

# Branicks Group AG

**Buy** (unchanged) **Target: Euro 7.00** (unchanged)

8 | May | 2025



■ **Price (Euro)** **1,91**  
52 weeks range 2.83 / 1.55

## ■ Key Data

ISIN DE000A1X3XX4  
Bloomberg BRNK:GR  
Reporting standard IFRS  
Market Cap (Euro million) 160  
Number of shares (million) 83,6  
Free Float 51,7%  
Free Float Market Cap (Euro million) 83  
CAGR FFO ('24 -'27e) 5,4%

Multiples	2024	2025e	2026e	2027e
Market Cap / Total revenues	0,9	1,2	1,3	1,3
PE-Ratio	-0,6	-4,5	11,9	8,8
Dividend Yield	0,0%	0,0%	0,0%	5,2%

Key Data per share (Euro)	2024	2025e	2026e	2027e
Earnings per share (EPS)	-3,36	-0,43	0,16	0,22
FFO per share	0,63	0,59	0,65	0,73
Dividend per share (DPS)	0,00	0,00	0,00	0,10

Financial Data (Euro '000)	2024	2025e	2026e	2027e
Gross rental income	168.915	131.754	118.710	123.221
<b>Net rental income</b>	<b>150.217</b>	<b>112.854</b>	<b>100.724</b>	<b>105.678</b>
Administrative expenses	-31.298	-26.105	-24.884	-25.120
Personnel expenses	-35.591	-33.880	-32.389	-33.150
<b>Real estate management fees</b>	<b>48.172</b>	<b>58.124</b>	<b>75.290</b>	<b>81.590</b>
Profit on disposal of investment property	4.333	8.734	13.011	6.883
<b>EBIT</b>	<b>-294.626</b>	<b>32.058</b>	<b>64.160</b>	<b>69.799</b>
Net financial result	-104.502	-96.356	-57.897	-54.337
<b>EBT</b>	<b>-393.241</b>	<b>-54.749</b>	<b>18.684</b>	<b>28.949</b>
Taxation	27.705	13.687	-2.803	-6.744
<b>Net profit after minorities</b>	<b>-281.113</b>	<b>-35.724</b>	<b>13.407</b>	<b>18.098</b>
<b>FFO</b>	<b>52.200</b>	<b>48.900</b>	<b>54.400</b>	<b>61.100</b>

## ■ Main Shareholders

Deutsche Immobilien Chancen-Gruppe 28,2%  
Yannick Patrick Heller 10,1%  
RAG-Stiftung 10,0%

## ■ Financial calendar

AGM 20 August 2025  
1H 2025 report 27 August 2025  
3Q 2025 report 6 November 2025

## ■ Analyst

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## Branicks reports a solid 1Q 2025 with an early repayment of Euro 115m of the outstanding promissory notes and a signed sales transaction of a logistics object – still Buy and € 7.00 target price

Today, Branicks published the 1Q 2025 report. The reported numbers are in line with our expectations and the firm reaffirmed the full year guidance. Net rental income of the commercial portfolio was at Euro 32.0m compared to Euro 38.5m in last year's period, mainly due to the sales closed in the last year and slightly offset by a like-for-like rental growth of 0.1% (0.5% including the institutional business). Real estate management fees were up from Euro 9.7m to Euro 10.8m. Here, the increase is mainly coming from performance fees, while in last year's period the position only included recurring fees. The share of profit or loss of associates came down from Euro 1.6m to Euro 1.1m. Operating expenses decreased from Euro 15.6m to Euro 13.8m, driven by the successful implementation of the "Performance 2024" program, which should continue to even further improve that position in our opinion. The firm's FFO hiked from Euro 9.0m to now Euro 11.4m. Here one of the main drivers was the improving net interest result, which benefited from the repayments of liabilities.

Looking at the portfolio, assets under management now amount to Euro 11.2bn. In the first quarter of the year, the company signed one sale, which is expected to close in the current quarter. The letting performance was at almost 79k sqm again at a good level. Of that, about 42k sqm were renewals, while the remainder was new lettings in a still challenging market. The vacancy of the commercial portfolio came up from 7.4% at FY 2024 to now 8.3%, but is expected to come back down in the coming quarters to a level of about 7%, once some of the vacant space, where lettings have already been signed, will be occupied.

Regarding the balance sheet, the firm managed to deliver some further improvements in 1Q. About Euro 115m of the outstanding promissory notes that are due for repayment in 2025 were already repaid prematurely, reducing the outstanding amount from Euro 293m to now about Euro 179m. Furthermore, bank debt was repaid and maturing real estate financings were re-financed at favorable conditions. The average interest rate now stands at 2.46%, significantly below the 3.36%-mark one year ago and also an improvement compared to 2.67% at FY 2024. As we expect a further focus on improving the debt side in the coming quarters, we expect the balance sheet picture to further improve over the course of the year as well. As of 1Q 2025, the LTV stood at 61.7% and the adjusted LTV including the IB stood at 58.1%. The NAV per share remained unchanged at € 12.55 since Dec.

**We are satisfied with the numbers and developments of the opening quarter and see the firm on a good way in terms of deleveraging. We continue to believe that the current massive gap between share price and NAV is not justified based on the superior quality of assets and thus confirm our Euro 7.00 target price and also maintain our Buy recommendation.**

## Branicks Group AG

**Industry:** Real Estate  
**Sub-segment:** Commercial property investor  
Own book / Institutional Business / Managed Accounts  
(transaction, asset and property management)

**Management Board of Branicks**  
Sonja Wäntges (CEO)  
Johannes von Mutius (CIO)  
Christian Fritzsche (CIBO)

**Region:** Germany  
**Headquarter:** Frankfurt  
**Foundation** 1998  
**Employees:** 266

**Supervisory Board of Branicks:**  
Dr. Angela Geerling (Chairwoman)  
Michael Zahn  
Prof. Dr. Gerhard Schmidt  
Eberhard Vetter  
Rene Zahnd  
Jürgen Overath

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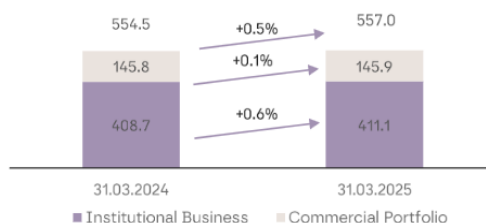
Branicks (formerly DIC Asset) is a strong commercial properties player in the German market with two strong and in general more or less equally weighted pillars or businesses, which help for a very complementary income and investment structure.

In the Commercial Portfolio Branicks does on balance sheet investment for their own books, in particular office and logistics properties that offer a stable cash income as well as some value add properties which need more attention to reduce vacancy and increase the intrinsic cash flow in mid-term, in particular by repositioning or revitalization of some assets. This strategy is complemented by an intelligent cycle management to sell some properties at the right time for portfolio optimization and generating additional trading profits. The commercial portfolio has a size of about Euro 2.8bn at present.

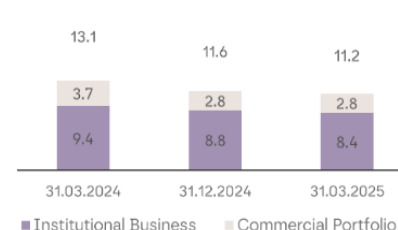
In the second pillar, the Institutional Business, the company launches diversified real estate funds for many years, as the DIC Office Balance I was initiated in 2010 and DIC Office Balance II in 2014 and DIC Office Balance III in 2015, all with targeted AuM between Euro 300m and Euro 450m. Branicks also initiated funds outside the office topic, for instance with the DIC Retail Balance I fund, which came in September 2017 with a size of about Euro 250m or the new RLI-GEG Logistics & Light Industrial III fund with a volume of Euro 400m. The institutional business offers a great range of fees for set-up, transactions, asset and property management services for the funds, club deals and individual mandates. In addition to a broad income stream from servicing fees there are lucrative equity returns from the co-investment stakes. The assets under management in the Institutional Business steeply increased by almost 50% in 2019, from Euro 3.9bn to Euro 5.7bn, to Euro 7.6bn in 2020 and again steeply to Euro almost Euro 9.3bn in 2021 and Euro 10.2bn in 2022. At the end of 2023, the AuM in the segment amounted to Euro 9.6bn. With no acquisitions in 2024 and some down-valuations of the portfolio the size of IB went down to Euro 8.8bn. All activities in the field of fund business (third party mandates) have been bundled under the GEG roof. Both pillars, the Commercial Portfolio and the Institutional Business, are serviced from the group's own asset and property management platform, with branches in Frankfurt, Mannheim, Düsseldorf, Cologne, Hamburg, Munich, Berlin, Stuttgart and Neuburg. The institutional business offers a lucrative income stream of management fees as well as transaction-related fees and performance fees. As of April 2024, the firm announced a stronger strategic focus on ESG and Renewables and launched its first Renewable Fund with a target volume of Euro 300m in May 2024.

The FFO I result of 2023 stood at a level of Euro 51.9m and was a bit improved to Euro 52.2m in 2024 despite the still sluggish market conditions and the still quite low transaction volumes in the institutional business segment. The Euro 52.2m FFO result was within Branicks' target range of Euro 40m to Euro 55m. For 2025 Branicks keeps the FFO target range unchanged. The focus remains on a reduction of debt, as financial liabilities could be remarkably reduced in 2024, by 22% from Euro 3.0bn to Euro 2.3bn.

Like-for-like rental income  
annualised in EUR million



Assets under Management  
in EUR billion



Source: Company Data, SRC Research

Branicks Group AG 31/12 IFRS ('000)								CAGR
	2021	2022	2023	2024	2025e	2026e	2027e	'24 - '27e
Gross rental income	108.390	175.956	188.273	168.915	131.754	118.710	123.221	-10,0%
Ground rents	-523	-339	-169	-170	-170	-170	-170	
Service charge income on principal basis	23.211	31.269	32.886	34.544	23.186	20.540	21.610	
Service charge expenses on principal basis	-26.415	-36.572	-38.997	-35.780	-28.391	-26.473	-26.840	
Other property-related expenses	-13.447	-17.774	-17.359	-17.292	-13.525	-11.883	-12.143	
<b>Net rental income</b>	<b>91.216</b>	<b>152.540</b>	<b>164.634</b>	<b>150.217</b>	<b>112.854</b>	<b>100.724</b>	<b>105.678</b>	-11,1%
Administrative expenses	-21.518	-37.863	-27.210	-31.298	-26.105	-24.884	-25.120	
Personnel expenses	-38.096	-42.581	-40.101	-35.591	-33.880	-32.389	-33.150	
Depreciation and amortization	-42.986	-73.883	-156.024	-435.918	-88.950	-69.521	-70.470	
<b>Real estate management fees</b>	<b>101.225</b>	<b>88.375</b>	<b>50.853</b>	<b>48.172</b>	<b>58.124</b>	<b>75.290</b>	<b>81.590</b>	<b>19,2%</b>
Other operating income	3.815	5.699	2.495	7.611	4.725	5.831	8.540	
Other operating expenses	-1.802	-3.409	-796	-2.152	-3.444	-3.902	-4.152	
Net proceeds from disposal of investment property	139.337	51.494	558.611	543.449	518.285	354.839	145.884	
Carrying amount of investment property disposed	-115.572	-38.797	-550.427	-539.116	-509.551	-341.828	-139.001	
Profit on disposal of investment property	23.765	12.697	8.184	4.333	8.734	13.011	6.883	
<b>Net operating profit before financing activities (EBIT)</b>	<b>115.619</b>	<b>101.575</b>	<b>2.035</b>	<b>-294.626</b>	<b>32.058</b>	<b>64.160</b>	<b>69.799</b>	n.a.
Share of the profit or loss of associates	6.524	18.918	6.448	5.887	9.549	12.421	13.487	
Interest income	9.550	10.635	17.878	18.473	4.885	7.425	8.105	
Interest expenses	-59.257	-71.217	-110.694	-122.975	-101.241	-65.322	-62.442	
<b>Profit/loss before tax (EBT)</b>	<b>72.436</b>	<b>59.911</b>	<b>-84.333</b>	<b>-393.241</b>	<b>-54.749</b>	<b>18.684</b>	<b>28.949</b>	n.a.
Tax	-14.051	-17.053	13.634	27.705	13.687	-2.803	-6.744	
<b>Net profit</b>	<b>58.385</b>	<b>42.858</b>	<b>-70.699</b>	<b>-365.536</b>	<b>-41.062</b>	<b>15.881</b>	<b>22.205</b>	
Minorities	590	11.834	-4.739	-84.423	-5.338	2.474	4.107	
<b>Net profit after minorities</b>	<b>57.795</b>	<b>31.024</b>	<b>-65.960</b>	<b>-281.113</b>	<b>-35.724</b>	<b>13.407</b>	<b>18.098</b>	
<b>FFO</b>	<b>107,2</b>	<b>114,2</b>	<b>51,9</b>	<b>52,2</b>	<b>48,9</b>	<b>54,4</b>	<b>61,1</b>	<b>5,4%</b>
Number of shares ('000)	81.504	82.689	83.427	83.566	83.566	83.566	83.566	
<b>Earnings per share</b>	<b>0,71</b>	<b>0,38</b>	<b>-0,79</b>	<b>-3,36</b>	<b>-0,43</b>	<b>0,16</b>	<b>0,22</b>	
<b>FFO per share</b>	<b>1,32</b>	<b>1,38</b>	<b>0,62</b>	<b>0,63</b>	<b>0,59</b>	<b>0,65</b>	<b>0,73</b>	
<b>Dividend per share</b>	<b>0,75</b>	<b>0,75</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,10</b>	
<b>Shareholders' Equity</b>	<b>1.133.969</b>	<b>1.664.101</b>	<b>1.527.139</b>	<b>1.128.482</b>	<b>1.092.758</b>	<b>1.121.165</b>	<b>1.181.708</b>	<b>1,5%</b>
<b>Balance Sheet sum</b>	<b>3.493.650</b>	<b>5.180.270</b>	<b>4.846.174</b>	<b>3.741.591</b>	<b>3.348.724</b>	<b>3.365.468</b>	<b>3.446.239</b>	
<b>Equity Ratio</b>	<b>32,5%</b>	<b>32,1%</b>	<b>31,5%</b>	<b>30,2%</b>	<b>32,6%</b>	<b>33,3%</b>	<b>34,3%</b>	



## SRC Research

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## Rating Chronicle

Company	Date	Rating	former share price	former target
Branicks Group AG	17/03/2025	Buy	2.15 €	7.00 €
Branicks Group AG	08/11/2024	Buy	2.50 €	7.00 €
Branicks Group AG	27/08/2024	Buy	2.23 €	7.00 €
Branicks Group AG	19/08/2024	Buy	1.83 €	7.00 €
Branicks Group AG	21/05/2024	Buy	1.98 €	5.00 €
Branicks Group AG	02/05/2024	Buy	1.62 €	5.00 €
Branicks Group AG	04/04/2024	Buy	1.35 €	5.00 €
Branicks Group AG	06/03/2024	Buy	1.24 €	3.00 €
Branicks Group AG	08/11/2023	Buy	4.10 €	9.00 €
DIC Asset AG	04/08/2023	Buy	4.21 €	11.00 €
DIC Asset AG	10/07/2023	Buy	5.31 €	11.00 €
DIC Asset AG	11/05/2023	Buy	6.70 €	14.00 €

**Please note:** The share price mentioned in this report is from 7 May 2025. Branicks Group AG mandated SRC Research for covering the share.

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