

# Bulgarian Real Estate Fund AD

Sector: Real Estate  
Industry: Equity REITs

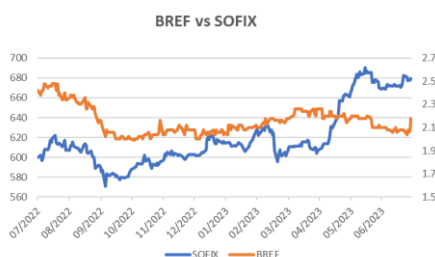
## Steady Core Performance in Q2 2023

NAV: BGN 3.36

### Share Information

Price (BGN)	2.18
52-week price change	+4.43%
52-week price range	1.93 – 2.60
Market Cap (BGN)	74,826,558
Market Cap (EUR)	38,263,390
Shares outstanding	34,641,925
Free Float	74.29%
Next results expected	31.10.2023
P/E (ttm)	6.25
P/S (ttm)	2.69
P/BV	0.64

Source: Bulgarian Stock Exchange  
BGN is pegged to EUR at 1.95583 BGN



In BGN; Source: Bloomberg

### Notable events

Q3 2023 Financial Results 31.10.2023

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- Total revenues were BGN 4.3mIn, down from BGN 17.9mIn in Q2 2022. The decline is attributable to the base effects of an outsized gain in Q2 2022 revenue, during which the company sold their Bricolage Varna property for EUR 6.8mIn and a land plot in Mladost district in Sofia for EUR 0.35mIn.
  - After normalizing, revenue grew 3.7% from BGN 3.85mIn to BGN 3.99mIn YoY.
  - Operating expenses fell considerably (41.2%), primarily attributable to a 56.3% decrease in remuneration to the management company, but also by a 28.3% decrease in operational expenses of assets. Both decreases were predominantly driven by the disposal of the Bricolage Varna property.
    - In the past six months, total expenses decreased by 78.9% compared to the previous reporting period. Again, this was mainly due to the decrease in the value of sold assets with the sale of the Bricolage property. However, this decrease was partly offset by increased local taxes, charges and maintenance costs following the commissioning of the new building in the Sofia Tech Park.
    - Net profit was BGN 1.46mIn, reflecting a 66.3% decline compared to the previous year. Again, this is mainly due to base effects. After normalizing, net profits instead grew by 9.3% from BGN 1.06mIn.
    - Total assets grew YoY by 2.3%, while net debt decreased by 11.6%. The company reduced its long-term debt by 13.6%, or BGN 4.49mIn.

### Notable events:

- On 07.06.2023, the company announced their 2022 dividend at BGN 0.1130022 per share for a total amount of BGN 3.9mIn.
- On 28.07.2023, BREF announced their signing of a rental agreement with private school “Canadian Bear” EOOD for the Kambani Green Office location. The rental agreement is for 10 years and the rented area is 1,889.25 sqm. The building reached 74.25% occupancy of its rentable area.
  - Additionally, they signed a rental agreement with Kalever EOOD for their Business Park location. The rental agreement is for 3 years and the rented area is 255.49 sqm. The building’s occupancy reached 71.05% of rentable area.
  - BREF announced they had managed to rent out the majority of commercial areas on the base floor of their Synergy Tower location in Sofia Tech Park, according to their reporting.
  - BREF signed an annex to the existing rental agreement with their main tenant Bosch at Synergy Tower. The maturity of the annex is the same as that of the main rental agreement, and the additionally leased area is 2,723.54 sqm.

QUARTERLY RESULTS				
Financial Metrics	Q2 2023	Q2 2022	% Change	TTM
Total Revenue	4,326	17,922	-75.9%	15,499
<i>Rental Income</i>	3,939	3,703	6.4%	7,345
<i>Properties sold</i>	337	14,077	-97.6%	1,902
<i>Other income</i>	50	142	-64.8%	(31)
Operating expenses	(1,691)	(2,876)	-41.2%	(3,110)
EBIT	1,864	4,834	-61.4%	10,490
Operating Margin	43.1%	27.0%	16.1%	67.7%
Net profit	1,461	4,338	-66.3%	9,657
Net Margin	33.8%	24.2%	9.6%	62.3%
Total Assets	156,783	153,284	2.3%	-
Net Debt	32,992	37,320	-11.6%	-

FINANCIAL RATIOS				
Per share	Q2 2023 ttm	2022	2021	2020
Number of shares	34,641,925	34,641,925	34,641,925	34,641,925
EPS	0.28	0.36	0.11	0.08
DPS	--	--	-0.08	-0.12
<b>Growth &amp; Activity</b>	<b>Q2 2023 ttm</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Revenue growth	-30.1%	239.8%	18.4%	-14.9%
Earnings growth	56.9%	220.3%	40.6%	-44.4%
Asset Turnover	10.0%	18.9%	6.4%	6.1%
Working Capital Trnv	452.8%	-1129.7%	-301.8%	75.6%
<b>Return &amp; Profitability</b>	<b>Q2 2023 ttm</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
ROE	8.2%	10.8%	3.6%	2.6%
ROA	6.2%	7.9%	2.6%	2.4%
ROIC	6.6%	8.5%	2.8%	2.5%
Operating margin	67.7%	46.3%	54.4%	42.0%
Net margin	62.3%	43.1%	45.7%	38.5%
<b>Gearing &amp; Liquidity</b>	<b>Q2 2023 ttm</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Debt-to-Equity	0.3	0.3	0.3	0.1
Interest coverage	27.9	55.4	6.9	12.3
Cash ratio	0.9	1.0	0.2	0.6
Current ratio	1.0	1.1	0.3	1.2

Source: SIS calculations are based on published financial statements

COMPANY DESCRIPTION				
<p>"Bulgarian Real Estate Fund" is a real estate investment trust ("REIT") headquartered in Sofia, Bulgaria. The fund specializes in strategic property acquisitions and invests exclusively in high performance real estates, focusing on office space. Its strategy is to acquire, develop, manage and lease properties that have superb potential for cash-flow growth and capital appreciation. Bulgarian legislation is favorable to investors, as the Fund is obliged to distribute at least 90 % of its net income cash flows as dividends.</p>				

FINANCIAL METRICS				
Income Statement (BGN th)	Q2 2023 ttm	2022	2021	2020
Operating Revenue	7,342	7,106	7,028	7,022
Financial Income	8,157	21,989	1,535	211
<b>Total Revenue</b>	<b>15,499</b>	<b>29,095</b>	<b>8,563</b>	<b>7,233</b>
Operating expenses	(2,230)	(4,295)	(2,782)	(2,342)
EBIT	10,490	13,460	4,662	3,035
<b>Net profit</b>	<b>9,657</b>	<b>12,534</b>	<b>3,913</b>	<b>2,783</b>
<b>Balance Sheet (BGN th)</b>	<b>Q2 2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Current assets	10,514	12,636	3,254	6,380
Cash & equiv.	9,229	11,562	1,657	3,580
Non-current assets	146,269	145,615	146,178	110,221
PP&E and Inv. Properties	146,265	145,615	146,173	110,193
<b>Total Assets</b>	<b>156,783</b>	<b>158,251</b>	<b>149,432</b>	<b>116,601</b>
Current Liabilities	10,597	11,261	9,780	5,528
ST Loans	4,514	7,346	4,695	1,268
Non-current liabilities	28,478	30,743	32,024	5,397
LT Loans	28,478	30,743	32,024	5,396
<b>Total Liabilities</b>	<b>39,075</b>	<b>42,004</b>	<b>41,804</b>	<b>10,925</b>
<b>Equity</b>	<b>117,708</b>	<b>116,247</b>	<b>107,628</b>	<b>105,676</b>
Net Working Capital	(83)	1,375	(6,526)	852
Total Debt	32,992	38,089	36,719	6,665
Net Debt	23,763	26,527	35,062	3,085
<b>Cash Flow Statement (BGN th)</b>	<b>Q2 2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
CF from operations	602	461	6,124	4,496
CF from investments	(339)	(56)	(34,935)	(17,595)
CAPEX	(10)	--	--	(19)
Purchase of investments	(666)	(741)	(35,816)	(17,753)
CF from financing	(2,596)	(561)	26,888	(5,773)
Change in debt	(2,220)	(318)	30,452	(1,209)
Paid interest	(376)	(243)	(671)	(247)
Paid dividends	--	--	(2,876)	(4,301)

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