

Interim Announcement  
Q3/2020

# VALUES BUILT ON FORESIGHT

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# KEY GROUP INDICATORS

IN EUR THOUSAND	01/01– 30/09/2020	01/01– 30/09/2019	Change in %
<b>Income statement KPIs</b>			
Revenue	70,390	67,616	+4.1
Changes in value for investment properties	11,658	3,619	+222.1
EBT (earnings before tax)	55,203	45,529	+21.2
EBT excluding valuation effects and extraordinary items	43,545	41,910	+3.9
Consolidated net income	46,356	38,095	+21.7
Earnings per share (undiluted/diluted, in EUR)	1.63	1.33	+22.6
<b>Balance sheet KPIs</b>			
	30/09/2020	31/12/2019	
Total assets	1,404,491	1,359,731	+3.3
Investment properties	1,359,796	1,296,352	+4.9
Equity	604,672	577,295	+4.7
Equity ratio (in %)	43.1	42.5	+0.6 pt.
Net debt	710,311	671,864	+5.7
LTV (loan-to-value) ratio (in %)	51.3	51.0	+0.3 pt.
NAV (net asset value), undiluted/diluted	642,933	612,974	+4.9
NAV per share (in EUR), undiluted/diluted	23.31	22.23	+4.9
<b>Other financial KPIs</b>			
	01/01– 30/09/2020	01/01– 30/09/2019	
FFO (funds from operations)	38,051	36,437	+4.4
FFO per share (in EUR)	1.38	1.32	+4.5
	30/09/2020	31/12/2019	
Share price (Xetra closing price, in EUR)	27.20	29.80	-8.7
Number of shares on balance sheet date	27,579,779	27,579,779	0
Market capitalisation as of the balance sheet date	750,170	821,877	-8.7
ICR (interest coverage ratio: interest expense/net basic rents, in %)	18.1	19.1	-1.0 pt.
Average borrowing rate (in %)	1.82	2.10	-0.28 pt.
<b>Real estate KPIs</b>			
	30/09/2020	31/12/2019	
Annualised net basic rents	82,797	81,321	+1.8
Vacancy rate (in %)	2.6	1.0	+1.6 pt.
Rentable space (in sqm)	1,188,772	1,162,586	+2.3
<b>EPRA performance indicators</b>			
	01/01– 30/09/2020	01/01– 30/09/2019	
EPRA earnings	35,082	33,695	+4.1
EPRA earnings per share (in EUR)	1.27	1.22	+4.1
	30/09/2020	31/12/2019	
EPRA NAV	642,933	612,974	+ 4.9
EPRA NAV per share (in EUR)	23.31	22.23	+4.9
EPRA vacancy rate (in %)	2.6	1.0	+1.6 pt.

# PROFITABLE GROWTH PATH SUSTAINED IN THE FIRST NINE MONTHS OF 2020

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The positive course of business at VIB Vermögen AG has continued despite the coronavirus crisis. By virtue of the new additions to the property portfolio, the company has been able to further increase both revenue and profit. At the time of preparation of this interim report, the financial effects of the coronavirus crisis remain manageable and do not currently constitute a substantial risk for the company. Due to the coronavirus crisis, individual agreements have been concluded with specific tenants. As of October 30, 2020, VIB has thus granted rent deferrals in the amount of EUR 550 thousand (July 31, 2020: EUR 575 thousand) and, in individual cases, rental waivers in the amount of EUR 376 thousand (July 31, 2020: EUR 330 thousand).

## DEVELOPMENT OF THE PROPERTY PORTFOLIO

As of the balance sheet date of September 30, 2020, the property portfolio of the VIB Group comprised a total of 113 properties with a total rentable area of some 1.19 million sqm. The vacancy rate remained extremely low at 2.6% (31/12/2019: 1.0%). Logistics and light industry properties account for the lion's share of the portfolio (67%), followed by retail parks (15%) and home improvement stores/garden centres (12%). The "office" and "service/other" segments represent a combined share of 6%.

In the previous year, VIB acquired and comprehensively modernised another Dehner garden centre, in Göppingen. This retail property, which has a useful area of 10,200 sqm, has been let on an extremely long-term basis and was handed over to the tenant on January 1, 2020.

In the third quarter, the Amazon distribution centre in Gersthofen was completed as planned 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. In addition to the warehouse and office space, the long-term rental agreement also covers large undeveloped areas for Amazon delivery vehicles. In terms of sustainability, it is pleasing that preparatory investments have already been made in the infrastructure so that the fleet can, if necessary, be converted fully to electric vehicles. Furthermore, a photovoltaic system has been installed on the roof of the logistics complex.

At the start of October, i.e. shortly after the end of the reporting period, VIB acquired an existing property in Bottrop, North Rhine-Westphalia, as part of the joint venture with WDP. The useful area measures approx. 13,000 sqm, with the rental agreement concluded on a long-term basis. The property offers excellent alternative usability and is located on an established industrial estate, with outstanding infrastructure links, in the heart of the Ruhr Valley. Back in the previous year, VIB and WDP also acquired an undeveloped plot in Gelsenkirchen with the potential for a development measuring some 40,000 sqm in useful area.

In September, construction work got under way on a logistics facility in Eslarn on the German/Czech border. The site measures 22,000 sqm – and the rentable space will be approximately 9,400 sqm. The future tenant will be TechData, one of the world's largest distributors of technological products, services and solutions. TechData will operate an e-commerce returns centre at the site in Eslarn. The rental agreement has a term of ten years, with construction work scheduled for completion in the second quarter of 2021.

In September, VIB also started the construction phase of a further logistics facility in Interpark, near Ingolstadt. Here, at Bavaria's largest contiguous business park, VIB already holds several properties with a broadly diversified tenant structure. A property with a useful area of some 7,100 sqm is being developed on an existing site. Even before construction began, a ten-year rental agreement had been signed with a long-standing existing tenant. The handover to the tenant is scheduled to take place in April 2021.

The redensification project at an existing site at BUSINESSPARK Regensburg is also progressing according to plan. The office complex, which will be completed in May 2021, features a useful area of 3,200 sqm, a quarter of which has already been pre-let. VIB has held several logistics and office properties at BUSINESSPARK Regensburg for many years. For example, the redensification of an office complex – complete with adjacent multistorey car park – was completed and handed over to the tenant at the site in the previous year.

The largest development project to date – on Zeppelinstrasse at Interpark near Ingolstadt – is also nearing its scheduled completion. On the site, which spans 113,000 sqm, the first construction phase, with a useful area of 27,500 sqm, was completed and handed over to the tenant at the end of 2019. Prior to the start of construction, a long-term rental agreement was also concluded in respect of the remaining useful area of 87,000 sqm, which is currently under construction. Construction of the innovative two-storey logistics complex will be completed within the next few weeks and handed over to the tenant.

In terms of the completion of future development projects, VIB has a site pipeline with a potential useful area of approx. 120,000 sqm, as well as a further 40,000 sqm as part of the joint venture with WDP. In addition to in-house developments, we also review the possibility of expanding our portfolio by means of targeted acquisitions on an ongoing basis.

## **COURSE OF BUSINESS**

Due to the rental income from new portfolio properties, revenues increased by 4.1% to EUR 70.4 million (9M 2019: EUR 67.6 million). The changes in value for investment properties arising from the completion/partial completion of in-house developments came in at EUR 11.7 million (9M 2019: EUR 3.6 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 12.1 million (9M 2019: EUR 10.9 million). Personnel expenses amounted to EUR 3.1 million (9M 2019: EUR 2.9 million), whereas other operating expenses rose to EUR 1.3 million (9M 2019: EUR 1.2 million).

Profit/loss on equity-accounted investments amounted to EUR -0.3 million (9M 2019: EUR 0.2 million) and is mainly attributable to a negative valuation effect relating to the investment held by VIB in BHB Brauholding Bayern-Mitte AG. Due to the further decline in the average interest rate for property loans, interest expenses decreased by EUR 0.4 million to EUR 10.9 million (9M 2019: EUR 11.3 million) despite an overall increase in loan liabilities. When adjusted for valuation effects and extraordinary items, earnings before tax (EBT) came in at EUR 43.5 million in the first nine months, compared with EUR 41.9 million in the prior-year period.

Following the deduction of income taxes totalling EUR 8.8 million (current taxes of EUR 4.4 million, deferred taxes of EUR 4.4 million), VIB generated consolidated net income of EUR 46.4 million (9M 2019: EUR 38.1 million). Undiluted and diluted earnings per share stood at EUR 1.63 compared to EUR 1.33 in the same period in the previous year.

FFO (funds from operations), which is an indicator of cash inflow from operating activities, improved by EUR 1.6 million, or 4.4%, to EUR 38.1 million in the first nine months (9M 2019: EUR 36.4 million). FFO per share came in at EUR 1.38, compared with EUR 1.32 in the previous year.

Undiluted and diluted net asset value (NAV) increased to EUR 643 million as of September 30, 2020 (31/12/2019: EUR 613 million). Undiluted and diluted NAV per share stood at EUR 23.31, compared with EUR 22.23 as of December 31, 2019.

It is still not currently possible to anticipate the long-term implications of the coronavirus pandemic. Owing to the stable position of the company and the course of business to date, however, we do not currently anticipate any significant adverse effects on the earnings position of the company in the current fiscal year. We therefore confirm the guidance published for the 2020 fiscal year in the 2019 Annual Report.

Neuburg/Danube, November 11, 2020

The Managing Board

# CONSOLIDATED INCOME STATEMENT (IFRS)

FOR THE PERIOD FROM JANUARY 1, 2020 TO SEPTEMBER 30, 2020

IN EUR THOUSAND	01/01– 30/09/2020	01/01– 30/09/2019
<b>Revenue</b>	<b>70,390</b>	<b>67,616</b>
Other operating revenue	1,220	694
<b>Total operating revenue</b>	<b>71,610</b>	<b>68,310</b>
Changes in value for investment properties	11,658	3,619
Expenses for investment properties	-12,145	-10,887
Personnel expenses	-3,124	-2,913
Other operating expenses	-1,291	-1,176
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>66,708</b>	<b>56,953</b>
Depreciation and amortisation	-236	-233
<b>Earnings before interest and tax (EBIT)</b>	<b>66,472</b>	<b>56,720</b>
Profit/loss on equity-accounted investments	-251	204
Other interest and similar income	0	17
Interest and similar expenses	-10,893	-11,287
Expenses from guaranteed dividends	-125	-125
<b>Earnings before tax (EBT)</b>	<b>55,203</b>	<b>45,529</b>
Income tax	-8,847	-7,434
<b>Consolidated net income</b>	<b>46,356</b>	<b>38,095</b>
Group shareholders' share of earnings	44,895	36,779
Non-controlling shareholders' share of earnings	1,461	1,316
<b>UNDILUTED EARNINGS PER ORDINARY SHARE (IN EUR)</b>		
Profit/loss on continuing operations	1.63	1.33
<b>Undiluted earnings per share</b>	<b>1.63</b>	<b>1.33</b>
<b>DILUTED EARNINGS PER ORDINARY SHARE (IN EUR)</b>		
Profit/loss on continuing operations	1.63	1.33
<b>Diluted earnings per share</b>	<b>1.63</b>	<b>1.33</b>

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# IMPRINT

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## **Directors entitled to represent the company**

Martin Pfandzelter (CEO),  
Holger Pilgenröther

## **Court of registration**

Ingolstadt

## **Registration no.**

HRB 101699