

Branicks Group AG

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

21 | July | 2025



■ **Price (Euro)** **1,95**
52 weeks range 2.70 / 1.55

■ Key Data

ISIN DE000A1X3XX4
Bloomberg BRNK:GR
Reporting standard IFRS
Market Cap (Euro million) 163
Number of shares (million) 83,6
Free Float 51,7%
Free Float Market Cap (Euro million) 84
CAGR FFO ('24 -'27e) 5,4%

■ **Multiples**

| | 2024 | 2025e | 2026e | 2027e |
|-----------------------------|-------------|-------------|-------------|------------|
| Market Cap / Total revenues | 1,0 | 1,2 | 1,4 | 1,3 |
| PE-Ratio | -0,6 | -4,6 | 12,2 | 9,0 |
| Dividend Yield | 0,0% | 0,0% | 0,0% | 5,1% |

■ **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 |
| Net rental income | 150.217 | 112.854 | 100.724 | 105.678 |
| Administrative expenses | -31.298 | -26.105 | -24.884 | -25.120 |
| Personnel expenses | -35.591 | -33.880 | -32.389 | -33.150 |
| Real estate management fees | 48.172 | 58.124 | 75.290 | 81.590 |
| Profit on disposal of investment property | 4.333 | 8.734 | 13.011 | 6.883 |
| EBIT | -294.626 | 32.058 | 64.160 | 69.799 |
| Net financial result | -104.502 | -96.356 | -57.897 | -54.337 |
| EBT | -393.241 | -54.749 | 18.684 | 28.949 |
| Taxation | 27.705 | 13.687 | -2.803 | -6.744 |
| Net profit after minorities | -281.113 | -35.724 | 13.407 | 18.098 |
| FFO | 52.200 | 48.900 | 54.400 | 61.100 |

■ 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

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A busy summer: good letting news, a successful sale in the still challenging office market and improving the debt side by selling the institutional business to VIB – Branicks is clearing the path

Last Friday Branicks published the letting performance for the first six months. Despite a still challenging overall economic picture the company could report a steep +19% hike in letting performance, from 181k sqm in 1H 2024 to 215k sqm in 1H 2025. It is worth to mention that almost half of square meters were new lettings (104k sqm) whereas the other half came from prolongations. This very good success underlines the portfolio quality and the close contact of Branicks to new and existing tenants. The biggest lease came from EDUTAIN AG in Cologne where a new “Exploradom” entertainment and education center will be opened in 2026 with a space of more than 33k sqm and 400 car parking spots. In the logistics area a big lease to Bio Food company EgeSun was also a big milestone with a lease of almost 27k sqm near Bremen.

It is not only the letting that worked out. Branicks also managed to deliver a prominent sale transaction in the office sector, as there was a corporate news some weeks ago on 27 June. Branicks sold two office properties in the Cologne Rheinauhafen at the riverside, namely Silo 23 and ECR fully let buildings. The buyers are two firms which are represented by PAMERA Real Estate Partners. The parties agreed not to disclose the prices of the transactions. We believe in a lucrative price given the full occupancy and the superior location. The two properties were part of the own commercial portfolio of Branicks since 2007.

The third important news might be the most important of all and came two weeks ago, on 21 July, as the Institutional Business of Branicks was sold and bundled in the subsidiary VIB Vermögen, where Branicks holds 69% of shares but still has a significant 31% minority group of shareholders in the boat. With the price for the Institutional Business of about Euro 360m (virtually giving away 31% of future profits) Branicks could offset accounts payable of Euro 300m. Except for the 31% of future profits for the minority shareholders, there will be no effect for Branicks / VIB institutional clients, as the customer interface and the account managers remain the same.

This step is good to reduce complexity and another milestone to bring down the debt and concentrate on excellency in operating performance for the next quarters.

With this good news flow, we maintain our Buy recommendation and our Euro 7.00 target price on the still very low 2 Euro share price level with a NAV per share of over Euro 10.00. The adjusted NAV including the Institutional Business value (Euro 12.55 at 1Q 2025) will be reduced by the relocation of the Institutional Business to VIB Vermögen, but the main argument of bolstering the balance sheet is much stronger at the present. We expect more details on the transaction to be published with the 1H 2025 report next month, on 27 August.

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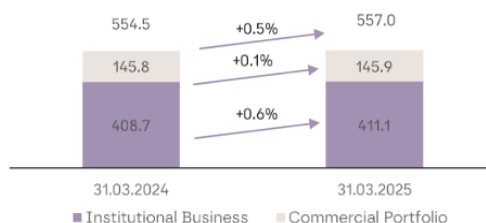
Branicks (formerly DIC Asset) is a strong commercial properties player in the German market with two strong and in general more or less equally weighted pillars or businesses, which help for a very complementary income and investment structure.

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.

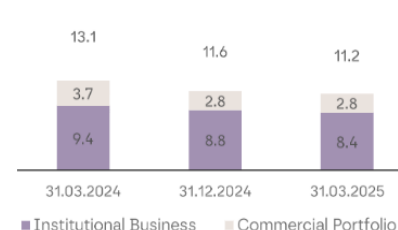
In the second pillar, the Institutional Business, the company launches diversified real estate funds for many years, as the DIC Office Balance I was initiated in 2010 and DIC Office Balance II in 2014 and DIC Office Balance III in 2015, all with targeted AuM between Euro 300m and Euro 450m. Branicks 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) | 2021 | 2022 | 2023 | 2024 | 2025e | 2026e | 2027e | CAGR '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 | |
| Net rental income | 91.216 | 152.540 | 164.634 | 150.217 | 112.854 | 100.724 | 105.678 | -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 | |
| Real estate management fees | 101.225 | 88.375 | 50.853 | 48.172 | 58.124 | 75.290 | 81.590 | 19,2% |
| 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 | |
| Net operating profit before financing activities (EBIT) | 115.619 | 101.575 | 2.035 | -294.626 | 32.058 | 64.160 | 69.799 | 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 | |
| Profit/loss before tax (EBT) | 72.436 | 59.911 | -84.333 | -393.241 | -54.749 | 18.684 | 28.949 | n.a. |
| Tax | -14.051 | -17.053 | 13.634 | 27.705 | 13.687 | -2.803 | -6.744 | |
| Net profit | 58.385 | 42.858 | -70.699 | -365.536 | -41.062 | 15.881 | 22.205 | |
| Minorities | 590 | 11.834 | -4.739 | -84.423 | -5.338 | 2.474 | 4.107 | |
| Net profit after minorities | 57.795 | 31.024 | -65.960 | -281.113 | -35.724 | 13.407 | 18.098 | |
| FFO | 107,2 | 114,2 | 51,9 | 52,2 | 48,9 | 54,4 | 61,1 | 5,4% |
| Number of shares ('000) | 81.504 | 82.689 | 83.427 | 83.566 | 83.566 | 83.566 | 83.566 | |
| Earnings per share | 0,71 | 0,38 | -0,79 | -3,36 | -0,43 | 0,16 | 0,22 | |
| FFO per share | 1,32 | 1,38 | 0,62 | 0,63 | 0,59 | 0,65 | 0,73 | |
| Dividend per share | 0,75 | 0,75 | 0,00 | 0,00 | 0,00 | 0,00 | 0,10 | |
| Shareholders' Equity | 1.133.969 | 1.664.101 | 1.527.139 | 1.128.482 | 1.092.758 | 1.121.165 | 1.181.708 | 1,5% |
| Balance Sheet sum | 3.493.650 | 5.180.270 | 4.846.174 | 3.741.591 | 3.348.724 | 3.365.468 | 3.446.239 | |
| Equity Ratio | 32,5% | 32,1% | 31,5% | 30,2% | 32,6% | 33,3% | 34,3% | |



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Rating Chronicle

| Company | Date | Rating | former share price | former target |
|-------------------|------------|--------|--------------------|---------------|
| Branicks Group AG | 08.05.2025 | Buy | 1,91 € | 7,00 € |
| 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 € |

Please note: The share price mentioned in this report is from 18 July 2025. Branicks Group AG mandated SRC Research for covering the share.

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