

Branicks



# **HY1 2024 Results Conference Call**

27 August 2024



# Debt reduction and operational strength in a strained market environment



## Fully on track with financial consolidation and disposals:

- Further debt repayment and reduction of bridge financing (reduction from EUR 200 million to EUR 40 million bridge as per today); Maximum focus on further deleveraging
- Sale of 15 objects amounting to EUR 361 million



## Commercial Portfolio records strong operating performance:

- Continuing strategic focus on office and logistics properties (79% of market value)
- Rent indexations deliver stable and predictable effect (like-for-like rental growth of 0.8%)



## Stable Institutional Business:

- Focus on assets under management of EUR 8.9 billion
- Like-for-like rental growth of 2.5%
- Business model expanded to include new renewables asset class in partnership with Encavis



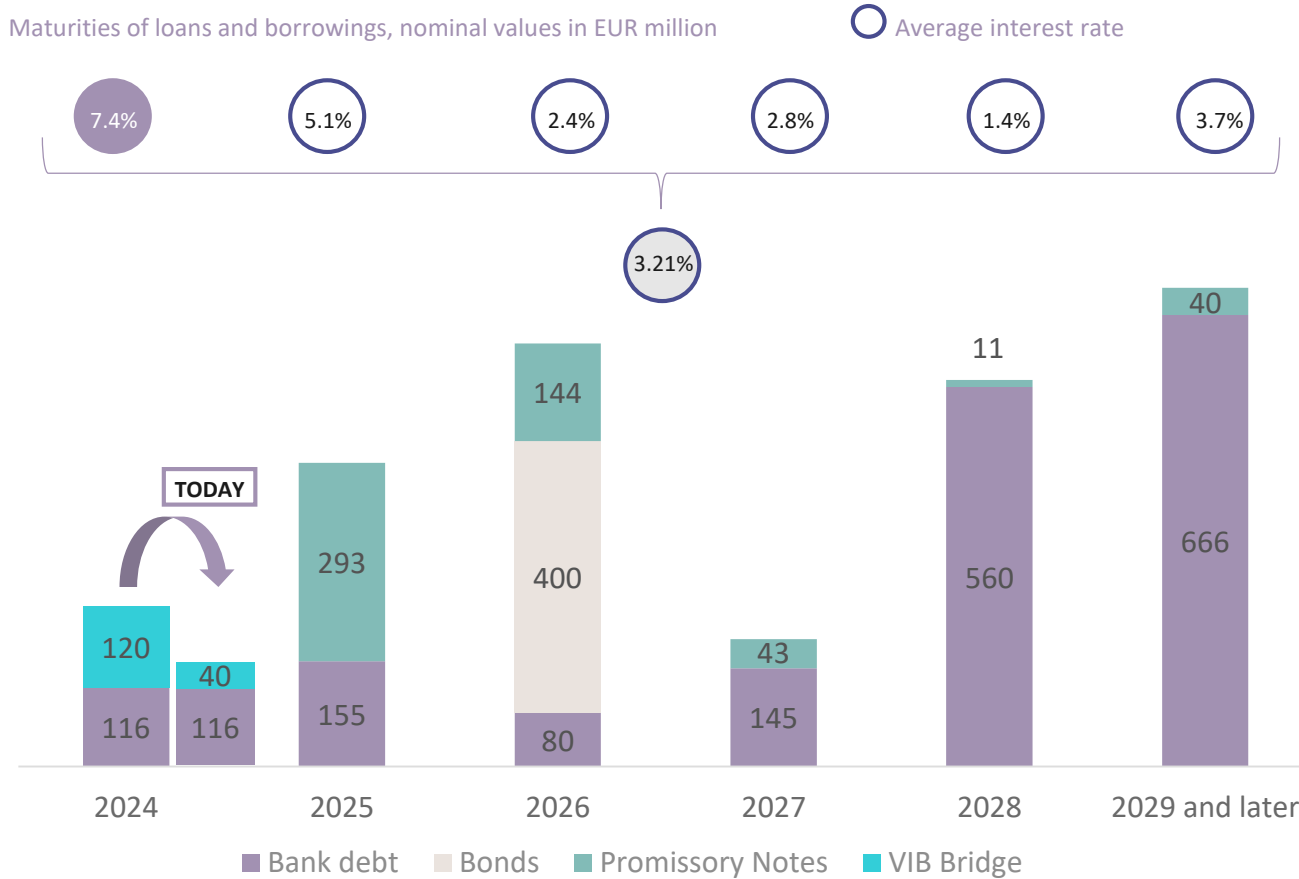
## Well advanced with “Performance 2024”:

- Strong focus on delivering the action plan „Performance 2024“ with HY1 continued OPEX reduction by -1.5% (y-o-y)



# Financial profile substantially improved

As of 30 June 2024



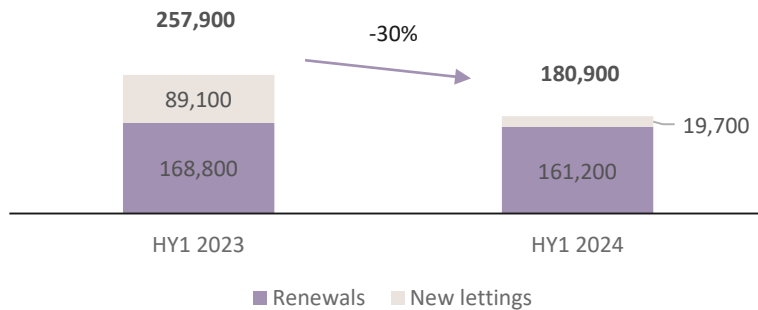
- **Continued focus on deleveraging while monitoring covenants**
- **Bond covenants** as of 30 June 2024 with sufficient headroom remaining:
  - Bond LTV 59.1% (covenant level <60.0%)<sup>1</sup>
  - Secured LTV 34.8% (covenant level <45.0%)<sup>1</sup>
  - Bond ICR 2.0x (covenant level >1.8x)<sup>2</sup>
- **All covenants** in H1 2024 in line with expectation and will improve due to disposals and redemption of bridge financing over the course of 2024
- **Redemption of Bridge** improves average interest rate by 15 bps to 3.21% compared to 3.36% as of 31 March 2024



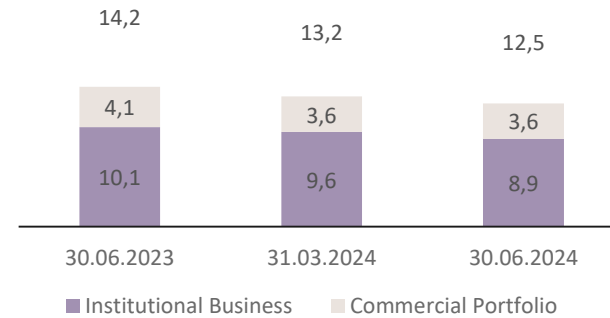
# HY1 2024: Solid performance in challenging environment due to strong performing real estate platform

Like-for-like rental growth continues with +2.0%

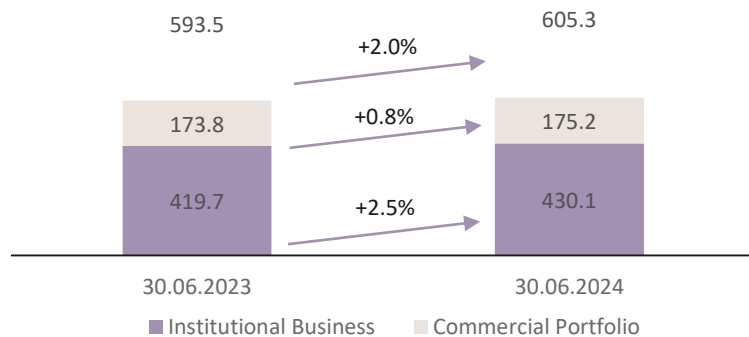
**Letting performance**  
in sqm



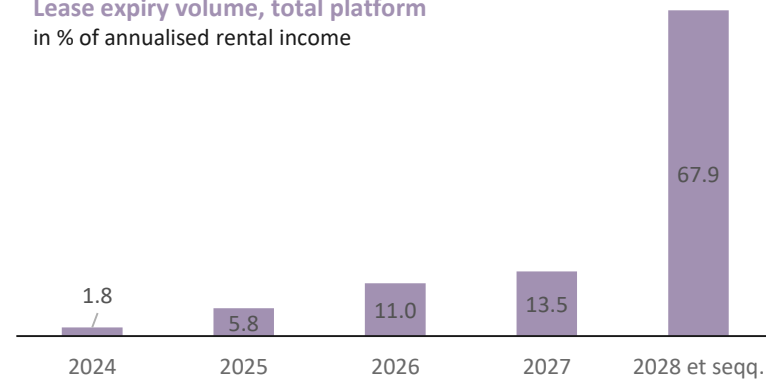
**Assets under Management**  
in EUR billion



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



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

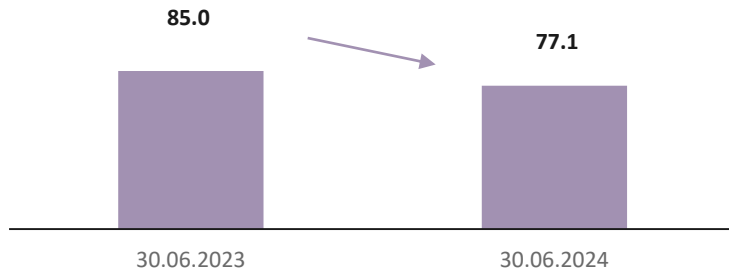




# HY1 2024: Stable contribution from directly held portfolio, no transaction-related income

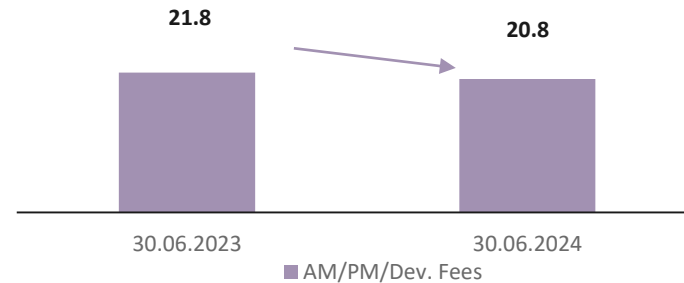
Solid recurring income results

## Net rental income

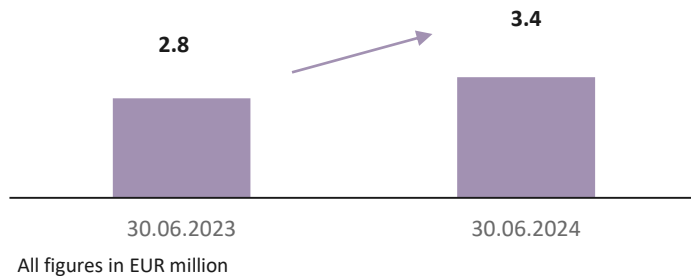


## Real estate management fees

Include in HY1 2024 and prior year quarter solely recurring Asset-, Property- and Development-Fees

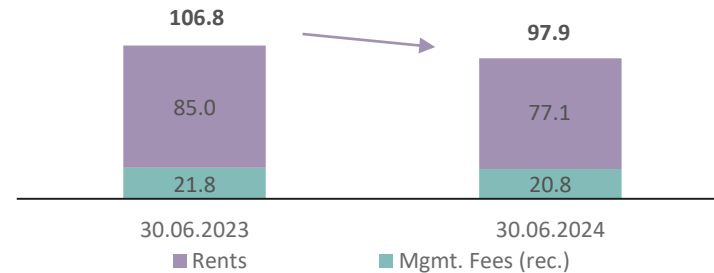


## Income from associated companies



## Recurring income

Rents and management fees





# HY1 2024: Funds from Operations (FFO)<sup>1</sup> in line with expectations, OPEX shows upside from “Performance 2024”



- ① **Net rental income** reduced mainly due to transactions
- ② Management fees include only slight decrease in recurring fees from asset-, property- and development fees
- ③ Increase of **interest expenses** mainly due to restructuring of liabilities resulting in higher interest expense and incurred non-recurring expenses
- ④ Other include mainly other adjustments consisting of transaction, legal and consulting costs in respect of the restructuring of liabilities

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



# Guidance 2024 unchanged

## Outlook 2024

Gross rental income

EUR **160 – 175** million

Real estate management fees

EUR **40 – 50** million

FFO I (after minorities and before taxes)

EUR **40 – 55** million

Acquisitions

EUR **150 – 300** million, thereof:  
Commercial Portfolio: no acquisitions  
Institutional Business: c. EUR 150 - 300 million

Disposals

EUR **650 – 900** million, thereof:  
Commercial Portfolio: EUR 500 - 600 million  
Institutional Business: EUR 150 - 300 million



# Mid-term ambition confirmed: Transformation of Branicks Group towards a profitable, ESG-focussed and value-generating asset expert

Expansion of value chain in an extended asset spectrum will sustainably strengthen cashflows and financial position

## Ambitions:

Substantially **improve Group earnings** and **cashflows**

**Return to net profit** and **positive net cashflow in 2026**

Earnings from **ESG** expertise will surpass earnings contribution from traditional real estate management

Substantial **debt reduction** and strengthened headroom for financial covenants

**ICR** increases generally remaining **above 2.0x** from Q2 2024 onwards

**LTV <50%** by course of 2025

**Secured LTV around 30%** by end of 2026





Q & A



# Contact and financial calendar

## Investor Relations



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## Financial calendar

### 2024

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27.08. Publication Half-Year Report 2024

07.11. Publication Quarterly Statement Q3 2024



# Appendix

More facts and figures



# HY1 2024: P&L – Commercial Portfolio segment

## Gross and net rental income impacted by sales

### Commercial Portfolio (COP)

- **Net rental income** decreased year-on-year to EUR 77.1 million (previous year: 85.0), primarily caused by transactions despite strong letting performance in the first half of 2024 with like-for-like growth in directly-received rental income of 0.8% in the Commercial Portfolio.
- The **share of the profit or loss of associates** mainly consists of income from fund shares.
- **Depreciation and amortisation** of EUR 152.6 million increased from the previous year (EUR 58.2 million) as a result of impairment losses mainly on investment properties.
- **Operational expenditures** in this segment amount to EUR 13.6 million, which compares to previous year level amounting to EUR 11.4 million. The EUR 1.4 million decrease in personnel costs to EUR 6.3 million (previous year: EUR 7.7 million) is offset fully by the increase in administrative expenses due to legal and consulting costs by EUR 2.6 million to 6.3 million mainly due to the restructuring of liabilities in the first quarter 2024.
- The **net interest result** of EUR -54.3 million (previous year: EUR -45.1 million) was primarily driven by restructuring of liabilities resulting in higher interest expense and incurred non-recurring expenses.
- The **segment's FFO contribution** after deducting non-controlling interests declined to EUR 17.8 million (previous year: EUR 22.0 million), driven mainly by higher interest expense and a transaction-related decrease in rental income.

### Segment reporting

in EUR million	HY1 2024			HY1 2023		
	COP	IBU	Total	COP	IBU	Total
Gross rental income (GRI)	89.1		89.1	96.9		96.9
Net rental income (NRI)	77.1		77.1	85.0		85.0
Profits on property disposals	0.5		0.5	8.2		8.2
Real estate mgmt. fees		20.8	20.8		21.8	21.8
Share of the profit or loss of associates	1.9	1.5	3.4	1.4	1.4	2.8
Depreciation and amortisation	-152.6	-4.4	-157.0	-58.2	-2.0	-60.2
Net other income	0.5	0.1	0.6	0.3	0.0	0.3
Net interest result	-54.3	-0.3	-54.6	-45.1	0.0	-45.1
Operational expenditure (OPEX)	-13.6	-19.3	-32.9	-11.4	-22.0	-33.4
- of which admin costs	-7.3	-7.3	-14.6	-3.7	-7.6	-11.3
- of which personnel costs	-6.3	-12.0	-18.3	-7.7	-14.4	-22.1
Other adjustments	12.7	0.0	12.7	2.4	0.2	2.6
Non-controlling interests	-6.4	-1.2	-7.6	-10.6	-1.0	-11.6
<b>Funds from operations (FFO) after non-controlling interests</b>	<b>17.8</b>	<b>1.6</b>	<b>19.4</b>	<b>22.0</b>	<b>0.4</b>	<b>22.4</b>
<b>Funds from operations II (FFO II) after non-controlling interests</b>	<b>18.3</b>	<b>1.6</b>	<b>19.9</b>	<b>29.5</b>	<b>0.4</b>	<b>29.9</b>



# HY1 2024: P&L – Institutional Business segment

Real estate management fees shaped by stable recurring fees and low transaction activity

## Institutional Business (IBU)

- The **real estate management fees** of EUR 20.8 million (previous year: EUR 21.8 million) solely comprise recurring asset, property and development fees. As in the prior-year quarter, no fees were generated from transactions.
- The **share of the profit or loss of associates** remained stable at EUR 1.5 million (previous year: EUR 1.4 million).
- **Operational expenditures** were down on the previous year's figure of EUR 22.0 million at EUR 19.3 million, primarily due to lower personnel expenses of EUR 12.0 million (previous year: EUR 14.4 million). Administrative expenses also declined to EUR 7.3 million (previous year: EUR 7.6 million).
- The **segment's FFO contribution** after non-controlling interest was up year-on-year at EUR 1.6 million (previous year: EUR 0.4 million).

## Segment reporting

in EUR million	HY1 2024			HY1 2023		
	COP	IBU	Total	COP	IBU	Total
Gross rental income (GRI)	89.1		89.1	96.9		96.9
Net rental income (NRI)	77.1		77.1	85.0		85.0
Profits on property disposals	0.5		0.5	8.2		8.2
Real estate mgmt. fees		20.8	20.8		21.8	21.8
Share of the profit or loss of associates	1.9	1.5	3.4	1.4	1.4	2.8
Depreciation and amortisation	-152.6	-4.4	-157.0	-58.2	-2.0	-60.2
Net other income	0.5	0.1	0.6	0.3	0.0	0.3
Net interest result	-54.3	-0.3	-54.6	-45.1	0.0	-45.1
Operational expenditure (OPEX)	-13.6	-19.3	-32.9	-11.4	-22.0	-33.4
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# HY1 2024: Balance sheet structure

## Dominated by loan repayments

- 1 As of 30 June 2024, **total assets** have been reduced by EUR 362.4 million compared to the end of 2023 to EUR 4,473.8 million.
- 2 The EUR 399.4 million reduction in **non-current assets** to EUR 3,641.2 million (previous year: EUR 4,040.6 million) is primarily attributable to the reclassification of 12 logistics properties to current assets as “non-current assets held for sale”. The sale of these properties was notarised at the end of June 2024, with possession, benefits and associated risks having been transferred in the third quarter of 2024.
- 3 **Current assets** increased by EUR 27.0 million overall compared to 30 June 2023, mainly due to two factors: the EUR 254.2 million drop in cash and cash equivalents to EUR 91.4 million (previous year: EUR 345.6 million) as a result of loan repayments, and the EUR 289.9 million increase in “non-current assets held for sale” to EUR 527.4 million (previous year: EUR 237.4 million).
- 4 **Equity** was EUR 140.4 million lower as of 30 June 2024 than at the end of 2023. This is mainly due to the loss for the period of EUR -131.5 million shown for the first six months of 2024 (previous year: EUR -16.6 million). As of the reporting date, the reported equity ratio stood at a solid 31.0% (31 December 2023: 31.5%).
- 5 **Liabilities** declined by a total of EUR 232.0 million compared with the end of 2023. Non-current loans and borrowings decreased by EUR 116.9 million to EUR 2,199.2 million (previous year: EUR 2,316.1 million) due to reclassifications to current loans and borrowings, while the EUR 113.0 million decrease in current loans and borrowings to EUR 505.9 million (previous year: EUR 618.9 million) mainly reflects the partial repayments of bridge financing totalling EUR 80.0 million made in April and June 2024.

## Balance sheet overview

in EUR million	30.06.2024		31.12.2023
Total assets	4,473.8	1	4,846.2
Total non-current assets	3,641.2	2	4,040.6
- thereof goodwill	190.2		190.2
Total current assets	832.6	3	805.6
Equity	1,386.7	4	1,527.1
Total non-current financial liabilities	2,199.2		2,316.1
Total current financial liabilities	505.9		618.9
Other liabilities	382.0		384.1
Total liabilities	3,087.1	5	3,319.1
Balance sheet equity ratio	31.0%	4	31.5%



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Presentation as of August 2024