

24 | March | 2021

**Price (Euro)** **29.00**  
52 weeks range 30.60 / 19.10

### 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)	799.8
Number of shares (million)	27.6
Free Float	82.4%
Free Float MCap (million)	659.0
CAGR net profits '19 - '22e	1.9%

Multiples	2019	2020e	2021e	2022e
MarketCap/ Sales	8.8	8.5	7.8	7.4
<b>PE-Ratio</b>	<b>12.7</b>	<b>12.2</b>	<b>11.6</b>	<b>11.8</b>
Dynamic PE-Ratio	6.72	6.46	6.17	6.27
Dividend Yield	2.4%	2.6%	2.8%	2.9%
<b>FFO Yield</b>	<b>6.1%</b>	<b>6.3%</b>	<b>7.1%</b>	<b>7.4%</b>

Key Data per Share (Euro)	2019	2020e	2021e	2022e
<b>Earnings per Share (EPS)</b>	<b>2.29</b>	<b>2.38</b>	<b>2.49</b>	<b>2.46</b>
Dividends per Share (DPS)	0.70	0.75	0.80	0.84
Book Value per Share (BVPS)	19.31	20.98	22.68	24.29
<b>NAV per share (diluted)</b>	<b>22.23</b>	<b>24.16</b>	<b>25.49</b>	<b>26.89</b>
<b>FFO per share</b>	<b>1.77</b>	<b>1.83</b>	<b>2.05</b>	<b>2.14</b>

Financial Data (Euro '000)	2019	2020e	2021e	2022e
<b>Revenues</b>	<b>90,995</b>	<b>94,207</b>	<b>102,912</b>	<b>108,058</b>
Total operating revenue	92,640	95,673	103,466	108,901
<b>EBITDA</b>	<b>93,266</b>	<b>94,552</b>	<b>99,476</b>	<b>97,955</b>
<b>Operating Profit (EBIT)</b>	<b>92,953</b>	<b>94,223</b>	<b>99,096</b>	<b>97,570</b>
Pre-tax profit (EBT)	78,287	80,041	84,063	82,649
<b>Net profit (after minorities)</b>	<b>63,159</b>	<b>65,749</b>	<b>68,791</b>	<b>67,718</b>
Adjusted Shareholders' Equity	532,683	578,663	625,390	669,941
<b>RoE after tax</b>	<b>12.4%</b>	<b>11.8%</b>	<b>11.4%</b>	<b>10.5%</b>

### Financial Calendar

2020 Annual Report	28 April 2021
1Q 2021 report	12 May 2021
Annual General Meeting	1 July 2021

### Main Shareholders

Kreissparkasse Biberach	7.3%
VR Bank Neuburg-Rain eG	4.1%
Family Office, Munich	3.7%
Supervisory board + Management	2.5%

### Analysts

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## Solid growth in 2020 with a hike of about 3% in top and bottom line and FFO – Dividend lifted for twelfth consecutive time to now 75 cents per share – 2021 guidance in line with estimates

Today, the company released the preliminary numbers for 2020 and gave an outlook for the current fiscal year 2021. The company showed once again solid growth in 2020 despite the difficult economic environment and managed to already secure some further growth for 2021 by completing several developments that will fully contribute to the numbers of the current year.

Even though revenues remained slightly below our estimate, the number was at more than Euro 94m up from last year's number of Euro 91m and fully in line with the firm's guidance. The revaluation result was at Euro 23m at the same level as last year and thus clearly on top of our expectation of Euro 12m. The firm's EBIT therefore was at more than Euro 94m significantly on top of our estimate of Euro 85m. Interest expenses decreased once again from Euro 15.0m to Euro 14.1m due to a reduced average interest rate (from 2.10% at FY 2019 to 1.77%) despite an increased amount of debt. The pre-tax profit was up more than 2% y-o-y from Euro 78m to Euro 80m. Adjusted EBT increased by more than 3% to Euro 58m and thus met our estimate. The bottom line was lifted by about 3% and stood at more than Euro 67m. The cash driven funds from operations (FFO) amounted to Euro 50.4m, an increase of 3% compared to last year's period. FFO per share thus stood at Euro 1.83. In turn, the management decided to propose a dividend of 75 cents per share at the AGM in July, which was exactly our expectation and represents the twelfth consecutive dividend hike and a very good increase in dividend distribution of 275% since 2008.

The portfolio comprised 113 objects with a lettable space of almost 1,300k sqm and a market value of Euro 1.4bn at year-end 2020. The investment volume in 2020 amounted to Euro 122m, translating into an additional annualized net rent of Euro 9.9m. Currently, three developments with an area of about 20k are expected to be completed in 2021. Furthermore, several lease contracts have been prolonged and new tenants were found in the recent quarters. This has also continued already in the current year, as last week, on 19 March, the company announced that it managed to prolong three rental contracts with a total of more than 60k sqm. On the one hand, a logistics facility in Haiming with a space of 38.5k sqm was extended by 10 years with the existing tenant. Furthermore, a 11.4k sqm logistics property in Baunatal was let to a logistics company for more than 5 years and a more than 12k sqm logistic hall in Regensburg was extended by 18 months.

As mentioned earlier, the company has already managed to secure further very solid growth for the current year. Therefore, VIB released a guidance for revenues in a range of Euro 99m to Euro 105m, adjusted EBT is expected to grow to a range between Euro 61m and Euro 65m, while the FFO is guided between Euro 54m and Euro 58m. Thus, we are very comfortable with our current 2021 estimates of Euro 103m in terms of revenues and an adjusted EBT of Euro 64m, however, slightly lift our FFO estimate from Euro 2.00 per share to Euro 2.05. The financial ratios continue to be rock solid and even improved to an equity ratio of 43.0% and a LTV of 50.3%. The EPRA NAV per share was at Euro 24.16 at year-end. The full annual report 2020 will be released on 28 April. Until then, we keep our target price at Euro 32.00 and confirm our Accumulate rating.

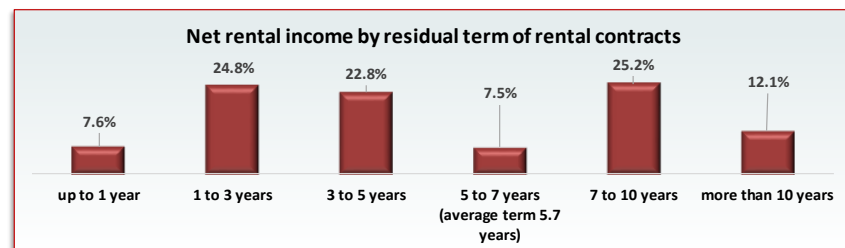
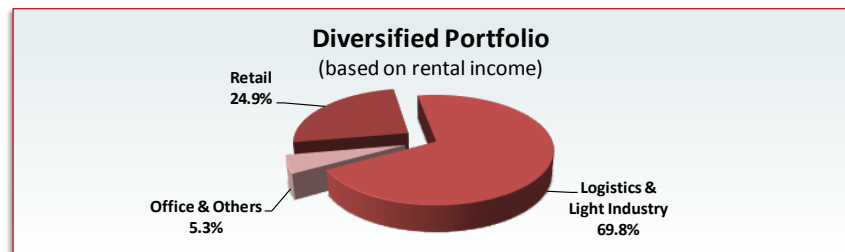
## VIB Vermögen AG

<b>Industry:</b>	Real Estate	<b>Management Board of VIB Vermögen AG:</b>
<b>Sub-segment</b>	Logistics, Light Industry, Retail	Martin Pfandzelter (CEO)
<b>Region:</b>	Germany	Holger Pilgenröther (CFO)
<b>Headquarter:</b>	Neuburg	
<b>Foundation</b>	1993	
<b>Employees:</b>	45	<b>Supervisory Board of VIB Vermögen AG:</b>
		Ludwig Schlosser (Chairman)
<b>IR Contact:</b>		Jürgen Wittmann (Deputy Chairman)
Petra Riechert (petra.rieichert@vib-ag.de)		Franz-Xaver Schmidbauer
		Rolf Klug

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 113 properties with a total lettable area of almost 1,300,000 sqm and a portfolio value of about Euro 1.4bn at FY 2020. The company convinces by its favorable and sustainable occupancy rate of 97.5% 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 (70%), retail (25%), office utilization (3%) and commercial building/others (2%) are covered.

The average maturity of rental contracts amounts to c. 5.7 years. Among tenants are various well-known and successful brands like Dehner Gartenfachmärkte, VW, Geis Industrie, Loxxess, Edeka, Media Markt, Continental, Aldi, Kaufland etc. that have a high degree of creditworthiness. The average gross rental yield as of FY2020 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. Currently, three projects are under construction, which are to be completed in 2021. Furthermore, the site pipeline for future projects amounts to 150,000 sqm.



The company has a high equity ratio of 43.0% and also a healthy LTV ratio of 50.3% at FY 2020. Concerning the shareholder structure the firm has a free Float of 82.4%. 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 will propose a dividend of 75 cents for 2020 at the upcoming AGM in July. This represents the twelfth consecutive dividend hike. For the current fiscal year 2021, the company gave a guidance for revenues between Euro 99.0m and Euro 105.0m, the EBT is guided in a range between Euro 61.0m and Euro 65.0m, and the FFO between Euro 54.0m and Euro 58.0m.

Source: Company Data, SRC Research

## SWOT Analysis

### Strengths

- ▶ VIB has a total of 113 commercials 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 2020, the FFO rose by more than 3% to over Euro 50m and is guided to a range of Euro 54m to Euro 58m in 2021.
- ▶ 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 46% of the rental income.
- ▶ A very low EPRA vacancy rate of about 2.5% at present. In addition, the portfolio is widely spread over various sectors and therefore less affected by an economic short-fall. The average rental yield is at high 6.8% at FY 2020 and the firm's LTV ratio stands at healthy 50.3%.
- ▶ 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 (~ 45% with long-term rental contracts at FY 2020).
- ▶ The average duration of rental agreements amounts to 5.7 years at FY 2020. 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 current average interest rate came down to 1.77%, after 2.33% at FY 2018 and 2.10% in 2019 and could even further decline in the current FY 2021.
- ▶ 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 2.5% 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.

**P&L Account for VIB Vermögen AG**

VIB Vermögen AG 31/12 IFRS (Euro '000)	2016	2017	2018	2019	2020e	2021e	2022e	CAGR '19 - '22e
<b>Revenues</b>	<b>79,549</b>	<b>83,550</b>	<b>86,789</b>	<b>90,995</b>	<b>94,207</b>	<b>102,912</b>	<b>108,058</b>	<b>5.9%</b>
<b>Net Result from Revaluations</b>	<b>18,018</b>	<b>17,380</b>	<b>19,454</b>	<b>22,319</b>	<b>22,323</b>	<b>19,863</b>	<b>13,547</b>	
Other operating income	350	344	1,443	1,645	1,466	554	843	
<b>Total operating income</b>	<b>97,917</b>	<b>101,274</b>	<b>107,686</b>	<b>114,959</b>	<b>117,996</b>	<b>123,329</b>	<b>122,448</b>	
Expenses for investment properties	-13,292	-13,775	-14,968	-16,057	-17,377	-17,366	-17,887	
<i>Gross margin without revaluation</i>	<i>83.3%</i>	<i>83.5%</i>	<i>82.8%</i>	<i>82.4%</i>	<i>81.6%</i>	<i>83.1%</i>	<i>83.4%</i>	
<b>Net operating income (NOI)</b>	<b>66,257</b>	<b>69,775</b>	<b>71,821</b>	<b>74,938</b>	<b>76,830</b>	<b>85,546</b>	<b>90,171</b>	<b>6.4%</b>
<i>NOI-margin</i>	<i>83.3%</i>	<i>83.5%</i>	<i>82.8%</i>	<i>82.4%</i>	<i>81.6%</i>	<i>83.1%</i>	<i>83.4%</i>	
Personnel expenses	-3,797	-3,621	-3,678	-3,861	-4,216	-4,040	-4,095	
Other operating expenses	-1,647	-1,785	-1,780	-1,775	-1,851	-2,447	-2,511	
<b>EBITDA</b>	<b>79,181</b>	<b>82,093</b>	<b>87,260</b>	<b>93,266</b>	<b>94,552</b>	<b>99,476</b>	<b>97,955</b>	
<i>EBITDA-margin</i>	<i>99.5%</i>	<i>98.3%</i>	<i>100.5%</i>	<i>102.5%</i>	<i>100.4%</i>	<i>96.7%</i>	<i>90.7%</i>	
<b>EBITDA without revaluation</b>	<b>61,163</b>	<b>64,713</b>	<b>67,806</b>	<b>70,947</b>	<b>72,229</b>	<b>79,613</b>	<b>84,408</b>	<b>6.0%</b>
Amortization of intangible assets and depreciation of property, plant and equipment and investment properties	-62	-271	-308	-313	-329	-380	-385	
<b>Operating profit (EBIT)</b>	<b>79,119</b>	<b>81,822</b>	<b>86,952</b>	<b>92,953</b>	<b>94,223</b>	<b>99,096</b>	<b>97,570</b>	
<i>EBIT-margin</i>	<i>99.5%</i>	<i>97.9%</i>	<i>100.2%</i>	<i>102.2%</i>	<i>100.0%</i>	<i>96.3%</i>	<i>90.3%</i>	
<b>Operating profit (EBIT) without revaluation</b>	<b>61,101</b>	<b>64,442</b>	<b>67,498</b>	<b>70,634</b>	<b>71,900</b>	<b>79,233</b>	<b>84,023</b>	<b>6.0%</b>
Net income from investments accounted for using the equity method	210	152	3	125	104	91	78	
Income from participating interests	0	0	0	0	0	0	0	
Income/Expenses from measurement of financial derivatives	0	0	0	0	0	0	0	
Interest earnings	0	23	8	343	14	16	22	
Interest costs	-20,509	-17,378	-15,597	-14,968	-14,134	-14,974	-14,855	
<b>Financial result</b>	<b>-20,509</b>	<b>-17,355</b>	<b>-15,589</b>	<b>-14,625</b>	<b>-14,120</b>	<b>-14,958</b>	<b>-14,833</b>	
Expenses from guaranteed dividend	0	-166	-166	-166	-166	-166	-166	
<b>Pre-tax Profit (EBT)</b>	<b>58,820</b>	<b>64,453</b>	<b>71,200</b>	<b>78,287</b>	<b>80,041</b>	<b>84,063</b>	<b>82,649</b>	
<i>EBT-margin</i>	<i>73.9%</i>	<i>77.1%</i>	<i>82.0%</i>	<i>86.0%</i>	<i>85.0%</i>	<i>81.7%</i>	<i>76.5%</i>	
<b>Pre-tax Profit (EBT) without revaluation</b>	<b>40,802</b>	<b>47,073</b>	<b>51,746</b>	<b>55,968</b>	<b>57,718</b>	<b>64,200</b>	<b>69,102</b>	<b>7.3%</b>
Tax expenses	-9,417	-10,515	-11,305	-12,876	-12,772	-13,702	-13,472	
<i>Tax rate</i>	<i>16.0%</i>	<i>16.3%</i>	<i>18.9%</i>	<i>16.4%</i>	<i>19.0%</i>	<i>16.3%</i>	<i>16.3%</i>	
<b>Net Profit before minorities</b>	<b>49,403</b>	<b>53,938</b>	<b>59,895</b>	<b>65,411</b>	<b>67,269</b>	<b>70,361</b>	<b>69,177</b>	<b>1.9%</b>
Minorities	-2,140	-2,334	-2,285	-2,252	-1,520	-1,570	-1,459	
<b>Net Profit after minorities</b>	<b>47,263</b>	<b>51,604</b>	<b>57,610</b>	<b>63,159</b>	<b>65,749</b>	<b>68,791</b>	<b>67,718</b>	<b>2.4%</b>
<i>Return on sales</i>	<i>59.4%</i>	<i>61.8%</i>	<i>66.4%</i>	<i>69.4%</i>	<i>69.8%</i>	<i>66.8%</i>	<i>62.7%</i>	
Number of shares	27,580	27,580	27,580	27,580	27,580	27,580	27,580	
<b>Earnings per share (Euro)</b>	<b>1.71</b>	<b>1.87</b>	<b>2.09</b>	<b>2.29</b>	<b>2.38</b>	<b>2.49</b>	<b>2.46</b>	
Dividends per Share (DPS) in Euro	0.55	0.60	0.65	0.70	0.75	0.80	0.84	
BookValue per Share (BVPS) in Euro	14.82	16.15	17.65	19.31	20.98	22.68	24.29	
<b>Adjusted Shareholders Equity' without minorities and after dividend payment</b>	<b>408,678</b>	<b>445,486</b>	<b>486,866</b>	<b>532,683</b>	<b>578,663</b>	<b>625,390</b>	<b>669,941</b>	<b>7.9%</b>
RoE after Tax	12.1%	12.1%	12.4%	12.4%	11.8%	11.4%	10.5%	
<b>Key ratios &amp; figures</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020e</b>	<b>2021e</b>	<b>2022e</b>	
<b>Margins in %</b>								
EBITDA	76.9%	77.5%	78.1%	78.0%	76.7%	77.4%	78.1%	
EBIT	76.8%	77.1%	77.8%	77.6%	76.3%	77.0%	77.8%	
EBT	51.3%	56.3%	59.6%	61.5%	61.3%	62.4%	63.9%	
<b>Expense ratios in %</b>								
Personnel costs quota	4.8%	4.3%	4.2%	4.2%	4.5%	3.9%	3.8%	
Depreciation to sales	0.1%	0.3%	0.4%	0.3%	0.3%	0.4%	0.4%	
Tax rate	16.0%	16.3%	18.9%	16.4%	19.0%	16.3%	16.3%	
<b>Profitability in %</b>								
Net profit to sales ratio	59.4%	61.8%	66.4%	69.4%	69.8%	66.8%	62.7%	
Return on equity (RoE) after tax	12.1%	12.1%	12.4%	12.4%	11.8%	11.4%	10.5%	
<b>Valuation</b>								
PE-ratio	16.92	15.50	13.88	12.66	12.16	11.63	11.81	
Price/BVpS	1.96	1.80	1.64	1.50	1.38	1.28	1.19	
Dividend yield in %	1.9%	2.1%	2.2%	2.4%	2.6%	2.8%	2.9%	
Market Cap/Sales	10.05	9.57	9.22	8.79	8.49	7.77	7.40	
Market Cap/EBITDA	10.10	9.74	9.17	8.58	8.46	8.04	8.17	
<b>Data per share</b>								
Number of shares in k	27,580	27,580	27,580	27,580	27,580	27,580	27,580	
EpS	1.71	1.87	2.09	2.29	2.38	2.49	2.46	
DpS	0.55	0.60	0.65	0.70	0.75	0.80	0.84	
BVpS	14.82	16.15	17.65	19.31	20.98	22.68	24.29	

## SRC Research

### - Der Spezialist für Finanz- und Immobilienaktien -

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Company	Date	Rating	Former Share Price	Former Target
VIB Vermögen	12 Nov 2020	Accumulate	29,00 €	32,00 €
VIB Vermögen	18 Sep 2020	Accumulate	26,55 €	30,00 €
VIB Vermögen	07 Aug 2020	Hold	28,50 €	29,00 €
VIB Vermögen	14 Mai 2020	Buy	24,40 €	29,00 €
VIB Vermögen	22 Apr 2020	Buy	24,40 €	29,00 €
VIB Vermögen	25 Mrz 2020	Buy	22,60 €	29,00 €
VIB Vermögen	06 Nov 2019	Hold	28,25 €	29,00 €
VIB Vermögen	07 Aug 2019	Hold	25,40 €	28,00 €
VIB Vermögen	02 Jul 2019	Accumulate	25,40 €	27,00 €
VIB Vermögen	15 Mai 2019	Hold	24,90 €	26,00 €

#### Please note:

The share price mentioned in this report is from 23 March 2021. VIB Vermögen AG mandated SRC Research for covering the VIB share.

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