSFUL IN THE FIRST HALF OF 2022

VIB Vermögen AG can look back on a successful first six months of 2022. By virtue of the properties completed over this year and last year, the company has been able to further increase both revenue and profit year on year. In addition, the successful sale of our interest in the joint venture with WDP contributed to the pleasing half-year result.

The integration of VIB Vermögen AG into the DIC Asset Group continues to run according to plan. Former Managing Board members Martin Pfandzelter and Holger Pilgenröther have left the company with effect from June 30, 2022. Mr Nicolai Greiner has been appointed as an additional member of the VIB Vermögen AG Managing Board with effect from October 1, 2022. In the interim, Mr Hettmer is running the business as a further Managing Board member in conjunction with Mr Oehme.

Starting in October, Mr Greiner will oversee Property and will form the two-head Managing Board of VIB together with Mr Oehme (Finance).

PROPERTY PORTFOLIO

OVERVIEW

As of the balance sheet date of June 30, 2022, our property portfolio comprises a total of 106 properties with a total rentable area of 1,274,172 sqm. At Group level, the vacancy rate remains extremely low at 1.4% (31/12/2021: 1.2%). Logistics and light industry properties account for the lion's share of the portfolio (72%), followed by retail parks and home improvement stores/garden centres (23% in total). The "office" and "service/other" segments represent a combined share of 5%.

Investment property was carried at an amount of EUR 1,299,487 thousand as of the reporting date (31/12/2021: EUR 1,300,628 thousand), while annualised net basic rents as of June 30, 2022, were EUR 92,060 thousand (31/12/2021: 91,958 thousand).

PROPERTY PORTFOLIO IN KEY FIGURES

Number of properties	106
Rentable space	1,274,172 sqm
Investment property	EUR 1,299,487 thousand
Annualised net basic rents	EUR 92,060 thousand
Vacancy rate	1.4%

Last updated: June 30, 2022

The VIB property portfolio is characterised by an attractive average remaining term of rental agreements. This term stood at five years and six months as of the balance sheet date of June 30, 2022, thus ensuring a high degree of predictability in relation to rental revenues (31/12/2021: five years and seven months).

In terms of tenant structure, we also attach considerable importance to diversification in order to minimise any cluster or concentration risks. As such, the largest single tenant of VIB as of the reporting date has a roughly 8% share in total rental income, with the largest ten tenants accounting for approximately 44% as a whole. As a rule, to minimise the risk of rent default, we check the credit rating of a future tenant before entering into a rental agreement.

2022 PORTFOLIO DEVELOPMENT

In January 2022, the expansion project in Schwäbisch Gmünd was completed and handed over on schedule, meaning that the total useful area of this logistics property has increased by 6,100 sqm to 22,500 sqm. The rental agreement was also extended to seven years in connection with the expansion. VIB was also able to remain true to its sustainable construction ethos in this new-build project. Greenery was planted in one half of the roof space, with a photovoltaic installation in the other half.

In February 2022, marketing got under way in Erding, which represents one of VIB's largest development projects in recent years. Following last year's granting of planning permission for the site, which spans some 215,000 sqm, the "NEXT HORIZON" project is now moving into the next phase. The plan envisages the construction of useful space totalling some 79,000 sqm on the site, with the commercial areas suitable for a vast array of usage types. For example, three office buildings with a total area of 15,700 sqm are planned, as well as five construction sites for building facilities of a logistics/light industry nature between 2,100 and 30,300 sqm. Also planned is a multistorey car park with more than 700 spaces; approx. 50% of these spaces will gradually be fitted with charging capability, thereby fully meeting the needs of electric vehicles. The properties are being built in accordance with the stringent criteria of DGNB Gold sustainability certification, which VIB has also previously obtained for several of its in-house developments. Furthermore, the heating provided to the entire site will not come from fossil fuels, but rather will be solely district heating. This too is evidence of our commitment to sustainability.

In the first half of the year, the company also acquired a construction-ready site in Ingolstadt measuring approx. 41,000 sqm. This site was merged with an adjacent site of approx. 10,000 sqm that was already owned by VIB. The plan is to construct a logistics/light industry property on the combined site. Including this site, the VIB Group possesses a pipeline with a total potential useful area of some 156,000 sqm as of June 30, 2022. In addition to in-house developments, we also review the possibility of expanding our portfolio by means of targeted acquisitions on an ongoing basis.

2022 ANNUAL GENERAL MEETING

This year's Annual General Meeting of VIB Vermögen AG will be held on August 30, 2022. As in previous years, we are particularly delighted to have our shareholders participate in the company's success and are proposing a dividend of EUR 0.85 per share (previous year: EUR 0.75 per share). This makes for a total distribution of EUR 23,554 thousand for the 2021 financial year (previous year: EUR 20,685 thousand). VIB is letting its shareholders choose between a cash or scrip dividend, just as it did in the previous year.

You can find more information about the planned Annual General Meeting on our website at www.vib-ag.de.

BUSINESS REPORT

EXPLANATORY NOTES ON THE EARNINGS, ASSETS AND FINANCIAL POSITION

EARNINGS POSITION

SELECTED INDICATORS OF EARNINGS POSITION

IN EUR THOUSAND	H1 2022	H1 2021	Change in %
Gross rental income	46,559	44,252	+5.2
Net rental income	43,927	42,648	+3.0
Profit/loss before tax	37,858	19,707	+92.1
Profit for the period	35,153	16,469	>+100
FFO	31,429	28,497	+10.3

Due to new additions to the property portfolio and rental indexing over the course of the previous year and the first half of 2022, gross rental income rose by 5.2% on the prior-year period to EUR 46,559 thousand (previous year: EUR 44,252 thousand). This figure already takes into account rental waivers of EUR 90 thousand granted to companies that have been particularly badly impacted by the coronavirus crisis (previous year: EUR 178 thousand).

Net rental income was EUR 43,927 thousand and therefore 3.0% up on the previous year (previous year: EUR 42,648 thousand). This accounts for ancillary cost payments by tenants, operating costs prepaid by VIB to service providers and other property expenses, such as those for property maintenance.

The increase in administrative expenses to EUR EUR 2,392 thousand (previous year: EUR 862 thousand) is primarily attributable to extraordinary items from legal and consulting costs for DIC Asset AG's acquisition of a 60% interest in VIB Vermögen AG. The personnel expenses have also been influenced by one-time effects from DIC Asset's share acquisition and came to EUR 6,118 thousand after being EUR 2,217 thousand the previous year.

Depreciation amounted to EUR 13,255 thousand (previous year: EUR 13,264 thousand) and was carried out as scheduled for investment properties and the VIB Group's property, plant and equipment.

The net proceeds from the disposal of investment properties in the first half of the year amounted to EUR 21,760 thousand (previous year: EUR 2,093 thousand). The strategic sales made as part of the optimisation of the property portfolio concern two retail properties and one office property. The residual carrying amounts of these properties totalled EUR 21,774 thousand, which meant that the profit on disposal of investment property was EUR –14 thousand.

The share of the profit or loss of associates, at EUR 21,727 thousand (previous year: EUR 154 thousand), mainly involves the income of EUR 21,614 thousand from selling the joint-venture interest in WVI GmbH with effect from June 30, 2022. This positive profit contribution from the sale of the interest demonstrates once again that VIB has significant capabilities as an experienced and successful logistics project developer. With this expertise, and with DIC Asset as a strong partner, we wish to keep driving the development across Germany in the future, too.

Interest expenditure was reduced by EUR 491 thousand to EUR 6,351 thousand owing to a decrease in loan liabilities and a further drop in the average interest rate for our property loans (previous year: EUR 6,842 thousand).

Profit before tax has risen significantly year on year and is up EUR 18,151 thousand to EUR 37,858 thousand (previous year: EUR 19,707 thousand). When adjusted for extraordinary items, the profit before tax came to EUR 21,696 thousand (previous year: EUR 19,707 thousand). The extraordinary items include profit of EUR 21,614 thousand from the sale of the interest in WVI GmbH, extraordinary personnel expenditure of EUR 3,970 thousand and consulting expenditure of EUR 1,482 thousand.

The profit for the period improved significantly during the reporting period and grew from EUR 16,469 thousand to EUR 35,153 thousand, which was due in particular to the increased net rental income, the excellent earnings attributable to associated companies and improved interest expenditure. This improvement was countered by the extraordinary items resulting from DIC Asset AG's acquisition of 60% of VIB Vermögen AG during the first half of the year, which increased administration expenses as well as personnel expenses year on year.

To ensure the half-year figures' comparability with the guidance provided for the 2022 financial year in VIB's 2021 Annual Report, this report also presents revenue and adjusted earnings before tax (EBT). Revenue in the first six months of 2022 came to EUR 53,012 thousand (previous year: EUR 50,723 thousand), with EBT at EUR 50,893 thousand (previous year: EUR 32,753 thousand). Adjusted for extraordinary items, earnings before tax (EBT) stood at EUR 34,731 thousand, compared with EUR 32,753 thousand in the previous year.

The VIB Group's funds from operations (FFO) have also developed successfully again, rising by 10.3% to EUR 31,429 thousand in the first half of 2022 (previous year: EUR 28,497 thousand). FFO per share improved accordingly from EUR 1.03 to EUR 1.13.

NET ASSETS

SELECTED INDICATORS OF NET ASSETS

IN EUR THOUSAND	30/06/2022	31/12/2021	Change in %
Total assets	1,411,715	1,417,690	-0.4
Investment property	1,299,487	1,300,628	-0.1
Non-current interest-bearing loans and borrowings	680,426	688,067	-1.1
Current interest-bearing loans and borrowings	24,345	59,670	-59.2
Equity	635,304	599,604	+6.0
Equity ratio	45.0%	42.3%	+2.7 PP

The total assets of the VIB Group shrank by EUR 5,975 thousand compared with December 31, 2021, to EUR 1,411,715 thousand (31/12/2021: EUR 1,417,690 thousand). The investment property held within the VIB Group, at EUR 1,299,487 thousand at the balance sheet date, were almost equal to year end 2021 (31/12/2021: EUR 1,300,628 thousand). The rise in other receivables since the previous year end, by EUR 24,800 thousand to EUR 26,954 thousand (31/12/2021: EUR 2,154 thousand), is mainly attributable to the sale of the joint venture interest to WDP with effect from June 30, 2022, and the associated purchase price receivable. This purchase price was paid in early July. Cash and cash equivalents came in at EUR 60,231 thousand as of the cut-off date (31/12/2021: EUR 68,164 thousand).

Due to the consolidated result generated, equity rose to EUR 635,304 thousand as of the balance sheet date of June 30 (31/12/2021: EUR 599,604 thousand), with the equity ratio increasing by 2.7 percentage points to 45.0% (31/12/2021: 42.3%).

Non-current interest-bearing loans and borrowings decreased by EUR 7,641 thousand to EUR 680,426 thousand (31/12/2021: EUR 688,067 thousand), while current interest-bearing loans and borrowings fell significantly by EUR 35,325 thousand to EUR 24,345 thousand primarily because of the repayment of a promissory note loan (31/12/2021: EUR 59,670 thousand). Net debt, i.e. the balance between short-term and long-term debt less bank balances, came to EUR 644,540 thousand as of June 30, 2022, and was therefore down by EUR 35,033 thousand on year end 2021 (31/12/2021: EUR 679,573 thousand).

The VIB Group's property portfolio was revalued in the second quarter. The valuation demonstrates the quality of the portfolio and the creation of value through our highly efficient property management. The company's net asset value (NAV) had as of June 30, 2022, risen significantly to EUR 1,608,801 thousand (31/12/2021: EUR 813,245 thousand). Based on the 27,710,009 shares in circulation as of June 30, 2022, this corresponds to an undiluted NAV per share of EUR 58.06 as of the balance sheet cut-off date, compared to EUR 29.35 as of December 31, 2021.

Loan to value (LTV), the ratio of investment properties to their market value, had also reduced to 28.2% as of the reporting date of June 30, 2022 (31/12/2021: 44.5%).

FINANCIAL POSITION

SELECTED INDICATORS OF FINANCIAL POSITION

IN EUR THOUSAND	H1 2022	H1 2021
Cash and cash equivalents at start of period	68,164	39,363
Cash flow from operating activities	32,583	33,745
Cash flow from investment activities	6,724	-11,356
Cash flow from financing activities	-47,240	-7,404
Cash and cash equivalents at end of period	60,231	54,348
Net change in cash and cash equivalents	-7,933	14,985

Cash flow from operating activities came in at EUR 32,583 thousand in the reporting period (previous year: EUR 33,745 thousand). Cash inflow from investing activities stood at EUR 6,724 thousand (previous year: outflow of EUR 11,356 thousand). This included, among other things, net proceeds from disposal of investment properties at an amount of EUR 21,760 thousand (previous year: EUR 2,093 thousand) and outflow for further investments in the property portfolio at an amount of EUR 15,289 thousand (previous year: EUR 10,203 thousand).

Net cash outflow from financing activities stood at EUR 47,240 thousand (previous year: EUR 7,404 thousand). In addition to inflow from taking out long-term property loans of EUR 29,925 thousand (previous year: EUR 15,800 thousand), payments were also made for servicing loans at an amount of EUR 6,351 thousand (previous year: EUR 6,759 thousand). There were also outflows to repay annuity loans and a promissory note loan, which came to EUR 72,891 thousand (previous year: EUR 16,307 thousand).

The net change in cash and cash equivalents as of 30/06/2022, came to EUR -7,933 thousand (previous year: EUR 14,985 thousand). The VIB Group's cash and cash equivalents as of June 30, 2022, were therefore EUR 60,231 thousand (31/12/2021: EUR 68,164 thousand).

EMPLOYEES

In addition to the members of the Managing Board, the VIB Group employed 35 desk-based members of staff (31/12/2021: 37) and one non-desk-based member of staff (31/12/2021: six) as of the balance sheet date of 30/06/2022.

The Managing Board of VIB Vermögen AG comprises a further two individuals and is composed of Dirk Oehme and Rainer Hettmer as of July 1, 2022. The previous Managing Board members, Martin Pfandzelter and Holger Pilgenröther have left the company with effect from June 30, 2022.

OVERALL STATEMENT ON THE COMPANY'S BUSINESS POSITION

Despite global issues such as the Ukraine crisis, the ongoing coronavirus pandemic and the continued disruptions in supply chains, we are satisfied with the business development of the VIB Group in the first six months of 2022. Development in both revenue and adjusted earnings before tax (EBT) was in line with the guidance issued at the start of the year. The currently changing interest rates may also have an effect on VIB. However, there are no material impacts expected on the income statement in the short to medium term. The company has sufficient liquid assets to continue its positive business development 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 pandemic), are presented in detail in the 2021 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

VIB Vermögen AG currently sees itself as well equipped for continuing its profitable growth in the last six months of the year. Assuming that there will be no significant deterioration in the economic situation in Germany, we confirm the guidance for the 2022 financial year as published in the 2021 Annual Report:

- › an increase in revenue to between EUR 103.0 million and EUR 109.0 million (2021: EUR 103.8 million)
- › an increase in earnings before tax (EBT), excluding valuation effects and extraordinary items, to between EUR 67.0 million and EUR 71.0 million (2021: EUR 66.7 million)
- › an increase in funds from operations (FFO) to between EUR 58.0 million and EUR 62.0 million (2021: EUR 58.4 million)

Furthermore, we anticipate

- › a low single-digit vacancy rate as of December 31, 2022 (31/12/2021: 1.2%)
- › an almost unchanged average interest rate on the borrowing portfolio as of the end of 2022 (31/12/2021: 1.70%)

Neuburg/Danube, August 2, 2022



Dirk Oehme
(Managing Board member)



Rainer Hettmer
(Managing Board member)

CONSOLIDATED INCOME STATEMENT (IFRS)

FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2022

IN EUR THOUSAND	H1 2022	H1 2021
Gross rental income	46,559	44,252
Service Charge income on principle basis	5,962	6,031
Service charge expenses on principle basis	-6,934	-6,422
Other property-related expenses	-1,660	-1,213
Net rental income	43,927	42,648
Administrative expenses	-2,392	-862
Personell expenses	-6,118	-2,217
Depreciation and amortisation	-13,255	-13,264
Other operating income	334	69
Net proceeds from disposal of investment property	21,760	2,093
Carrying amount of investment property disposed	-21,774	-2,072
Profit on disposal of investment property	-14	21
Net operating profit before financing activities	22,482	26,395
Share of the profit or loss of associates	21,727	154
Interest expense	-6,351	-6,842
Profit/Loss before tax	37,858	19,707
Current income tax expense	-2,965	-3,510
Deferred tax expense	260	272
Profit for the period	35,153	16,469
Attributable to equity holders of the parent	34,596	15,505
Attributable to non-controlling interest	557	964

CONSOLIDATED BALANCE SHEET (IFRS)

AS OF JUNE 30, 2022

ASSETS

IN EUR THOUSAND	30/06/2022	31/12/2021
Non-current assets		
Investment Property	1,299,487	1,300,628
Property, plant and equipment	10,540	10,767
Investments in associates	12,839	16,098
Intangible assets	24	26
Total non-current assets	1,322,890	1,327,519
Current assets		
Trade receivables	1,524	1,293
Income tax receivables	116	0
Other receivables	26,954	2,154
Cash and cash equivalents	60,231	68,164
Non-current assets held for sale	0	18,560
Total current assets	88,825	90,171
Total assets	1,411,715	1,417,690

EQUITY AND LIABILITIES

IN EUR THOUSAND	30/06/2022	31/12/2021
Equity		
Issued capital	27,710	27,710
Share premium	195,496	195,496
Revenue reserves	104,150	104,150
Retained earnings	281,459	246,290
Foreign currency translation	0	25
Equity attributable to shareholders of the parent company	608,815	573,671
Non-controlling interest	26,489	25,933
Total equity	635,304	599,604
Non-current liabilities		
Non-current interest-bearing loans and borrowings	680,426	688,067
Deferred tax liabilities	58,737	58,890
Pension provisions	3,433	3,496
Total non-current liabilities	742,596	750,453
Current liabilities		
Current interest-bearing loans and borrowings	24,345	59,670
Trade payables	532	1,361
Liabilities to participating interests	2,910	833
Income tax payable	0	461
Other liabilities	6,028	5,308
Total current liabilities	33,815	67,633
Total equity and liabilities	1,411,715	1,417,690

FINANCIAL CALENDAR

August 30, 2022

2022 Annual General Meeting

IR CONTACT DETAILS

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MASTHEAD

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Dirk Oehme
Rainer Hettmer

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