

# B-A-L Germany AG

**Annual General Meeting 2024**

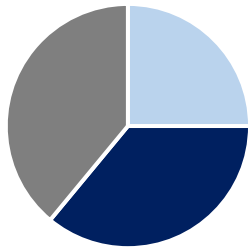
# Equity Story

- ↗ Small-scale acquisition of residential properties in rural regions in Saxony with good transport links and local infrastructure
- ↗ Positioning as a profitable property portfolio holder with a buy-and-build strategy without pressure to sell
- ↗ Acquisition at low purchase prices, including from distressed sales, enables realisation of sustainably high purchase yields of significantly more than 10%
- ↗ Rents below or at the rent index level enable the property portfolio to be fully let
- ↗ Full pipeline thanks to extensive network with contacts to residential property agents and property managers in the region
- ↗ No construction of new buildings, no excessive refurbishment measures
- ↗ Complete outsourcing of property management
- ↗ Low level of debt compared to the rest of the industry, currently kEUR 776

# Property portfolio (as at 12/2023)

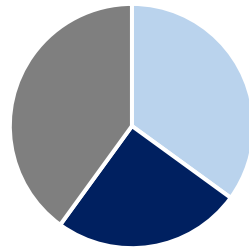
- 🏠 92 properties (previous year: 89)
- 🏠 Rentable space: 4,521 m<sup>2</sup> (previous year: 4,333 m<sup>2</sup>)
- 🏠 Rental income: EURk 348 (previous year: EURk 304)
- 🏠 Rental yield (based on the total gross purchase prices including incidental acquisition costs): 13.0% (previous year: 12.2%)
- 🏠 Gearing: 10.4% (previous year: 2.2%)

Living space (in m<sup>2</sup>)



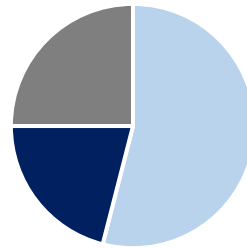
■ <45 ■ 45-65 ■ >65

Year of construction of the properties



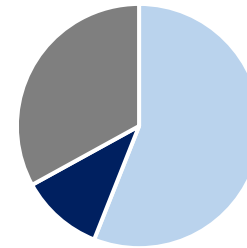
■ <1945 ■ 1945-1990 ■ >1990

Age of tenants (in years)



■ <30 ■ 30-50 ■ >50

Ownership share in the property



■ <10% ■ 10-50% ■ >50%

# Selected residential properties



# Business model at a glance

# Value chain: Acquisition

- ↗ Strictly selective, small-scale property acquisition as a unique selling point of the company
- ↗ Low level of competition in purchasing, as large investors favour larger investments and smaller investors or owner-occupiers are rare
- ↗ Personal inspection of each residential property before purchase
- ↗ In the event of a vacancy, preparation of a letting concept prior to acquisition
- ↗ Vacancies and structural defects are accepted, as are dysfunctional tenancies, provided they are reflected in pricing
- ↗ No acquisition of portfolios
- ↗ Broad spatial diversification in the Free State of Saxony
- ↗ Presence in owners' associations enables direct contact with co-owners
- ↗ Growth not as an end in itself, but always with a focus on increasing the value of the company

# Value chain: Management

- ↗ Strategic cooperation with management partner IMMO-PLAN in the technical area enables realisation of economies of scale for newly acquired properties
- ↗ Automated processing of the commercial part of property management enables lower unit costs
- ↗ Necessary maintenance and renovations are organised and supervised by the Management Board itself
- ↗ Renegotiation of contracts with utilities and suppliers enables tenants to reduce ancillary costs
- ↗ Adjustment of basic rents to local market rents
- ↗ Remodelling measures by adding balconies, replacing heating systems or purchasing garages and parking spaces, but only if this results in a significant increase in the value of the individual units
- ↗ The target is an occupancy rate of 95-97%

# Value chain: Sales

- ↗ Pure buy-and-hold strategy (so far)
- ↗ Utilisation of opportunistic sales opportunities could make sense in exceptional cases in future
- ↗ In these cases, the realised gains should be reinvested immediately



# Advantages of focussing on Saxony

- ↗ The Free State of Saxony is an unjustly neglected federal state on the stock-market
- ↗ GDP in 2023 was around EUR 156 bn (+6.7% YoY)
- ↗ At EUR 38,143, per capita GDP in Saxony was 21.8% below the national average (EUR 48,775). However, the average annual growth of per capita GDP in the period 2000-23 was 3.6%, well above the national average of 2.8%
- ↗ The annual average unemployment rate in 2023 was 6.2% (Germany: 6.0%)
- ↗ With an R&D expenditure share of around 3.1% of GDP in 2021, Saxony ranks fifth in the nationwide research and development ranking
- ↗ The population was around 4.092 million at the end of 2023 (+0.2% YoY). A net influx has been observed since 2013, including to regions with weaker infrastructure
- ↗ At the end of 2022, there were 2.401 million flats in Saxony (+0.4% YoY). The number of building permits for new residential buildings in 2023 was only 2,333 (2022: 3,887)

# Key data for Saxony in a long-term comparison

		2016	2017	2018	2019	2020	2021	2022	2023
Gross domestic product	EUR bn	117.2	121.8	125.2	130.4	128.7	135.4	146.3	156.0
YoY	%	3.2%	3.9%	2.7%	4.2%	-1.3%	5.2%	8.0%	6.7%
Inhabitants	million	4.082	4.081	4.078	4.072	4.057	4.043	4.086	4.089
GDP per capita	EUR	28,722	29,854	30,697	32,021	31,726	33,498	35,792	38,142
Unemployment rate	%	7.5%	6.7%	6.0%	5.5%	6.1%	5.9%	5.6%	6.2%

Source: Federal Statistical Office, Free State of Saxony, Federal Employment Agency

# Advantages of the corporate structure

- ↗ The properties are generally acquired and financed by the company itself
- ↗ Establishing property subsidiaries makes no sense either for cost reasons or in view of the low investment sums involved
- ↗ **Advantage:** By simplifying the corporate structure and avoiding special purpose vehicles that are unnecessary from an operational perspective, B-A-L Germany can realise significant savings in overheads

# Advantages of HGB accounting

- ↗ B-A-L Germany accounts in accordance with HGB
- ↗ Advantage: No annual property revaluations as required under IFRS
- ↗ Consequence: synchronised development of earnings and liquidity position
- ↗ **Advantage:** In addition to saving external expert costs, the operating result of B-A-L Germany AG is an unbiased indicator of the company's earnings performance
- ↗ If necessary, the hidden reserves arising after the acquisition and revaluation of residential properties can be realised through opportunistic sales

# Advantages of debt

- ↗ Property portfolio holders typically have high gearing, as the properties serve as collateral for lending banks
- ↗ Many property portfolio holders have further increased their gearing in times of interest-related property appreciation and are now facing considerable refinancing problems
- ↗ Due to the acquisition of low-priced residential property, B-A-L Germany has not yet been able to access bank loans
- ↗ **Advantage:** On the one hand, this leads to discipline on the part of the Management Board when it comes to purchasing, and on the other hand, the gearing ratio of 10.4% (as at 12/2023, previous year: 2.2%) is unusually low for the industry
- ↗ Debt capital is currently available to the company in the form of long-term, low-interest shareholder loans

# The 2023 financial year

# 2023 at a glance

92

**# of residential properties**  
as at 31.12.2023

4,521 m<sup>2</sup>

**Rentable living space**  
as at 31.12.2023

348 EURk

**Turnover from letting**  
in 2023

28.5 EURk

**Earnings after taxes**  
in 2023

6.42 EUR/m<sup>2</sup>

**Actual monthly rent**  
in 2023

5 %

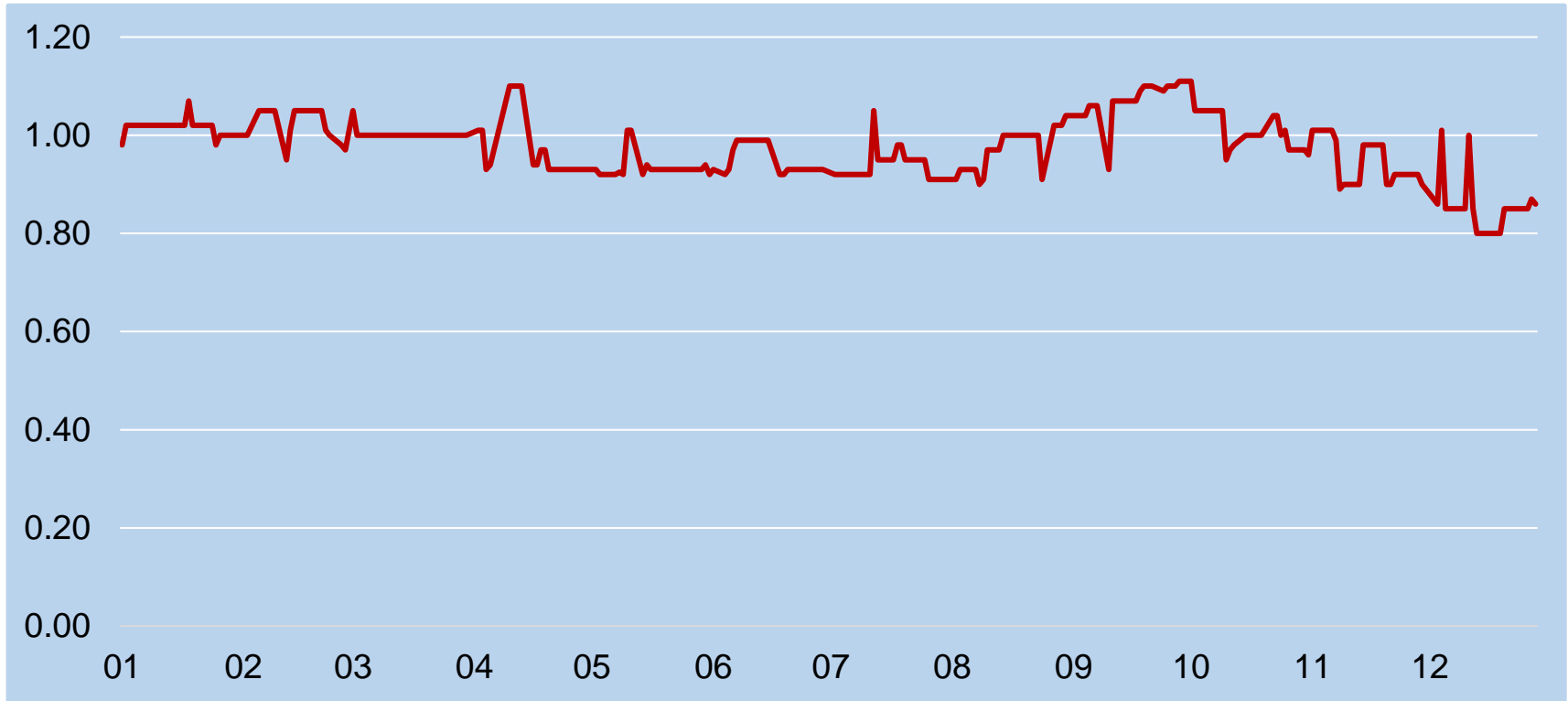
**Vacancy rate**  
in 2023

# Long-term comparison of operating

		2018	2019	2020	2021	2022	2023
Turnover	EURk	87.8	169.8	262.2	295.9	303.8	348.0
EBITDA	EURk	-88.7	-190.7	53.7	65.0	68.5	153.7
EBIT	EURk	-100.7	-223.9	-5.0	6.0	11.1	61.4
Earnings before taxes	EURk	-95.5	-231.2	6.7	15.2	-1.3	35.0
Earnings after taxes	EURk	-97.5	-234.0	1.7	9.5	-7.1	28.5
Number of flats		48	67	81	81	89	92
Living space (at EOY)	m2	1,648	2,781	3,749	3,749	4,333	4,521
Vacancy rate	%	3.0%	8.0%	11.0%	9.0%	6.0%	5.0%
Rent per m <sup>2</sup> per month	EUR	4.44	5.09	5.83	6.58	5.84	6.42



# Share price development Stuttgart (2023)



Source: CapitalIQ

# Share price development 2023

EUR **0.98**

**Price open**

EUR **1,11**

**Price high**

EUR **0.80**

**Price low**

EUR **0.98**

**Price average**

EUR **0.86**

**Price year-end**

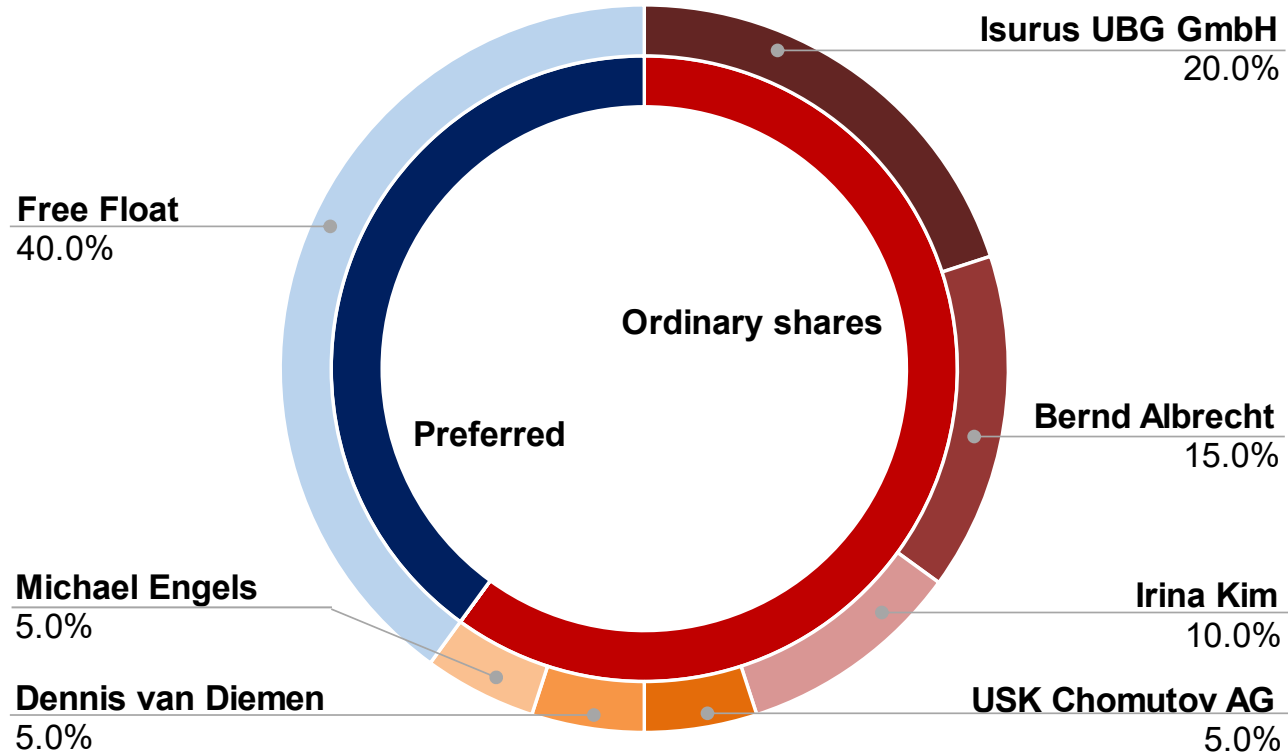
**709** shares

**Daily turnover of shares**

# Information on the share

<b>(as at 06/2024)</b>	
Share capital (EUR)	2,000,000
Number of shares outstanding	2,000,000
Of which ordinary shares (not listed)	1,200,000
Thereof preference shares (listed)	800,000
ISIN	DE000A2NBN90
WKN	A2NBN9
Share type	Bearer shares
Trading platforms	Vienna Stock Exchange Stuttgart Stock Exchange

# Shareholder structure (as at 08/2024)



# The 2024 financial year

# H1/2024 at a glance

93

**# of residential properties**  
as at 30 June 2024

4.579<sub>m<sup>2</sup></sub>

**Rentable living space**  
as of 30.06.2024

174<sub>EURk</sub>

**Turnover from letting**  
in H1/2024

-5<sub>EURk</sub>

**Earnings after taxes**  
in H1/2024






6.73<sub>EUR/m<sup>2</sup></sub>

**Actual monthly rent**  
in H1/2024

6%

**Vacancy rate**  
in H1/2024

# Outlook for the full year 2024

-  Further acquisitions of attractive residential properties
-  Financing from operating cashflows and by taking out bank loans
-  Reduction in the vacancy rate to 3% (from 5% at the end of 2023) through sustainable new lettings
-  Significant improvement in earnings before taxes to EURk 50 from EURk 35 (2023) based on the increased portfolio of residential properties and a reduction in the vacancy rate
-  Possible realisation of hidden reserves through opportunistic sales of properties that do not or no longer meet the strategic requirement profile

# Investment Highlights

**Sustained high profitability**

Strictly selective, small-scale property acquisitions with a high level of personal on-site involvement by the Management Board

**Focus Saxony**

Above-average population growth with historically low new construction rates and low competition at the same time

**HGB accounting**

No distortion of the operating result due to property revaluations in accordance with IFRS

**Management with Skin in the Game**

Management Board and Supervisory Board with a stake of more than 25% and a long-term commitment to the company

**Low debt**

Disciplining the Management Board in purchasing

**No value-reducing overheads**

Stringent cost-cutting at all levels of the value chain



# Backup

# Executive Board and Supervisory Board



Falko Zschunke  
CEO



Peter Thilo Hasler  
CFO



Bernd Albrecht,  
Chairman Supervisory Board



Frank Richter  
Deputy Chairman Supervisory Board



Dennis van Diemen  
Supervisory Board

# Financial calendar

date	
02 09 2024	Record date for the 2024 Annual General Meeting
20 09 2024	Annual General Meeting 2024
27 05 2025	Publication of 2024 annual financial statements
08 08 2025	Invitation to the Annual General Meeting 2025
29 08 2025	Publication of interim financial statements 1st half-year 2025
04 09 2025	Record date Annual General Meeting 2025
22 09 2025	Annual General Meeting 2025

# Contact us

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