

Sector: Real Estate
Industry: Equity REITs

Bulgarian Real Estate Fund AD

Steady increase in rental revenues in 2023

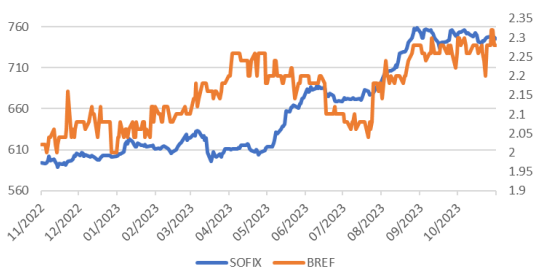
NAV: BGN 3.83

Share Information

Price (BGN)	2.58
52-week price change	15.18%
52-week price range	2.04 – 2.66
Market Cap (BGN)	88,683,328
Market Cap (EUR)	45,343,065
Shares outstanding	34,641,925
Free Float	74.29%
P/E (ttm)	5.33
P/S (ttm)	3.90
P/BV	0.66

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

BREF vs SOFIX



In BGN; Source: Bloomberg

Notable events

2023 Financial Results 30.01.2024

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- Revenues from renting and managing properties have risen 12.7% to BGN 8mln. BREF had lost some clients at the end of 2022, but were able to find new ones and fill up some of the vacancies in the newly constructed Synergy Tower. The Total Revenues account dropped more than 22% to BGN 22.6mln. This, however, was the result of 2 opposing effects- first it was the decline due to the base effects of an outsize gain in Q2 2022 when they sold their Bricolage Varna property for BGN 13.3mln and a land plot in Mladost district in Sofia for BGN 0.7m. The second was the gain from the increase in value of the newly operational Synergy Tower.

- As a result of the above disinvestments, operating expenses fell considerably (67%) to BGN 5.2mln. This resulted also in a 24% decrease in expenses to the servicing company to BGN 1.2mln.

- In the past year, total expenses decreased by 63.1% compared to the previous reporting period. Again, this was mainly due to the sale of the Bricolage property. That also prompted the decrease in other accounts, such as Operational expenses of assets, expenses to the servicing company and other expenses.

- Net profit was BGN 16.5mln, reflecting a 31.6% increase compared to the previous year. The increase in the value of the Synergy Tower project, as well as the increase in rent and property management revenue played a major role here.

- Total assets grew YoY by 10.4%, while net debt decreased by 12%. The company reduced its long-term debt by 14.4%, or BGN 4.53mln to reach BGN 27.3mln.

- The decline in cash from BGN 11.5mln to BGN 4.2mln is explained by the continuing finishing works on the Synergy Tower project. The company expects that cash will be used further in the following trimesters for the same purpose and cash reserves will be further decreased.

Notable events:

- For their Synergy Tower 3 new tenant agreements were reached in Q4:
 - “Stage Coworking” OOD for 2,763.98 sqm for 10 years. The company expects that the tenant will be offering services to already existing tenants, as well as outside clients.
 - “Bianor Holding” AD for 660.93 sqm for 5 years.
 - INSAIT – extension to the existing rental agreement with 660.08 sqm for the booming IT and AI department of Sofia University.
- After 31.12.2023 the following tenant agreement was reached:
 - MSG Global Solutions Bulgaria – a 5 year agreement for 662.31 sqm at their Synergy Tower location. With that, total occupancy there stands at 53.79%.

RESULTS			
Financial Metrics	2023	2022	% Change
Total Revenue	22,594	29,095	-22.3%
<i>Rental Income</i>	8,007	7,106	12.7%
<i>Properties sold</i>	575	15,642	-96.3%
<i>Other income</i>	14,012	383,446	-96.3%
Operating expenses	(5,164)	(15,635)	-67.0%
EBIT	17,430	13,460	29.5%
Operating Margin	77.1%	46.3%	30.9%
Net profit	16,491	12,534	31.6%
Net Margin	73.0%	43.1%	29.9%
Total Assets	166,177	151,473	9.7%
Net Debt	30,766	36,246	-15.1%

FINANCIAL RATIOS				
Per share	2023	2022	2021	2020
Number of shares	34,641,925	34,641,925	34,641,925	34,641,925
EPS	0.48	0.36	0.11	0.08
DPS	(0.1)	(0.0)	-0.08	-0.12
Growth & Activity	2023	2022	2021	2020
Revenue growth	-26.6%	239.8%	18.4%	-14.9%
Earnings growth	-26.9%	220.3%	40.6%	-44.4%
Asset Turnover	14.2%	18.9%	6.4%	6.1%
Working Capital Trnv	711.7%	-1421.7%	-301.8%	75.6%
Return & Profitability	2023	2022	2021	2020
ROE	12.4%	10.8%	3.6%	2.6%
ROA	9.9%	7.9%	2.6%	2.4%
ROIC	10.4%	8.5%	2.8%	2.5%
Operating margin	77.1%	46.3%	54.4%	42.0%
Net margin	73.0%	43.1%	45.7%	38.5%
Gearing & Liquidity	2023	2022	2021	2020
Debt-to-Equity	0.2	0.3	0.3	0.1
Interest coverage	19.8	15.3	6.9	12.3
Cash ratio	0.7	1.1	0.2	0.6
Current ratio	1.0	1.2	0.3	1.2

Source: SIS calculations are based on published financial statements

COMPANY DESCRIPTION

"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.

FINANCIAL METRICS				
Income Statement (BGN th)	2023	2022	2021	2020
Operating Revenue	8,007	7,106	7,028	7,022
Financial Income	14,587	21,989	1,535	211
Total Revenue	22,594	29,095	8,563	7,233
Operating expenses	(5,164)	(15,635)	(2,782)	(2,342)
EBIT	17,430	13,460	4,662	3,035
Net profit	16,491	12,534	3,913	2,783
Balance Sheet (BGN th)	2023	2022	2021	2020
Current assets	5,473	12,636	3,254	6,380
Cash & equiv.	4,191	11,562	1,657	3,580
Non-current assets	160,704	145,615	146,178	110,221
PP&E and Inv. Properties	160,701	145,615	146,173	110,193
Total Assets	166,177	158,251	149,432	116,601
Current Liabilities	5,724	10,203	9,780	5,528
ST Loans	4,596	4,443	4,695	1,268
Non-current liabilities	27,715	31,801	32,024	5,397
LT Loans	26,170	30,743	32,024	5,396
Total Liabilities	33,439	42,004	41,804	10,925
Equity	132,738	116,247	107,628	105,676
Net Working Capital	(251)	2,433	(6,526)	852
Total Debt	32,311	36,244	36,719	6,665
Net Debt	28,120	24,682	35,062	3,085
Cash Flow Statement (BGN th)	2023	2022	2021	2020
CF from operations	2,556	2,390	6,124	4,496
CF from investments	(654)	11,648	(34,935)	(17,595)
CAPEX	(27)	(16.0)	-	(19)
Purchase of investments	(1,202)	(3,978)	(35,816)	(17,753)
CF from financing	(9,273)	(4,133)	26,888	(5,773)
Change in debt	(4,477)	(1,577)	30,452	(1,209)
Paid interest	(882)	(880)	(671)	(247)
Paid dividends	(3,914)	(1,675)	(2,876)	(4,301)

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