

DEVELOPING VALUES

Interim Announcement Q1
2018



KEY GROUP INDICATORS

IN EUR THOUSAND	Q1/2018	Q1/2017	Change in %
Income statement			
Revenue	21,258	20,383	+4.3
Changes in value for investment properties	0	1,310	-100.0
EBT (earnings before tax)	12,512	12,692	-1.4
EBT excluding valuation effects and extraordinary items	12,512	11,382	+9.9
Consolidated net income	10,492	10,651	-1.5
Earnings per share (undiluted/diluted, in EUR)	0.36	0.37	-2.7
Balance sheet			
	31/03/2018	31/12/2017	
Total assets	1,172,407	1,153,741	+1.6
Investment properties	1,104,604	1,096,724	+0.7
Equity	494,245	483,355	+2.3
Equity ratio (in %)	42.2	41.9	+0.3 pt.
Net debt	568,925	570,452	-0.3
LTV (loan-to-value ratio, in %)	50.9	51.4	-0.5 pt.
NAV (net asset value), undiluted/diluted	523,324	512,547	+2.1
NAV per share (in EUR), undiluted/diluted	18.97	18.58	+2.1
Other key financials			
	Q1/2018	Q1/2017	
FFO (funds from operations)	10,839	9,818	+10.4
FFO per share (in EUR)	0.39	0.36	+10.4
	31/03/2018	31/12/2017	
Share price (Xetra closing price, in EUR)	21.90	21.20	+3.3
Number of shares on balance sheet date	27,579,779	27,579,779	0
Market capitalisation as of the balance sheet date	603,997	584,691	+3.3
ICR (interest coverage ratio: interest expense/net basic rents, in %)	21.5	24.4	-2.9 pt.
Average borrowing rate (in %)	2.52	2.55	-0.03 pt.
Real estate KPIs			
	31/03/2018	31/12/2017	
Annualised net basic rents	73,956	73,615	+0.5
Vacancy rate (in %)	0.8	0.8	0 pt.
Lettable area (in sqm)	1,060,900	1,060,896	0
EPRA performance indicators			
	Q1/2018	Q1/2017	
EPRA Earnings per share (in EUR)	0.36	0.33	+9.1
	31/03/2018	31/12/2017	
EPRA NAV per share (in EUR)	18.97	18.58	+2.1
EPRA vacancy rate (in %)	0.8	0.8	0 pt.

SUCCESSFUL START TO THE 2018 FINANCIAL YEAR

VIB has begun the new financial year successfully and, as expected, was able to continue growth both in terms of revenue as well as earnings. Investments in the property portfolio as well as lower interest expenses contributed to the positive business development.

DEVELOPMENT OF THE PROPERTY PORTFOLIO

At the beginning of the year, a newly built logistics hall in Beuthener Strasse in Nuremberg was handed over to its tenants on schedule. The property, which was built as part of a redensification on an existing site, includes a useful area of 8,500 sqm and was realised with an investment volume of EUR 6.5 million. The property comes with a ten-year lease and will make revenue contributions to the VIB Group with net basic rents of EUR 540 thousand per year.

The construction of the two in-house developments begun at the end of last year in Interpark and in Vaihingen/Enz is progressing on schedule. Both properties, which are being built for one and the same main tenant, have rental agreements with a term of nine years and a total useful area of 23,400 sqm. The properties are being realised for a total of EUR 20.8 million and contribute to consolidated revenue with net basic rents of around EUR 1.6 million per year. Completion and handover to the tenant will take place in the third quarter of the current year. Both properties together generate an average initial yield of 7.6%.

There is also positive news to report regarding the retail property in Goch, which was destroyed in a fire last year, belonging to BBI Immobilien AG, a subsidiary of VIB Vermögen AG. Together with the long-term tenant of the property, we have agreed upon a sustainable reconstruction concept so that reconstruction can be started in the next few weeks. We expect completion before the end of 2018; the new rental agreement runs until December 31, 2029. The property was covered by comprehensive insurance protection, so neither the loss of rent nor the reconstruction is expected to have additional financial burden for the VIB Group.

COURSE OF BUSINESS

Due to the rental income from new properties, revenues increased in the first three months by 4.3% to EUR 21.3 million (3M 2017: EUR 20.4 million). Changes in value for investment properties were EUR 0.0 million (3M 2017: EUR 1.3 million). Expenses for investment properties chiefly comprise operating costs paid in advance and maintenance expenses and were up compared to the previous year to a total of EUR 3.5 million (3M 2017: EUR 3.0 million). Personnel expenses amounted to EUR 0.9 million (3M 2017: EUR 0.9 million), whereas other operating expenses came in at EUR 0.4 million (3M 2017: EUR 0.4 million).

Due to the further decline in average interest rate for the property loans of VIB, interest expenses decreased significantly compared to the same period in the previous year by EUR 0.7 million to EUR 3.9 million (3M 2017: EUR 4.6 million). As a consequence, earnings before tax (EBT) – after adjustment for valuation effects and extraordinary items – increased by 9.9%, or EUR 1.1 million, to EUR 12.5 million (3M 2017: EUR 11.4 million).

Following deduction of income taxes totalling EUR 2.0 million (current taxes of EUR 1.2 million, deferred taxes of EUR 0.8 million), VIB posted consolidated net income of EUR 10.5 million (3M 2017: EUR 10.7 million). Undiluted and diluted earnings per share stood at EUR 0.36 compared to EUR 0.37 in the same period in the previous year.

Funds from operations (FFO), which is an indicator of cash inflow from operating activities, significantly improved once again by EUR 1.0 million, or 10.4%, to EUR 10.8 million in the first three months of 2018 (3M 2017: EUR 9.8 million). FFO per share was EUR 0.39, following EUR 0.36 in the previous year.

Undiluted and diluted Net Asset Value (NAV) increased by 2.1% to EUR 523 million as of March 31, 2018 (December 31, 2017: EUR 513 million). Undiluted and diluted NAV per share stood at EUR 18.97, compared with EUR 18.58 as of December 31, 2017.

In the first few months of the new financial year, there have been no significant changes to the macroeconomic and industry-specific underlying conditions. In light of this, we confirm the guidance for the 2018 financial year issued in the 2017 Annual Report.

Neuburg/Danube, May 9, 2018

The Management Board

CONSOLIDATED INCOME STATEMENT (IFRS)

FOR THE PERIOD FROM JANUARY 1, 2018 TO MARCH 31, 2018

IN EUR THOUSAND	01/01– 31/03/2018	01/01– 31/03/2017
Revenue	21,258	20,383
Other operating income	57	39
Total operating income	21,315	20,422
Changes in value for investment properties	0	1,310
Expenses for investment properties	-3,454	-3,006
Personnel expenses	-921	-869
Other operating expenses	-397	-424
Earnings before interest, tax, depreciation and amortisation (EBITDA)	16,543	17,433
Depreciation and amortisation	-79	-27
Earnings before interest and tax (EBIT)	16,464	17,406
Profit/loss on equity-accounted investments	-3	-53
Other interest and similar income	2	7
Interest and similar expenses	-3,909	-4,626
Expenses from guaranteed dividends	-42	-42
Earnings before tax (EBT)	12,512	12,692
Income tax	-2,020	-2,041
Consolidated net income	10,492	10,651
Earnings per share	0.36	0.37

IR CONTACT

VIB Vermögen AG

Petra Riechert
Tilly-Park 1
86633 Neuburg/Danube

Tel: +49(0)8431 9077-952
Fax: +49(0)8431 9077-1952
E-mail: petra.riechert@vib-ag.de

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VIB Vermögen AG
Tilly-Park 1
86633 Neuburg/Danube
Germany

Tel: +49(0)8431 9077-0
Fax: +49 (0)8431 9077-1952

E-mail: info@vib-ag.de
Website: www.vib-ag.de

Directors entitled to represent the company

Martin Pfandzelter (CEO)
Holger Pilgenröther

Court of registration

Ingolstadt

Registration no.

HRB 101699