

Branicks



# **Q3 2023 RESULTS CONFERENCE CALL**

8 November 2023



# „Performance 2024“: Making progress in a challenging environment



## Successful financing track record:

- Continuously reducing liabilities and boosting liquidity
- 18/23 bond (EUR 150 million, 3.500% coupon) repaid on schedule
- Preparation of possible options to reduce debt even further



## Well-filled transaction pipeline:

- Asset sales made with positive effect on liquidity and LTV (reduced to 56.9% as at 30 September 2023)
- Advanced talks on further sales held, various LOI agreed



## Operational portfolio business remains positive:

- Demand for logistics space continues to be strong while office letting business remains robust (17% more space let)
- Rent indexations deliver stable and predictable effect (like-for-like rent growth of 6.8%)
- Valuation outlook of -4% to -7% confirmed with first indications received from external appraisers



## Institutional Business as a stabilising factor:

- Partial placement of Offenbach Unite successfully implemented, resulting in equity inflow of EUR 10 million
- Focus on assets under management of EUR 9.9 billion



## On track for reducing operating expenses from 2024:

- Creating a more agile and decentralised organisation
- Reducing interfaces and streamlining processes, especially in asset management
- OPEX to be reduced by 5% to 10% vs 2023

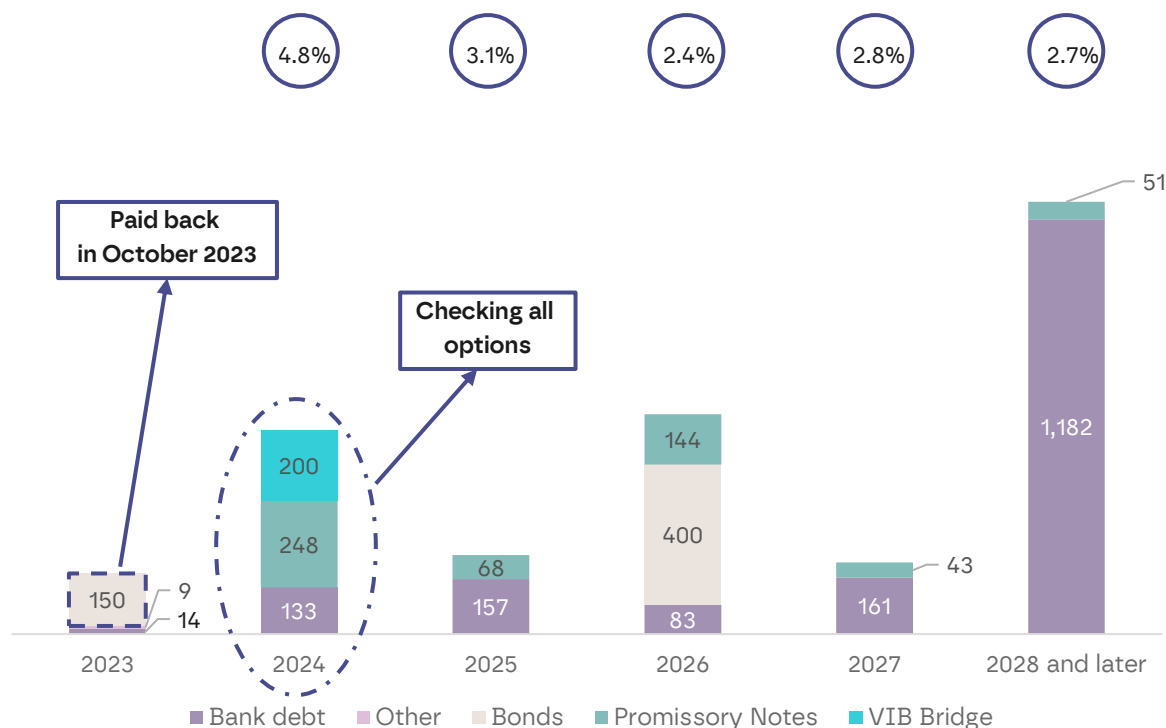


# 9M 2023: financial profile

## Focus on deleverage while monitoring covenants

Maturities of loans and borrowings, nominal values in EUR million as of 30 September 2023

○ Average interest rate



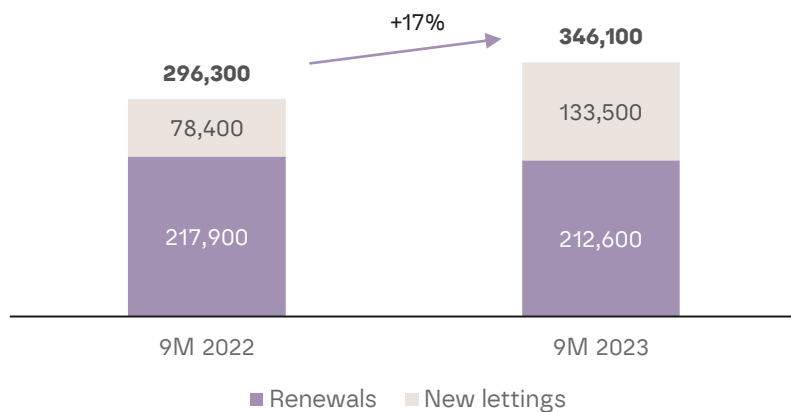
- **EUR 150 million 18/23 bond was repaid** shortly after the balance sheet date, as planned
- **Checking all options for financial maturities in 2024**, ongoing liquidity generation from disposals and free cash flow
- **Bank debt 2024** to be prolonged
- **Bond covenants** at 30 September 2023 with sufficient headroom:
  - Bond LTV 54.4% (covenant level 60.0%)<sup>1</sup>
  - Secured LTV 28.7% (covenant level 45.0%)<sup>1</sup>
  - Bond ICR 2.3x (covenant level 1.8x)<sup>2</sup>
- **LTV covenants** will be challenged by expected portfolio devaluation, but stabilised by transferred disposals
- **ICR covenant** challenged by bridge costs and low fee income in 2023 but should see a turning point in 2024
- **Average interest rate** of 3.0% reflects high cost of debt of short-term maturities



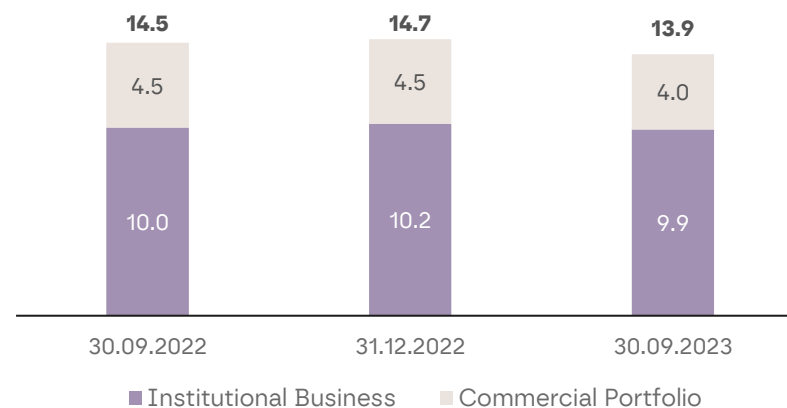
# 9M 2023: platform overview

## Strong letting performance and like-for-like rental growth of 6.8%

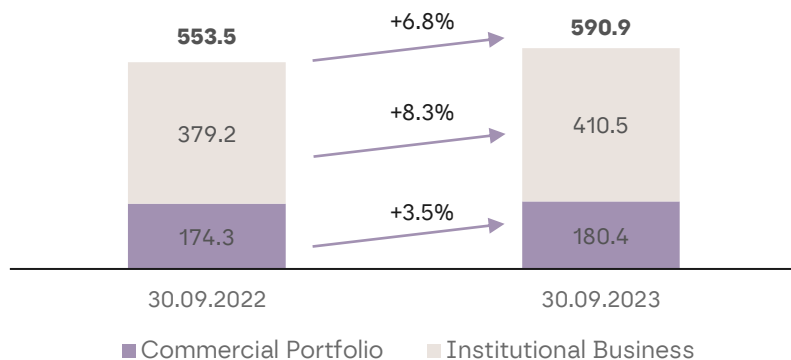
**Letting performance**  
in sqm



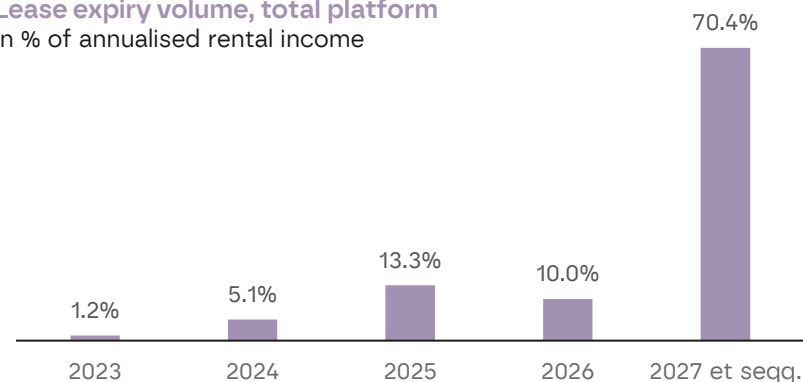
**Assets under Management**  
in EUR billion



**Like-for-like rental income**  
annualised in EUR million



**Lease expiry volume, total platform**  
in % of annualised rental income



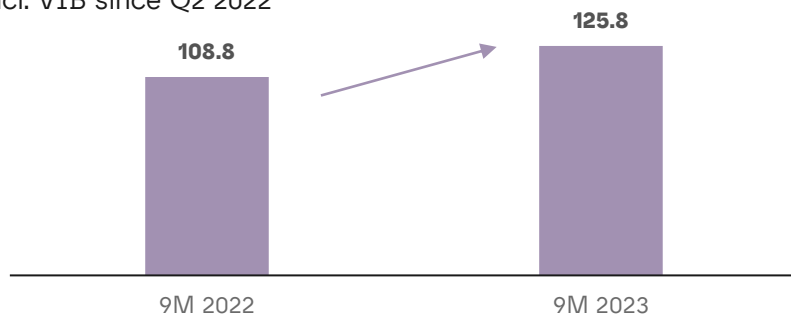


# 9M 2023: income overview

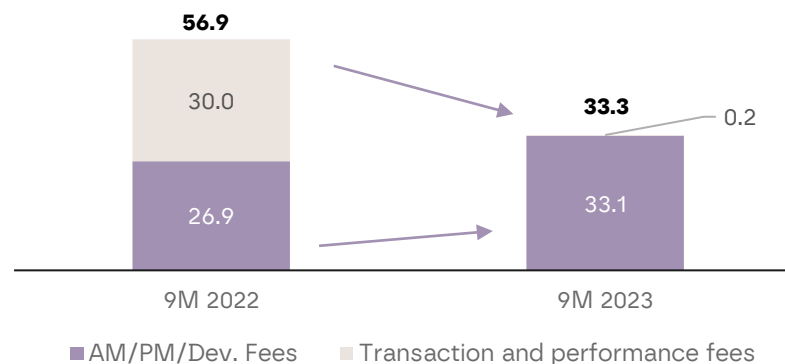
## Higher contribution from directly-held portfolio, lack of transaction-related income

### Net rental income

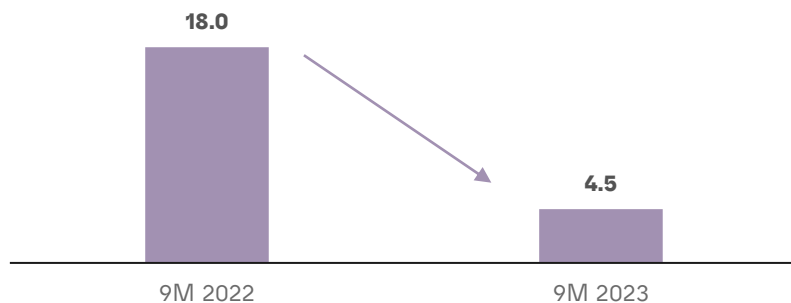
incl. VIB since Q2 2022



### Real estate management fees

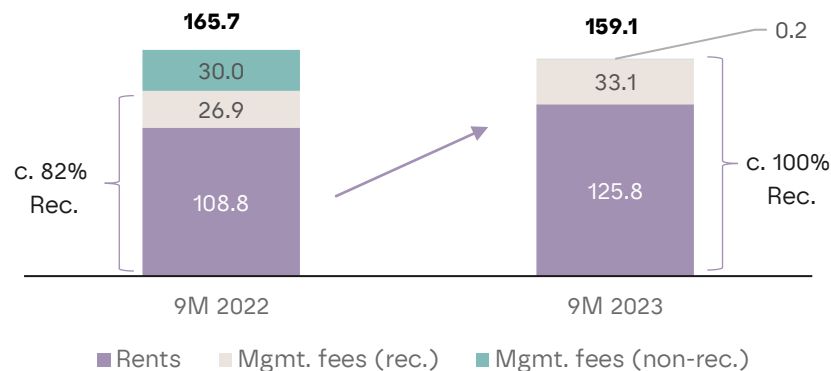


### Income from associated companies



### Recurring income

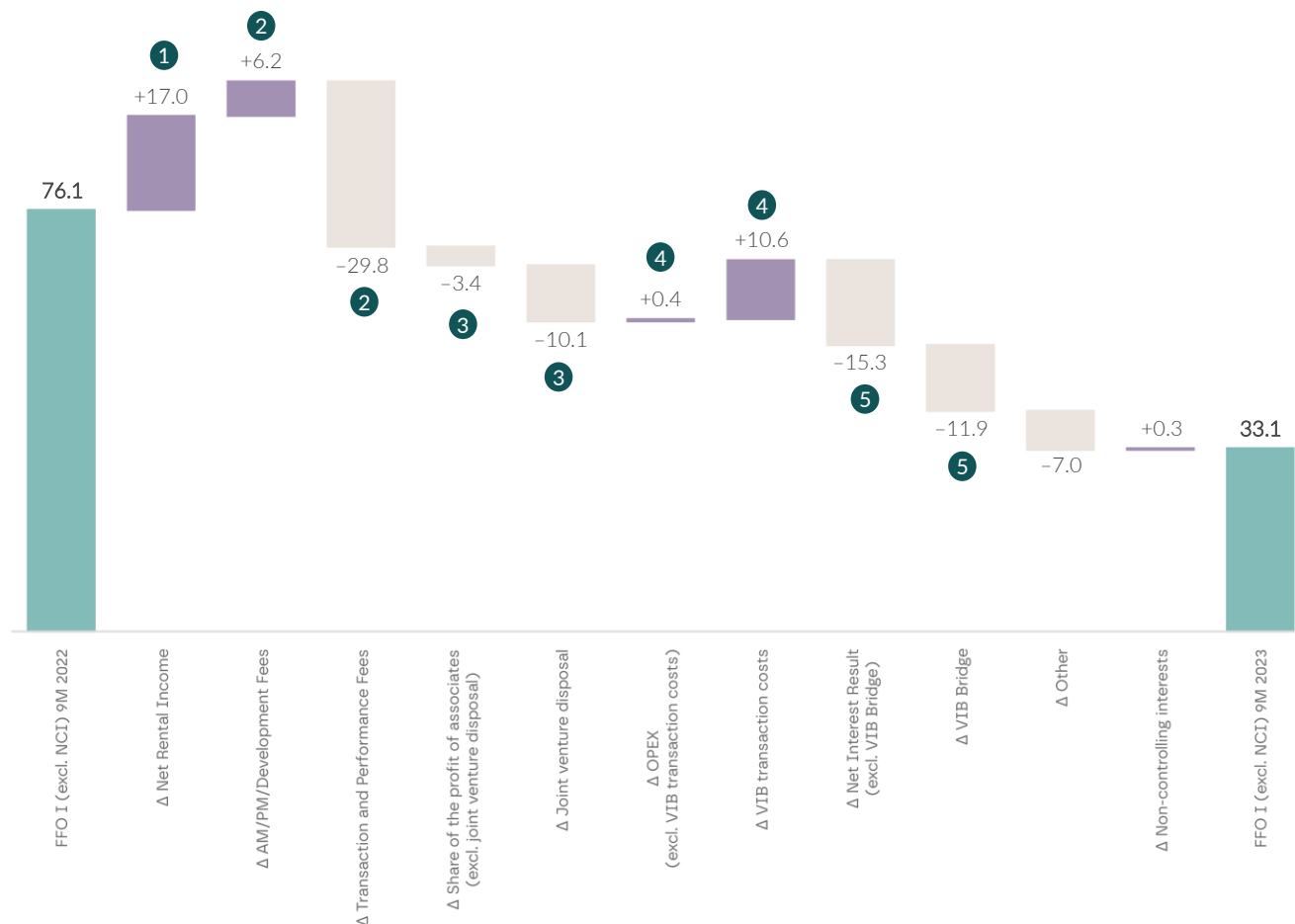
Rents and management fees



All figures in EUR million



# 9M 2023: Funds from Operations (FFO)<sup>1</sup>



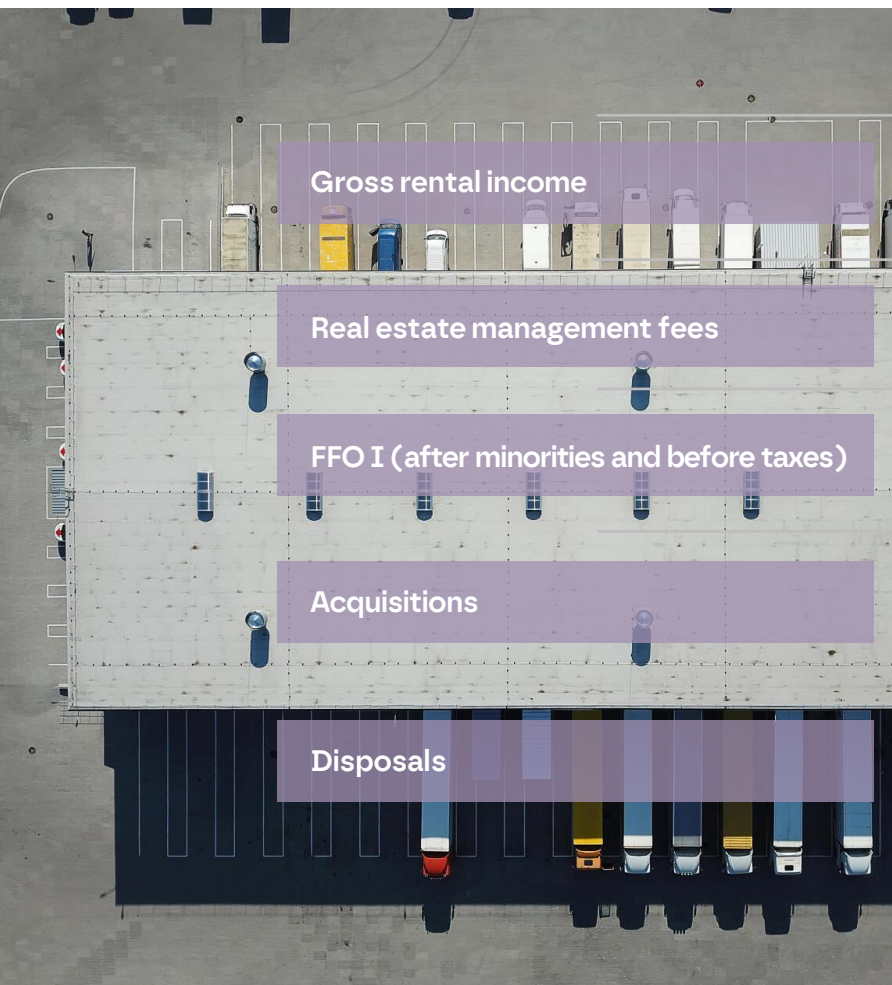
- 1 **Net rental income** growth from VIB consolidation and like-for-like increases of rents
- 2 Increase of recurring management fee income but lack of transaction-related **fee income**
- 3 Lower transaction-related income from associates and joint venture disposal effect in prior-year lead to lower **share of the profit of associates**
- 4 Transaction cost effect in prior-year and first cost efficiency measures improve **OPEX**
- 5 Increase of **interest expenses** by EUR 15.3 million due to VIB consolidation and refinancing activities and EUR 11.9 million due to unhedged interest costs for VIB bridge

<sup>1</sup> Excluding non-controlling interest (NCI), before taxes



# Outlook 2023

Updated guidance confirmed (updated in July 2023)



Gross rental income

EUR **185–195** million

Real estate management fees

EUR **50–55** million

FFO I (after minorities and before taxes)

EUR **50–55** million

Acquisitions

EUR **c. 100** million, thereof:  
Commercial Portfolio: no acquisitions  
Institutional Business: c. EUR 100 million

Disposals

EUR **300–600** million, thereof:  
Commercial Portfolio: EUR 300–500 million  
Institutional Business: EUR 0–100 million



# Contact and financial calendar

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## Financial calendar

### 2023

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28.11 German Equity Forum 2023

### 2024

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19.03. Publication Annual Report 2023

16.05. Publication Quarterly Statement Q1 2024

29.05. Publication Sustainability Report 2023

03.07. Annual General Meeting 2024

07.08. Publication Half-Year Report 2024

07.11. Publication Quarterly Statement Q3 2024





# Appendix

More facts and figures



# 9M 2023: P&L – Commercial Portfolio segment

## Letting performance and VIB integration positive

### Commercial Portfolio (COP)

- **Net rental income** rose by EUR 17.0 million to EUR 125.8 million, driven mainly by the like-for-like growth of gross rents (+3.5%) and consolidation of VIB for nine months in 2023.
- The **share of the profit or loss of associates** mainly consists of deferred income from fund shares in the amount of EUR 2.3 million. The prior-year figure was impacted by the sale of a joint venture investment. **Depreciation, amortisation and impairment losses** were impacted by write-downs of EUR 23.9 million. The segment's **OPEX** increased to EUR 17.6 million (previous year: EUR 12.7 million adjusted for a non-recurring effect of EUR 10.6 million arising from the VIB transaction in 2022); this was mainly due to the inclusion of VIB for the full reporting period.
- The **net interest result** of EUR -68.8 million (previous year: EUR -39.6 million) was primarily reduced by interest charges relating to the bridging loan concluded in the previous year as well as one-off financing costs totalling EUR 4.1 million which are included in the other adjustments. The **segment's FFO contribution** after deducting non-controlling interests declined to EUR 32.2 million, primarily on account of significantly higher interest expenses compared with the previous year. The sharp rise in both gross and net rental income was not enough to offset this increase in interest charges

### Segment reporting

in EUR million	9M 2023			9M 2022		
	COP	IBU	Total	COP	IBU	Total
Gross rental income (GRI)	142.9		142.9	124.9		124.9
Net rental income (NRI)	125.8		125.8	108.8		108.8
Profits on property disposals	8.2		8.2	12.4		12.4
Real estate mgmt. fees		33.3	33.3		56.9	56.9
Share of the profit or loss of associates	2.3	2.2	4.5	12.4	5.6	18.0
Depreciation and amortisation	-75.2	-3.1	-78.3	-46.3	-6.4	-52.7
Net other income	0.4	0.3	0.7	1.5	-0.4	1.1
Net interest result	-68.8	0.0	-68.8	-39.6	-2.0	-41.6
Operational expenditure (OPEX)	-17.6	-33.3	-50.9	-23.3	-38.6	-61.9
- of which admin costs	-6.4	-11.8	-18.2	-15.5	-13.9	-29.4
- of which personnel costs	-11.2	-21.5	-32.7	-7.8	-24.7	-32.5
Other adjustments	4.3	0.2	4.5	11.0	0.2	11.2
Non-controlling interests	-14.2	-1.8	-16.0	-16.3	0.0	-16.3
<b>Funds from operations (FFO) after non-controlling interests</b>	<b>32.2</b>	<b>0.9</b>	<b>33.1</b>	<b>54.5</b>	<b>21.6</b>	<b>76.1</b>
<b>Funds from operations II (FFO II) after non-controlling interests</b>	<b>39.7</b>	<b>0.9</b>	<b>40.6</b>	<b>66.9</b>	<b>21.6</b>	<b>88.5</b>



# 9M 2023: P&L – Institutional Business segment

## Recurring fees increased, few transactions

### Institutional Business (IBU)

- The **real estate management fees** of EUR 33.3 million (previous year: EUR 56.9 million) comprise EUR 33.1 million (previous year: EUR 26.9 million) from recurring asset, property and development fees. On account of the lower transaction volume, transaction fees generated only EUR 0.2 million (previous year: EUR 30.0 million).
- The **share of the profit or loss of associates** declined to EUR 2.2 million (previous year: EUR 5.6 million) owing to lower transaction-related investment income than in the prior-year period.
- At EUR 33.3 million, **OPEX** were around 14% lower than the previous year (EUR 38.6 million) due to the smaller transaction volume.
- The **segment's FFO contribution** after non-controlling interests was EUR 0.9 million, primarily due to the decrease in transaction fees year-on-year (previous year: EUR 21.6 million).

### Segment reporting

in EUR million	9M 2023			9M 2022		
	COP	IBU	Total	COP	IBU	Total
Gross rental income (GRI)	142.9		142.9	124.9		124.9
Net rental income (NRI)	125.8		125.8	108.8		108.8
Profits on property disposals	8.2		8.2	12.4		12.4
Real estate mgmt. fees		33.3	33.3		56.9	56.9
Share of the profit or loss of associates	2.3	2.2	4.5	12.4	5.6	18.0
Depreciation and amortisation	-75.2	-3.1	-78.3	-46.3	-6.4	-52.7
Net other income	0.4	0.3	0.7	1.5	-0.4	1.1
Net interest result	-68.8	0.0	-68.8	-39.6	-2.0	-41.6
Operational expenditure (OPEX)	-17.6	-33.3	-50.9	-23.3	-38.6	-61.9
- of which admin costs	-6.4	-11.8	-18.2	-15.5	-13.9	-29.4
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# 9M 2023: Balance sheet

## Characterised by high liquidity

- 1 As of 30 September 2023, **total assets** were down slightly by EUR 213.2 million against the end of 2022, primarily due to the effect of disposal activities.
- 2 The decrease in **non-current assets** of EUR 112.6 million compared with 31 December 2022 is mainly attributable to the decline in investment property resulting from disposals.
- 3 The disposal-related decrease in assets held for sale of EUR 239.8 million and the EUR 113.1 million increase in cash and cash equivalents due to the cash inflow from property sales and loan payments give a total decrease of the **current assets** by EUR 100.6 million compared with 31 December 2022.
- 4 **Equity** was down by EUR 84.6 million as of 30 September 2023 compared to the figure shown at year-end 2022. A major contributing factor to this decrease was the payment of the EUR 62.4 million cash dividend, which contrasts with an increase of EUR 2.5 million from the scrip dividend. The negative result for the period had an effect of EUR -21.0 million (previous year: EUR +35.4 million). The equity ratio was 31.8%, slightly below the figure as of 31 December 2022 (32.1%).
- 5 **Liabilities** declined by a total of EUR 128.6 million compared with the end of 2022. The change in the current and non-current portions of the liabilities is mainly attributable to the repayment of part of the bridge loan in the amount of EUR 200.8 million and the reclassification of the remaining portion of the bridge loan in the amount of EUR 200.0 million from non-current to current liabilities.

## Balance sheet overview

in EUR million	30.09.2023		31.12.2022
Total assets	4,967.1	1	5,180.3
Total non-current assets	4,135.0	2	4,247.6
- thereof goodwill	190.2		190.2
Total current assets	832.1	3	932.7
Equity	1,579.5	4	1,664.1
Total non-current financial liabilities	2,367.0		2,697.6
Total current financial liabilities	624.3		402.2
Other liabilities	396.3		416.4
Total liabilities	3,387.6	5	3,516.2
Balance sheet equity ratio	31.8%	4	32.1%



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