

B-A-L Germany AG



REPORT ON THE FIRST HALF YEAR 2024

B-A-L Germany at a glance

93

**Number of residential properties
as at 30/06/2024**

4,579

m²

**Rentable living space
as at 30 June 2024**

174

EURk

**Rental turnover
in the first half of 2024**

6.73

EUR/m²

**Monthly actual rent
in the first half of 2024**

6

%

**Vacancy rate
in the first half of 2024**

11.70

EUR/m²

**Average investments
in the first half of 2024**

Development of the company

B-A-L Germany has made a satisfactory start to the 2024 financial year. Overall, B-A-L Germany generated rental income of EUR 174k in the first half of 2024, a slight decrease of 1.1 per cent compared to the same period of the previous year, when rental income of EUR 176k was generated. This decline is mainly due to the fact that the advance payments for ancillary costs invoiced to tenants in the previous year were significantly higher than this year due to energy prices, as they were adjusted downwards again following the fall in energy prices.

In terms of costs, occupancy, repair and maintenance costs in particular increased significantly year-on-year. At the same time, B-A-L Germany took advantage of the unusually weak order situation at many handicraft businesses by having refurbishments carried out on newly acquired and existing properties earlier than usual.

Due to the decision to bring forward reorganisation measures, the pre-tax result decreased from EUR 29k in H1/2023 to EUR -5k in H1/2024. However, a loss in the first half of the year is not unusual, but rather the normal case for seasonal reasons, as various expense items—such as for insurance—have to be paid by B-A-L Germany in the first half of the year. Accordingly, the Management Board is sticking to the guidance issued in the 2023 Annual Report to generate earnings before taxes of EUR 50k for 2024 (previous year: EUR 35k).

As in the previous year, no revenues from the sale of apartments was generated in the first half of 2024.

The occupancy rate was 94% in the first half of 2024, slightly below the previous year's figure of 95%. The target set in the 2023 annual report of increasing the occupancy rate to 97% is confirmed.

Property purchases in the reporting period

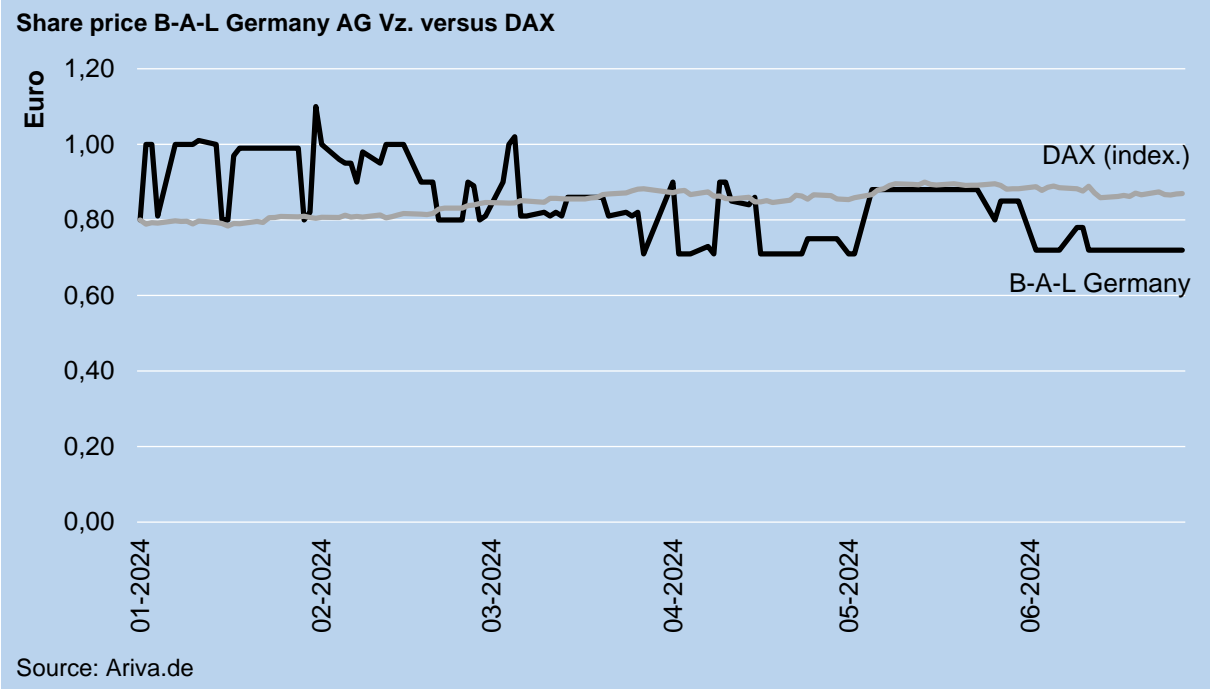
One property with a living space of 58 m² was acquired in the land register in the first half of 2024. Two further flats with a living space of 63 m² and 58 m² have yet to be entered in the land register.

Rossau, Am Sportplatz 8
(1st floor left)



B-A-L Germany on the capital market

The B-A-L Germany share price was unable to keep pace with the performance of the German share index in the first half of 2024, losing -10.0 per cent in value compared to the 2023 year-end value:



The average trading volume of B-A-L Germany AG shares on the Stuttgart Stock Exchange was 1,266 shares per day in the first half of the year. Measured in euros, shares with an average daily value of around EUR 933 were traded in the first half of 2024. The vast majority of these shares were traded on the Stuttgart Stock Exchange, while shares were only traded on the Vienna Stock Exchange on three days.

The highest daily closing price of the year for B-A-L Germany shares was EUR 1.10 on 1 February 2024, while the lowest daily closing price was EUR 0.71.

As at 30 June 2024, the market capitalisation of the preference shares of B-A-L Germany AG amounted to EUR 576,000.

Information on the share	As at 30 June 2024
Share capital (EUR)	2,000,000
Number of shares outstanding	2,000,000
Of which ordinary shares (not listed)	1,200,000
Of which preference shares (listed)	800,000
ISIN	DE000A2NBN90
WKN	A2NBN9
Ticker symbol	BAM
Share type	Bearer shares
Trading platform	Vienna Stock Exchange, Stuttgart Stock Exchange

Outlook

The weakening of the property markets and the decline in property values as a result of high inflation and the rapid rise in interest rates pose major challenges for the sector. The number of property transactions continues to fall, while at the same time decision periods are becoming longer and longer. Construction and energy costs are also expected to continue to rise, which is having a negative impact on new residential construction. This will directly affect metropolises with above-average population growth in particular, but also the surrounding areas indirectly.

In this environment, B-A-L Germany is well positioned to utilise existing market opportunities. Annual property revaluations, as required under the International Financial Reporting Standards (IFRS), are not applied at B-A-L Germany, as these are not provided for under HGB. The operating result of B-A-L Germany AG thus represents an unbiased indicator of the company's earnings performance.

When properties are offered to the company by a wide range of agents, B-A-L Germany can issue a binding purchase commitment within a few days using its proprietary, in-house developed scoring model. This means that the company is not only considerably faster than the large, often cumbersome property groups with deep hierarchical structures, but can also purchase properties at much more favourable conditions than if they were marketed on the usual internet portals.

At the same time, there is stable demand for high-quality residential properties in the good micro-locations of the B and C cities favoured by the Executive Board in the Free State of Saxony. The Management Board will continue not to acquire any combined portfolios; instead, it will continue to favour small-scale acquisitions of individual flats, as these are the only way to achieve the targeted double-digit rental yields.

On the basis of these fundamental unique selling points, B-A-L Germany AG's management continues to focus on further sustainably increasing its earning power. In doing so, the company is essentially pursuing the following strategic directions:

- Further acquisitions of attractive residential properties, financed from operating cash flows and by taking out bank loans.
- Reduction in the vacancy rate to 3 per cent from 5 per cent at the end of 2023 through sustainable new lettings
- Significant improvement in earnings before taxes to EUR 50k from EUR 35k in the 2023 financial year based on the increased portfolio of residential properties and a reduction in the vacancy rate
- Realisation of hidden reserves through opportunistic sales of properties that do not or no longer meet the strategic requirement profile.

Even if the registered authorised capital would open up the possibility of being able to react to opportunities at short notice, the Executive Board is not considering increasing equity at the current share price level. The only remaining source of external financing is therefore borrowing. In principle, this can take the form of bank loans and corporate bonds. To date, however, no economically viable financing offers have emerged from the discussions with the banks contacted. This is due in particular to the low loan amount that the company would require for the acquisition of individual residential units, which is disproportionate to the fixed costs incurred by banks for granting loans. The current capital requirement is also still too low for the corporate bond market.

Against this background, the Executive Board has formulated the following goals for the coming years:

- Acquisition of up to 20 new residential units with a total area of up to 1,000 square metres
- Preparation of borrowing to sustainably improve return on equity

Results of operations as at 30 June 2024

		H1/2023	H1/2024
Turnover	EURk	175,8	173,8
YoY	%	20,9%	-1,1%
Other operating income	EURk	34,9	8,7
Cost of materials	EURk	0,0	0,0
Personnel expenses	EURk	-4,8	-4,8
Other operating expenses	EURk	-138,4	-142,8
Earnings before interest, taxes, depreciation and amortisation	EURk	67,3	34,9
in % of sales revenue	%	38,3%	20,1%
Depreciation and amortisation	EURk	-31,0	-32,5
Earnings before interest and taxes	EURk	36,3	2,4
in % of sales revenue	%	20,7%	1,4%
Interest income	EURk	0,0	0,5
Interest expenses	EURk	-3,0	-4,1
Earnings before other taxes	EURk	33,3	-1,2
RE taxes	EURk	0,0	-0,1
Other taxes	EURk	-4,4	-3,9
Earnings after taxes	EURk	28,9	-5,1
Number of shares outstanding	million.	2,0	2,0
Earnings per share	EUR	0,01	0,00

Operating performance in a long-term comparison

		2019	2020	2021	2022	2023	H1/2024
Number of residential units		67	81	81	89	92	93
Living space	m ²	2.781	3.749	3.749	4.333	4.521	4.579
compared to previous year	%	68,8%	34,8%	0,0%	15,6%	4,3%	1,3%
Vacancy rate	%	8%	11%	9%	6%	5%	6%
Rental income	EURk	169,8	262,2	295,9	303,8	348,0	173,8
compared to previous year	%	93%	54%	13%	3%	15%	-1%
Rent per square metre per month	EUR	5,09	5,83	6,58	5,84	6,42	6,73

Significant events after the balance sheet date

No significant events occurred after the balance sheet date on 30 June 2024 that could have an impact on the net assets, financial position and results of operations of B-A-L Germany AG.

Financial calendar 2024 and 2025

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

Notes

This half-year report may contain forward-looking statements based on current assumptions and forecasts made by the management of B-A-L Germany AG. Such statements are subject to risks and uncertainties. These and other factors may cause the actual results, financial position, development or performance of the company to differ materially from the estimates given here. The company assumes no obligation whatsoever to update such forward-looking statements or to adapt them to future events or developments.

For reasons of better readability, the masculine, feminine and diverse (m/f/d) forms of language are not used simultaneously in this half-year report. All personal designations apply equally to all genders.

This half-year report is also available in German. In the event of deviations, only the German version is authoritative.

Imprint

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