

Price (Euro)	34.30			
52 weeks range	54.40 / 29.56			
Key Data				
Segment	Open Market (Frankfurt) M:access (Munich)			
ISIN	DE000A2YPDD0			
Sec. ID-No.	245751			
Symbol	VIH			
Reuters	VIHG.DE			
Bloomberg	VIH GR			
Internet	www.vib-ag.de			
Reporting Standard	IFRS			
Fiscal Year	31/12			
IPO	28 Nov. 2005			
Market Cap (EUR million)	950.5			
Number of shares (million)	27.7			
Free Float	40.0%			
Free Float MCap (million)	380.2			
CAGR net profits '21 - '24e	-10.6%			
Multiples	2021	2022e	2023e	2024e
MarketCap/ Sales	9.2	8.8	8.3	7.9
PE-Ratio	6.4	10.9	9.7	8.8
Dynamic PE-Ratio	-0.60	-1.02	-0.91	-0.83
Dividend Yield	2.5%	2.6%	2.8%	2.9%
FFO Yield	6.2%	6.4%	7.2%	7.6%
Key Data per Share (Euro)	2021	2022e	2023e	2024e
Earnings per Share (EPS)	5.39	3.15	3.53	3.90
Dividends per Share (DPS)	0.85	0.90	0.95	1.00
Book Value per Share (BVPS)	25.57	27.83	30.41	33.31
NAV per share	29.60	32.12	34.20	36.08
FFO per share	2.11	2.21	2.47	2.62
Financial Data (Euro '000)	2021	2022e	2023e	2024e
Revenues	103,771	107,922	114,397	120,117
Total operating revenue	104,496	108,765	115,071	121,038
EBITDA	189,523	120,239	133,416	146,247
Operating Profit (EBIT)	189,085	119,787	132,935	145,744
Pre-tax profit (EBT)	181,648	106,133	118,771	131,070
Net profit (after minorities)	149,044	87,374	97,914	108,171
Adjusted Shareholders' Equity	708,611	771,046	842,636	923,097
RoE after tax	23.2%	11.8%	12.1%	12.3%
Financial Calendar				
1Q 2022 report		11 May 2022		
1H 2022 report		10 August 2022		
AGM		30 August 2022		
SRC Forum Financials & Real Estate		13 September 2022		
Main Shareholders				
DIC Asset AG		~ 60%		
Analysts	Dipl.-Kfm. Stefan Scharff, CREA Christopher Mehl, MBA, CFA			
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2021 annual report confirms preliminary numbers – 2022 guidance is very reasonable – very lucrative objects in the pipeline for the coming years – Euro 51.00 target price and Buy rating affirmed

Today, the company released the 2021 annual report and confirmed the preliminary numbers from 23 March. Revenues hiked by more than 10% from Euro 94.2m to Euro 103.8m, driven by additional rental income from completed developments and acquisitions in 2021 and 2020. The revaluation result hiked significantly from Euro 22m to Euro 108m and included valuation uplifts of Euro 111m and a reduction of Euro 2.8m. While the expenses for investment properties fell from Euro 17.4m to Euro 16.6m due to lower maintenance expenses, personnel expenses rose slightly from Euro 4.2m to Euro 4.5m and other operating expenses hiked by about 14% from Euro 1.9m to Euro 2.1m. Interest costs came further down year-over-year and declined from Euro 14.1m to Euro 13.4m. The result of at-equity investments came in at Euro 6.1m compared to 0.1m last year, driven by valuation gains of investment properties from the joint venture with WDP. All in all, the adjusted EBT hiked by almost 16% from almost Euro 58m to almost Euro 67m and thus was on top of our original estimate of about Euro 66m and on top of the firm's guided range between Euro 61m and Euro 65m. The bottom line more than doubled from Euro 67m last year to now Euro 154m. The cash driven FFO result came in at Euro 58.4m, up 16% from last year's number of Euro 50.4m, and was also on top of the firm's guided range of Euro 54m to Euro 58m. This translates into a FFO per share of Euro 2.11. Both the adjusted EBT and the FFO benefited from increased economies of scale as well as from a further reduction in interest expenses. The management decided to propose a dividend of 85 cents per share at the next annual meeting. This is 10 cents or more than 13% respectively above last year's dividend and also 5 cents above our estimate of 80 cents per share and represents the thirteenth consecutive dividend hike.

Looking at the balance sheet, 2021 saw some further improvements as well. The equity ratio hiked from 43.0% to 47.4% while the LTV came down from 50,3% to now only 44.2%. The EPRA NRV per share hiked significantly from Euro 26.39 to Euro 32.02, up more than 21%. The portfolio comprised 112 objects with a value of almost Euro 1.5bn at year-end 2021 and a very low vacancy rate of 1.2%. For the coming years, the company has a strong development pipeline with logistics asset located in very attractive locations, such as the "NEXT HORIZON" project in Erding with a lettable space of about 80k sqm, where the firm managed to obtain the planning permission and went into marketing in February 2022. **The secured pipeline for the coming years has a total investment volume of Euro 220m and is expected to deliver additional net rental income of more than Euro 14m after completion. This translates into a yield on cost of 6.6% and shows that the company can continue to deliver very attractive logistics assets in a market that has seen a high level of yield compression in recent years.** Additionally, the firm has also further potential due to land reserves and additional land acquisitions and will also complete another own development within the first half of 2022, which will thus contribute to the P&L very soon.

For the current year, the company expects revenues to grow to a range between Euro 103m and Euro 109m, adjusted EBT to be between Euro 67m and Euro 71m and the FFO to a range between Euro 58m and Euro 62m. We believe that this is very reasonable and that the company will once again be able to deliver on its targets. We confirm our Euro 51.00 target price and stick to our Buy Rating.

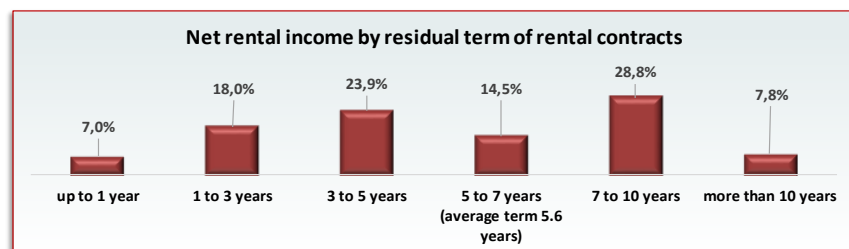
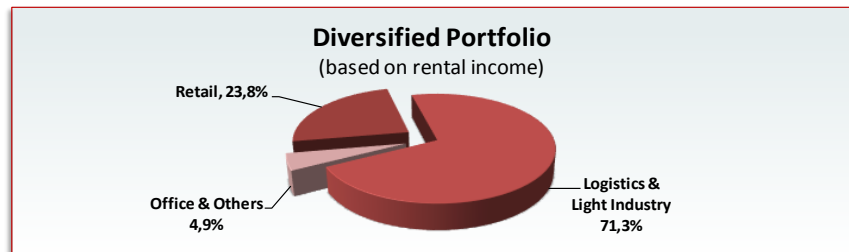
VIB Vermögen AG

Industry:	Real Estate	Management Board of VIB Vermögen AG: Martin Pfandzelter (until 30 June) Holger Pilgenröther (until 30 June) Dirk Oehme
Sub-segment	Logistics, Light Industry, Retail	
Region:	Germany	Supervisory Board of VIB Vermögen AG: Ludwig Schlosser (Chairman) Jürgen Wittmann (Deputy Chairman) Prof. Dr. Gerhard Schmidt Sonja Wärtges
Headquarter:	Neuburg	
Foundation	1993	
Employees:	45	
IR Contact: Petra Riechert (petra.riechert@vib-ag.de)		

VIB Vermögen AG acquires and manages commercial real estate properties. Additionally, the company develops real estate properties for its own portfolio and furthermore it indirectly holds real estate assets via company holdings. The properties are located across Germany with a major focus on Southern Germany.

The company aims at a "Develop-or-Buy-and-hold" strategy and holds a diversified portfolio comprising 112 properties with a total lettable area of about 1,300,000 sqm and a portfolio value of about Euro 1.5bn at FY 2021. The company convinces by its favorable and sustainable occupancy rate of about 99% and its lean cost and financing structures. In addition, the real estate portfolio offers a broad diversification within the commercial segment. Logistics and light industry (71%), retail (24%), office utilization (3%) and commercial building/others (2%) are covered.

The average maturity of rental contracts amounts to c. 5.6 years. Among tenants are various well-known and successful brands like Dehner Gartenfachmärkte, VW, Geis Industrie, Loxness, Edeka, Media Markt, Continental, Aldi, Kaufland etc. that have a high degree of creditworthiness. The average gross rental yield as of FY 2020 is at 6.8%. The logistics and industrial properties and the office properties offer a slightly higher yield, while retail is little below that average. In November 2020, the company completed a logistics centre, which is its largest in-house development so far. It is located in the Interpark Kösching near Ingolstadt, comprises 115,000 sqm of lettable space and is fully let. In March 2021, two more developments with a lettable space of more than 16k sqm were completed and handed over. Furthermore, the site pipeline for future projects amounts to about 180,000 sqm.



The company has a high equity ratio of 47.4% and also a healthy LTV ratio of 44.2% at FY 2021. Concerning the shareholder structure the firm's majority shareholder DIC Asset now holds about 60% of the shares. The crucial investment criteria for property acquisitions is a mid-to long-term rental contract with a solvent tenant and an initial rental yield of more than 7%. Furthermore, the location needs to be within an economically attractive region, as it was realized again with the recent deals.

VIB Vermögen AG is listed at the Open Market of the Frankfurt Stock Exchange and at M:access of the Munich Stock Exchange since November 2005. The company has distributed a dividend of 75 cents for 2020 and will propose a dividend of 85 cents (+13%) for 2021. This represents the thirteenth consecutive dividend hike. For the fiscal year 2022, the company gave a guidance for revenues between Euro 103.0m and Euro 109.0m, the EBT is guided in a range between Euro 67.0m and Euro 71.0m, and the FFO between Euro 58.0m to Euro 62.0m.

Source: Company Data, SRC Research

SWOT Analysis

Strengths

- ▶ VIB has a total of 112 objects with a rental area of almost 1,300,000 sqm. The properties are mainly located in the economically strong Southern Germany, resulting in a very stable cash income. In 2021, the FFO rose by 16% to over Euro 58m.
- ▶ The strategy is clearly long-term-oriented with a Buy-and-Hold or Build-and-Hold strategy. In time of low yields it is more oriented on own developments to grow. The tenant structure divided out in the Top 10 tenants standing for about 44% of the rental income.
- ▶ A very low EPRA vacancy rate of about 1% at present. In addition, the portfolio is widely spread over various sectors and therefore less affected by an economic shortfall. The average rental yield is at high 6.2% (FY 2021) and the firm's LTV ratio stands at healthy 44.2% as of FY 2021, with an equity ratio of 47.4%.
- ▶ VIB's successful approach and sound track record of further expanding the portfolio size by carefully analyzing given investment opportunities, either existing properties to buy or land sites for in-house developments.
- ▶ In-depth and careful planning of in-house development as exemplified by the recent logistics development in the Interpark commercial centre, which has been completed within the time as scheduled and fully leased up already much time in advance of scheduled date of completion.
- ▶ Predictability of future earnings is high due to long-term rental agreements for the majority of portfolio (~ 51% with long-term rental contracts at FY 2021).
- ▶ The average duration of rental agreements amounts to 5.6 years at FY 2021. Furthermore, tenants have a high degree of creditworthiness (Rudolph Group, Geis Industrie, Audi, BayWa, Dehner Gartenfachmärkte, VW).
- ▶ The firm successfully placed three mandatory convertible bonds at 4.5% / 4.0% interest with institutional investors, a Euro 17m issue in Dec. 2012 and a Euro 26m issue in November 2013, and Euro 33m in Dec. 2014.

Weaknesses

- ▶ Demand for attractive logistics and retail properties has significantly increased, also due to the low interest environment. Acquiring properties at yields of more than 7.0% is becoming increasingly difficult but the last news underlined the company's ability to buy or develop the "right" assets.

Opportunities

- ▶ VIB consequently reengineers its financing by fixing the currently favorable interest-rate level by medium-term forward agreements. The average interest rate at FY 2021 came down to 1.70%, after 2.33% at FY 2018 and 2.10% in 2019 and 1.77% at FY 2020.
- ▶ The firm placed a Euro 42.5m promissory note in April 2019 at a very low rate of 1.03%. The Euro 70m bonded loan issued in Sept. 2016 with an interest of only 1.27% (10 years) and even 0.7% (7 years) is another highlight of the debt side.
- ▶ In the face of growing challenges with regard to acquiring high quality German real estate at attractive prices, VIB can largely benefit from its in-house development operations in order to further strengthen its portfolio in terms of size and quality, for example the developments at Interpark in Koesching.

Threats

- ▶ In case of a sustained recession, portfolio vacancy rate might not remain at the negligibly low level of about 1% and estimated rental values with prospective tenants potentially will be agreed at lower levels. A subsequent negative impact on the portfolio, leading to valuation losses, would burden the P&L. Currently there is an increased risk for a negative impact on the economic environment due to the ongoing war in Ukraine.

P&L Account for VIB Vermögen AG

VIB Vermögen AG 31/12 IFRS (Euro '000)	2018	2019	2020	2021	2022e	2023e	2024e	CAGR '21 - '24e
Revenues	86,789	90,995	94,207	103,771	107,922	114,397	120,117	5.0%
Net Result from Revaluations	19,454	22,319	22,323	108,198	35,479	42,887	50,295	
Other operating income	1,443	1,645	1,466	725	843	674	921	
Total operating income	107,686	114,959	117,996	212,694	144,244	157,958	171,333	
Expenses for investment properties	-14,968	-16,057	-17,377	-16,585	-16,917	-17,238	-17,566	
<i>Gross margin without revaluation</i>	<i>82.8%</i>	<i>82.4%</i>	<i>81.6%</i>	<i>84.0%</i>	<i>84.3%</i>	<i>84.9%</i>	<i>85.4%</i>	
Net operating income (NOI)	71,821	74,938	76,830	87,186	91,005	97,159	102,551	5.6%
<i>NOI-margin</i>	<i>82.8%</i>	<i>82.4%</i>	<i>81.6%</i>	<i>84.0%</i>	<i>84.3%</i>	<i>84.9%</i>	<i>85.4%</i>	
Personnel expenses	-3,678	-3,861	-4,216	-4,481	-4,577	-4,644	-4,711	
Other operating expenses	-1,780	-1,775	-1,851	-2,105	-2,511	-2,660	-2,809	
EBITDA	87,260	93,266	94,552	189,523	120,239	133,416	146,247	
<i>EBITDA-margin</i>	<i>100.5%</i>	<i>102.5%</i>	<i>100.4%</i>	<i>182.6%</i>	<i>111.4%</i>	<i>116.6%</i>	<i>121.8%</i>	
EBITDA without revaluation	67,806	70,947	72,229	81,325	84,760	90,529	95,952	5.7%
Amortization of intangible assets and depreciation of property, plant and equipment and investment properties	-308	-313	-329	-438	-452	-481	-503	
Operating profit (EBIT)	86,952	92,953	94,223	189,085	119,787	132,935	145,744	
<i>EBIT-margin</i>	<i>100.2%</i>	<i>102.2%</i>	<i>100.0%</i>	<i>182.2%</i>	<i>111.0%</i>	<i>116.2%</i>	<i>121.3%</i>	
Operating profit (EBIT) without revaluation	67,498	70,634	71,900	80,887	84,308	90,048	95,449	5.7%
Net income from investments accounted for using the equity method	3	450	118	6,092	78	103	128	
Interest earnings	8	18	0	0	22	19	16	
Interest costs	-15,597	-14,968	-14,134	-13,363	-13,588	-14,120	-14,652	
Financial result	-15,589	-14,950	-14,134	-13,363	-13,566	-14,101	-14,636	
Expenses from guaranteed dividend	-166	-166	-166	-166	-166	-166	-166	
Pre-tax Profit (EBT)	71,200	78,287	80,041	181,648	106,133	118,771	131,070	
<i>EBT-margin</i>	<i>82.0%</i>	<i>86.0%</i>	<i>85.0%</i>	<i>175.0%</i>	<i>98.3%</i>	<i>103.8%</i>	<i>109.1%</i>	
Pre-tax Profit (EBT) without revaluation	51,746	55,968	57,718	66,720	70,654	75,884	80,775	6.6%
Tax expenses	-11,305	-12,876	-12,772	-27,967	-17,300	-19,360	-21,364	
<i>Tax rate</i>	<i>15.9%</i>	<i>16.4%</i>	<i>16.0%</i>	<i>16.3%</i>	<i>16.3%</i>	<i>16.3%</i>	<i>16.3%</i>	
Net Profit before minorities	59,895	65,411	67,269	153,681	88,833	99,411	109,706	-10.6%
Minorities	-2,285	-2,252	-1,394	-4,637	-1,459	-1,497	-1,535	
Net Profit after minorities	57,610	63,159	65,875	149,044	87,374	97,914	108,171	-10.1%
<i>Return on sales</i>	<i>66.4%</i>	<i>69.4%</i>	<i>69.9%</i>	<i>143.6%</i>	<i>81.0%</i>	<i>85.6%</i>	<i>90.1%</i>	
Number of shares	27,580	27,580	27,580	27,710	27,710	27,710	27,710	
Earnings per share (Euro)	2.09	2.29	2.39	5.39	3.15	3.53	3.90	
Dividends per Share (DPS) in Euro	0.65	0.70	0.75	0.85	0.90	0.95	1.00	
Book Value per Share (BVPS) in Euro	17.65	19.31	20.98	25.57	27.83	30.41	33.31	
Adjusted Shareholders Equity' without minorities and after dividend payment	486,866	532,683	578,663	708,611	771,046	842,636	923,097	9.2%
RoE after Tax	12.4%	12.4%	11.9%	23.2%	11.8%	12.1%	12.3%	
Key ratios & figures	2018	2019	2020	2021	2022e	2023e	2024e	
Margins in %								
EBITDA	78.1%	78.0%	76.7%	78.4%	78.5%	79.1%	79.9%	
EBIT	77.8%	77.6%	76.3%	77.9%	78.1%	78.7%	79.5%	
EBT	59.6%	61.5%	61.3%	70.8%	65.5%	66.3%	67.2%	
Expense ratios in %								
Personnel costs quota	4.2%	4.2%	4.5%	4.3%	4.2%	4.1%	3.9%	
Depreciation to sales	0.4%	0.3%	0.3%	0.4%	0.4%	0.4%	0.4%	
Tax rate	15.9%	16.4%	16.0%	16.3%	16.3%	16.3%	16.3%	
Profitability in %								
Net profit to sales ratio	66.4%	69.4%	69.9%	143.6%	81.0%	85.6%	90.1%	
Return on equity (RoE) after tax	12.4%	12.4%	11.9%	23.2%	11.8%	12.1%	12.3%	
Valuation								
PE-ratio	16.42	14.98	14.36	6.36	10.88	9.71	8.79	
Price/BVpS	1.94	1.78	1.63	1.34	1.23	1.13	1.03	
Dividend yield in %	1.9%	2.0%	2.2%	2.5%	2.6%	2.8%	2.9%	
Market Cap/Sales	10.95	10.45	10.09	9.16	8.81	8.31	7.91	
Market Cap/EBITDA	10.89	10.19	10.05	5.01	7.90	7.12	6.50	
Data per share								
Number of shares in k	27,580	27,580	27,580	27,710	27,710	27,710	27,710	
EpS	2.09	2.29	2.39	5.39	3.15	3.53	3.90	
DpS	0.65	0.70	0.75	0.85	0.90	0.95	1.00	
BVpS	17.65	19.31	20.98	25.57	27.83	30.41	33.31	

SRC Research

- Der Spezialist für Finanz- und Immobilienaktien -

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Company	Date	Rating	Former Share Price	Former Target
VIB Vermögen	25 Mar 2022	Buy	41.90 €	51.00 €
VIB Vermögen	25 Feb 2022	Accumulate	49.30 €	56.00 €
VIB Vermögen	01 Feb 2022	Accumulate	51.00 €	56.00 €
VIB Vermögen	24 Jan 2022	Hold	46.50 €	47.00 €
VIB Vermögen	10 Nov 2021	Hold	43.25 €	42.00 €
VIB Vermögen	12 Aug 2021	Hold	37.00 €	36.00 €
VIB Vermögen	24 Jun 2021	Hold	36.40 €	36.00 €
VIB Vermögen	12 May 2021	Hold	31.70 €	33.00 €
VIB Vermögen	28 Apr 2021	Hold	31.30 €	33.00 €
VIB Vermögen	24 Mar 2021	Accumulate	29.00 €	32.00 €
VIB Vermögen	12 Nov 2020	Accumulate	29.00 €	32.00 €

Please note:

The share price mentioned in this report is from 26 April 2022. VIB Vermögen AG mandated SRC Research for covering the VIB share.

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