Branicks

# Focused on operational strength

Annual Report 2023

# Branicks Group AG at a glance

| Key financial figures | | | |
|---|---|---|---|
| in EUR million | 2023 | 2022 | \|Δ\| |
| Gross rental income | 188.3 | 176.0 | 12.3 |
| Net rental income | 164.6 | 152.5 | 12.1 |
| Real estate management fees | 50.9 | 88.4 | 37.5 |
| Proceeds from sales of property | 558.6 | 51.5 | 507.1 |
| Profits on property disposals | 8.2 | 12.7 | 4.5 |
| Share of the profit or loss of associates | 6.4 | 18.9 | 12.5 |
| Funds from Operations excluding non-controlling interest (FFO) | 51.9 | 114.2 | 62.3 |
| Funds from Operations II (excluding non-controlling interest, including profit on disposals) | 59.4 | 126.9 | 67.5 |
| EBITDA | 164.5 | 194.4 | 29.9 |
| EBIT | 8.5 | 120.5 | 112.0 |
| Result for the period | – 70.7 | 42.9 | 113.6 |
| Cash flow from operating activities | 97.1 | 158.9 | 61.8 |

| Key financial figures | | | |
|---|---|---|---|
| per share in EUR[1] | 2023 | 2022 | \|Δ\| |
| FFO per share (excluding non-controlling interest) | 0.62 | 1.38 | 0.76 |
| FFO II per share (excluding non-controlling interest) | 0.71 | 1.53 | 0.82 |
| Earnings per share (excluding non-controlling interest) | – 0.79 | 0.38 | 1.17 |

[1] All per share figueres adjusted in accordance with IFRSs (average number of shares 12M 2023: 83,427,284; 12M 2022: 82,689,478).

| Balance sheet figures | | |
|---|---|---|
| in EUR million | 31.12.2023 | 31.12.2022 |
| Investment property | 3,398.6 | 3,673.3 |
| Non-current assets held for sale (IFRS 5) | 237.5 | 540.8 |
| Equity | 1,527.1 | 1,664.1 |
| Financial liabilities (incl. IFRS 5) | 2,974.2 | 3,138.4 |
| Total assets | 4,846.2 | 5,180.3 |
| Loan-To-Value ratio (LTV)[2] | 60.1 % | 57.8 % |
| Adjusted LTV[2, 4] | 57.6 % | 54.7 % |
| NAV per share (in Euro)[1, 5] | 15.54 | 19.16 |
| Adjusted NAV per share (in Euro)[4, 5] | 17.63 | 22.71 |

| Key operating figures | | |
|---|---|---|
| | 31.12.2023 | 31.12.2022 |
| Number of properties | 351 | 360 |
| Assets under Management in EUR billion | 13.2 | 14.7 |
| Rental space in sqm | 4,609,408 | 4,794,600 |
| Letting result in sqm | 446,600 | 374,900 |

| Key operating figures (Commercial Portfolio)[3] | | |
|---|---|---|
| | 31.12.2023 | 31.12.2022 |
| Annualised rental income in EUR million | 179.1 | 203.8 |
| EPRA vacancy rate in % | 5.3 | 4.3 |
| WALT in years | 4.9 | 5.5 |
| Avg. rent per sqm in EUR | 8.92 | 8.26 |
| Gross rental yield in % | 5.2 | 4.8 |

[1] All per share figueres adjusted in accordance with IFRSs (number of shares 31.12.2023: 83,565,510; 31.12.2022: 83,152,366).
[2] Adjusted for warehousing.
[3] Calculated for the Commercial Portfolio only, without repositioning and warehousing.
[4] Incl. full value of Institutional Business.
[5] previous year as of December 31, 2022 amount adjusted.


smart logistics
Logistics that simply work.

# new work

**Offices to enjoy working in.**

# sustainable management

Sustainability throughout the entire real estate life cycle.

# Contents



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# Welcome to Branicks!

## Our teams did an exceptional job.

Sonja Wärntges

**Dear Shareholders,**
Despite all the adverse circumstances in the real estate market and macroeconomic environment, we came through 2023 with robust operations and continue to operate on a stable basis. Nevertheless, we have had to steer Branicks through some turbulent waters.

We succeeded in doing so because we have a clear plan, reviewed and confirmed by experts, that demonstrates how we can keep the Company's strategy on track and strengthen our balance sheet in the long term. We have received widespread support from our banks and lenders and can now turn our full attention back to implementing our operating targets.

Understandably, our focus is on ensuring continuity in our exceptionally well positioned operating business. These efforts will increasingly also involve the transaction business again as the situation in the transaction market eases, albeit at a restrained pace initially. Our clearly defined transaction pipeline, together with our knowledge of and proximity to properties, clients and regions, means we are prepared for this shift in the transaction market from opportunistic activities to a continuum of real estate transactions.

The Branicks team once again did an exceptional job during the year under review and demonstrated the attributes that have set the Company apart and made it successful through the highs and lows of a history stretching back more than 25 years: the ability to adapt to change quickly and flexibly, uncover opportunities in every situation, and develop viable solutions.

Our company has been named Branicks Group AG since 2 October 2023. After 25 years of DIC Asset AG and its unparalleled track record of success, this new name not only marks the start of a new era but also an explicit recognition of the skills of our employees.

Branicks is a play on words using the words "Brains" – the expertise, experience and skills of our employees – and the term "Bricks", in reference to the genuine property value we create and maintain for our clients. Last but not least, Branicks has an international ring to it that chimes perfectly with our future ambitions to think beyond national borders, particularly in the logistics segment.

The introduction of a consistent brand strategy under the punchy shared name of Branicks sends a strong message in challenging times. After acquiring GEG, RLI and VIB in recent years, we are now establishing a shared identity in Branicks that underscores our philosophy, simplifies and facilitates our decision-making processes and increases our profile in the markets and in the public eye. By pooling our resources and sharing best practices, we can consistently communicate our message across all channels and to all stakeholders.

Let's take a look at what affected our business in 2023, how we reacted and what action we have taken.

**After a long period of strong growth, the commercial real estate market has involved into one dominated by existing properties.** We haven taken advantage of individual opportunities as they arose, but returning to a normal transaction business – that is, continuous buying and selling activity – has proven to be an unexpectedly arduous marathon with each passing month during the past year. By cleaning up our peripheral activities in other asset classes and focusing on logistics and office assets, we are sharpening Branicks' contours. Our logistics portfolio is compelling to national and international investors. Here we take advantage of market opportunities and are in constant communication with investors. In the letting business, the commercial sector stands out from the residential market in one key respect, namely that a far greater proportion of leases in the housing market are indexed, which means rents rise automatically in line with inflation and protect value in real terms.

We took swift and decisive action to restructure many areas of the Company.

**We launched our "Performance 2024" action plan** to strengthen our liquidity for the long term and reduce our liabilities more quickly. This includes continuing to sell properties from our proprietary portfolio, strengthening our portfolio business with strong letting performance, placing alternative investment vehicles, and optimising and reducing our operating costs.

**We are now focusing even more on activities to preserve and enhance the value of our properties.** In addition to preventative maintenance, this primarily includes structural and technical portfolio developments such as harnessing the potential of renewable energy. Our proactive thinking and actions address two key topics of the future, digitalisation and ESG, both of which are now crucial to a property's sustained value and future viability. We are also taking New Work to the next level in order to meet the needs of different target groups and create flexible workspaces.

**In addition, we have created a valuation department that enables us to identify each property's individual needs in a targeted way.** As one of the biggest players in the market, we have an extraordinary amount of expertise. With their regional presence and national network, our experts can focus specifically on the properties in our proprietary portfolio as well as providing support for third parties. They deliver the best possible analysis with precise recommendations. Another factor that sets us apart is the fact that all modernisation and revitalisation work is managed by our own teams. There is no faster or more direct way to get the job done.

**We boost the effectiveness of our property management and development by bundling and directly assigning each property to an asset manager.** Our colleagues now cover a larger radius around each property, have their own decision-making powers and responsibilities, and can act quickly and appropriately.

Under the new model, four or five properties are managed by a single manager. Our agile management approach allows us to take a holistic view of our assets, develop them systematically and thus enhance their value. At the same time, this approach improves the efficiency and productivity of our own processes, saves resources and reduces costs.

We want to drive our business forward, support our partners in shaping a sustainable future and develop new strength from this. It is something we call **"Focused on operational strength".** Smarter, more creative and more agile, instead of further, higher and faster.

**Ihre Sonja Wärntges**
Chairwoman of the Executive Board

# One Brand. One Team.

**Sonja Wärntges**
CEO and CFO

Sonja Wärntges joined the Management Board in the role of CFO in May 2013, and has headed Branicks Group AG as CEO since 1 October 2017, being in charge of Strategy, Human Resources, IT, Corporate Finance & Controlling, Corporate Communications, Investor Relations and M&A.

**Johannes v. Mutius**
CIO

Since April 2015, Johannes von Mutius has been in charge of the transaction business of Branicks Group AG as Chief Investment Officer.

**Torsten Doyen**
CIBO

Torsten Doyen has been Chief Institutional Officer at Branicks Group AG since January 2023. Prior to his appointment to the Management Board of Branicks Torsten Doyen was Managing Director at GEG German Estate Group GmbH. The banking economist and graduate real estate economist has more than 20 years of management experience in raising capital in the real estate and fund industry.

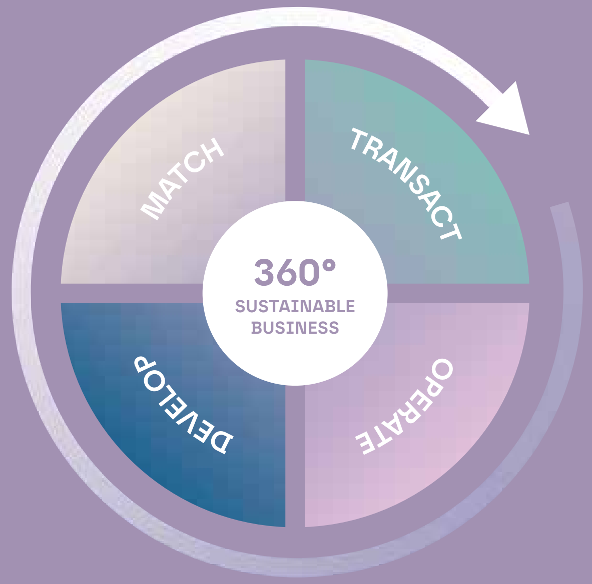
**Christian Fritzsche**
COO

Christian Fritzsche has been the Chief Operations Officer (COO) at Branicks Group AG since January 2023. He has been employed by companies of the Branicks Group AG in leading positions since 2010, most recently as Managing Director of Branicks Onsite GmbH. The business graduate has more than 20 years of experience in the real estate industry.

# Branicks is your reliable partner in commercial real estate.

We are your sparring partner and are always on hand to offer in-depth expertise. We bring investors together, buying and selling properties and operating and developing them for ourselves or third parties. We structure investment products and advise tenants, owners and investors.

Our business is built on a flexible platform that puts the right expertise for every situation at our fingertips. This diversification gives Branicks stability and resilience, especially in turbulent times.



# Our in-depth expertise at a glance

**25**
years of success in the market

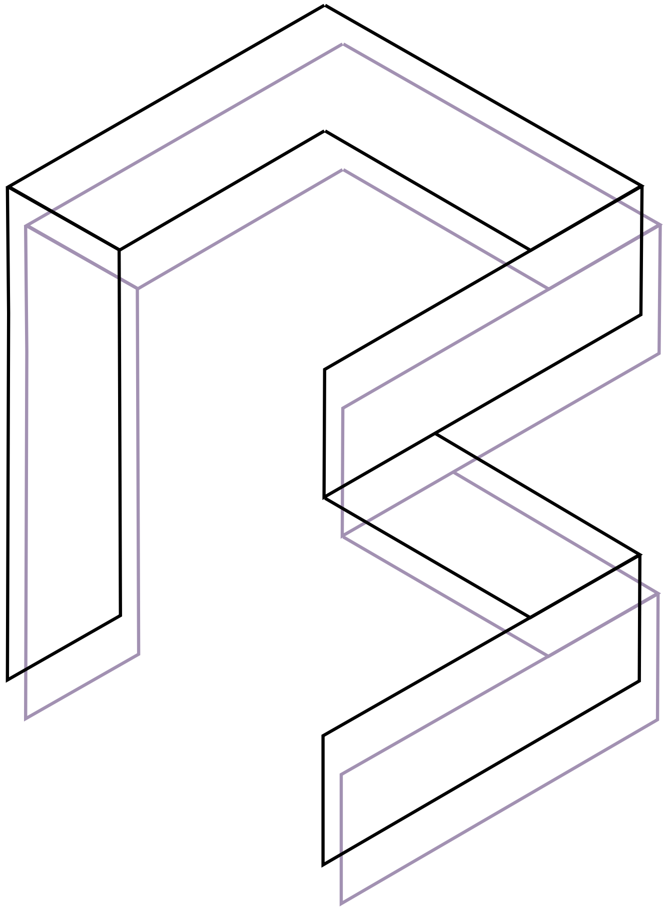
**351**
properties

**9**
offices

**300**
bright minds

**13.2 Mrd. Euro**
in assets under management (AuM) on our platform

# We have only one thing on our minds: assets



We are setting new standards in real estate management with premium, tailor-made services across all sectors. Our expertise encompasses everything from conceptual and commercial considerations to technical property management. Throughout it all, we always focus on the property's value.

## Valuation

Our continuous market monitoring and rapid, well-coordinated access to investment opportunity set us apart. Our core competencies include regional market and risk analysis as well as letting and asset strategies.

## Maintenance

By maintaining our managed property portfolio to the highest standards, we preserve value in the long term. We also optimise and develop our portfolio sustainably to create reliable added value.

## Letting

With their local presence and national network, our service-oriented team executes new leases and lease renewals for 200,000 to 400,000 square metres of space each year. Our specialised property marketing, efficient space management and assured approach to contract negotiations enable us to deliver outstanding results.

## Renovation

We revitalise and reposition properties to maximise their value and use for tenants and investors. We manage and implement modernisation and revitalisation projects in our portfolio using our own teams of architects, engineers, economists and project managers.

## Support

Overall, we manage more than 1,000 commercial leases and over 1,000 agreements with service and utility providers. Our market-leading position allows property owners to benefit from our extensive business network.

## Management

We are considering the bigger picture in terms of everything from acquisitions to target returns. As active and sustainability-focused managers, we comprehensively operate properties throughout their entire life cycle, increasing their intrinsic and earnings value in the process.

# Attractive and in demand: the pillars of our portfolio

Office buildings and logistics properties are the two main focus areas within our portfolio. We develop concepts that suit the users and shape the future – such as innovative New Work environments or logistics areas for online retail.

The logistics and office asset classes now make up 79% of the EUR 3,641.6 billion market value of the properties in our portfolio (previous year: 72%). Logistics properties are the largest asset class at 40%, while office properties comprise 39% of our portfolio's market value.

Our strategy means we are ideally equipped to tackle current challenges and face the future.

Social transformation is creating positive momentum in both asset classes. The main drivers in the logistics segment are demographic trends and e-commerce. The revenue generated by the German e-commerce sector amounted to EUR 79.7 billion in 2023. Demand for logistics halls is higher than ever, with a particular focus on logistics space in or close to cities. Through our subsidiary VIB, we also act as project developers for new logistics properties.

State-of-the-art office models rely on flexible use of space and are geared towards the New Work megatrend. We are noticing a growing demand for consulting services. Our teams specialise in revitalising and repositioning properties, individually tailoring them to whatever our tenants have in mind, from cool to exclusive.


# Gateways to success: our logistics properties

Logistics properties possess extraordinary potential. Changes in consumer behaviour have triggered a shortage of necessary space, with businesses looking for new sites near cities and along major routes. We have the solutions.

→ 62 properties in our portfolio with a combined market value of EUR 1,451.2 million.

→ Logistics properties account for 40% of the market value of the entire portfolio.

→ Annual rental income of EUR 70.7 million, this corresponds to around 40% of rents.

→ The EPRA vacancy rate during the past financial year was 2.0%.


**Big and green:** the "Next Horizon" development in Erding. In addition to two office buildings, six construction lots with building space of between 2,100 and 30,000 square metres are currently being developed. The Company is aiming to obtain DGNB Gold sustainability certification for this state-of-the-art, immaculately furnished building.

**62,300** sqm
Under construction/being let


**Innovative and green:** the "Innovation Parc" in Langenhagen, near Hanover. High-quality industrial and commercial space with rental units of between 2,500 and 10,000 square metres. A fully flexible and adaptable space with the added bonus of 24/7 operations. This energy-efficient property is aiming for DGNB Gold certification.

**15,000** sqm
Under construction/being let


**Enormous and flexible:** the "Logistikanlage im InterPark" in Kösching, near Ingolstadt. This flagship project consists of two building sections and a total of six state-of-the-art halls that are multi-user ready and can be divided into up to six hall bays with six dock levellers each. The hall height of 10.5m and floor load capacity of 10t/sqm offer additional advantages.

**115,000** sqm
Fully let

# Home away from home: our office properties

Workplaces are becoming a key factor in the competition for top talent. The key question is this: how do you make people happy to come to the office? We have the answer.

→ 58 properties in our portfolio with a combined market value of EUR 1,427.7 million.

→ Office properties account for 39% of the market value of the entire portfolio.

→ Annual rental income of EUR 73.8 million, equivalent to 41% of the entire portfolio.

→ The EPRA vacancy rate during the past financial year was 8.6%.


**Small and perfectly formed:** the “Campus C” multi-tenant property in Munich. Efficient floor plans facilitate a range of space solutions, from individual subdivision to modern work models. Divisibility by floor creates significant potential for alternative uses. Green Building certification with best-in-class rating.

**9,200** sqm
Fully let


**Flexible and sophisticated:** the “Unite Offices I” in Offenbach. This six-storey building boasts high quality fixtures and fittings as well as flexible partitioning of floors. The building’s ideal location between Frankfurt am Main and Offenbach is another plus point.

**11,000** sqm
Fully let


**Modern and distinctive:** the “pronova bkk” office and administrative building. Head-quarters tailor-made for one of Germany’s largest health insurance companies. Small office units facilitate one-to-one advice and support. Certified Gold by the German Sustainable Building Council (DGNB).

**13,000** sqm
Fully let

# Eyes on everything

Quick, agile, effective: The executive management of Branicks Onsite GmbH explains how they use our nationwide network of active asset managers and new 360-degree approach to asset management to enhance the intrinsic and earnings value of our properties, even in challenging times.

### Why we repositioned our business

Although the last 25 years have been very successful, we now need to adjust the way we work. The market has changed. While we could afford to carry out highly specialised property management and go through several rounds of approval in the boom years, decisions now need to be made quickly.

## quick

We are now bundling all of our essential real estate management activities in one place. We have also changed the interfaces between individual roles and assigned clear responsibilities. This enables our new super asset managers to make much clearer statements about a property's status, the asset management strategy, the business plan and all the associated background noise currently required to enhance a property's value. ”

Martin Karehnke
Managing Director Asset Management, Letting, Competence Center, Retail, Marketing

### What sets us apart

Our unique selling proposition is our holistic approach. Our staff supports the entire management process and follows the principle of “one face to the customer”, with one individual covering the entire repertoire of property management services.

## agile

Unlike most of our competitors, we have our own property management business where we can combine our asset management, ESG and property management expertise to create value. We don't have to buy in any services; instead, we can react and take action immediately to make our tenants happy. ”

Karin Richter
Managing Director Development & Value Add, Technical Management, Technical Controlling & Process Organisation

### How our new 360-degree asset managers work

Our super asset managers manage a maximum of five properties and operate more quickly with expanded responsibilities. Previously three of them had been responsible in a single property cosmos.

## effective

This initiative streamlines approval processes, allowing us to focus on properties and tenants instead of organisational and functional issues. This means strategic projects can be implemented rapidly every time. We have outstanding former commercial property managers who are growing into this new role and are glad to be fully responsible for such incredible properties. Our new 360-degree asset managers make all decisions together with us in executive management. ”

Ivica Pavusek-Muta
Managing Director Commercial, Human Resources, ESG, Third-party Mandates

# The heart of our business model

The Branicks hallmarks: a regional and national real estate platform and nine offices on the ground in all major markets, enabling us to turn ideas into added value without fuss.

**Commercial Portfolio**

- Steady rental cash flows from managing our own properties
- Sales profits after successful active management

**Real estate platform**

- Impressive resilience from diversified sources of income
- Financial stability and continuous profitability, irrespective of market cycles
- Synergies between both operating segments can unlock and enhance value along the entire real estate value chain

**Real estate funds for third parties**

- Steady management income generated by a wide range of services for third parties
- Investment income from structured investments

# To our shareholders

# Investor relations and capital markets

### Significant volatility in the global financial markets in 2023

After a challenging year of trading in 2022, 2023 was also dominated by major price fluctuations in both the equity and bond markets primarily caused by central bank interest rate and monetary policy, inflation trends and constantly changing market expectations over the course of the year, particularly with regard to interest rates.

Looking at the full year, turbulence in the US and Swiss banking sectors in the first quarter in particular weighed on sentiment. In the second quarter, the markets were occupied by economic worries and fears of a recession in Europe as well as wrangling over the debt ceiling in the USA, with a settlement reached at the last minute. In the third quarter, factors such as renewed inflation concerns fueled by a spike in oil prices caused equities and bonds to shed significant value. The final quarter of the year was unsettled by the outbreak of the Israel-Gaza conflict in particular.

However, equities and bonds then experienced a year-end rally from November, driven by lower inflation figures in Europe and the USA as well as repeated signs from central banks that the cycle of interest rate rises is coming to an end.

## Highlights in 2023

2022 Annual Report receives another **EPRA BPR Gold Award**

Another **EPRA sBPR Gold Award** for 2022 Sustainability Report

**Intensive capital market communication** with over 80 investor meetings during the year

# Branicks Group AG – shares

| Basic data (as at March 2024) | |
|---|---|
| Number of shares | 83,565,510 (registered shares) |
| Share capital in EUR | 83,565,510 |
| WKN/ISIN | A1X3XX / DE000A1X3XX4 |
| Symbol | BRNK |
| Freefloat | 45.6 % |
| Exchanges | Xetra, all exchanges in Germany |
| Deutsche Börse segment | Prime Standard |
| Designated sponsors | ODDO BHF Corporates & Markets AG, Baader Bank AG |
| Paying agent | Joh. Berenberg, Gossler & Co. KG |

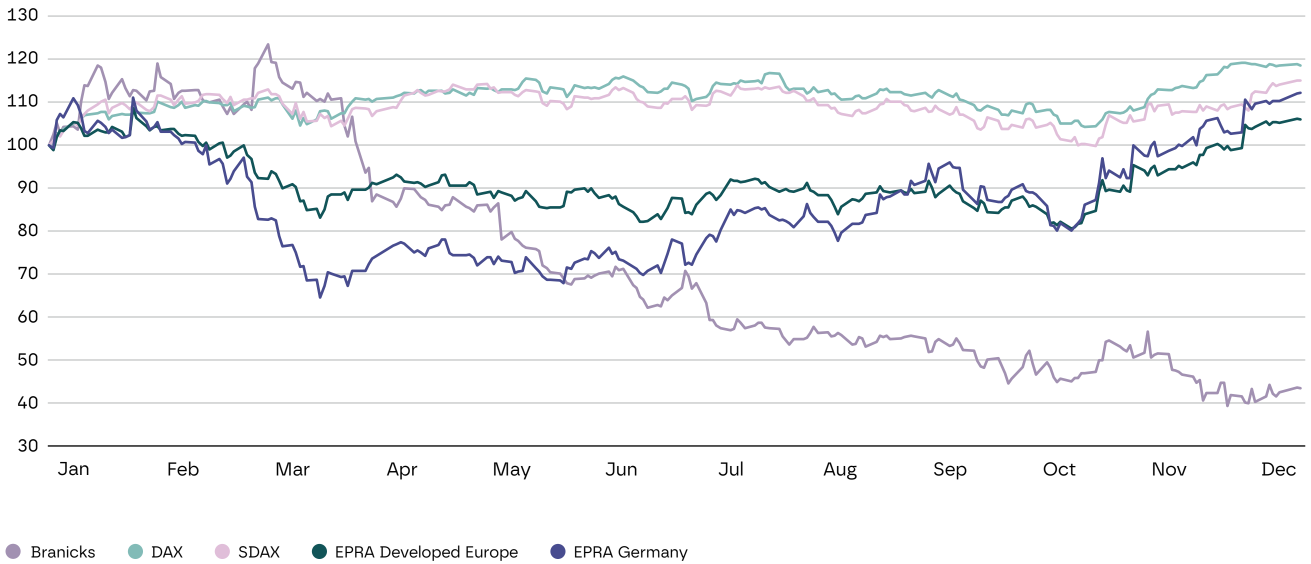
**Key figures** [1]

| | | 2023 | 2022 |
|---|---|---|---|
| FFO per share | Euro | 0.62 | 1.38 |
| FFO yield [2] | % | 18.3 | 18.1 |
| Dividend per share | Euro | 0.00 [3] | 0.75 |
| Dividend yield [2] | % | 0.0 | 9.8 |
| | | | |
| Year-end closing price | Euro | 3.38 | 7.62 |
| 52-week high | Euro | 9.73 | 15.76 |
| 52-week low | Euro | 2.97 | 6.71 |
| Market capitalisation [2] | EUR million | 282 | 634 |

[1] Xetra closing prices in each case.
[2] Based on the Xetra year-end closing price.
[3] Proposed.

**Share performance 2023**

indexed (Xetra closing price on 31 December 2022 = 100%), Branicks Group AG excluding dividend distribution




## Branicks shares suffer losses during the year

Germany's DAX and SDAX benchmark indices recorded gains of 20% and 17% respectively over the course of 2023. The EPRA Developed Europe sector index containing European listed real estate companies performed well, rising by 11%. The companies included in the EPRA Germany sector index saw their value increase by 24%.

Shares in Branicks (formerly DIC Asset AG) opened trading at EUR 7.65 on 2 January 2023 and ended the year with a Xetra closing price of EUR 3.38, a decline of more than 55%.

# Branicks Group AG – bonds

| Basic data | |
|---|---|
| Name | Branicks Group AG Green Bond 21/26 |
| ISIN | XS2388910270 |
| WKN | A3MP5C |
| | |
| Segment | Euro MTF market of the Luxembourg Stock Exchange |
| | |
| Minimum investment amount | EUR 100,000 |
| Coupon | 2.250% |
| Issuance volume | EUR 400 million |
| Maturity | 22.09.2026 |

| Key figures | | |
|---|---|---|
| in EUR | 2023 | 2022 |
| Branicks Group AG 18/23 bond[1] | | |
| Year-end closing price | n.a. | 99.1 |
| Yield to maturity at year-end closing price | n.a. | 4.81 % |
| | | |
| Branicks Group AG 21/26 Green Bond | | |
| Year-end closing price | 38.0 | 57.5 |
| Yield to maturity at year-end closing price | 46.99 % | 19.23 % |

Source: vwd group / EQS Group AG

[1] Repayment on 2 October 2023.

## Corporate bond repaid on schedule

In 2023, the bond markets were characterised by slumping prices and rising yields until October before expectations of falling interest rates triggered a turnaround. The continuing rise in interest rates until late autumn caused particular problems for bonds from the real estate sector in 2023, with insolvencies within the industry adding further uncertainty.

As a result, the 21/26 Green Bond with a volume of EUR 400 million ended the year below par and below its opening price for the year at 38.0 as of 29 December 2023 (30 December 2022: 57.5) due to factors such as lower trading volumes and higher denominations.

The 18/23 bond with a volume of EUR 150 million was repaid on schedule on 2 October 2023.

## Virtual 2023 General Shareholders' Meeting

At the 2023 General Shareholders' Meeting, which as in previous years was held as an online event on 30 March 2023 without shareholders, proxies and guests in physical attendance, all items on the agenda were adopted with large majorities.

The dividend approved for the 2022 financial year amounts to EUR 0.75 (previous year: EUR 0.75). This corresponds to a payout ratio of 54% (previous year: 57%) of funds from operations (FFO). As in previous years, shareholders may choose to receive their dividends either in cash or in the form of new shares (scrip dividend). The dividend yield in relation to the XETRA year-end closing price for 2022 was 9.8% (previous year: 4.9%).

Other resolutions included the change in the Company's name to "Branicks Group AG" and formal approval of the actions of the Management Board and Supervisory Board for the 2022 financial year.

In addition, auditing firm BDO was appointed for the 2023 financial year and the remuneration report for the Management Board and Supervisory Board was discussed.

In her speech, CEO Sonja Wärntges reflected on the record 2022 year and explained the change in company name.

## Scrip dividend strengthens equity

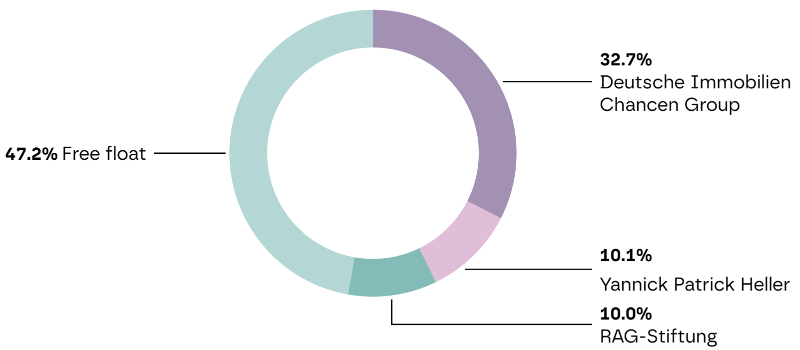
For the sixth time in a row, shareholders were given the option to receive their dividends for the 2022 financial year either in cash or in the form of new shares (scrip dividend). With the acceptance rate standing at 6.06% (previous year: 40.54%), on 4 May 2023 a total of 413,144 new shares were credited to the securities accounts of the participating shareholders and admitted to trading on the Regulated Market of the Frankfurt Stock Exchange.

After the capital increase was entered in the Commercial Register on 26 April 2023, the number of outstanding Branicks Group AG shares as at year-end 2023 amounted to 83,565,510, which corresponds to an increase of approximately 0.5% compared to the end of 2022. The gross proceeds from the issuance of new shares add up to approx. EUR 2.7 million, strengthening the Company's equity base.

## Stable shareholder structure

Branicks's shareholder group has a fundamentally stable structure comprising national and international institutional investors. The RAG-Stiftung, a foundation, has been a major Branicks shareholder since 2014 and holds around 10.0% of the Company's shares. Anchor shareholder Deutsche Immobilien Chancen Group currently holds around 32.7% of the shares, of which 8.2% are attributed via TTL Real Estate GmbH. In February 2021, Yannick Patrick Heller held an equity interest of around 10.1%, thus exceeding the 10% threshold. A total of around 47.2% of shares are currently in free float.

**Shareholder structure**




Last updated: February 2024

All voting rights announcements available to us are published on our website and in the notes starting on → page 177.

## Consistent capital markets communication

Our investor relations work is based on the principles of openness, transparency and fairness to all financial market participants. Investor relations activities focus on providing ongoing, timely information about the latest developments and course of business to our shareholders, investors and analysts.

In addition to issuing detailed written reports, we maintain direct contact with our private and institutional shareholders and with analysts, regularly providing information on all important events. We use social media channels to network with capital market investors and intermediaries, as well as market partners, especially in the context of IR events, trade fairs and other current events.

In financial year 2023, the IR team and Management Board held talks with numerous German and international investors on a total of eight conference days (including the Deutsches Eigenkapitalforum investor event), one roadshow day and across 80 video calls. Further communication took place via phone and e-mail. Branicks also hosted webcasts for the wider capital markets as part of the regular reporting cycle, each of which involved a presentation from the Management Board followed by an open Q&A session.

We promptly publish all information about Branicks that is relevant for the capital markets on our website and keep this information up to date continually. Besides financial reports, company presentations and notifications, recordings of the teleconferences on the annual and quarterly reporting, and a detailed consensus overview of analysts' current opinions can be found there.

Follow us on:

## Ongoing exchange with analysts

Branicks Group AG was covered by a total of eight analysts at the time this report was published. This decrease compared to the end of 2022 (when ten analysts covered the stock) is due to Stifel Europe and DZ Bank discontinuing their active coverage. There are currently two Buy recommendations, four Hold recommendations and three Sell recommendations. In the fourth quarter, HSBC resumed coverage after a lengthy period with "restricted" status. In March 2024, the median target price was EUR 4.25 per share (within a range of EUR 1.50 to EUR 9.00). Detailed estimates from these research firms are regularly updated and published on Branicks's IR website. The IR team maintains a regular exchange with the analysts on issues relating to modelling and company valuation. Around 50 talks were held with analysts in 2023.

**Analyst recommendations**

| Bank/Financial institute | Analyst | Current recommendation | Current price target in euros |
|---|---|---|---|
| Baader Bank | Andre Remke | Sell | 2.40 |
| Berenberg Bank | Kai Klose | Hold | 7.00 |
| HSBC | Thomas Martin | Hold | 4.50 |
| Kepler Cheuvreux | Ferran Tort Barniol | Sell | 1.50 |
| Metzler | Jochen Schmitt | Sell | 1.80 |
| ODDO BHF | Manuel Martin | Sell | 4.00 |
| SRC Research | Stefan Scharff, Christopher Mehl | Buy | 9.00 |
| Warburg Research | Philipp Kaiser | Buy | 7.90 |
| **Price target (median)** | | | **4.25** |

Last updated: March 2024

## Dividend policy

In principle, we pursue a growth-oriented dividend policy, based primarily on the operating profit achieved with our business model and largely derived from the FFO (funds from operations) key performance indicator. The Company's current financial shape plus the forecast for future market development and the need for financing are additional factors.

Given the longer-than-expected stagnation in the transaction market and the short- and medium-term maturities of its existing financing, the Management Board is being forced to take action to stabilise the Group's financial position. In this context, the Management Board also decided on 22 January 2024 to propose to the Supervisory Board not to provide for payment of a dividend for the 2023 financial year.

# IR activities in 2023

| | | |
|---|---|---|
| **First quarter** | | |
| 16.01. | Kepler Cheuvreux German Corporate Conference 2023 | Frankfurt |
| 15.02. | Publication of the 2022 Annual Report [1] | |
| 21.03. | Non-Deal-Roadshow (DACH) | virtual |
| 24.03. | Bank of America EMEA Real Estate CEO Conference | London |
| 30.03. | General Shareholders' Meeting | virtual |
| **Second quarter** | | |
| 11.05. | Publication of the Q1 2023 Statement [1] | |
| 22.05. | Publication of the 2022 Sustainability Report | |
| 08.06. | EPRA Corporate Access Day | London |
| **Third quarter** | | |
| 03.08. | Publication of the 2023 Half-year Report [1] | |
| 12.09. | SRC Forum Financials + Real Estate 2023 | Frankfurt |
| 20.09. | Baader Investment Conference 2023 | Munich |
| 26.09. | Degroof Petercam Real Estate Conference 2023 | Brussels |
| **Fourth quarter** | | |
| 08.11. | Publication of the Q3 2023 Statement [1] | |
| 28.11. | Deutsches Eigenkapitalforum 2023 (analyst event) | Frankfurt |

[1] With conference call.

# IR calendar 2024

Last updated: March 2024

**First quarter**

30.04. Publication of the 2023 Annual Report[1]

**Second quarter**

16.05. Publication of the Q1 2024 Statement[1]
29.05. Publication of the 2023 Sustainability Report

**Third quarter**

03.07. General Shareholders' Meeting
07.08. Publication of the 2024 Half-year Report[1]

**Fourth quarter**

07.11. Publication of the Q3 2024 Statement[1]

[1] With conference call.

## Outstanding reporting earns double gold award

Both our financial and ESG reporting again received a Gold Award from EPRA in 2022 – the highest category possible. Like the annual reports of previous years, the 2022 Annual Report was again presented with the BPR (Best Practices Recommendations) Gold Award, while the 2022 Sustainability Report won Gold for the second time in the annual sBPR (Sustainability Best Practices Recommendations) rankings. By presenting Branicks with these awards, EPRA recognised the Group's clear communication of its sustainability targets and its best-in-class approach to ESG. For more information on ESG ratings, see also → page 71 in this report.

## Involvement in associations

We are involved in particular in the most influential and largest associations, ZIA (Zentraler Immobilien Ausschuss) and EPRA (European Public Real Estate Association), in order to represent the common interests of the real estate sector and offer information services. Our CEO Sonja Wärntges contributes her expertise as a member of ZIA board of directors. We have also been a member of the European Association for Investors in Non-Listed Real Estate Vehicles (INREV) since January 2015.

# Report of the Supervisory Board

A reliable partner in a difficult market environment – 2023 was a year in which the stable business model of Branicks Group AG once again proved its worth. The Supervisory Board would like to express its great appreciation and deep gratitude to the Management Board and all of the employees who performed so exceptionally during this year.

In the 2023 financial year, the Supervisory Board fully and responsibly performed the duties incumbent upon it in accordance with the German Stock Corporation Act (AktG), the Company's Articles of Association and the Supervisory Board Rules of Procedure. The Supervisory Board consulted with the Management Board on the development of the Company and provided support for strategic corporate development and significant individual actions.

The Management Board informed the Supervisory Board during the financial year promptly and fully through written and oral reports. The written reports by the Management Board and, where applicable, the written proposals for resolutions, were made available to the Supervisory Board well ahead of time to allow its member to prepare for the discussions and the decisions to be made.

The reports set out all relevant information on significant issues regarding strategy and corporate planning, the situation and development of the Company and the Group, the risk position, risk management, the internal control system, compliance, and material transactions.

Business development was explained in detail by the Management Board and discussed by the Supervisory Board. The Supervisory Board was involved in all material decisions at an early stage and – to the extent necessary – gave its approval after examining and discussing them in depth.

The Chairman of the Supervisory Board was notified of material developments and decisions by the Management Board also between meetings, and discussed the Company's prospects and future orientation with the Management Board in separate talks.

## Attendance at meetings by Supervisory Board members

The Supervisory Board met for four ordinary meetings during the 2023 financial year. Three of these meetings were held in person, one meeting took place as a video conference. There were also nine extraordinary meetings, four of which were held as conference calls or video conferences, while five meetings were held in person. The Supervisory Board also met regularly on selected topics without the Management Board. In addition, four resolutions were adopted by written circular.

The Supervisory Board established an Audit Committee, which held two in-person meetings in the 2023 financial year.

The average attendance rate at the Supervisory Board meetings in the reporting year was 90%, while the average attendance rate at Audit Committee meetings was 100%.

The members of the Supervisory Board and the Audit Committee attended the meetings of the Supervisory Board and Audit Committee as follows:

| Member of the Supervisory Board | Supervisory Board meetings | Meetings attended | Attendance rate |
|---|---|---|---|
| Prof. Dr. Gerhard Schmidt (Chairman) | 13 | 13 | 100% |
| Michael Zahn (Vice Chairman) | 13 | 11 | 85% |
| Dr. Angela Geerling | 13 | 13 | 100% |
| Prof. Dr. Ulrich Reuter | 13 | 11 | 85% |
| Eberhard Vetter | 13 | 10 | 77% |
| René Zahnd | 13 | 12 | 92% |
| **Average attendance rate** | | | **90%** |

| Member of the Audit Committee | Audit Committee meetings | Meetings attended | Attendance rate |
|---|---|---|---|
| Prof. Dr. Ulrich Reuter (Chairman) | 2 | 2 | 100% |
| Prof. Dr. Gerhard Schmidt | 2 | 2 | 100% |
| René Zahnd | 2 | 2 | 100% |
| **Average attendance rate** | | | **100%** |

## Key points of deliberation at the Supervisory Board meetings

The meetings regularly covered the strategic consolidation of Branicks Group AG as well as its operational performance – specifically lettings, acquisitions and sales –, the trend in revenue and earnings as well as the financial position.

Individual meetings also focused on the following issues:

**01|25**

At this extraordinary meeting, the Management Board presented the preliminary profit for 2022 and the Supervisory Board approved the proposal presented by the Management Board to enable shareholders to choose whether they wish to receive their dividend payment in cash or in the form of new shares (scrip dividend).

The Management Board also presented the earnings forecast for the full 2023 financial year and finalised matters of operational planning, earnings and balance sheet planning as well as potential transaction activities for both the Commercial Portfolio and Institutional Business with the Supervisory Board. The Supervisory Board approved the 2023 budget planning proposed by the Management Board after detailed discussions.

In addition, the Management Board and the Supervisory Board discussed the plans to support the Company's development from a communicative perspective with a new name. The Supervisory Board agreed to a further legal review of potential new names.

**02|14**
This ordinary meeting focused on the outcome of the Audit Committee meeting, which was explained and discussed in detail. The annual financial statements for financial year 2022 were adopted and the consolidated financial statements were approved. The dependent company report and the remuneration report were also reviewed and approved. The Supervisory Board then discussed and approved the agenda and adopted the proposed resolutions for the General Shareholders' Meeting.

The Supervisory Board also addressed the organisational structure of Branicks Onsite GmbH and the Institutional Business, also discussing at length several operational topics in asset and property management and in the area of sustainability/ESG. Furthermore, the Supervisory Board discussed the communications strategy at Group level for 2023.

The Management Board also reported on the refinancing of a logistics sub-portfolio and explained the schedule and the financing terms.

**03|30**
A significant part of the meeting was devoted to the Management Board's report on current business developments. On the transaction side, the Management Board presented the sales programme for the two segments and the related loan repayments. Another topic of discussion was the generally higher-than-expected letting performance, which was primarily attributable to renewals in the Institutional Business. The status of the sale of the retail fund and the placing of the Unite property were also discussed.

Furthermore, the Supervisory Board discussed current financing issues at length. The Management Board provided an update on the refinancing of a sub-portfolio in the Group along with the terms and conditions and discussed further opportunities for refinancing in the current market environment.

**05|08**
At this ordinary meeting, the Supervisory Board addressed the Group's results for the first quarter of 2023. In this context, the Management Board explained the status of sales in both segments and provided an overview of ongoing letting activities.

In this meeting, the Supervisory Board also determined the variable remuneration for the Management Board for the 2022 financial year and set the targets for the variable remuneration for the 2023 financial year.

**06|23**
At this extraordinary meeting, the Supervisory Board addressed the planned sale of three properties from the Commercial Portfolio and three from the Institutional Business. Planned sales at the level of VIB AG and various refinancing options were also discussed.

A large part of this meeting was spent discussing with the Management Board a possible modification of the bridging loan and the status of negotiations with the financing banks.

**07|07**
At this extraordinary meeting, the Supervisory Board addressed the conclusion of an agreement to amend the bridging loan contract and, following detailed deliberation, agreed with the Management Board's proposal.

In addition, the Supervisory Board discussed in detail the granting of an upstream loan to Branicks Group AG by VIB Vermögen AG and agreed with the Management Board's proposal.

**07|12**
At this extraordinary meeting, the Supervisory Board addressed the earnings forecast for the second quarter and deliberated with the Management Board at length on the prevailing market conditions and their effects on the different sections of the Group. On the basis of the results and the persistently difficult market environment, the Management Board explained why it was revising its forecast for full-year 2023.

Furthermore, the Supervisory Board concerned itself with the extension of the bridging loan. The Management Board presented the underlying business plan and the associated liquidity planning.

**08|02**
At this ordinary meeting, the Management Board reported on the earnings for the first half of 2023 as well as ongoing transaction activities and those planned for the second half of the year.

The Supervisory Board also discussed the status of several refinancing matters within the Group and their impact on the bridging loan and the underlying business plan.

**09|06**
At this extraordinary meeting, the Supervisory Board discussed the current course of business, especially the ongoing sales and the different refinancing arrangements, as well as their impact on liquidity planning up to the end of 2023.

The Management Board also presented the revised sales strategy for the retail fund in the Institutional Business and the possibilities for raising equity from different sources.

**10|26**
At the extraordinary strategy meeting, the Management Board explained the preview of the nine-month results and the planning up to year-end 2023. The liquidity planning and the most important milestones to be achieved by year-end, including the sales and different refinancing options, were also discussed in this context.

There was also a detailed discussion on the strategic focus of the business model. In this connection, the Management Board presented planning scenarios for 2024 plus the underlying transactions.

**11|07**
At this extraordinary meeting, the Supervisory Board focused on the results for the first nine months. In addition, the Management Board presented an updated stress test of the Company's liquidity planning and the status of the related sales and refinancing considerations.

**11|27**
At this extraordinary meeting, the Management Board outlined the impact of the different sales of the Leverkusen and Neufahrn properties on liquidity planning up to year-end and provided an update on the ongoing refinancing activities.

In addition, the Supervisory Board addressed the engagement of corporate finance advisers for negotiating the renewal of existing financing arrangements.

**12|19**
At this ordinary meeting, the Management Board explained the earnings forecast for the full 2023 financial year. Matters of operational planning, earnings and balance sheet planning as well as potential transaction activities for both the Commercial Portfolio and Institutional Business for the 2024 financial year were also discussed with the Supervisory Board.

Furthermore, the Supervisory Board and the Management Board held an in-depth discussion of the liquidity planning in view of the bridging loan and the promissory note tranches falling due in 2024, as well as the measures considered for strengthening and improving the financial situation.

The Supervisory Board also adopted the Declaration of Compliance for the 2023 financial year.

In addition, due to the departure of Prof. Dr. Ulrich Reuter from the Supervisory Board and, consequently, from the Audit Committee as at 31 December 2023, Dr. Angela Geerling was elected to the Audit Committee.

## Audit Committee report

The Supervisory Board established an Audit Committee to ensure that work is allocated and performed efficiently. This committee met twice in 2023. The meetings were attended by all members of the Audit Committee (for more details see the "Attendance at meetings by Supervisory Board members" section).

The meeting held in February 2023 focused on the areas of emphasis of the audit and on financial reporting documents for financial year 2022. With representatives of the auditor in attendance, the meeting was devoted to a detailed analysis and discussion of the annual and consolidated financial statements for financial year 2022 along with the combined management and group management report as well as the associated audit reports, taking into account in particular the areas of emphasis defined by the Audit Committee in coordination with the auditor for the consolidated financial statements (inclusion of VIB in the basis of consolidation for the first time, recoverability of the carrying amounts of properties (key audit matter) and the impairment tests of the goodwill arising from the acquisition of GEG (key audit matter), revenue recognition in the Group, transactions and recoverable value of the loans with/to related parties and correct depiction of the financing arrangements) and for the single-entity financial statements (recoverable value of the equity investments and loans including investment income (key audit matter), one-sided use of scope in accounting, also related party transactions, revenue recognition and correct depiction of the financing arrangements).

The Committee also dealt in detail with the review of Branicks Group AG's internal control system, focusing on accounting, lease management, receivables management, deferral and invoicing of service charges, and IT systems.

Recommendations were approved for the Supervisory Board's resolutions concerning the financial reporting documents for the 2022 financial year.

At the ordinary meeting held in December 2023, the Audit Committee analysed the earnings forecast for the full 2023 financial year. Together with the auditor's representatives, the Audit Committee specified the areas of emphasis and the key audit matters for the 2023 financial year and examined the preliminary results of the APAS audit. René Zahnd was elected as the new Chairman of the Audit Committee with effect from 1 January 2024 because the previous Chairman Prof. Dr. Reuter stepped down from the Supervisory Board as at 31 December 2023 and hence left the Audit Committee.

## Corporate governance and Declaration of Compliance

Members of the Supervisory Board are responsible for completing the training and continuing professional development required for their roles – on subjects such as changes to the legal framework, for example – and are supported by the Company in doing so. New members of the Supervisory Board can meet members of the Management Board to discuss fundamental and current issues and thus gain an overview of topics that are relevant to the Company (known as “onboarding”).

The Supervisory Board, in conjunction with the Management Board, in December 2023 issued the annual Declaration of Compliance in accordance with section 161 of the AktG on the recommendations of the German Corporate Governance Code, taking into account its amendments. It was published on the Company’s website in the Corporate Governance section.

In the section entitled “Corporate governance statement” of this Annual Report, the Management Board and the Supervisory Board jointly report in detail on corporate governance for the Company and the Group.

## No conflicts of interest

In compliance with the German Corporate Governance Code, each member of the Supervisory Board will disclose any conflict of interest that might arise.

Between the Company and law firm of Weil, Gotshal & Manges LLP, of which Prof. Dr. Gerhard Schmidt, the Supervisory Board Chairman in office in financial year 2023, is a partner, advisory mandates existed during the 2023 financial year with the approval of the Supervisory Board. Prof. Dr. Gerhard Schmidt did not take part in the corresponding discussion and resolution of the Supervisory Board.

No other conflicts of interest arose in financial year 2023.

## Annual and consolidated financial statements for 2023 audited and approved

The Management Board prepared the annual financial statements for financial year 2023 in accordance with the German Commercial Code, the consolidated financial statements in accordance with IFRSs, as adopted by the EU, and with the commercial law regulations to be applied in addition pursuant to section 315e of the HGB, as well as the management report combined with the group management report. These items were audited by BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, appointed as auditors at the General Shareholders‘ Meeting on 30 March 2023, and an unqualified auditor’s report was issued for each of them. The remuneration report jointly prepared by the Management Board and the Supervisory Board in accordance with section 162 of the AktG for the 2023 financial year was also formally audited by the auditor. BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, has been the auditor for Branicks Group AG (formerly: DIC Asset AG) and the Branicks Group since financial year 2022. The auditor responsible for the audit, Christoph Hykel signed the auditor’s report for the first time for financial year 2022.

All of the documents mentioned were discussed at the meetings of the Audit Committee and the Supervisory Board on 29 April 2024 attended by representatives of the auditor. The auditor of the annual financial statements reported on the areas of emphasis and material findings of their audit and focused in particular on key audit matters and audit activities carried out. Key audit matters for auditing the consolidated financial statements were the recoverability of the carrying amount of the properties and the impairment test of the goodwill arising from the acquisition of GEG and RLI. The measurement of the carrying amount of the investment and of the receivables from affiliated companies was defined as a key audit matter for auditing the annual financial statements of Branicks Group AG. No significant weaknesses in the internal control and risk management system relevant for the financial reporting process were reported. The auditors were available to the members of the Committee and the Supervisory Board for comprehensive discussion. There were no circumstances that could suggest any bias on the part of the auditor.

The Audit Committee, to which the Management Board's documents and the auditor's audit reports were submitted in good time for a preliminary audit, reported to the Supervisory Board on the essential content and findings of its preliminary audit, and issued recommendations for the Supervisory Board's resolutions.

The Supervisory Board, which was also provided with the documents and audit reports in good time, examined the annual and consolidated financial statements for financial year 2023 and the management report combined with the group management report, taking into account the Audit Committee's report. The Supervisory Board concurred with the findings of the auditor's audit. On the basis of its own review, the Supervisory Board established that it had no cause for objections against the annual financial statements and consolidated financial statements or against the combined management report and group management report. The Supervisory Board approved the annual and consolidated financial statements prepared by the Management Board in line with the recommendation of the Audit Committee. The annual financial statements of Branicks Group AG were thereby adopted. The remuneration report was approved by the Supervisory Board.

## Relations with affiliates reviewed

The Management Board prepared a report on relations with affiliates for financial year 2023. The auditor has audited this report, reported on the findings in writing and issued the following unqualified auditor's report:

"In accordance with our dutifully performed audit and assessment, we confirm that

1. the factual statements in the report are correct,

2. the payments made by the Company in connection with the legal transactions referred to in the report were not unduly high under the circumstances know at the time they were carried out."

The Management Board's report and the auditor's report were also made available to the individual members of the Supervisory Board in good time. These reports were discussed in depth in the meetings of the Audit Committee and the Supervisory Board. The representatives of the auditor who participated in the meetings reported on the material findings of their audit. The Supervisory Board approved the Management Board's report on the relations with affiliates following its own review and also concurred with the findings of the audit of the report by the auditor. As a result of its own review, the Supervisory Board established that it had no reason to object to the statement made by the Management Board on relations with affiliates at the end of the report.

## Appointments to the Management Board and Supervisory Board

The following changes took place on the Supervisory Board at the end of the reporting period: the term of office of Prof. Dr. Ulrich Reuter ended following his resignation effective 31 December 2023. The Supervisory Board would like to thank Prof. Dr. Ulrich Reuter for his many years of valuable and trust-based collaboration on the Board. After the end of the reporting period, the Supervisory Board elected Dr. Angela Geerling as its new Chairwoman on 13 April 2024. The previous Supervisory Board Chairman, Prof. Dr. Gerhard Schmidt, continues to be a member of the Supervisory Board.

There were no changes to the composition of the Management Board.

Frankfurt am Main, 29 April 2024
The Supervisory Board

Dr. Angela Geerling
– Chairwoman of the Supervisory Board –

# Combined management report

# Fundamental information about the group

## Brief profile and business model

Branicks AG ("Branicks", "we"), formerly DIC Asset AG, is one of Germany's leading listed commercial real estate specialists, with over 25 years of experience in the real estate market and access to a broad network of investors.

The former DIC Asset AG rebranded with effect from 2 October 2023, since when the office and logistics property specialist has been operating in the market under the name Branicks Group AG ("Branicks"). Branicks is a play on words using the words 'Brains' – the unique expertise and dedication of our teams – and the term 'Bricks', in reference to the property value we create for our clients.

Our business model is based on a nationwide investment, transaction and management platform with nine offices in all of Germany's key markets (including VIB Vermögen AG, or "VIB"). We provide on-site support for a total of 351 properties, which means we are always close to our properties and their tenants. As of 31 December 2023, the market value of our real estate assets under management totalled approximately EUR 13.2 billion.

We use our platform to manage properties within our proprietary portfolio and thus ensure a high and stable cash flow, while our assets under management also include the real estate investments of institutional investors. This enables us to act as a full-service system provider who covers all aspects of commercial real estate investments and pursue an active asset management approach that leverages appreciation potential and increases income across the Company. At the same time, this approach gives us a high degree of flexibility when structuring the investment products we issue and manage for our institutional clients. Our range of services includes the structuring of investment vehicles, acquisition and financing, day-to-day management of our real estate portfolio and the repositioning and sale of selected properties.

By taking a 360-degree approach that integrates all players and phases of property management, we optimise the use of resources like capital and know-how while effectively networking assets, occupiers and investors on our platform. This results in disruption-free value creation across all market cycles.

The steady growth of our platform's range of deliverables and its profitability is driven by the know-how of our in-house management teams across the entire range of our business lines.

## Segments and income structures

We generate sustainable and diversified cash flows across two segments, from rental income and management fees to sales proceeds and investment income: We differentiate between two segments in our income statement based on capital employed and income characteristics:

The **Commercial Portfolio** (COP) segment with assets under management of EUR 3.6 billion consists of our investments and revenue streams from properties shown as assets on the balance sheet. Investment properties that we manage as property owners contribute a steady, long-term stream of rental income. We also use active management to increase their value and realise profits by selling them. In this segment, we also generate income from equity investments.

Our balance sheet also plays a conceptually important role for the property pipeline in our second business segment. As part of our warehousing activities, we acquire properties when opportunities arise and transfer them to our own balance sheet, refurbish properties and thus create a portfolio of attractive investment components that are readily available to be transferred to managed vehicles.

In the **Institutional Business** (IBU) segment with assets under management of EUR 9.6 billion, we generate fees for a large number of real estate investment services for domestic and international institutional clients for whom we structure and manage funds, club deals and separate accounts.

Our range of services includes active management across all cycle phases: setup and transaction fees for structuring investments and transfers, fees for ongoing asset and property management, development fees for value enhancement measures and performance fees for achieving defined targets. We also generate investment income as co-investor from minority holdings in the investment products and projects that we manage.

There are strong synergies between both segments on our platform: Combining the financial and balance sheet structure of a portfolio holder with the management expertise of an active asset manager enables us to exploit market opportunities quickly and flexibly. At the same time, the income streams of the complementary segments offer a high degree of risk balance and resilience to market fluctuations.

## Group structure

In addition to Branicks Group AG, the Group comprises a total of 191 subsidiaries. The majority of these are property holding companies through which the Group’s operating activities are carried out. All equity investments are listed in appendices 1 and 2 to the notes to the consolidated financial statements.

As a central management holding company, Branicks Group AG brings together the functions of corporate governance: directing Group strategy (in particular investment management, portfolio management and sales strategy), corporate and real estate financing, risk management, compliance management as well as the control of property management. The management holding company is also responsible for capital market and corporate communications.

Four subsidiaries carry out important core operating tasks for our platform: Branicks Institutional GmbH and DIC Fund Balance GmbH are responsible for the Institutional Business segment, including fund and asset management of investment products structured for third parties, refining investment strategies and supporting institutional investors. The Group’s own real estate management company Branicks Onsite GmbH provides on-site support for the entire property portfolio, including Branicks’ directly-held Commercial Portfolio as well as real estate in the Institutional Business throughout Germany. The fully consolidated subsidiary VIB, headquartered in Neuburg an der Donau, is the logistics real estate specialist within the Branicks Group and also handles project development for new logistics properties.

### Regional structure and locations

Our profound regional expertise with nine branch offices throughout Germany enables us to exploit the different advantages and opportunities offered in regional markets to create attractive investment opportunities. Firmly embedded in the market, our teams provide both tenants and properties with on-site support. The majority of our employees involved in property management work in regional management teams with offices in Berlin, Cologne, Düsseldorf, Frankfurt am Main, Hamburg, Mannheim, Munich and Stuttgart. Since 2022, the employees of subsidiary VIB based at Neuburg an der Donau have also been part of our team.

The Management Board and company head office is located in Frankfurt am Main. Central strategic, management and administrative functions are performed here.

## Market environment

Compared to other European countries, the German commercial property market is less centralised. The federal economic structure in Germany means there is a large number of strong regional economic centres. The so-called top seven cities (Berlin, Cologne, Düsseldorf, Frankfurt am Main, Hamburg, Munich and Stuttgart) are characterised by high volumes of office space, a very active level of transactions and high liquidity, strong competition and therefore a higher volatility of prices and rents. At the same time, there is a multitude of medium-sized cities, which form the centre of economically strong regions. Competition is less fierce and transaction activity is less pronounced in these regional centres. Prices and rents, however, are relatively stable. Whereas in the past demand for logistics space was focused on the metropolitan regions and their surrounding areas, the continuing excess demand means that secondary locations are becoming increasingly important.

In the investment market (acquisition and sale) for German commercial real estate, we compete with both domestic and international property owners/investors, some of whom are also listed. Our main competitors are providers who also focus on office and logistics properties. The competitive landscape generally includes a large number of market participants of different sizes. Due to its breadth and liquidity, the market has had a strong appeal to international investors for many years.

## Corporate management

Our management system aims to increase enterprise value and to achieve long-term profitable growth without incurring disproportionate entrepreneurial risk.

### Planning process

Our planning process is based on detailed planning in the Commercial Portfolio and Institutional Business at individual property and portfolio level (bottom-up planning).

Planning also concerns revenue and overhead costs as well as depreciation/amortisation and financing. Risks and specific opportunities are considered by way of risk management.

Corporate planning is finalised through targets and strategic elements (by way of top-down planning) before the individual sub-plans are finally consolidated at Group level. Group planning also includes strategic Group measures and the assessment of the general environment by the Management Board. It is carried out once a year and is amended during the year by subsequent forecasts in line with the expected market situation and any changes that arise in the meantime.

Planning consists of:

- Detailed business plans for properties, portfolios and investment vehicles comprising, among other things, estimated rental income, costs and capital expenditure as well as gross profit including management and investment income.
- Targets for operational real estate management including action planning, among others with regard to letting, sales, capital expenditure and project developments.
- Detailed planning of real estate management fees (recurring fees and one-off fees from planned transactions) and income from existing equity investments.
- Consideration of the necessary staffing levels
- Detailed planning of financing transactions (new borrowings, extension and/or repayment of debt or equity instruments) and liquidity

### Company-specific leading indicators

To be able to seize opportunities rapidly and avoid possible undesirable developments, we consider leading macroeconomic and operating indicators when making business policy decisions.

The principal macroeconomic leading indicators include the development of gross domestic product, the Ifo index, inflation rates, unemployment trends and employment levels as well as forecasts of interest rate trends and lending. These leading indicators allow us to draw conclusions about the development of the property sector overall, the regional markets relevant to us and the future general environment and costs of our financing arrangements. The property market usually shows a somewhat delayed reaction to economic trends.

Significant operational leading indicators include lease signings as well as lease expiries and terminations. These are incorporated, among other things, into the monthly reporting on our letting activities. Our tenant-focused property management and the terms of our leases enable us to calculate the income base very precisely per month, initiate any necessary counter-measures and draw conclusions about our short- to medium-term income development. We supplement these revenue-based indicators with regional information and company data from our offices. This information allows us to fine-tune our letting activities in particular.

## Key control variables

The internal control system and regular updates of corporate planning by way of forecasts serve as our main monitoring and management instruments.

In order to monitor the achievement of targets, we use key operating figures, which are part of regular reporting. The operating profit from real estate management (funds from operations, FFO, calculated after deducting minority interests) is the most significant figure from a Group perspective. Key figures to be taken into account in calculating FFO are net rental income, personnel and administrative expenses, real estate management fees, the share of the profit or loss of associates, and net interest result.

We report FFO separately for the Commercial Portfolio and Institutional Business segments. While FFO of the Commercial Portfolio segment is largely driven by net rental income, the Institutional Business segment predominantly generates income from real estate management fees. We also report FFO II (after minority interests) including profit on sales in order to ensure additional transparency and comparability.

Other key figures used for corporate management include:

- Loan to value (LTV)
- Adjusted LTV
- Net asset value (NAV)
- Adjusted NAV
- Letting performance
- EPRA vacancy rate
- Like-for-like rental income

In addition to controlling the target figures in absolute terms, the corresponding key figures per share are also included in the planning.

# Objectives and strategies

We are one of the largest commercial real estate specialists with a focus on office and logistics properties and primarily operate in the German real estate market. We also aim to expand our logistics investments outside Germany in neighbouring countries and to central logistics hubs.

Our corporate strategy focuses on generating a sustainable, steady stream of income via our in-house real estate management platform. We aim to grow rental income and enhance the market value of property in our directly held Commercial Portfolio.

In our business with institutional investors, we want to build on the recurring income from the ongoing asset and property management of managed investment vehicles while at the same time increasing income from property services in our transaction-based business.

Across all segments, one of the key success factors for our business model is applying our management expertise to the entire portfolio. We pursue a balanced optimisation strategy by optimising our portfolio in both operating segments by making targeted acquisitions and sales and generating cash inflows from the sales proceeds for the consolidation of our capital and financial structures. This means we can always act swiftly, flexibly and reliably on the market.

Our strategy is mainly based on the following approaches:

### Optimising the investment platform by implementing a targeted acquisition and sales strategy

Our investment mix for the office asset class covers all of Germany with a focus on the regions near our offices. In Germany, these include the top seven cities as well as attractive cities in economically strong centres and their peripheries. By strategically expanding our logistics expertise and logistics investments we also aim to grow outside Germany in neighbouring countries.

We avoid long-term cluster risks by diversifying our platform on a regional, sectoral and tenant-related basis. Pursuing a targeted and efficient asset management approach also ensures an attractive yield profile and creates added value for us and our investors. This strategy is rooted in our regional expertise and our excellent access to markets. This allows us to identify and successfully develop properties with an adequate risk/yield ratio in Germany's key and regional real estate markets.

### Creating value in asset management services for third parties

We offer national and international institutional investors our many years of investment expertise, transaction management skills and a broad range of real estate services in Germany's key and regional real estate markets and neighbouring logistics markets outside Germany. We design customised investment structures with attractive dividend yields by way of pool funds, club deals and individual mandates. Further opportunities arise from expanding our third-party business for institutional investors to include VIB.

We leverage our in-depth real estate knowledge to drive a growing third-party asset management business and achieve recurring and increasing management income by taking on asset and property management mandates. We are using specialist skills, expertise and low capital expenditure to steadily diversify our sources of income and stabilise our business's revenue streams.

## Providing momentum with agile management

As an agile company with an active management approach, having an efficient organisation is very important to us. We are pushing ahead with digitalisation in order to mobilise our knowledge, create additional capabilities and further enhance the performance of our integrated management platform. Across every segment of our company, we are constantly reviewing and constructively developing new solutions in order to improve the speed, flexibility and transparency of our business.

Thanks to our expertise, we are able to leverage value add potential, especially through refurbishment work. We employ our own highly efficient teams for refurbishing properties both in our Commercial Portfolio and in the Institutional Business portfolio. These teams take care of measures aimed at repositioning properties to create value. By entering into new leases, achieving higher rents for new leases and reducing vacant space, we make an important contribution to increasing the value of our portfolio.

Sales are also an integral component of our activities. We use them to optimise our portfolio, realise profits at the right time and release funds that improve our financial structure and capital efficiency. In our Institutional Business we generate transaction and performance fees by selling properties at a profit.

Through our subsidiary VIB, we also develop new logistics properties for our proprietary portfolio and, going forward, will offer this service for third parties as well. The complete project pipeline comprises around 70,000 sqm and is being implemented according to Green Building standards.

## Financial and capital structure

We aim for a stable financial and capital structure even in a difficult market environment. Our goal is to further optimise our financial foundation by increasing the share of long-term predictable cash flows generated from rental income and management income. We have a broad network of business partners in the banking and financial sector and on the capital markets.

## Implementing ESG aspects

To ensure that the Company can remain commercially successful in the long term, Company management attaches material significance to sustainability in addition to economic factors. Sustainability therefore is an integral part of our corporate strategy, management approach and business activities.

When it comes to our Commercial Portfolio, the Branicks ESG strategy includes the following aspects:

- Developing our proprietary portfolio based on company-specific environmental and governance criteria (MATCH)
- Acquiring suitable properties and disposing of unsuitable ones (TRANSACT)
- Sustainable letting and management (OPERATE)
- Further developing the property portfolio under management by implementing structural, technical or innovative measures (DEVELOP)

360-degree value creation and ESG strategy

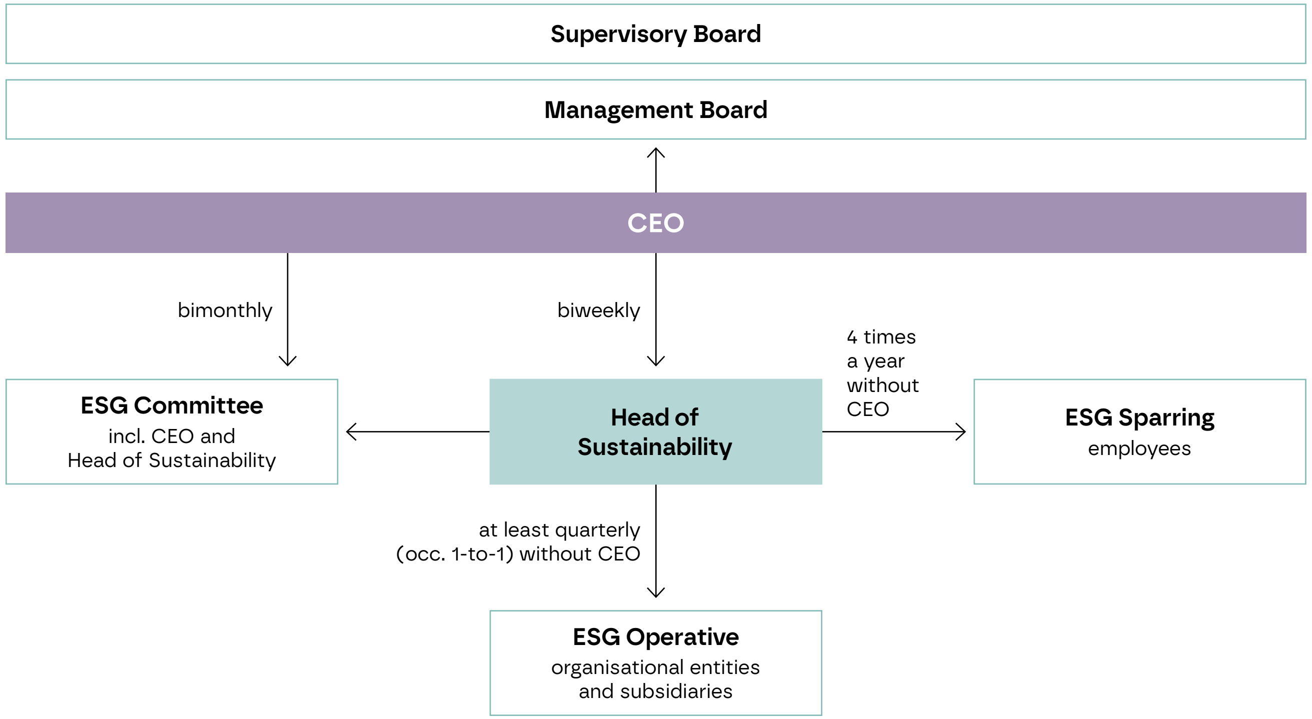

In our Institutional Business, we pursue the following strategy:

- Designing innovative products for our investors (MATCH)
- Acquiring suitable properties to sell them at the right time at a higher value (TRANSACT)
- Actively managing the respective (fund) products based on our investment strategy (OPERATE)
- Developing individual investments and properties with the approval of investors (DEVELOP)

Digitalisation is a fundamental building block of our ESG strategy. We make our management approach more efficient and agile, and increase the quality of service delivery by standardising and automating operational and administrative processes. This is why we are continuously working on integrating digitalisation into our ESG routines and work streams. We use digital tools to better network previously existing data structures. This will give us not only improved data oversight and increase our control options but also boost communication addressing all stakeholders.

For the ESG strategy to be successful, ESG issues need to be clearly embedded within our organisation, and the different units must work together to contribute their ESG expertise. The Head of Sustainability is responsible for developing the ESG strategy on an ongoing basis and working with Branicks's administrative and operating areas to step up their ESG activities. This includes identifying, setting targets and centrally managing strategic and economically viable ESG projects along the value chain, managing the implementation of governance issues, ESG reporting and sustainability communications. The Head of Sustainability reports directly to the CEO and is closely involved in the Company's ESG-related decision-making processes. At Branicks, overall responsibility for sustainability lies with the CEO, who regularly discusses this topic with the Supervisory Board in the context of the business strategy.

Branicks organisational structure (operational ESG)




We have set up an ESG Committee to make key decisions on the focus of ESG strategy and targets. This committee consists of the CEO, Head of Sustainability and executives from Human Resources, Investment, Portfolio Management, Development, Corporate Finance, and Accounting/Compliance. The ESG Committee's role is to set ESG priorities, launch ESG initiatives and manage ESG risks. This ensures that ESG strategy, targets and risk management are integrated and implemented across all business units.

More information on our ESG strategy is available in our → 2022 Sustainability Report starting on page 14.

# Report on economic position

## Overall assessment of the course of business and the position of the Group

Despite facing market-related challenges, our diversified real estate platform achieved solid results overall in the past financial year, with letting performance in particular reaching record levels.

In the 2023 financial year, Branicks Group AG achieved almost all of the targets for all of its key performance indicators, the forecasts for which were most recently updated in July 2023. In particular, funds from operations (FFO I, after minority interests, before tax) at around EUR 52 million came in within the expected range of EUR 50 to 55 million.

The interest rate environment, implications of an array of geopolitical crises and persistent uncertainty in the real estate market all shaped the 2023 financial year. This environment weighed heavily on transaction volumes in particular due to a lack of transaction activity. Despite this, the Company recorded notarised sales volumes of EUR 287 million, thus almost reaching the lower end of its target range for the year of EUR 300 to 600 million.

Assets under management fell slightly year-on-year to EUR 13.2 billion (2022: EUR 14.7 billion). This was partly due to sales with the transfer of possession, benefits and associated risks as part of the successful optimisation of our portfolio, and partly due to a negative measurement effect of –6.0% that also lay within our forecast range of –4% to –7%.

The development of our rental income was highly encouraging, with letting performance reaching a new record high of 446,600 sqm for the year to reflect the continuing stability and predictability of our Commercial Portfolio's operating business.

2023 was the first full financial year in which VIB Vermögen AG, which was acquired in April 2022, was included in the results of Branicks Group AG on a fully consolidated basis. VIB remains synonymous with the successful strategic expansion of our logistics asset class. Our "Performance 2024" action plan also laid a vital strategic foundation for the further development and continued resilience of Branicks Group AG.

### ESG remains part of our DNA

In 2023, Branicks made significant progress in implementing its sustainability strategy and continued to record solid results in key ESG ratings.

As the equivalent of environmental assets in the real estate sector, the Green Building ratio rose from 31.0% to 43.6% and is considered a barometer of our sustainability ambitions.

The DGNB-certified Global Tower in Frankfurt's banking district, which we were able to fully let in the 2023 financial year, is a textbook example of how to upgrade buildings with the climate in mind.

More ESG information can also be found in the section entitled "Non-financial key performance indicators" starting on → page 65.

### Letting performance hits record highs

We successfully extended tenancy agreements and secured new leases once again during 2023. Overall, our teams achieved a letting performance of around 446,600 sqm after 374,900 sqm in the previous year, including approximately 156,600 sqm of new leases (119,600 sqm in the previous year). This meant our letting performance reached record levels. This growth by area was primarily driven by letting performance in the logistics sector, which increased by 41% to 238,000 sqm (2022: 168,900 sqm) in the year under review. New leases and lease extensions – including early renewal of the lease with DACHSER Biebesheim GmbH for 35,664 sqm of rental space for a further ten years – also contributed to this positive performance. Letting performance by area in the retail sector also reached new heights at around 40,400 sqm compared to the previous year's figure of 34,400 sqm. As a result, the Company generated annualised rent with a total volume of EUR 55.0 million across all types of use in 2023, an increase of 12% compared to the previous year (2022: EUR 48.9 million). The two largest segments, office and logistics, generated rental income of EUR 46.9 million, which corresponds to 85% of annualised rent in the Commercial Portfolio and helps to ensure predictable cash flows. The EPRA vacancy rate in the Commercial Portfolio (excluding repositionings, project developments and warehousing) was around 5.3% at the end of the year (2022: 4.3%), with a weighted average lease term (WALT) of 4.9 years (2022: 5.5 years).

## Challenging environment making transactions difficult

On the transaction side, we were able to almost reach the latest targets despite a difficult market environment and persistent uncertainty: Cross-segment notarised sales volumes increased to EUR 287 million as a result of several real estate sales by the end of 2023, with this figure reaching the lower end of the annual target range of EUR 300 to 600 million. The most recent sales prices achieved in 2023 demonstrate the significant value of the Branicks Group's real estate portfolio. Transaction volumes, consisting of sales and acquisitions, were around EUR 377 million, of which approximately EUR 287 million was due to sales. Of this figure, EUR 224 million was attributable to our proprietary portfolio and EUR 63 million to the third-party business, while around EUR 90 million was due to acquisitions in the Institutional Business segment only. This meant that we achieved our most recently forecast acquisition target of around EUR 100 million in the Institutional Business and no purchases in the Commercial Portfolio.

## Assets under management year-on-year

Overall, assets under management at the end of 2023 fell to EUR 3.6 billion for our proprietary portfolio (Commercial Portfolio) and approximately EUR 9.6 billion under third-party mandates (Institutional Business), down from EUR 4.5 billion and EUR 10.2 billion, respectively, in the previous year. Assets under management totalled EUR 13.2 billion at the reporting date.

## Most recent guidance for 2023 achieved

In the 2023 financial year, Branicks Group AG achieved almost all of the targets for all of its key performance indicators, the forecasts for which were most recently updated in July 2023, as shown in the table below:

| | Guidance (updated in July 2023) | 31.12.2023 | |
|---|---|---|---|
| Gross rental income | EUR 185 – 195 million | EUR 188.3 million | ✓ |
| Real estate management fees | EUR 50 – 55 million | EUR 50.9 million | ✓ |
| FFO I (after minority interests, before tax) | EUR 50 – 55 million | EUR 51.9 million | ✓ |
| Acquisitions | Around EUR 100 million, of which:<br>Commercial Portfolio: no acquisitions<br>Institutional Business: around EUR 100 million | Around EUR 90 million, of which:<br>Commercial Portfolio: no acquisitions<br>Institutional Business: around EUR 90 million | ✓ |
| Sales | EUR 300 – 600 million, of which:<br>Commercial Portfolio: EUR 300 – 500 million<br>Institutional Business: EUR 0 – 100 million | Around EUR 287 million, of which:<br>Commercial Portfolio: EUR 224 million<br>Institutional Business: EUR 63 million | ✓ |

# Macroeconomic environment

## Macroeconomic trends

### German economy contracts by 0.3% in 2023

Global economic growth lost momentum in 2023. According to International Monetary Fund (IMF) estimates, global economic output rose by 3.1%, well below the long-term historical average of 3.8%. The world economy was still recording 3.5% growth in the previous year. The IMF believes this slowdown in growth was primarily caused by the interest rate hikes introduced by most central banks in a bid to tackle inflation. Economic development was also adversely affected by the war in Ukraine and high levels of inflation in many countries.

The German economy particularly struggled amid a global environment dominated by multiple crises. After economic output virtually stagnated year-on-year in the first three quarters of 2023 (Q1: +0.1%, Q2: 0.0%, Q3: 0.0%), gross domestic product (GDP) fell by 0.3% quarter-on-quarter in the fourth quarter, according to Federal Statistical Office calculations. As a result, GDP for the full 2023 financial year declined by 0.3% compared to the previous year, making Germany the only advanced economy to experience a decline in economic output in the past year.

There are a number of reasons for the German economy's weak performance by international standards. Firstly, the slowdown in global demand caused a decline in Germany's very important export activities. Secondly, high energy prices had an adverse impact on the manufacturing industry, especially energy-intensive sectors such as the chemicals and metals industries. The construction sector recorded modest growth in 2023 primarily driven by civil engineering and the finishing trades, while building construction was negatively affected by increasingly challenging financing conditions. Private consumer spending also declined markedly as high inflation in particular dented consumers' confidence and made them reticent about purchasing.

### Scepticism prevails among companies

The mood among companies – as measured by the ifo Business Climate Index – was very cautious in 2023. The index initially recorded a slightly positive trend until April 2023 due to raised expectations, before sentiment deteriorated significantly over the next few months. By the end of 2023, the ifo Business Climate Index stood at 86.4 points, a decline of 2.5 points compared to the December 2022 figure (88.9 points).

By the end of 2023, the business climate was particularly unfavourable in the main construction trade, where the index fell to its lowest level since September 2005. While companies assessed their current situation as being worse on the one hand, one in two firms also expect business to deteriorate further over the coming months.

**German economy facing headwinds**

2023 GDP
**– 0.3%**
year-on-year

**Sentiment remains gloomy**

ifo Business Climate Index:
**86.4 points**
(December 2022: 88.9 points)

**Labour market proving robust**

Employed people
**+ 333,000**
year-on-year

**High cost of living easing during the year**

Inflation
**+ 3.7%**
(December 2023)

This was also reflected in weak demand for residential construction. Sentiment in the retail sector was gloomy, due primarily to consumers' reticence to buy in what remained a highly uncertain environment, while Christmas trading was also disappointing in 2023. A challenging situation emerged in the manufacturing industry, particularly in energy-intensive sectors, while a decline in order intake and shrinking order books also had an adverse impact. Only in the service sector did the business climate remain largely stable during the course of 2023.

## Robust labour market

The German labour market remained relatively robust over the past year, despite the challenging macroeconomic environment. Although the number of unemployed people rose by 191,000 year-on-year to 2.6 million on an annual average basis in 2023, the number of employed people also grew. The annual average number of people employed in Germany was 45.9 million in 2023, equivalent to a year-on-year increase of 333,000. This meant that the number of employed people reached a new historic high, having already exceeded the previous 2019 record in 2022. One major reason for the rise in employment in 2023 was the migration of foreign workers, while labour participation among the domestic population also increased. The relative stability of the labour market is also apparent in short-time working trends. The Federal Employment Agency estimates that the average annual number of short-time workers was only around 0.22 million in 2023 compared to 0.43 million in the previous year. This figure was 1.85 million as recently as 2021.

## Inflation weakens yet remains high during the year under review

One significant stress factor for economic development in the 2023 financial year was the slump in private consumer spending caused by high inflation. While the inflation rate in Germany steadily declined over the course of 2023 from a high of more than 10% at the end of 2022, it remained high in absolute terms at 3.7% in December 2023, well above the European Central Bank (ECB)'s target of 2%. The rate of inflation was 5.9% on an annual average basis in 2023 (2022: 6.9%).

As in the previous year, inflation was primarily driven by energy and food prices. Due to base effects in particular, price rises for both components slowed considerably by the end of 2023. As a result, energy and food prices still increased by 4.1% and 4.6% respectively in December 2023. Core inflation, which is adjusted for highly volatile food and energy prices, stood at 3.5% in December 2023.

## After six more hikes, ECB signals end of interest rate increases

With price rises in the eurozone remaining well above its 2% target, the ECB initially continued to pursue its restrictive interest rate policy in 2023. The ECB raised its main refinancing rate to 4.5% in six increments by September 2023, with this key rate standing at 2.5% as recently as the end of 2022.

As part of the final rate hike in September 2023, the ECB shared its assessment that the previous interest rate increases were making a significant impact. Based on this assessment, the ECB came to the conclusion that key rates had reached a level that would allow inflation to drop to the target level in the near future, and thus signalled that it did not anticipate raising rates any further for the foreseeable future. At the same time, the ECB made it clear that key interest rates would remain at a restrictive level for as long as necessary. The ECB confirmed this assessment at its subsequent meetings, most recently in April 2024.

At its December meeting, the ECB Council also decided to advance with the normalisation of the Eurosystem's balance sheet. While it intends to continue to reinvest in full the principal payments from maturing securities purchased under the Pandemic Emergency Purchase Programme (PEPP) during the first half of 2024, it then aims to reduce the PEPP portfolio by EUR 7.5 billion per month in the second half of the year. The ECB intends to discontinue the reinvestment of principal payments from the PEPP entirely by the end of 2024. The ECB Council had previously already agreed to phase out the Asset Purchase Programme (APP) by discontinuing the reinvestment of principal payments from maturing securities.

The yield on ten-year German government bonds was 2.0% at the end of 2023, a decline of around 50 basis points over the course of the year, and having stood at 2.9% as recently as the end of September 2023. The decline in interest rates in the fourth quarter was primarily due to weakening inflation and burgeoning hopes of an end to the ECB's restrictive monetary policy.

Office space take-up in top 7 cities
**2.5 million sqm**
– 28% year-on-year

Completed space
**1.3 million sqm**
– 27% year-on-year

Vacancy rate
**5.8%**
previous year: 4.9%

Prime rents
**+ 6.8%**
year-on-year

## Sector trends – rental market in the 2023 financial year

### Office asset class: declining take-up, moderate vacancy rate, prime rents continue to rise

According to estimates from real estate consultancy Jones Lang LaSalle (JLL), the development of Germany's office rental market was predominantly impacted by the economic downturn in 2023. JLL estimates that take-up in Germany's top 7 office locations totalled 2.54 million sqm in the past year, a drop of 28% compared to the same period last year (3.50 million sqm). All of the top locations recorded a decline in demand, with Düsseldorf (– 5%) and Frankfurt (– 6%) faring best in relative terms while Stuttgart (– 49%) and the Munich region (– 37%) recorded the biggest drops.

Take-up in 2023 was also weak in a longer-term context. According to data from BNP Real Estate (BNPPRE), take-up was at its lowest level since 2009 and missed the ten-year average by around a quarter.

JLL observed a more stronger differentiation within the market. The real estate consultancy continued to record high demand for prime space in central locations, particularly from large international corporations, as prime rents in German locations are still relatively cheap compared to other international hubs. By contrast, many other companies were preparing for a period of economic uncertainty and were therefore unwilling to bid in the prime rental segment. This group of companies focused on criteria such as cost reductions, digitalisation and ESG when conducting their search for space.

JLL noted that the decreasing relevance of working from home had a positive effect on demand for office space. Based on a JLL survey, the return-to-office rate in Germany's seven largest markets was 79% compared to the pre-COVID period. The working model of three days in the office and two days working from home has now become widely established.

According to JLL, around 1.3 million sqm of office space was completed overall in 2023, a drop of 27% compared to the previous year. The key stress factors for new-build activity were surging construction costs, a decline in new orders and, above all, increasingly challenging project financing. The financing of speculative office projects was particularly strained, which was also reflected in a reduction in bank commitments. This environment caused completion dates to be pushed back and projects to be stopped altogether during the year under review. As a result, JLL believes the construction industry and project developers in particular are in a crisis affecting both the residential and commercial construction sectors.

Amid declining new-build volumes and office space take-up, vacancies in Germany's top 7 locations rose by 20% to 5.64 million sqm during the past year. Although the average vacancy rate has increased to 5.8% (2022: 4.9%), vacancies remain in the single-digit percentage range in all of the top 7 office locations. According to BNPPRE, this means vacancy rates are still well below the highs reached in previous periods of economic weakness. At the same time, JLL observed a trend in which prime space made up the majority of leases and tenants were increasingly pulling out of spaces that were either outdated or no longer functional. Property owners are under increasing pressure to renovate, modernise or repurpose these vacant spaces.

Due to declining completion figures for office space and a moderate rise in vacancy rates, the trend of rising prime rents continued in 2023. The JLL Prime Rental Index stood at 275 points at the end of 2023, up 6.8% on the previous year's figure. The real estate consultancy recorded rent increases at all of the top 7 locations, ranging from 1% in Frankfurt to 14% in Cologne and Munich. Munich continued to register the highest prime rents. JLL did not record any noteworthy changes to the rent subsidies offered by landlords during the year under review.

### Industrial and logistics asset class: sharp year-on-year decline, first signs of stabilisation over course of year

According to data from Colliers, take-up in the top 8 industrial and logistics real estate markets totalled approximately 2.2 million sqm in 2023, a drop of 33% compared to the previous year and the second successive decline in letting volumes since the record year of 2021. This fall was primarily due to developments in the first half of the year, when take-up slumped by 46% to 0.9 million sqm. The market then began to stabilise in the second half 2023, recording take-up of just under 1.3 million sqm. Despite this decline, BNPPRE considers the result for 2023 to be "good" overall. Take-up missed the 10-year average by 9% during the year under review.

BNPPRE's experts believe that challenging conditions in the project development sector, the continuing shortage of space on offer, and the efforts of many users to extend expiring leases are the main reasons for these relatively low take-up figures. According to BNPPRE, these contract extensions meant there was less movement in the market and companies looking for larger spaces often failed to find suitable existing or new-build properties.

With the exception of the Frankfurt region, all top 8 markets recorded a drop in take-up over the past year. While this decline was still relatively modest in Düsseldorf, volumes in Berlin more than halved, with Hamburg, Cologne, Leipzig and Stuttgart all recording falls of around 40%.

According to data from Colliers, prime rents in the top 8 markets increased by an average of 9% during the year under review, with average rents rising by as much as 12%. This trend was primarily attributable to low vacancy rates and a shrinking new-build pipeline. With the exception of Leipzig, prime rents across all top logistics regions exceeded EUR 7/sqm in 2023, and even topped EUR 9/sqm in Munich.

## Sector trends – investment market in the 2023 financial year

### Selective transaction activity, prime yields continue to rise

In 2023, transaction activity in the German commercial real estate investment market was characterised by the challenging financing environment created by surging interest rates and an unfavourable macroeconomic environment. According to BNPPRE, investments in commercial real estate totalled almost 23.3 billion. Transaction volumes declined by around 57% compared to the previous year's high figure (EUR 54.1 billion), and fell short of the 10-year average by a similar amount. This meant transaction volumes were at a similar level to the years shortly after the financial crisis. However, the situation stabilised over the course of the year, with transaction volumes reaching EUR 13.5 billion in the second half of 2023 compared to just EUR 9.8 billion in the first six months of the year.

The decline was even more pronounced in Germany's A-locations (Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Munich, Stuttgart) than in the overall market, with investment volumes slumping by more than two-thirds year-on-year. 2023 also delivered the weakest results in the last ten years as all top 7 cities recorded significantly lower transaction volumes. According to BNPPRE, one of the main reasons for this weak performance was the very low proportion of large-volume office transactions due to the fact that the pricing phase was not yet complete for a significant part of the year.

There were significant shifts between different property types in 2023. For the first time, logistics properties represented the largest share of commercial transaction volumes at 26% (2022: 19%). Having dominated transaction activity in recent years, office properties only represented just under 26% of volumes during the year under review (2022: 41%). Retail properties were the third-largest asset class last year, making up a 24% share of commercial property investments (2022: 17%).

Transaction volumes were distributed relatively broadly across different buyer groups. Special funds made up the largest group at just under 17%, having paid special attention to logistics properties. They were followed by investment and asset managers (14%), companies (13%) and project developers (10%). The proportion of foreign buyers was below the long-term average at almost 37%, with the majority of international capital originating from Europe and North America.

The trend of rising prime yields continued across almost all asset classes in the 2023 financial year. In particular, this rise reflects the higher financing costs caused by rising interest rates. According to BNPPRE, prime yields in the office segment increased by an average of more than 100 basis points to 4.36% in A-locations (2022: 3.31%). Munich was still the most expensive location with a prime yield of 4.20%, followed by closely by Berlin and Hamburg with 4.25% each. Prime yields for logistics properties rose by a comparatively modest 40 basis points to 4.25% (2022: 3.85%). Overall, yields were highest for retail properties at the end of 2023. BNPPRE estimates a yield of 5.60% for shopping centres (2022: 4.90%), and an increase of 55 and 60 basis points respectively for retail warehouse parks (4.75%) and the discounter/supermarket segment (4.90%).

Commercial real estate transaction volume
**EUR 23.3 billion**
previous year: EUR 54.1 billion

Office properties volume
**EUR 6.0 billion**
previous year: EUR 22.3 billion

Logistics properties volume
**EUR 6.1 billion**
previous year: EUR 10.1 billion

Prime yield office
**4.36% ↗**
previous year: 3.31%

Prime yield logistics
**4.25% ↗**
previous year: 3.85%

# Course of business

## Platform

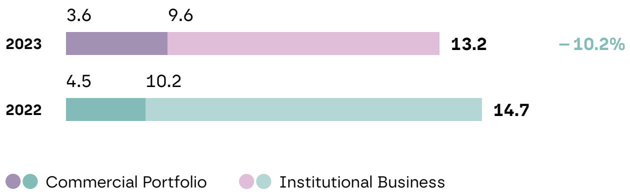
### Assets under management of EUR 13.2 billion after portfolio optimisation

Assets under management (AuM) on the Branicks platform totalled EUR 13.2 billion as of the 31 December 2023 reporting date, a decline of 10.2% compared to the previous year's figure (2022: EUR 14.7 billion). Around EUR 3.6 billion (2022: EUR 4.5 billion) of total AuM was attributable to the proprietary portfolio (Commercial Portfolio), while approximately EUR 9.6 billion (2022: EUR 10.2 billion) was attributable to the third-party business for institutional investors (Institutional Business).

The EUR 0.9 billion year-on-year fall in assets under management in the Commercial Portfolio was primarily due to sales and disposals made as part of the "Performance 2024" action plan launched in July 2023 to optimise the portfolio, as well as negative effects arising from net measurement losses.

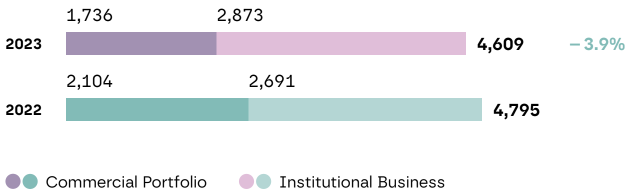
**Assets under management**

in EUR billion




**Rental space**

in thousand sqm




Assets under management in the Institutional Business decreased by EUR 0.6 billion year-on-year. While there was a net positive effect from additions and disposals, net measurement losses and the termination of a larger property management mandate led to an overall decline in assets under management.

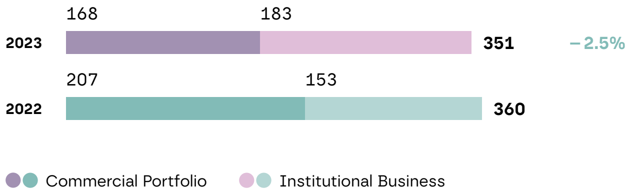
Further details on the development of assets under management in both segments during the year under review can be found in the following sections on → page 49 et seq. and page 52.

### Regional portfolio structure stable

Due to relatively low levels of transaction activity, there was little change in the regional portfolio structure on the platform as of the 31 December 2023 reporting date compared to the end of the 2022 financial year. The Central region continued to make up the largest share of the overall portfolio, followed by the South and West regions. A detailed overview of locations by region, including market value, annualised rent and lease terms, can be found on → page 195 of the Annual Report.

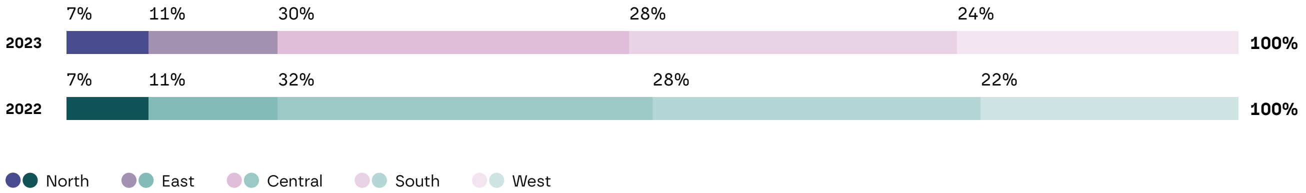
**Properties**

number




**Regional structure of overall portfolio**

Basis: Market value of assets under management

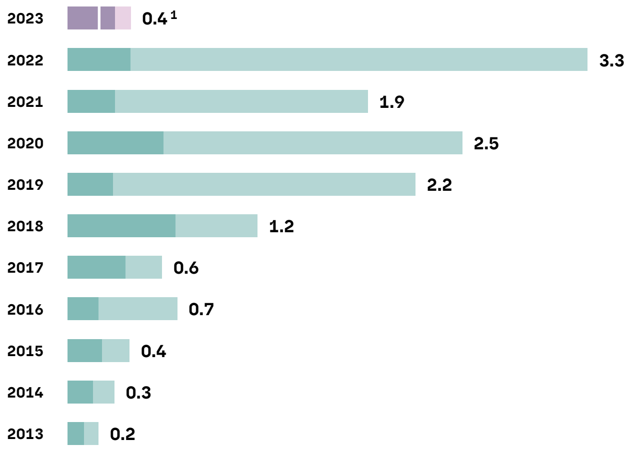


## Transaction volumes down significantly on previous year as expected

As a result of the challenging market environment, cross-segment transaction volumes during the year under review were unable to match the previous year's very high figure as expected. In 2023, acquisitions totalled around EUR 90 million, while notarised sales amounted to approximately EUR 287 million. In the previous year, which was significantly impacted by the majority takeover of VIB, transaction volumes were still around EUR 3.3 billion in total, or EUR 1.1 billion excluding VIB. Transaction volumes in the year under review were still very low even when compared with results over the past ten years.

**Transaction volume**

in EUR billion




Sales Acquisitions

[1] Sales: Commercial Portfolio: EUR 0.2 billion; Institutional Business: EUR 0.1 billion; acquisitions: Institutional Business: EUR 0.1 billion.

## Overview of transactions in 2023

**Acquisitions (excl. VIB)**

| in EUR million (number of properties) | Notarisations 2023 | thereof: Notarisations 2023 with Transfer until 31.12.2023 | Prior-year Notarisations with Transfer until 31.12.2023 |
|---|---|---|---|
| Commercial Portfolio | 0 (0) | 0 (0) | 26 (1) |
| Institutional Business | 90 (1) | 0 (0) | 432 (32) |
| **Total** | **90 (1)** | **0 (0)** | **458 (33)** |

**Sales**

| in EUR million (number of properties) | Notarisations 2023 | thereof: Notarisations 2023 with Transfer until 31.12.2023 | Prior-year Notarisations with Transfer until 31.12.2023 |
|---|---|---|---|
| Commercial Portfolio | 224 (15) | 211 (7) | 359 (32) |
| Institutional Business | 63 (2) | 13 (1) | 0 (0) |
| **Total** | **287 (17)** | **224 (8)** | **359 (32)** |

## Sales from the Commercial Portfolio of EUR 224 million, with no notarised acquisitions

After significantly expanding the Commercial Portfolio with the takeover of VIB in the previous year, the Group focused on optimising the portfolio in the 2023 financial year. In line with these plans, no Commercial Portfolio acquisitions were notarised during the year under review. A forward deal from 2021 (the "Innovation parc" in Langenhagen) was transferred in July 2023.

Notarised sales from the Commercial Portfolio totalled EUR 224 million during the year under review (2022: EUR 393 million). The sales enabled Branicks to continue its strategic focus on the office and logistics asset classes, with a particular emphasis on younger, more energy and climate-efficient properties. Furthermore, the stated aim of the "Performance 2024" action plan is to use the liquidity released by these sales to reduce the Group's loan-to-value ratio. Sales during the year under review primarily consisted of three logistics properties in Upper Bavaria and Franconia with a combined volume of around EUR 119 million. The transfer of possession, benefits and associated risks for these three properties, which generated around EUR 7 million in total annualised rental income, took place in the third quarter of 2023. Two logistics properties in Neufahrn with a volume of EUR 79 million, the former Kaufhof building in Leverkusen (EUR 11 million) and eight restaurant properties from VIB's portfolio (EUR 13 million) were also sold during the year under review. In addition, 31 retail properties were transferred to the VIB Retail Balance I special fund and the Kaufhof Chemnitz property was sold during the reporting year, with the notarisation of these sales having already been completed by the end of 2022. In addition, one property that was notarised in September 2023 with a sales price of EUR 2.3 million was transferred from the Commercial Portfolio as at 31 December 2023.

## Low transaction volumes in the Institutional Business as expected

Transaction volumes in the Institutional Business were also low in the 2023 financial year, with only around EUR 90 million of acquisitions notarised in this segment. This addition consisted of the transfer of the “Offenbach Unite” property from the Commercial Portfolio totalling EUR 83 million. The transfer of possession, benefits and associated risks for this property is planned for 2024. The aim is to sell the shares as part of a club deal, with the first investor already identified in 2023. The acquisition of a logistics property in the Netherlands notarised in the previous year was also transferred during the year under review, together with the aforementioned transfer of properties from the Commercial Portfolio to VIB’s retail fund.

On the sales side in the Institutional Business, which amounted to EUR 63 million in 2023, the sale of a property from the RLI Logistics Fund – Germany II special fund with a volume of around EUR 13 million was notarised in early July 2023, while the approximately 10,900-sqm “Elbspeicher” office and commercial building in Hamburg was sold at the end of 2023.

## Letting performance hits record highs

The Branicks platform’s letting performance by area grew by 19.1% to 446,600 sqm in the 2023 financial year (2022: 374,900 sqm), enabling the Group to distance itself considerably from the overall downward trend in the market.

The growth in letting performance was primarily driven by a sharp increase in logistics lettings, with Branicks significantly reinforcing its market position in this asset class during the past year with the takeover of VIB. Letting performance in the logistics sector increased by 41% in 2023, rising from around 168,900 sqm in the previous year to approximately 238,000 sqm in the year under review. This development was mainly driven by large-scale leases such as the early renewal of the lease with DACHSER Biebesheim GmbH for 35,664 sqm of logistics space for ten years, 18,600 sqm with tenant ID Logistics GmbH in Ginsheim-Gustavsburg, or 15,600 sqm with a logistics provider in Langenhagen.

A total of 148,800 sqm of office space was let, of which 43,900 sqm are attributable to new leases and 104,900 sqm to lease renewals. In autumn 2023, for example, the lease covering around 11,400 sqm of space at the Vahrenfelder Welle office property in Hanover was extended with the existing tenant, committing them to the site for a further five years.

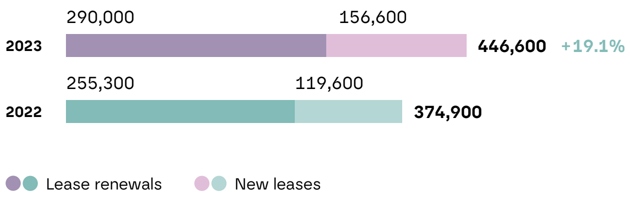
The amount of retail space leased also grew by around 34,400 sqm (+17%) to approximately 40,400 sqm, with the reletting of around 20,400 sqm at a former Kaufhof location in Leverkusen to Modehaus Aachener playing a significant role in this performance. In the Other Commercial category, Branicks signed a major lease for a hotel property in Hamburg managed for a third party.

**Letting performance by type of use**

| | in sqm | | annualised in EUR million | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Office | 148,800 | 163,400 | 31.2 | 34.6 |
| Retail | 40,400 | 34,400 | 4.0 | 4.1 |
| Warehouse/logistics | 238,000 | 168,900 | 15.7 | 9.0 |
| Further commercial | 18,900 | 7,300 | 4.0 | 1.1 |
| Residential | 500 | 900 | 0.1 | 0.1 |
| **Total** | **446,600** | **374,900** | **55.0** | **48.9** |
| | | | | |
| Parking (units) | 2,177 | 2,627 | 1.8 | 1.5 |

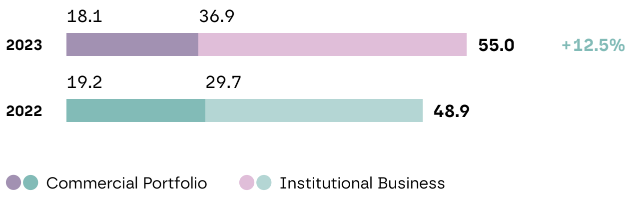
**Letting volume by type of lease**

in sqm




**Letting volume by segments**

in EUR million



## Lease renewals predominate

As explained in the "Economic environment" section, many users sought to extend expiring leases in the year under review, as they did in the previous year. As a result, lease renewals once again made up the majority of overall letting performance at 65% or 290,000 sqm. This confirms the trend observed in previous crisis situations that tenants have an increased need for security and are less willing to move premises in economically challenging times. In 2023, the share of new leases comprised approximately 35% of total contractually agreed space at around 156,600 sqm (previous year: 119,600 sqm, approx. 32%).

## Annualised letting performance increased by 13%

At around EUR 55.0 million, annualised letting performance was up almost 13% on the previous year's figure of EUR 48.9 million). Of the rental income contracted in the reporting year, around EUR 18.1 million relates to the Commercial Portfolio and around EUR 36.9 million to the Institutional Business (previous year: EUR 19.2 million and EUR 29.7 million, respectively).

## New lease volumes remain stable

The contract volume attributable to new leases remained unchanged during the reporting period at EUR 17.0 million (31% of total annualised letting performance). With a significantly greater proportion of new leases now attributable to logistics properties, which charge lower rents compared to office properties, rent levels for new leases fell to EUR 9.07/sqm across all asset classes in 2023 (2022: EUR 11.85/sqm). The average monthly rent for new agreements for logistics properties rose by 28% to EUR 6.13/sqm (previous year: EUR 4.80/sqm) while it decreased by 19% to EUR 15.10 /sqm for office properties (previous year: EUR 18.72/sqm).

**Top 5 new lettings**

| | | | in sqm |
|---|---|---|---|
| TEH Textilhandel GmbH | Commercial Portfolio | Leverkusen | 20,371 |
| ID Logistics Ginsheim GmbH | Institutional Business | Ginsheim | 18,559 |
| MTU Aero Engines AG | Commercial Portfolio | Meitingen | 15,626 |
| Christian Carstensen GmbH & Co. KG | Commercial Portfolio | Langenhagen | 15,601 |
| DACHSER SE | Commercial Portfolio | Ingolstadt | 11,939 |

**Top 5 renewals**

| | | | in sqm |
|---|---|---|---|
| Dachser Biebesheim GmbH | Institutional Business | Biebesheim | 35,664 |
| Rudolph Automotive Logistik GmbH | Institutional Business | Wolfsburg | 29,542 |
| Imperial Logistics International B.V. & Co. KG | Commercial Portfolio | Neufahrn | 28,050 |
| Bayerische Motoren Werke AG | Commercial Portfolio | Wackersdorf | 15,675 |
| Landwirtschaftliche Rentenbank | Institutional Business | Frankfurt am Main | 13,047 |

Three of the five largest new leases during the year under review were agreed with logistics companies, underlining the growing significance of this asset class for Branicks. One of the most important new leases was the "Innovation Parc" at Langenhagen. Branicks acquired this "green" logistics property with DGNB Gold sustainability certification without pre-letting and concluded the lease immediately after completion. The largest new lease during the 2023 financial year was the lease agreed with Modehaus Aachener for the former Kaufhof location in Leverkusen with approx. 20,400 sqm of space.

## Sharp increase in lease renewals

Branicks generated rents of EUR 37.9 million from lease renewals in the 2023 financial year (previous year: EUR 31.9 million), an increase of 19% compared to the previous year. Renewals also saw the largest agreements signed with companies in the logistics sector. The largest contracts agreed were the early renewal of a lease for 35,664 sqm of space with DACHSER Biebesheim as well as the letting of two further logistics properties in Wolfsburg and Neufahrn with almost 30,000 sqm of space each. The largest lease renewal in the office property segment was agreed with Landwirtschaftliche Rentenbank for the "Goldenes Haus" in Frankfurt's City West district. Branicks acquired the nine-storey building in a 1A location close to the city centre as part of a club deal in 2020.

### Like-for-like rental income up 5.4%

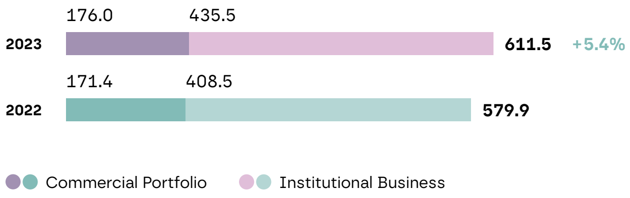
Like-for-like rental income (excluding acquisitions and sales in the 12 months to 31 December 2023) in the overall portfolio rose by 5.4% to EUR 611.5 million (2022: EUR 579.9 million). This sharp increase was due to primarily index-based rent increases in many existing agreements as a result of high inflation as well as the effects of concluding new leases.

Like-for-like rental income in the Commercial Portfolio climbed by 2.7% to EUR 176.0 million (2022: EUR 171.4 million), while like-for-like rental income in the Institutional Business rose by 6.6% to EUR 435.5 million (2022: EUR 408.5 million).

Based on total annualised rental income, 3.7% of leases will expire in 2024 and 11.4% in the following year. The remaining term yield curve thus remained largely unchanged year-on-year thanks to strong letting performance in 2023. On the previous year's reporting date, 3% of leases had a remaining term of less than one year, while 9% had a remaining term of less than two years. Branicks regularly and proactively seeks discussions with users, particularly with regard to larger expiring leases. As of the 31 December 2023 reporting date, around 65% of leases were scheduled to expire from 2028 onwards.

Like-for-like rental income

annualised, in EUR million




Lease terms of overall portfolio

in % of annualised rental income


## Commercial Portfolio

### Market value of proprietary portfolio impacted by portfolio optimisation and net measurement loss

The market value of the Commercial Portfolio, which represents the proprietary real estate portfolio of Branicks Group AG, totalled EUR 3,641.6 million at the end of 2023 (2022: EUR 4,451.9 million). This 18.2% decline was primarily attributable to the disposals and sales made during the year (all with the transfer of possession, benefits and associated risks in the 2023 financial year), which reduced the market value by EUR 543.1 million overall. Net measurement losses of EUR – 267.2 million at the end of 2023 also had a negative impact of around – 6.8% on the market value of the portfolio. This was only offset by the acquisition of a property for EUR 26.0 million that had already been notarised in 2022.

External experts regularly calculate the respective market value of our proprietary portfolio and the properties we manage. This value include property-related factors such as the occupancy rate, the amount of rental income, the terms of the leases, and the age and quality of the property. Added to this are external factors such as the development of the local environment, the market in general and the financial climate. The change in value during the year under review thus reflects the significant increase in letting performance in asset, property and development management on the one hand, and the challenging environment for commercial real estate and increased interest rates on the other.

## Strategic focus on the office and logistics asset classes

As part of the ongoing optimisation of its portfolio, Branicks increasingly focused on the office and logistics asset classes during the year under review, with a particular emphasis on younger, energy and climate-efficient properties. Despite the disposal of several properties that no longer aligned with the Group's strategy, logistics remained the largest asset class as of 31 December 2023, representing 40% of market value at the reporting date (2022: 39%) and contributing around 40% of rental income at EUR 70.7 million (2022: EUR 76.7 million or 38%). The office asset class followed in second place, representing a share of 39% of the portfolio's market value or 41% of rents (2022: 34% and 35% respectively). Together, office and logistics properties accounted for around 80% of the portfolio's market value. By contrast, and following the sale of a number of retail properties during the year under review, including 31 properties transferred to the VIB Retail Balance I special fund, retail properties only represented 7% of market value and 8% of rents (2022: 15% and 17% respectively).

**Measurement reconciliation – Commercial Portfolio**

| in EUR million | |
|---|---|
| **Market value as at 31 December 2022** | **4,451.9** |
| Acquisitions | 26.0 |
| Sales | – 569.1 |
| Measurement gains (– 6.8%) | – 267.2 |
| **Market value as at 31 December 2023** | **3,641.6** |

The calculated market value is the estimated transaction price between the buyer and the seller under normal conditions on the date of the property's valuation. We carry our assets at amortised cost, which is why a change in their market value does not have a direct impact on the accounting. Further information on accounting for properties is provided in the section entitled "Net assets". Information on how the market value is determined is presented in the notes starting on → page 136.

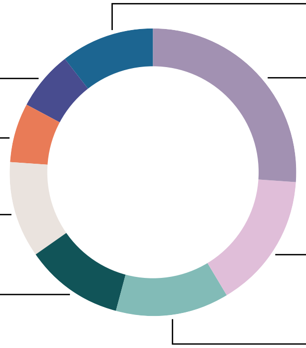
**Types of use Commercial Portfolio [1]**

| Type of use | No. of properties | Market value in EUR m | Market value % of total | Rental income EUR m | Rental income % of total | EPRA vacancy rate % of total | WALT |
|---|---|---|---|---|---|---|---|
| Logistics | 62 | 1,451.2 | 40 % | 70.7 | 40 % | 2.0 % | 4.9 |
| Office | 58 | 1,427.7 | 39 % | 73.8 | 41 % | 8.6 % | 5.1 |
| Mixed Use | 16 | 301.0 | 8 % | 18.0 | 10 % | 7.9 % | 4.3 |
| Retail | 11 | 269.5 | 8 % | 14.2 | 8 % | 3.6 % | 5.3 |
| Other | 18 | 47.4 | 1 % | 2.3 | 1 % | 2.7 % | 1.7 |
| Project Developments | 3 | 144.8 | 4 % | n.a. | n.a. | n.a. | n.a. |

[1] All figures without project developments and repositioning properties, except for number of properties and market value.

**Rental income by sectors in Commercial Portfolio**

Basis: annualised rental income



The proportion of Green Buildings within the Commercial Portfolio's market value (Green Building ratio) rose sharply to 43.6% at the end of December 2023 (31 December 2022: 31.0%).

Due to portfolio optimisation, the number of properties held in the Commercial Portfolio decreased from 207 in the previous year to 168, with rental space falling from 2,103,500 sqm to 1,735,900 sqm. As a result of the rent increases introduced during the year under review, annualised rent was 12.1% down on the previous year's figure at EUR 179.1 million (2022: EUR 203.8 million). Based on annualised rental income, the gross rental yield (excluding project developments and repositioning properties) improved to 5.2% (2022: 4.8%).

As of 31 December 2023, the average monthly rent per sqm was EUR 8.92, an increase of around 8.0% compared to the previous year (EUR 8.26). The average monthly rent per sqm for office properties rose from EUR 12.88 in the previous year to EUR 13.39 at the end of 2023, while the average monthly rent per sqm for logistics properties increased from EUR 6.10 to EUR 6.31.

At 4.9 years, the weighted average lease term (WALT) was down slightly on the previous year (5.5 years), but remained at a high level, while the EPRA vacancy rate increased to 5.3% (31 December 2022: 4.3%).

## Diversified tenant structure

As of 31 December 2023, the ten largest tenants in the Commercial Portfolio collectively accounted for 29.3% of annualised rent. The focus on office and logistics properties is also reflected in these top tenants. The significant diversification of our tenant structure and the acquisition of blue-chip tenants play a key role in Branicks' transaction and letting activities.

**Commercial Portfolio development** [1]

| | 2023 | 2022 |
|---|---|---|
| Number of properties | 168 | 207 |
| Market value in EUR million | 3,641.6 | 4,451.9 |
| Rental space in sqm | 1,735,900 | 2,103,500 |
| Annualised rental income in EUR million | 179.1 | 203.8 |
| Average rent in EUR per sqm | 8.92 | 8.26 |
| WALT in years | 4.9 | 5.5 |
| EPRA vacancy rate in % | 5.3 | 4.3 |
| Gross rental yield in % | 5.2 | 4.8 |

[1] All figures without project developments and repositioning properties, except for number of properties, market value and rental space.

**EPRA vacancy rate**

as at 31 December[1]


[1] Excluding project developments and repositioning properties.

**Top 10 tenants in the Commercial Portfolio**

| Tenants | Asset class | Share of rental income |
|---|---|---|
| VOLKSWAGEN AG | Logistics | 3.9% |
| AUDI AG | Logistics | 3.5% |
| Deutsche Börse AG | Office | 3.4% |
| FHH | Office | 3.1% |
| GEIS INDUSTRIE-SERVICE GMBH | Logistics | 3.0% |
| Mercedes Benz AG | Mixed-use | 3.0% |
| DKB Service GmbH | Office | 2.8% |
| NH Hotels Deutschland GmbH | Hotel | 2.6% |
| Staatl. Vermögens- und Hochbauamt | Office | 2.3% |
| AXA Konzern AG | Office | 1.7% |
| **Total Top 10 tenants** | | **29.3%** |

# Institutional Business

## Assets under management in Institutional Business total EUR 9.6 billion

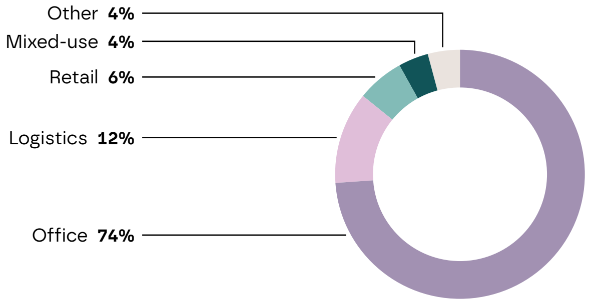
Assets under management (AuM) for institutional investors fell by 6.6% to EUR 9,582.1 million as of 31 December 2023 (2022: EUR 10,254.2 million). On reason for this decline is the termination of a EUR 518.0 million property management mandate and the disposal of a property worth EUR 13.3 million. This was offset by the addition of 32 properties with a combined volume of EUR 431.6 million. Net measurement losses of EUR – 572.3 million at the end of 2023 also had a negative impact of around – 5.6% on the market value of the real estate assets managed for third parties.

Assets under management comprised 183 properties at the end of the year (2022: 153). The increase in the number of properties was mainly due to the launch of the new VIB Retail Balance I fund, which involved the transfer of 31 retail properties from the Commercial Portfolio. As of the end of 2023, Branicks managed 33 vehicles (18 pool funds totalling EUR 6.0 billion, 9 club deals totalling EUR 1.7 billion and 6 separate accounts totalling EUR 1.9 billion) for a total of 171 institutional investors. As of 31 December 2023, 33% of the equity invested came from pension funds and government funds, 26% from savings banks and other banks, 24% from insurance companies and 17% from foundations and family offices. Around 59% of equity is attributable to investors who have invested in more than one Branicks investment product. At year-end 2023, around EUR 80.6 million in committed equity remained available.

**Measurement reconciliation – Institutional Business**

| in EUR million | |
|---|---|
| **Market value as at 31 December 2022** | **10,254.2** |
| Acquisitions | 431.6 |
| Sales | – 13.3 |
| Effect of terminated/newly acquired mandates | – 518.0 |
| Measurement gains (–5.6%) | – 572.3 |
| **Market value as at 31 December 2023** | **9,582.1** |

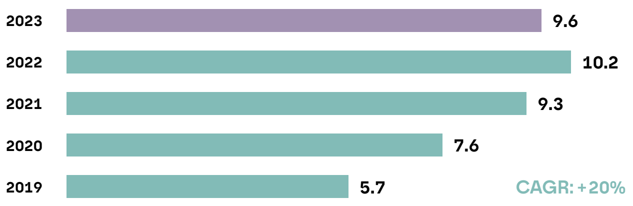
**Asset classes**




Basis: assets under management in EUR million.

**Assets under management**

in EUR billion



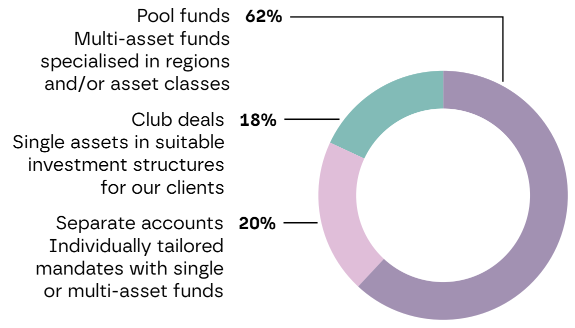
Fundraising for shares yet to be placed is continuing – with the aim of placing all of the shares with institutional investors in 2024. These shares are recognised in the consolidated balance sheet as “non-current assets held for sale” as at 31 December 2023.

## Internationalisation of business makes further progress

Branicks announced the completion of the “Circumflex” logistics centre in Almelo during the 2023 financial year. This logistics centre with space totalling 45,500 sqm is located on a property measuring around 70,000 sqm near the German-Dutch border in Twente and offers multimodal transport links. The key characteristic of this property is the Green Building criteria that were taken into account when it was constructed using only sustainably sourced materials and making it the first fully circular e-fulfilment centre in Europe. The building was also rated “Very Good” in the BREEAM pre-assessment. It is let on a long-term basis to the Beckmann Group, an international logistics provider in e-commerce for the fashion and lifestyle sectors.

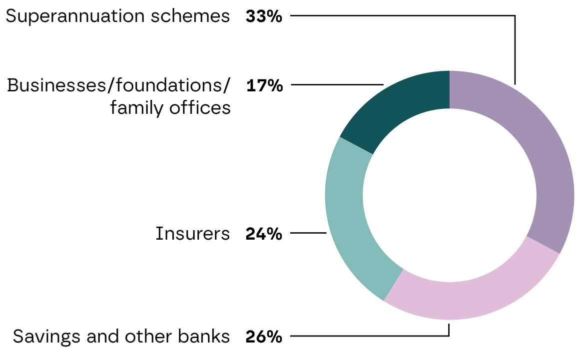
The logistics centre in Almelo is the first of four logistics properties acquired by Branicks in 2022 to kick-start efforts to internationalise its business. The property was acquired for the RLI-GEG Logistics & Light Industrial III logistics special fund, which is able to invest in its primary market of Germany as well as the neighbouring markets of Belgium, Luxembourg, Austria and the Netherlands.

**Deal structures**[1]




[1] Percentages in relation to assets under management of EUR 9.6 billion as at 31 December 2023.

**Investment partners**[1]




[1] Percentages in relation to subscribed equity as at 31 December 2023.

## Project developments: Global Tower fully let

In the Institutional Business segment, Branicks managed the Global Tower project development in Frankfurt am Main. The former Commerzbank high-rise building with around 16,600 sqm of office space in the heart of Frankfurt’s banking district was comprehensively revitalised in accordance with the latest energy standards since August 2018 and repositioned under the name Global Tower. The Global Tower has been certified Platinum by the German Sustainable Building Council (DGNB) and was also one of the first high-rise buildings in Frankfurt’s banking district to be awarded a Platinum WiredScore certificate.

With Branicks having already achieved a pre-letting rate of around 76% for the property by the end of 2022, the Group was able to fully let the Global Tower in 2023 by agreeing additional long-term leases representing around 4,700 sqm of space. The new tenants include data centre operator NTT Global Data Centers EMEA, a private bank, and Information Services Group Germany GmbH, one of the leading market research and consulting firms in the information technology sector.

# Financial information

## Revenue and results of operations

- Gross rental income up by around 7% to EUR 188.3 million
- FFO of EUR 51.9 million impacted by higher interest expenses
- Real estate management fees of EUR 50.9 million due to challenging transaction environment
- Profits on property disposals contribute EUR 8.2 million to profit the year
- Loss for the period of EUR – 70.7 million driven up by higher interest expense

In 2023, Branicks recorded the highest gross rental income for its Commercial Portfolio since the Company's IPO at EUR 188.3 million (previous year: EUR 176.0 million), an increase of 7.0% compared to the previous year. Net rental income increased by 7.9% to EUR 164.6 million (previous year: EUR 152.5 million). By contrast, FFO after minority interests declined to EUR 51.9 million (previous year: EUR 114.2 million). Revenue and earnings for the comparative period were impacted by the first full-year recognition of income and expenses of VIB acquired in April 2022; as a result, the two periods are not fully comparable. This has had an effect on gross and net rents and operating expenses in particular.

### FFO of EUR 51.9 million impacted by higher interest expense

The challenges during this financial year caused by the tense global political situation and persistently subdued conditions in the real estate investment market caused FFO after minority interests to fall by EUR 62.3 million to EUR 51.9 million (previous year: EUR 114.2 million).

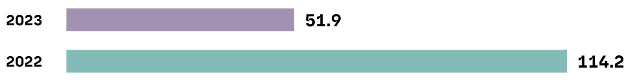
This decline in FFO was primarily driven by reduced real estate management fees of EUR 50.9 million (previous year: EUR 88.4 million) caused by a sharp fall in transaction-related real estate management fees. Higher net interest expense of EUR 92.8 million (previous year: EUR 60.6 million) resulting from interest costs associated with the bridging loan also had an impact. Investment income also fell to EUR 6.4 million (previous year: EUR 18.9 million). However, the previous year's investment income included a non-recurring effect of EUR 10.6 million from the sale of a joint venture. The 16.3% decline in operating expenses to EUR 67.3 million (previous year: EUR 80.5 million) realised in the 2023 financial year despite the inclusion of a full 12 months of VIB operating expenses was not enough to offset the rise in interest expense in particular.

In 2023, FFO per share amounted to EUR 0.62 after EUR 1.38 in the previous year, with an increase of 737,806 in the average number of shares.

In the past financial year, FFO II (which takes the effects of sales into consideration) amounted to EUR 59.4 million (previous year: EUR 126.9 million), or EUR 0.71 per share (EUR 1.53 per share). The decrease essentially reflects the decline in FFO I.

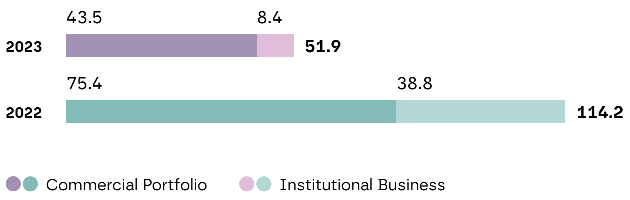
**FFO**

in EUR million




**FFO contribution by segment**

in EUR million




**Profit for the period**

in EUR million


[1] Previous year adjusted for non-recurring effect of EUR 9.3 million after taxes from refinancing.

**Transition FFO**

| | Total | | | Commercial Portfolio | | | Institutional Business | | |
|---|---|---|---|---|---|---|---|---|---|
| in EUR million | 2023 | 2022 | Δ | 2023 | 2022 | Δ | 2023 | 2022 | Δ |
| Net rental income | 164.6 | 152.5 | 8 % | 164.6 | 152.5 | 8 % | | | |
| Profit on disposals | 8.2 | 12.7 | –35 % | 8.2 | 12.7 | –35 % | | | |
| Administrative expenses | –27.2 | –37.9 | –28 % | –9.9 | –18.7 | –47 % | –17.3 | –19.2 | –10 % |
| Personnel expenses | –40.1 | –42.6 | –6 % | –14.0 | –10.6 | 32 % | –26.1 | –32.0 | –18 % |
| Other operating income/expenses | 1.7 | 2.3 | –26 % | 1.8 | 2.7 | –33 % | –0.1 | –0.4 | –75 % |
| Real estate management fees | 50.9 | 88.4 | –42 % | | | | 50.9 | 88.4 | –42 % |
| Share of the profit or loss of associates without project developments and sales | 6.4 | 18.9 | –66 % | 3.2 | 12.6 | –75 % | 3.2 | 6.3 | –49 % |
| Net interest income | –92.8 | –60.6 | 53 % | –91.9 | –57.0 | 61 % | –0.9 | –3.6 | –75 % |
| Other adjustments [1] | 8.2 | 13.3 | 38 % | 7.0 | 13.0 | –46 % | 1.2 | 0.3 | 300 % |
| Funds from Operations | 71.7 | 134.3 | –47 % | 60.8 | 94.5 | –36 % | 10.9 | 39.8 | –73 % |
| Non-controlling interest | –19.8 | –20.1 | –1 % | –17.3 | –19.1 | –9 % | –2.5 | –1.0 | 150 % |
| Funds from Operations (excluding non-controlling interest) | 51.9 | 114.2 | –55 % | 43.5 | 75.4 | –42 % | 8.4 | 38.8 | –78 % |
| Funds from Operations II (including profit on disposals) | 79.9 | 147.0 | –46 % | 69.0 | 107.2 | –36 % | 10.9 | 39.8 | –73 % |
| Funds from Operations II (including profit on disposals, excluding non-controlling) | 59.4 | 126.9 | –53 % | 51.0 | 88.1 | –42 % | 8.4 | 38.8 | –78 % |

[1] The other adjustments include:
– Transaction, legal and consulting costs of EUR 1,899 thousand (previous year: EUR 11,663 thousand).
– One-off refinancing costs of EUR 6,261 thousand (previous year: EUR 1,592 thousand).

## Loss for the period affected by interest expense

At EUR –70.7 million, the profit/loss for the period was down by around EUR 122.9 million on the previous year (previous year: EUR 52.2 million adjusted profit for the period), primarily due to impairment losses on property held as assets totalling EUR 67.3 million in the 2023 financial year as well as interest expense that increased by EUR 39.5 million. In 2023, the profit/loss for the period per share amounted to EUR –0.85 (previous year: EUR 0.63), with an increase of 737,806 in the average number of shares. Of this figure, EUR –0.79 per share is attributable to the Group's shareholders (previous year: EUR 0.38).

## Contributions to earnings by segment

Branicks is managed on the basis of the two segments of the business model. Reporting also follows this distinction. The Commercial Portfolio segment comprises our proprietary portfolio. Since April 2022, the expenses and income of VIB have also been included. The Institutional Business segment covers property management for institutional investors.

In the following sections, we present the revenue and results of operations of each individual segment for the financial year.

## Commercial Portfolio

### Net rental income rises by around 8%

In the past financial year, gross rental income rose by around 7% to EUR 188.3 million (previous year: EUR 176.0 million) as a result of the full recognition of VIB over 12 months and successful letting performance. The rent increases resulting from the inclusion of VIB rents, new leases and acquisitions significantly overcompensated for the reduction due to sales and lease terminations. Annualised rental income from the Company's proprietary portfolio increased by 2.7% on a like-for-like basis as of the reporting date. Net rental income likewise increased in the 2023 financial year, by around 8% to EUR 164.6 million (previous year: EUR 152.5 million).

### Operating cost ratio at 12.1%

Due to the full-year recognition of VIB in the 2023 financial year, operating expenses of the Commercial Portfolio have increased. Administrative expenses, adjusted for non-recurring effects, rose by EUR 2.6 million to EUR 9.2 million year-on-year (previous year: EUR 6.6 million), while personnel costs increased by EUR 3.4 million to EUR 14.0 million (previous year: EUR 10.6. million). As a result, the operating cost ratio in the Commercial Portfolio (ratio of operating expenses to gross rental income and investment income excluding non-recurring effects) improved by 340 basis points to 12.5% year-on-year (previous year: 9.1%), driven primarily by the non-recurring effect of selling a joint venture included in the previous year's high investment income.

### Net interest result impacted by bridge financing costs

The net interest result decreased to EUR – 91.9 million (previous year: EUR – 57.0 million), primarily due to the full-year recognition of VIB and the bridge financing costs.

**FFO contribution of the Commercial Portfolios**

| | Total | | | Commercial Portfolio | | |
|---|---|---|---|---|---|---|
| in EUR million | 2023 | 2022 | Δ | 2023 | 2022 | Δ |
| Net rental income | 164.6 | 152.5 | 8 % | 164.6 | 152.5 | 8 % |
| Profit on disposals | 8.2 | 12.7 | – 35 % | 8.2 | 12.7 | – 35 % |
| Administrative expenses | – 27.2 | – 37.9 | – 28 % | – 9.9 | – 18.7 | – 47 % |
| Personnel expenses | – 40.1 | – 42.6 | – 6 % | – 14.0 | – 10.6 | 32 % |
| Other operating income/expenses | 1.7 | 2.3 | – 26 % | 1.8 | 2.7 | – 33 % |
| Real estate management fees | 50.9 | 88.4 | – 42 % | | | |
| Share of the profit or loss of associates without project developments and sales | 6.4 | 18.9 | – 66 % | 3.2 | 12.6 | – 75 % |
| Net interest income | – 92.8 | – 60.6 | 53 % | – 91.9 | – 57.0 | 61 % |
| Other adjustments | 8.2 | 13.3 | 38 % | 7.0 | 13.0 | – 46 % |
| Funds from operations | 71.7 | 134.3 | – 47 % | 60.8 | 94.5 | – 36 % |
| Non-controlling interest | – 19.8 | – 20.1 | – 1 % | – 17.3 | – 19.1 | – 9 % |
| Funds from Operations (excluding non-controlling interest) | 51.9 | 114.2 | – 55 % | 43.5 | 75.4 | – 42 % |
| Funds from Operations II (including profit on disposals) | 79.9 | 147.0 | – 46 % | 69.0 | 107.2 | – 36 % |
| Funds from Operations II (including profit on disposals, excluding non-controlling) | 59.4 | 126.9 | – 53 % | 51.0 | 88.1 | – 42 % |

The average interest rate across all financial liabilities (not including the bridging loan from the VIB transaction) amounted to 3.0% (previous year: 1.9%) at the end of the year, mainly due to refinancing activities.

### Investment income of EUR 3.2 million after non-recurring effect in previous year

Investment income in the Commercial Portfolio totalled EUR 3.2 million in the financial year under review. The comparable prior-year figure of EUR 12.6 million was positively impacted by the sale of a joint venture.

### FFO contribution decreased by around 42%

The segment's FFO contribution after minority interests decreased by around 42% or EUR 31.9 million to EUR 43.5 million (previous year: EUR 75.4 million). The increase in rental income was not sufficient to compensate for the net interest result, which was negatively impacted by the bridge financing costs. The segment's FFO margin (FFO in relation to gross rental income) fell from 53.7% year-on-year to 32.3%. FFO II after minority interests, which also contains the effects of sales, totalled EUR 51.0 million for the Commercial Portfolio segment in 2023 (previous year: EUR 88.1 million).

### Sales with high sales volume of EUR 558.6 million in net proceeds realised

Due to the high volume of sales recognised on the balance sheet in the past financial year, we generated net proceeds from sales of EUR 558.6 million (previous year: EUR 51.5 million). A key individual item in net proceeds was the sale of a retail portfolio to VIB Retail Balance I in the amount of EUR 308.0 million, which had taken place in the first quarter of 2023. These sales were achieved with a return on sales (sales profits in relation to net sales proceeds) of approx. 1% (previous year: 25%). The profits on sales totalled EUR 8.2 million, compared with EUR 12.7 million in the previous year.

**Income from the Commercial Portfolio**

in EUR million

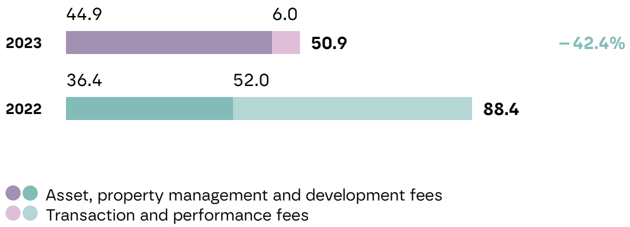

## Institutional Business

### Real estate management fees dominated by challenging overall environment

In financial year 2023, we achieved a lower volume of transactions than in previous years and thus lower transaction-related real estate management fees given the difficult conditions on the real estate investment market and due to delays and rescheduling of transactions. Despite the very subdued real estate investment market, with a volume of EUR 50.9 million we achieved our revised annual target (revised 2023 guidance: EUR 50–55 million) for real estate management fees (previous year: EUR 88.4 million). Assets under management in the Institutional Business fell to EUR 9.6 billion from EUR 10.2 billion in the financial year.

**Real estate management fees**

in EUR million




The largest transaction by volume, involving the transfer of 31 retail properties into the VIB Retail Balance I fund, was completed in the first quarter of 2023. The transfer of a property into the RLI-GEG Logistics & Light Industrial III fund was successfully concluded in the second quarter. We also made preparations for additional transactions that are expected to be completed during the 2024 financial year.

Overall, transaction and performance fees (fees for acquisitions and sales, setup and the structuring of investment products as well as for exceeding defined target returns with successful real estate management) came to EUR 6.0 million (previous year: EUR 52.0 million) due to the challenging real estate investment market. At EUR 44.9 million, income from asset and property management, and developments increased by around 23% year-on-year (previous year: EUR 36.4 million).

### Investment income at EUR 3.2 million

In addition to real estate management fees, the Institutional Business also generates income from equity investments in issued investment products, especially from the funds in the Office Balance series. At EUR 3.2 million, these fees were lower in the 2023 financial year than the prior-year figure of EUR 6.3 million. The lack of transactions was also reflected in lower investment income.

## Operating expenses down due to lower business volumes

Operating expenses declined from EUR 51.2 million in the previous year to EUR 43.4 million during the year under review due to comparatively low business volumes in the Institutional Business segment. Personnel costs fell to EUR 26.1 million (previous year: EUR 32.0 million), while administrative costs also decreased to EUR 17.3 million (previous year: EUR 19.2 million).

## Net interest result improved

The net interest result came to EUR – 0.9 million and has thus improved by EUR 2.7 million year-on-year (previous year: EUR – 3.6 million).

## FFO contribution influenced by lower volume of transactions

The lower transaction volume compared to the previous year and the associated lower transaction-related real estate management fees are the main reasons for the segment's reduced FFO contribution of EUR 8.4 million (previous year: EUR 38.8 million). The segment's FFO margin (FFO in relation to real estate management fees and the share of the profit or loss of associates) was approximately 20.1%.

**FFO contribution of the Institutional Business**

| | Total | | | Institutional Business | | |
|---|---|---|---|---|---|---|
| in EUR million | 2023 | 2022 | Δ | 2023 | 2022 | Δ |
| Net rental income | 164.6 | 152.5 | 8% | | | |
| Profit on disposals | 8.2 | 12.7 | –35% | | | |
| Administrative expenses | –27.2 | –37.9 | –28% | –17.3 | –19.2 | –10% |
| Personnel expenses | –40.1 | –42.6 | –6% | –26.1 | –32.0 | –18% |
| Other operating income/expenses | 1.7 | 2.3 | –26% | –0.1 | –0.4 | –75% |
| Real estate management fees | 50.9 | 88.4 | –42% | 50.9 | 88.4 | –42% |
| Share of the profit or loss of associates without project developments and sales | 6.4 | 18.9 | –66% | 3.2 | 6.3 | –49% |
| Net interest income | –92.8 | –60.6 | 53% | –0.9 | –3.6 | –75% |
| Other adjustments | 8.2 | 13.3 | 38% | 1.2 | 0.3 | 300% |
| Funds from operations | 71.7 | 134.3 | –47% | 10.9 | 39.8 | –73% |
| Non-controlling interest | –19.8 | –20.1 | –1% | –2.5 | –1.0 | 150% |
| Funds from Operations (excluding non-controlling interest) | 51.9 | 114.2 | –55% | 8.4 | 38.8 | –78% |
| Funds from Operations II (including profit on disposals) | 79.9 | 147.0 | –46% | 10.9 | 39.8 | –73% |
| Funds from Operations II (including profit on disposals, excluding non-controlling) | 59.4 | 126.9 | –53% | 8.4 | 38.8 | –78% |

# Financial position

- Maturities from bridging loan and promissory note loans rescheduled
- Significant rise in interest rates and strong movements in the bond markets in 2023
- Financial liabilities down EUR 164.2 million to less than EUR 3.0 billion
- 84% of Branicks' financing is hedged against changes in interest rates (excluding the VIB bridging loan)
- Conclusion of largely fixed-rate syndicated financing arrangement with volume of EUR 505 million in first quarter of 2023 secures predictable long-term interest-rate level
- 18/23 bond with volume of EUR 150 million repaid and bridging loan significantly reduced by EUR 200 million
- Average interest rate across all financial liabilities of 3.0% at end of 2023 (excluding bridging loan)

## Securing and expanding liquidity

As part of our financial management activities, we continuously and proactively monitor liquidity requirements at all levels of the Group and ensure the solvency of Branicks and its Group entities at all times. We strive to achieve the greatest possible stability against external influences while maintaining flexibility for our operating business, thus ensuring the continued existence and development of the Group.

We meet our financing requirements through both traditional bank financing and the capital markets. The promissory note market complements our financing strategy.

## Maturities from bridging loan and promissory note loans

The bridging loan taken out in 2022 to acquire the shares in VIB Vermögen AG, which still amounted to around EUR 400 million at the beginning of 2023, was reduced by EUR 200.9 million in July 2023. The maturities scheduled for 2024 as of the reporting date, which primarily consist of the remaining EUR 200 million from the bridging loan and EUR 225 million in promissory note loans, were not completely covered by liquidity and firmly agreed financing or sales proceeds as of the reporting date. Based on a business plan for the years 2024 to 2026, which was reviewed and confirmed by independent consultants, we engaged in negotiations with the financiers of the bridging loan and the lenders of the promissory note loans maturing in 2024 and extended the terms. In the context of the negotiations with the lenders of the promissory note loans, we used the so-called StaRUG proceedings. The court confirmed the restructuring plan on 26 March 2024. This extends the bridging loan until 31 December 2024 and the promissory note loans originally due in 2024 until 30 June 2025.

## Mortgage financing offers tried-and-tested solution in turbulent times

At the level of our subsidiary VIB Vermögen AG, we concluded more than EUR 505 million of portfolio financing with renowned mortgage banks. This enabled us to secure liquidity and attractive interest rates for the long term.

## Long-term focus and security in our planning

To make our financing structure stable, as a rule, we conclude our financing on a long-term basis, at least over five years. This financing is usually carried out on a non-recourse basis, which prevents unlimited enforcement against the Group beyond the property to be financed.

**Financing activities**

| in EUR million | 2023 |
|---|---|
| New property-related loans and a working capital line | 583 |
| Repayments (bond/promissory note loan/ property financing/bridge) | 751 |

Overall in financial year 2023, in our Group we realised a financing volume (new borrowings and repayments) of around EUR 1.3 billion.

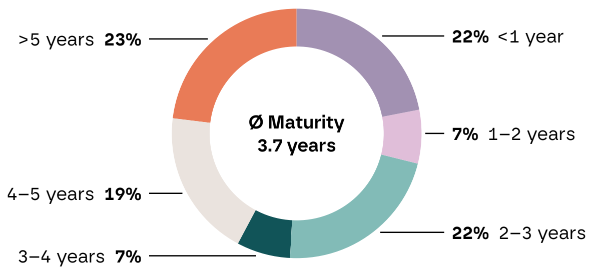
At EUR 2,974.2 million, the financial debt shown on the balance sheet as at 31 December 2023 was down EUR 164.2 million year-on-year following new borrowings and repayments. The large majority (68%) of the financial debt consists of bank loans, whereas the remaining portion is attributable to funds from our bonds (13%) and promissory note loans (19%).

## Remaining maturity is 3.7 years (3.9 years excluding the Bridge)

The average remaining maturity of all financial liabilities (excluding the Bridge) is 3.9 years at the end of 2023. Taking into account the Bridge, the average remaining maturity as at the reporting date was 3.7 years.

**Maturity of liabilities**

as at 31.12.2022



To accommodate our dynamic business model, we agreed a working capital facility of EUR 25 million with a major German bank at corporate level. This is available without payment requirements, and an amount of EUR 23.1 million was drawn down as at the reporting date, which was due on 31 January 2024.

## Hedging against interest rate fluctuations

At around 84% (excluding the Bridge), the vast majority of financial debt is at fixed interest rates or hedged against interest rate volatility. This gives us long-term certainty in our planning and keeps interest rate risks stable. Just under 16% of our financial liabilities – primarily short-term in nature – are agreed at variable rates and are not hedged against interest rate risks. In addition, the bridging loan volume of EUR 200 million outstanding at the end of the year is financed at a variable rate (on the basis of the 1-month EURIBOR plus increasing spreads during the term). The partial repayment of the bridging loan in the amount of around EUR 201 million in July 2023 had a positive impact on the net interest result.

## Average interest rate across all financial liabilities of 3.1% (3.0% excluding the Bridge)

As at 31 December 2023, the average interest rate across all financial liabilities (excluding the Bridge) increased to 3.0% and already reflects in part the changed interest rate environment (31 December 2022: 1.9%). Including the bridging loan, the average interest rate as at the reporting date increased to 3.1%.

**Loan-To-Value (LTV)**

| in EUR thousand | 31.12.2023 | 31.12.2022 |
|---|---|---|
| **Asset values** | | |
| Market value in EUR million | 3,641,609 | 4,451,901 |
| Market value of investments (indirect real estate)[1] | 345,773 | 205,337 |
| Goodwill | 190,243 | 190,243 |
| Service contracts | 45,345 | 52,175 |
| Carrying amount Loans/receivables related parties | 134,106 | 123,082 |
| | | |
| **Market value Assets (Value)** | **4,357,076** | **5,022,738** |
| | | |
| **Liabilities** | | |
| Non-current interest-bearing Loans and borrowings[2] | 1,906,816 | 2,236,839 |
| Current interest-bearing Loans and borrowings | 618,917 | 252,759 |
| Liabilities for properties under IFRS 5 | 39,151 | 38,676 |
| Related party liabilities | 6,649 | 19,160 |
| Corporate Bonds | 394,654 | 542,199 |
| less cash on hand / bank balances | –345,550 | –188,404 |
| **Net liabilities (loan)** | **2,620,637** | **2,901,229** |
| | | |
| **LTV[2]** | **60.1%** | **57.8%** |
| **Adjusted LTV[2]** | **57.6%** | **54.7%** |

[1] Includes shares in associated companies, participations and participation under IFRS 5.
[2] Adjusted for warehousing.

The interest coverage ratio (ICR, i.e. the ratio of EBITDA to adjusted net interest result) was 216% (previous year: 347%).

## LTV increase in 2023

In the 2023 financial year, LTV and adjusted LTV has increased to 60.1% and 57.6%, respectively (previous year: 57.8% and 54.7%). We continue to aim for a medium-term LTV in a target range of 45% to 50% by reducing the liabilities on our balance sheet. In 2023, we repaid the maturing 2018/2023 bond on schedule out of our existing liquidity. A further reduction is mainly to be achieved via sales.

## Financing obligations met in full

We complied with all financing obligations, including financial covenants stipulated in loan agreements, throughout the year and as at the reporting date. Branicks has agreed a customary level of credit with financial covenants. If the Company fails to comply with these clauses, banks could modify their credit terms or demand the repayment of some loans at short notice. Essentially, the following covenants have been agreed:

- DSCR (debt service coverage ratio): specifies the percentage of expected interest plus repayment (principal repayment) covered by rental income.
- Debt yield (rental income/loan volume): indicates rental income as a percentage of debt.
- LTV (loan-to-value): is a ratio expressing the loan amount as a percentage of a property's market value.

## No off-balance sheet financing

There are no significant off-balance sheet forms of financing. The consolidated financial statements report all forms of financing used by the Company. Additional details such as terms, the fair value of loans or information on derivative financial instruments is provided in the notes from → page 151.

## Challenging liquidity situation

Liquidity planning has the utmost priority for us as part of financial management, not least against the backdrop of upcoming maturities of financial liabilities and banks' stringent lending conditions due to the changed market environment. We therefore endeavour to be independent of additional financing for ongoing operations. For this purpose, we carry out annual liquidity planning as part of our budgeting process, which is then continuously updated. The consistency of our cash flow enables us to make a detailed liquidity forecast against which we can align our cash deployment and requirements with great precision. During 2023, Branicks was at all times able to meet its payment obligations. As at 31 December 2023, available liquidity amounted to around EUR 158.6 million (previous year: EUR 180,5 million).

## Cash flow shaped by economic environment

The cash inflow for the financial year is essentially shaped by the economic environment and the implementation of our resulting strategic objectives. The cash inflow from investing activities and operating activities more than compensated for the negative cash flow from financing activities. Overall, the inflow of funds amounted to EUR 157.1 million (previous year: outflow of EUR 454.5 million).

Cash generated from operations amounted to EUR 97.1 million in the past financial year (previous year: EUR 158.9 million). This decline from the previous year is primarily attributable to higher interest expense and lower transaction-related fees.

The positive cash flow from investing activities reflects our ability to generate significant cash inflows from sales despite the difficult market environment. The prior-year figure was dominated by the outflow of funds for the purchase price for acquiring the majority interest in VIB. Accordingly, payments made for other investments/business acquisitions decreased by EUR 480.3 million to EUR 181.3 million. The proceeds from the sale of properties amounted to EUR 558.6 million (previous year: EUR 51.5 million). We invested EUR 47.1 million in our existing properties (previous year: EUR 52.0 million). Overall, we recorded a cash flow from investing activities of EUR +306.2 million (2022: EUR – 700.3 million).

Cash flow from financing activities in 2023 was influenced on the one hand by the refinancing of a large part of the logistics portfolio in the amount of EUR 568.8 million and on the other hand by the scheduled repayments of our bond in the amount of EUR 150 million and the repayment of part of the bridging loan in the amount of EUR 200.9 million. A total of EUR 59.6 million was distributed to the shareholders as a cash dividend in the financial year (previous year: EUR 43.5 million). Overall, cash flow from financing activities was a negative EUR 246.1 million (previous year: EUR +86.9 million), reflecting our strategy to reduce debt.

Cash and cash equivalents increased year-on-year by EUR 157.1 million to EUR 345.6 million.

**Cash flow**

| in EUR million | 2023 | 2022 |
|---|---|---|
| Profit for the year | – 70.7 | 42.9 |
| Cash flow from operating activities | 97.1 | 158.9 |
| Cash flow from investing activities | 306.2 | – 700.3 |
| Cash flow from financing activities | – 246.1 | 86.9 |
| Net changes in cash and cash equivalents | 157.2 | – 454.5 |
| Acquisition-related addition | 0.0 | 96.0 |
| Cash and cash equivalents as at 31 December | 345.6 | 188.4 |

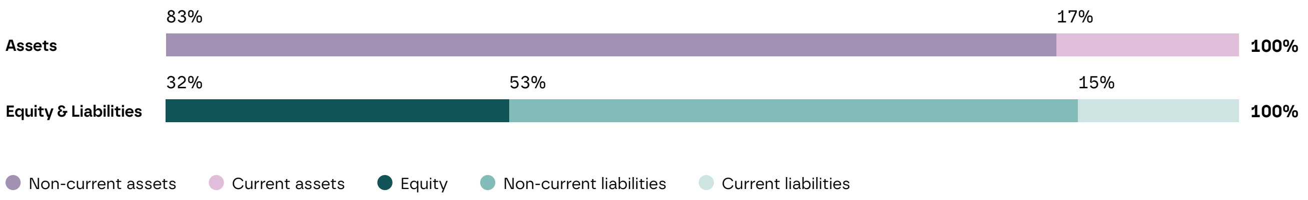
## Net assets

- Total assets down slightly by around 6% to EUR 4,846.2 million
- Real estate assets decline by approximately 7% to EUR 3,398.6 million due to sales
- Measurement effect of – 6.8% in Commercial Portfolio due to significant rise in market interest rates
- NAV at positive level of EUR 1,298.4 million
- Value of the Institutional Business segment influenced by general interest effects
- Adjusted NAV of EUR 17.63 per share, resulting from higher number of shares and updated value of the Institutional Business segment
- Equity ratio largely unchanged at 31.5%

Net assets remained mostly stable in the 2023 financial year with a slight decline in total assets to EUR 4,846.2 million (previous year: EUR 5,180.3 million). Non-current assets fell slightly by EUR 207.0 million. By contrast, current assets excluding IFRS 5 assets increased by EUR 176.2 million. Assets held for sale decreased by EUR 303.3 million.

The equity ratio decreased slightly to 31.5% (previous year: 32.1%). This is mainly due to the payment of the dividend of around EUR 59.9 million in April of the financial year and the loss for the period of EUR – 70.7 million.

**Balance sheet structure**




### Measurement at cost

Our properties are carried at amortised cost. The carrying amounts are reviewed annually in the course of IFRS impairment testing to establish whether impairment losses must be recognised. These are compared against the higher of fair value and value in use, which reflects the value of a property under its intended use. In 2023, impairment testing resulted in impairment losses of EUR 16.4 million (previous year: EUR 0.0 million) recognised on real estate assets.

### Non-current assets down due to sales

Investment property (our existing properties in the Commercial Portfolio segment) was carried at EUR 3,398.6 million as of 31 December 2023 compared with EUR 3,673.3 million in the previous year. This was due in particular to the sale of two properties in Leverkusen (carrying amount disposal of EUR 10.5 million) and Neufahrn (carrying amount disposal of EUR 74.1 million) as well as the reclassification of available-for-sale properties totalling EUR 116.8 million as assets held for sale, while a property in Langenhagen was acquired (addition of EUR 23.9 million).

Property, plant and equipment increased by EUR 24.8 million to EUR 45.4 million (previous year: EUR 20.6 million), primarily due to the capitalisation of a right-of-use asset for a long-term lease at the Global Tower in Frankfurt am Main. Investments in associates also rose considerably by EUR 47.7 million to EUR 129.3 million (previous year: EUR 81.6 million). The main reason for this was the reclassification of shares in the Public Infrastructure V fund from assets held for sale.

At EUR 190.2 million, following the annual impairment test goodwill remains at the same level as in the previous year (31 December 2022: EUR 190.2 million).

## Current assets also down slightly, but cash and cash equivalents increase

Current assets decreased by EUR 127.1 million to EUR 805.6 million (previous year: EUR 932.7 million). This was attributable to a EUR 303.3 million reduction in the “Assets held for sale” item to EUR 237.5 million (previous year: EUR 540.8 million), mainly due to the sale of properties from the VIB Retail Balance I fund in the amount of EUR 202.9 million. Conversely, cash and cash equivalents increased to EUR 345.6 million (previous year: EUR 188.4 million), which was mainly due to the sale of a retail portfolio in the VIB Retail Balance I fund worth EUR 306.0 million and the repayment of both the 2023 bond with a volume of EUR 150 million as well as a tranche of the bridging loan worth EUR 200.9 million. Please refer to the disclosures in the ”Financial position” section → page 59 for information on the liquidity situation.

## Net loss for the year weighs on equity

Equity fell due in particular to net loss for the year of EUR – 70.7 million (previous year: profit of EUR +42.9 million) as well as a dividend payment of EUR 59.9 million during the 2023 financial year. Equity attributable to the Group’s shareholders decreased year-on-year by EUR 131.4 million or 11% to EUR 1,044.7 million (previous year: EUR 1,176.1 million). The loss for the year attributable to the Group’s shareholders was EUR – 66.0 million (previous year: profit of EUR +31.0 million). The dividend distributed in 2023 amounted to EUR 62.4 million, of which EUR 59.6 million were paid in cash to shareholders. The voluntary non-cash dividend (scrip dividend) led to a EUR 0.4 million increase in issued capital and raised capital reserves by EUR 2.1 million after deducting the transaction costs incurred.

The reported equity ratio at 31.5% was similar to the prior-year figure of 32.1%. The loan-to-value ratio (LTV) increased to 60.1% (previous year: 57.8%).

**Balance Sheet overview**

| in EUR million | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Total assets | 4,846.2 | 5,180.3 |
| Total non-current assets | 4,040.6 | 4,247.6 |
| Total current assets | 805.6 | 932.7 |
| | | |
| Equity | 1,527.1 | 1,664.1 |
| Total non-current financial liabilities | 2,316.1 | 2,697.6 |
| Total current financial liabilities | 618.9 | 402.2 |
| Other liabilities | 384.1 | 416.4 |
| Total liabilities | 3,319.1 | 3,516.2 |
| | | |
| Equity ratio book value | 31.5 % | 32.1 % |
| Loan-To-Value [1] | 60.1 % | 57.8 % |
| Adjusted Loan-To-Value [1] | 57.6 % | 54.7 % |
| NAV [2] | 1,298.4 | 1,593.5 |
| Adjusted NAV [2] | 1,473.5 | 1,888.4 |

[1] The ratio of total net financial debt (including liabilities to related parties) to the sum of the market value of the Commercial Portfolio, the market value of other investments, GEG goodwill and other intangible assets in connection with the acquisition of GEG, loans to associates and receivables from related parties.
[2] Previous year as of December 31, 2022 amount adjusted.

## Commercial Portfolio records – 6.8% measurement loss

The measurement loss – adjusted for acquisitions and sales – is – 6.8 % in our Commercial Portfolio (previous year: 1.5%). This is mainly due to the higher market interest rate level in the 2023 financial year. The increase in rents did not compensate for the discounting effect of real estate valuation.

## Adjusted net asset value at EUR 17.63 per share

The NAV key figure is equal to the value of all tangible and intangible assets less liabilities. NAV was EUR 1,298.4 million at the end of 2023. Only a portion of the value of real estate management services provided by the Institutional Business is reflected in NAV via the goodwill recognised in the balance sheet. This value contribution is therefore added to NAV. As at the reporting date, the total adjusted NAV was EUR 1,473.5 million (previous year: EUR 1,888.4 million). The adjustment of the valuation parameters, in particular the interest rate conditions, in the 2023 financial year due to the changed market environment led to an updated value of the Institutional Business segment of EUR 427.4 million (previous year: EUR 522.3 million). As a result of the capital increases implemented in connection with the non-cash dividend in 2023, the number of shares increased by 413,144 shares to 83,565,510 shares. NAV per share amounted to EUR 15.54 compared with EUR 19.16 in the previous year. The adjusted NAV per share as of 31 December 2023 was EUR 17.63 (previous year: EUR 22.71).

**Net Asset Value**

| in EUR million | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Carrying amount of investment properties | 3,398.6 | 3,673.3 |
| Fair value adjustment | 142.5 | 342.9 |
| Fair value of the Commercial Portfolio | 3,541.1 | 4,016.2 |
| Real estate assets acc. with IFRS 5 | 100.5 | 435.7 |
| Fair value of properties | 3,641.6 | 4,451.9 |
| Carrying amount of equity investments | 129.3 | 81.6 |
| Fair value of equity investments | 129.3 | 81.6 |
| | | |
| +/– Other assets/liabilities (excluding goodwill) | 682.2 | 781.6 |
| Restatement of Other assets/liabilities [1] | 8.0 | – 332.7 |
| Net loan liabilities at carrying amount | – 2,935.0 | – 3,099.8 |
| Net loan liabilities in accordance with IFRS 5 | – 39.2 | – 38.7 |
| Non-controlling interests [2] | – 440.7 | – 477.8 |
| | | |
| Goodwill incl. other assets/liabilities | 252.2 | 227.4 |
| Net Asset Value (NAV) [2] | 1,298.4 | 1,593.5 |
| Number of shares (thousand) | 83,566 | 83,152 |
| NAV per share in EUR [2] | 15.54 | 19.16 |
| Adjusted NAV per share in EUR [2, 3] | 17.63 | 22.71 |

[1] Restated for deferred taxes (EUR +69,343 thousand; previous year: EUR +67,250 thousand), financial instruments (EUR 0 thousand; previous year: EUR -2,909 thousand) and IFRS 5 assets and liabilities (EUR –61,344 thousand; previous year: EUR –397,074 thousand).
[2] Previous year as of December 31, 2022 amount adjusted.
[3] Incl. Institutional Business.

**NAV**

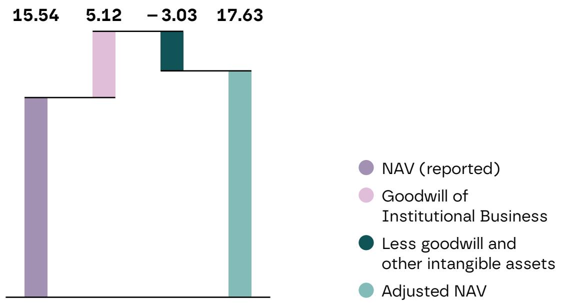
in EUR/share


**Adjusted NAV**

in EUR/share


**Adjusted NAV reconciliation (including value of Institutional Business)**

in EUR/share




## Other disclosures

### Impact of accounting policies and accounting changes on the presentation of the economic position

In 2023, no options were newly exercised, no grooming transactions were carried out and no changes were made to discretionary decisions which – if treated differently – would have had a material impact on the presentation of the net assets, financial position and results of operations in the financial year.

# Non-financial key performance indicators

With the exception of the section entitled "Green Bond impact reporting", the contents of the "Non-financial key performance indicators" section of the combined management report were not audited. Additional non-financial content that has been audited by the auditor can be found in our 2023 Sustainability Report. The Sustainability Report for the 2023 financial year will be published on 29 May 2024. Our website also contains a large amount of additional information and the latest news on sustainability and ESG (Environmental, Social and Governance) issues.

Non-financial assets play a major role in the long-term success of Branicks Group AG. They constitute unique selling propositions and competitive advantages that are based on the long-standing nature of our operations, the expertise of our employees and our extensive network within the market. Although these assets are difficult to quantify and cannot be reported in the balance sheet, they can be measured with the help of non-financial key performance indicators.

The Branicks brand is one of the Group's most important intangible assets. We unveiled it during the 2023 reporting year, positioned it prominently in the market for the first time at EXPO 2023 and have since used it consistently as part of our corporate identity. It is enhanced further and prominently showcased to the markets through a variety of public relations activities.

## ESG and digital transformation

### ESG strategy

As one of Germany's leading listed real estate companies, Branicks Group AG is committed to sustainable development. ESG has become an essential and integral part of our corporate strategy and our business activities. We presented in detail the Company's expanded ESG strategy for the coming years in 2023. Branicks has defined both short- and medium-term objectives, the achievement of which is reported on regularly. These objectives are defined along the following four guidelines:

- We positively mitigate climate change
- We shape our business with and for the people
- We are a reliable partner and conduct our business activities in a transparent and accountable manner
- We use digitisation for ESG purposes as yet another building block

**Our material non-financial assets include, among others:**

- Long-term relationships with highly satisfied tenants and investors
- Trust-based partnerships with strategic financial and capital partners
- Motivated and dedicated employees and managers
- Competitive and organisational advantages from our real estate management platform throughout Germany
- Established, trusting cooperation with service providers and business partners
- Cooperation and continual exchange with all relevant stakeholders
- Focus on sustainability and digital transformation

We intend to contribute actively to the decarbonisation of the buildings sector. Reducing carbon emissions and resource depletion are priorities for Branicks – for our own business activities, our own property portfolio and the properties we manage for third parties.

As an employer, we embrace the responsibility to provide a positive corporate culture and to promote a safe, socially fair and healthy work environment. Collaboration should be defined by motivation and diversity as well an entrepreneurial mindset and behaviour, accountability, flexibility and expertise. As a real estate management company and commercial real estate specialist, we focus on the current and future interests of our stakeholders, and social challenges in a forward-looking way. As a member of society (a corporate citizen), we are actively involved in our industry for the public good.

We attach great importance to transparent and responsible corporate governance. We are committed to upholding the principles of ethics and integrity within the Company as well as complying with legal provisions and internal company values. To fulfil this commitment, we want to consistently integrate ESG into all levels of our organisation in an interconnected way.

We want to utilise digital tools for our management processes and continue developing our business model, enabling us to offer new digital products and services and create added value for our investors, tenants and properties with initiatives such as using efficient data structures to manage and optimise energy consumption, emissions and resources.

## Protecting the climate is the most important ESG objective

In 2022, we defined quantifiable targets for all ESG aspects for the first time. A summary of all of our ESG targets and KPIs is provided on pages 9, 11 and 13 of our → 2022 Sustainability Report.

Our climate target, which reflects our commitment to climate action, is of particular importance. Branicks Group AG has set itself the goal of reducing greenhouse gas (GHG) emissions per square metre in its Commercial Portfolio by an average of 40% by 2030, compared to the 2018 baseline year. This means that we have set a transparent and measurable climate target based on current knowledge of globally available environmental parameters, scientific analysis and our own market knowledge.

To achieve this target, we have established a climate pathway for our Commercial Portfolio in close collaboration with external sustainability experts. This climate pathway will provide guidance for prioritising our various activities. It includes a series of organisational and technical measures, including staff training, tenant participation, saving energy by the more efficient deployment of existing systems, increasing the proportion of green power used and procuring green gas to further reduce carbon emissions, the use of metering equipment with remote polling functionality, and the targeted use of district heating, CHP pumps and PV systems. Strategic initiatives are also being pursued, such as a targeted portfolio strategy that leverages carefully tailored purchase and sale policies.

## Sustainable development of our portfolio and investment in Green Buildings

Our property portfolio already boasts a number of buildings with sustainability certification. We define Green Buildings as buildings with a sustainability certificate that meet high energy efficiency standards (e.g. ENEV 2009) or a minimum certification level such as “LEED Gold”, “BREAAM Very Good” or “DGNB Gold”. The aim of our Green Bond Framework (GBF) is to increase the share of Green Buildings in our real estate portfolio to at least 20% by the end of 2023.

In financial year 2022, Green Buildings as a proportion of the Commercial Portfolio market value rose from 11.6% to 31.0%. In 2023, Green Buildings as a proportion of the Commercial Portfolio market value rose to 43.6% and the number of Green Buildings increased to 36 due to the certification of properties at Taubenstraße Berlin, Zeppelinstraße Kösching and Podbielskistraße Hanover, as well as by selling selected low-performing assets. Thanks to our targeted certification and portfolio strategy, our goal of achieving a Green Building proportion of at least 20% in the Commercial Portfolio by the end of 2023 was achieved ahead of time.

**Green Buildings**

| | 31.12.2023[1] | | | | | 31.12.2022 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | DGNB Gold | LEED Gold | BREEAM Very Good | ENEV 2009 | Total | DGNB Gold | LEED Gold | BREEAM Very Good | ENEV 2009 | Total |
| **Number** | 8 | 1 | 6 | 21 | **36** | 6 | 1 | 3 | 22 | **32** |
| **in % of rental space** | 6.9% | 0.5% | 12.3% | 17.7% | **37.4%** | 3.0% | 0.4% | 3.6% | 19.9% | **27.0%** |
| – of which new construction and major renovations | 6.9% | 0.5% | 0.0% | 0.0% | **7.4%** | 3.0% | 0.4% | 0.0% | 0% | **3.5%** |
| – of which existing building | 0.0% | 0.0% | 12.3% | 17.7% | **30.0%** | 0% | 0% | 3.6% | 19.9% | **23.5%** |
| **in % of market value** | 9.8% | 1.9% | 16.4% | 15.5% | **43.6%** | 5.8% | 1.7% | 5.0% | 18.4% | **31.0%** |
| – of which new construction and major renovations | 9.8% | 1.9% | 0.0% | 0.0% | **11.7%** | 5.8% | 1.7% | 0% | 0% | **7.6%** |
| – of which existing building | 0.0% | 0.0% | 16.4% | 15.5% | **31.9%** | 0% | 0% | 5.0% | 18.4% | **23.4%** |

**2021/2026 Green Bond allocation reporting**

| | 31.12.2023 | | 31.12.2022 | |
|---|---|---|---|---|
| | in EUR million | in % of total market value | in EUR million | in % of total market value |
| Market value of Green Buildings in the Commercial Portfolio[1] | 1.508.4 | 43.6 | 1.310.6 | 31.0 |

[1] All values calculated excl. project developments and repositioning properties/excl. pre-certificates.

**Allocation Reporting Green Bond 2021/2026**

| | 31.12.2023 | | 31.12.2022 | |
|---|---|---|---|---|
| | in EUR million | in % | in EUR million | in % |
| **Gross proceeds from 2021/2026 Green Bond** | 400.0 | 100 | 400.0 | 100 |
| **Funds used for eligible green projects/properties** | 400.0 | 100 | 400.0 | 100 |
| **Funds not yet allocated for eligible green projects/properties** | 0 | 0 | 0 | 0 |
| | | | | |
| **Distribution of funds used by eligible category** | | | | |
| Green Buildings | 400.0 | 100 | 400.0 | 100 |
| **Distribution of funds used by project location** | | | | |
| Germany | 400.0 | 100 | 400.0 | 100 |
| **Distribution of funds used by type of financing** | | | | |
| Refinanced green projects/properties | 234.6 | 59 | 234.6 | 59 |
| Newly financed green projects/properties | 165.4 | 41 | 165.4 | 41 |

## Green Bond – impact reporting

As part of the issuance of the Company's first Green Bond and the publication of Green Bond Frameworks (GBF) in 2021, Branicks Group AG committed to reporting on the development and use of the funds used to finance green projects and properties on an annual basis. With this in mind, the GBF sets the parameters within which Branicks Group AG can issue its Green Bonds. After being subjected to an independent external review (second party opinion), the Framework was found to be in accordance with the ICMA Green Bond Principles (GBP) for 2021 as well as Sustainable Development Goals (SDGs) 9 and 11 set by the United Nations. SDG 9 "Industry, Innovation and Infrastructure" seeks to promote high-quality, sustainable and resilient infrastructure, while SDG 11 "Sustainable Cities and Communities" promotes inclusive and sustainable urban planning.

By investing in energy-efficient and sustainable buildings when making new acquisitions, we are contributing to sustainable development and the reduction of $CO_2$ within our real estate portfolio. (For details, see GBF at → https://branicks.com/download/publikationen/Branicks-Green-Bond-Framework.pdf).

## Digital transformation

### Group & asset management

We use digital tools to improve our management processes. To increase efficiency and quality in real estate management, a document management system and asset management software were introduced. The different systems of the Group's subsidiaries were standardized in the past reporting year. We are also using and continuing to develop a comprehensive HR system to digitalise our existing processes and make them more efficient.

### Smart Building

In the past reporting year, we focused on exploiting potential for efficiency by introducing smart building technology. Data analysis and the fine-tuning of building component energy requirements is also part of our "Smart Building" strategy. This includes the installation of easy-to-retrofit sensor systems for the automated collection of consumption data the introduction of energy management systems. This approach is used to optimise our building operations and resource consumption. We firmly believe that its targeted and appropriate use in suitable properties offers significant potential for achieving savings. In the medium term, smart building technology will be rolled out across our entire portfolio wherever the technical and business requirements can be met. The smart property of the future will be equipped with a network of building sensors allowing the situational control of energy consumers, and will be highly efficient, climate-friendly and adaptable to the needs of its users. These modern building automation systems also benefit our tenants, not only reducing annual service charges but also allowing office space to be redesigned in line with contemporary "New Work" models. One example of this is a dedicated app for booking office and meeting spaces. By introducing these measures, Branicks is adopting a forward-looking stance and pursuing its strategy of using digitalisation to both simplify and accelerate sustainable change ("ESG+D").

### Cybersecurity

A substantial part of our business activities is now conducted online, which is why it is so important for us to reliably protect all of our IT systems. In addition to policies on IT and cybersecurity, we have also established a suitable security management system. We always use the state-of-the-art network security and endpoint protection technologies and keep all systems and tools up to date with the latest security standards. This enables us to minimise the risks to our IT landscape and their impacts. All Group employees were also obligated to participate in cybersecurity awareness training in 2023. In addition to regular security audits, we carry out both in-house security assessments and external intrusion tests at system, data and network level.

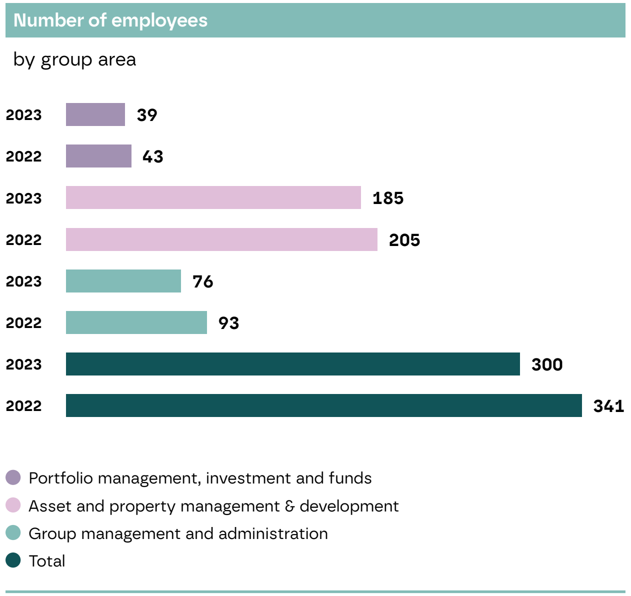
# Our human resources performance

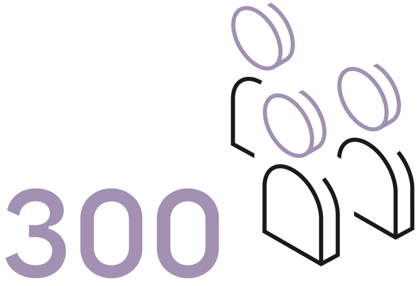
Reliability, agility, creativity – these are the values we have embedded in our company to reach high levels of performance and motivate each other each day. We can only do this with employees who embrace these values and demonstrate them by the way they work together every day.

## Number of employees

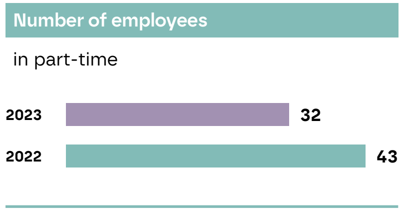
The number of employees fell to 300 as at the end of 2023 (31 December 2022: 341). The reduction during the 2023 financial year was primarily attributable to restructuring in the administration and asset and property management teams. As at year-end, 39 employees worked in portfolio management, 185 in asset and property management and 76 in administration.

The staff turnover rate at Branicks (excluding departures during the probationary period) was 23% in 2023. The slight increase in this figure compared to the previous year (20%) resulted from two main factors: firstly, a dynamic situation for workers in a labour market that offers a wide range of employment options and thus provides favourable conditions for a job change, and secondly, a growing desire among employees to actively scrutinise and improve their professional situation. Both of these factors are indicative of a lively and evolving labour market.

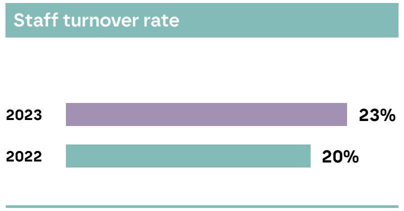


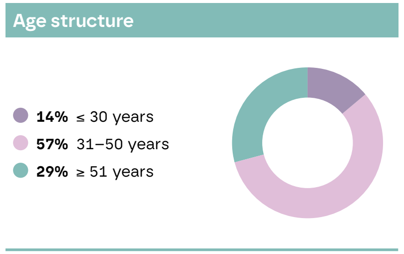



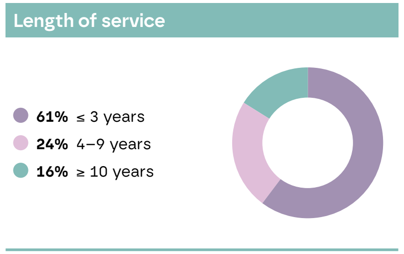

highly qualified employees were employed by Branicks Group AG as at 31 December 2023

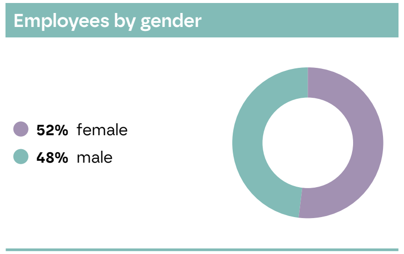






HR Controlling creates reports and ad-hoc evaluations and statistics to help management make data-driven decisions. We are also using and continuing to develop a comprehensive HR system to digitalise our existing processes and make them more efficient.

## Dynamic remuneration system

Salaries at Branicks consist of a basic income, supplementary benefits and performance-related components. We base our salaries on industry standards and those of our competitors. The performance-related component is based on achieving individual goals as well as strategic and operating targets, which are set annually together with supervisors. This means that a total of EUR 35.6 million was spent on employees in 2023 (previous year: EUR 39.5 million). This figure includes performance-related remuneration of EUR 1.8 million (previous year: EUR 4.4 million). Social security contributions, pension plans and other benefits added up to EUR 4.7 million (previous year: EUR 4.3 million).

To arrive at pay packages that reflect market conditions, Branicks in 2023 again took part in the Real Estate Compensation Clubbenchmark (Heuer, Kienbaum and ZIA). The benchmark analyses the level and structure of remuneration that is paid for approximately 90 skilled and management positions in the property industry. The results of the study help our HR team to make sure that the salaries and bonuses they decide on are in line with market needs.

The Management Board of Branicks Group AG has also launched an employee share scheme, with which Branicks Group AG aims to offer employees a long-term remuneration component in addition to their standard pay package. For this purpose, Branicks Group AG buys own shares on the market for the employees every year in December and holds them in a securities account. Payouts under the scheme can be made after four years at the Company. The amount paid reflects the share price performance during this period.

## Recruiting: Focus on tomorrow’s talent

Our HR generalists oversee the entire internal employee lifecycle and recruiting.

As part of our strategy for assuring the availability of well-qualified junior staff for our company, we hired three new trainees in 2023. A total of 13 employees are currently completing their training in various professions, such as real estate professional or IT specialist for system integration. In the past financial year, Branicks was able to recruit a business development trainee in its Institutional Business.

The Group continued to award scholarships in cooperation with the Frankfurt School of Applied Sciences during 2023. Our commitment to higher education has been successful: In the reporting year, we were able to recruit a total of 17 working students and 3 interns who gained their first practical experience at Branicks as part of their studies.

## Promoting and embracing diversity

Branicks Group AG promotes diversity throughout the entire Group, particularly with regard to equal representation of women and men in management positions. As at 31 December 2023, 52% of all positions were staffed by women (previous year: 53%).

We firmly believe that heterogeneous teams that differ in terms of their individual skills, expertise and approaches are often better equipped to solve complex issues and offer a higher potential for innovation as a result. With this in mind, we maintain a corporate culture that is committed to the principles of ethics and integrity and promotes mutual appreciation, responsibility and respect within the workforce. Our Compliance Guidelines outline our comprehensive approach to protection against discrimination, particularly with regard to ethnic identity, gender, religion or belief, disability, age and sexual identity. Our stated objective is to actively prevent any kind of discrimination, unfairness or undesirable behaviour.

We offer our employees part-time models to enable flexible working hours. In 2023, a total of 32 employees (11%) worked part-time, compared with 43 employees (13%) in 2022. As at the end of 2023, the Group had employees from 20 countries including dual citizenships (previous year: 14).

## Corporate governance – Code of values and policies

Branicks Group AG maintains a corporate culture that is committed to the principles of ethics and integrity and promotes mutual appreciation, responsibility and respect within the workforce. The Company is in compliance with the recommendations of the German Corporate Governance Code as described in its annual Declaration of Compliance (see → page 97 in this Annual Report). Further information on Branicks' corporate governance practices can be found in the Corporate Governance Statement (starting on → page 96 in this Annual Report).

Branicks Group AG also set out its code of values in several policies, particularly its Code of Conduct, that are made permanently and publicly available on its website (→ https://https://branicks.com/en/company/values-compliance/).

Branicks has also joined the United Nations Global Compact ("UNGC"). This step shows that Branicks is committed to supporting the UNGC's ten principles in the areas of human rights, labour standards, environmental protection and anti-corruption. At the same time, we are committed to integrating the UNGC and its principles into our corporate strategy, culture and day-to-day business and participating in collaborative projects that promote the broader goals of the United Nations, particularly the Sustainable Development Goals. Joining the UNGC reaffirms our commitment to integrated corporate governance. At the same time, we are looking forward to networking and sharing experiences with companies that share and advocate the same values that we do.

## ESG ratings of Branicks Group AG

ESG ratings are progressively finding their way into the decision-making of capital market participants who, in addition to carrying out their own analysis, are increasingly relying on the sustainability ratings and benchmarks issued by established providers. Branicks Group AG critically and proactively supports this external analysis in order to contribute to improved transparency and comparability of competition in this context.

- Branicks achieved excellent results in 2022 as it successfully completed its initial ESG rating with internationally renowned provider Morningstar Sustainalytics. An overall result of 9.2 prompted Sustainalytics to present Branicks with the "ESG Industry Top Rated" and "Regional Top Rated" awards in January 2023 for its outstanding results in the ESG Risk Rating.
- With an overall result of 6.8, Branicks even improved its score year-on-year on 25 April 2023. In addition to the "ESG Industry Top Rated" and "Regional Top Rated" awards, Branicks received the "Global 50 Top Rated" award in January 2024, making it one of the top 50 companies rated worldwide. Sustainalytics measures the most important sector-specific ESG risks and evaluates how well a company manages these risks.
- In February 2023, Branicks also improved its CSA (Corporate Sustainable Assessment) rating from S&P by an impressive 12 points to 38 points.
- We also received a Category AA grade in the MSCI-ESG Research rating in January 2023. This places Branicks among the best 20% of evaluated companies in its peer group of "Real Estate Development & Diversified Activities".
- In addition, our 2022 Sustainability Report again received a Gold Award – the highest possible accolade – from European industry association EPRA on the occasion of its annual assessments of ESG reporting for listed property management companies while taking into account EPRA's Sustainability Best Practices Recommendations.
- At the beginning of February 2024, we received the result for participating in the Carbon Disclosure Project (CDP) in 2023, where we were able to significantly improve our score from C to B. In February 2024, Branicks also improved its CSA (Corporate Sustainable Assessment) rating from S&P by an impressive 13 points to 51 points.

The most important ratings as of the reporting date of the last two financial years are summarised in the following table.

| | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Carbon Disclosure Project (CDP) – Climate Change | C | C |
| MSCI – ESG Research | AA | A |
| ISS ESG | D+ | D+ |
| S&P CSA | 38 | 26 |
| EPRA sBPR | Gold | Gold |
| Sustainalytics | 6.8 | 9.2 |

# Report on expected developments, risks and opportunities

## Report on risks and opportunities of Branicks Group AG

### Our risk and opportunity culture

In the interests of its employees and investors, Branicks Group AG is constantly looking for ways to increase its profitability in a sustainable and forward-thinking way. Our efforts in this area are based on a culture of innovation and opportunity fostered by transparent, trust-based communication at all levels of the Company and in every aspect of our work.

The deliberate taking of business risks is always done in accordance with our Code of Conduct as well as a fundamental understanding of risk-aware conduct.

This long-standing, tried-and-tested risk culture allows us to innovate within a controlled environment, minimising the probability that negative impacts will occur.

### Basic principles of risk and opportunity management

The overarching objective of risk and opportunity management is to promote an appropriate risk and opportunity culture to ensure that we respond to opportunities and deal with risks in the way we prefer. Opportunity-focused, risk-aware conduct provides a foundation for business success and thus for the continued existence of the Company.

Our risk and opportunity management system allows our risk and opportunity management team to systematically record and continuously evaluate any risks or opportunities identified and, in so doing, look at them in their overall context.

This means that risk and opportunity management can help to positively influence the stability and sustainability of an organisation. It minimises risks, optimises opportunities and is an important element of modern business management across a wide range of sectors and organisations.

### Risk and opportunity management system of Branicks Group AG

#### Responsibility and application

In organisational terms, risk and opportunity management is assigned to the Management Board, which also bears overall responsibility for the risk and opportunity management system. By allocating these responsibilities to the Management Board, we ensure that all divisions are included and that risks and opportunities can be managed in a comprehensive and uniform way.

The Risk Manager appointed by the Management Board is responsible for centrally managing the risk and opportunity management system.

The Risk Committee is responsible for monitoring the effectiveness of the risk and opportunity management system. It meets on a quarterly basis and as required to assess opportunities and risks both retrospectively and prospectively.

The Risk Committee consists of the following individuals:

- Chief Executive Officer (CEO)
- Risk Manager
- Two additionally appointed risk owners

The risk and opportunity management system applies across all divisions of the Company. In addition to the Company's appointed risk owners, who are responsible for continuously monitoring risks and opportunities within their areas of responsibility in their capacity as executives, all of our employees are an integral part of our risk and opportunity management system and are also encouraged to identify risks and opportunities independently and at an early stage, assess them objectively, and report them to the relevant risk owners.

#### Opportunity management

**General**

Opportunity management at Branicks involves identifying, communicating and constantly evaluating potential events, developments or trends that could deviate positively from our planned business development objectives.

### Identifying opportunities
We continuously review and analyse potential opportunities in accordance with the bottom-up principle. We identify opportunities that arise from changing market developments or technological progress, for example, as part of our strategic planning and ongoing market analysis and by exchanging ideas across every level of the Company.

### Assessing opportunities
After identifying opportunities, we assess them based on various criteria in order to understand their viability, risks and potential benefits to our company. Our Code of Conduct forms an integral part of the assessment process.

### Prioritising opportunities
If we consider an identified opportunity to be a promising and positive deviation from our planned business development, the responsible executive prioritises it to make sure that resources are focused on those opportunities offering the greatest benefit to our company, employees and investors.

### Opportunities as an integral part of our corporate strategy
We do not consider opportunities in isolation but as part of a more comprehensive approach to creating value and increasing our earnings capacity in a sustainable way. As a result, we also review how opportunities integrate into our company's overall strategic orientation.

### Implementing and monitoring opportunities
Opportunities are implemented into our operations in close cooperation between the relevant departments, with our employees fully involved in the implementation process. By communicating openly, we create awareness of the opportunity at every level of the implementation process. Executives carry out continuous monitoring to ensure that opportunities are realised in accordance with our corporate strategy and code of values.

Our optional approach to opportunity management, which largely avoids a rigid system for recording opportunities, gives us the flexibility required to react to changing conditions in a rapid and targeted way. Plans and strategic decisions about using the identified opportunities are continuously adjusted on a case-by-case basis.

## Risk management
Risk management at Branicks involves identifying, communicating and constantly evaluating business risks and thus all events, developments or trends that could deviate negatively from our planned business development objectives.

### Risk early warning system
The risk early warning system is an essential tool that enables our company to identify negative risks at an early stage and take appropriate action to respond proactively to them. The system is based on appointed and trained risk owners who are responsible for the early identification, reporting, documentation, assessment and management of risks. Risks are recorded and assessed in accordance with our risk system. Our risk system consists of five risk categories:

1. Strategic risks
2. Compliance risks
3. Operational risks
4. Political, social, legal, regulatory and environmental risks (ESG)
5. Financial risks.

In accordance with section 317 (4) HGB, the risk early warning system is reviewed and assessed by the auditor as part of the audit of the annual financial statements in terms of its compliance with the requirements of German stock corporation law.

### Risk identification
We use a variety of tools to identify risks. For example, we carry out detailed scenario analyses when making strategic decisions, but use traditional data collection methods as part of our routine internal checks. We have also implemented creative methods to identify risks in isolated cases. In addition, we carry out a comprehensive inventory of all risk positions – our risk inventory – once a year. As part of this standardised process, already documented risks are evaluated and potential risks discussed based on the risk management database.

We use the aforementioned risk identification methods to create in-depth understanding of the importance of every facet of risk management. This enables us to create a realistic risk scenario for the risk in question and thus strike an appropriate balance with the corresponding opportunity. Risk identification therefore provides a foundation for dealing with risks and opportunities in an effective and responsible way.

### Risk assessment

Risk identification is followed by risk assessment. As part of the risk assessment process, our employees analyse and evaluate an identified risk with regard to its probability of occurrence and level of impact (potential level of damage). This assessment is carried out in close collaboration with the responsible risk owner – assuming the risk owner does not conduct the assessment directly themselves – and with Risk Committee representatives, if necessary.

The responsible risk owner is solely responsible for transferring the risk assessment into the risk management database. The risk owner adapts the assessment to fit the predefined assessment criteria as part of this transfer. By doing this, we also ensure that the potential cumulative effects of risks are analysed. Risks are classified as follows during the adaptation process:

The risks are classified as “High” (H), “Medium” (M) and “Low” (L) according to the risk matrix shown here, taking into account the expected probability of occurrence and the potential level of damage.

Classification: Probability of occurrence (quantitative data in %)

**Determining probability of occurrence: How often does the risk scenario occur?**

| | | | | | |
|---|---|---|---|---|---|
| Probability of occurrence (qualitative aspect) | Very rarely | Rarely | Occasionally | High | Very high |
| Probability of occurrence (quantitative aspect) | 0% to 20% | 20% to 40% | 40% to 60% | 60% to 80% | 80% to 100% |

Classification: Level of damage:

**Determining the potential damage: What level of damage is associated with a risk scenario?**

| | | | | | |
|---|---|---|---|---|---|
| Potential level of damage (qualitative aspect) | Very low | Low | Medium | High | Very high |
| Potential damage in EUR thousand (monetary aspect) | 0 to 500 | 501 to 3,000 | 3,001 to 7,000 | 7,001 to 10,000 | >10,000 |

**Risk management**

| Probability of occurrence \ Potential level of damage | Very low | Low | Medium | High | Very high |
|---|---|---|---|---|---|
| Very high | L | M | H | H | H |
| High | L | M | H | H | H |
| Occasionally | L | L | M | M | H |
| Rarely | L | L | L | M | M |
| Very rarely | L | L | L | M | M |

### Risk management and reporting

Risk management and, in particular, risk reporting are integral elements of our reporting system and communicate the findings of individual risk assessments to the Management Board. They also give the Management Board an overview of the control measures implemented as well as their effectiveness. Its core function is therefore to ensure the transparency of the risk situation. Risk reporting is generally performed from the bottom up through tiered information channels. Ad-hoc reporting ensures that acute risks can be reported directly to the Management Board at any time so that it can begin implementing any necessary countermeasures immediately. Any employee can submit ad-hoc risk reports. The Management Board regularly reports to the Supervisory Board on the latest developments in material Group risks.

### Monitoring and optimising the risk management system

The risk management system is monitored systematically using process-dependent, ongoing measures integrated into normal operating processes as well as process-independent monitoring measures. The functionality of the risk management system is monitored and checked at least once a year. The Management Board decides what measures are required to change and adapt the risk management system depending on the results of this analysis.

A Risk Committee has also been set up as a cross-functional advisory body. The Committee ensures that the Company handles risk management issues consistently. It also has an advisory role.

### Risk management documentation

The existing policies, procedures, instruments and responsibilities are documented in writing and are expanded continually. Documentation summarises the key elements of the control cycle introduced as part of the risk management system. All important information for recording, managing and controlling all risks is documented with the help of the risk management software and is stored at least twice a year.

## VIB’s risk management system

### Basic principles of risk management

The VIB risk management policy supports the corporate goal of safeguarding the company’s future as a going concern and of increasing the company’s value by means of sustainable growth. In this regard, we define risks both as the danger of possible losses and the danger of potential profits not being realised or only being realised to an insufficient extent.

The VIB risk management policy forms an integral component of the company’s business strategy and is set by the Management Board. In order to identify, manage and counteract potential risks at an early stage, a risk management system has been implemented at all VIB Group subsidiaries. This RMS is closely integrated into VIB’s operating procedures and processes – especially property-related operations, controlling and planning processes, the accounting process, and reporting to the Management Board and Supervisory Board.

Risk reporting occurs on a regular basis – at least, however, twice a year. The Management Board is also informed immediately in the form of unscheduled reports about all new risks categorised as material.

The VIB Group classifies potential risks into four categories that are also applied at all subsidiaries. Environmental and sector risks, business risks, financial risks and other risks.

Once specific risks have been identified and recorded, they are analysed and classified according to their potential level of damage and probability of occurrence. This is intended to enable conclusions to be drawn about the specific risk potential for VIB:

1. The probability of occurrence is divided into the classes of “very rarely”, “rarely”, “occasionally”, “high” and “very high”. These classes reflect the percentage probability with which a harmful event is expected to occur within a twelve-month period.

2. The potential effect (level of damage) states the potential maximum extent of a loss given the occurrence of the harmful event. The level of damage is differentiated between “very low”, “low”, “medium”, “high” and “very high”.

3. Multiplication of the maximum level of damage by the event probability generates the risk potential or weighted potential loss amount of the corresponding risk. Risk potential is classified into the three categories of “low”, “moderate” and “high”.

The risks identified and quantified at VIB level using this system are then transposed to the risk assessment of Branicks Group AG.

### Accounting-related internal control and risk management system

The objective of the accounting-related internal control and risk management system is to ensure that accounts are prepared consistently and in accordance with statutory requirements, the German generally accepted accounting principles pursuant to the German Commercial Code (HGB), the International Financial Reporting Standards (IFRSs), company law and internal company policies and processes.

It is the responsibility of the Management Board to prepare the annual and consolidated financial statements and the management report and combined group management report. This includes the setting up and maintenance of the accounting-related internal control and risk management system.

The accounting-related internal control and risk management system forms part of risk management at the VIB Group. All accounting-related risks are monitored by the Risk Officer of the VIB Group and are included in the regular risk reports submitted to the Management Board and Supervisory Board.

The financial statements are prepared centrally by the Finance and Accounts department under the auspices of the Management Board. This ensures a uniform and consistent approach when preparing the financial statements. The accounting data is processed using an accounting software program in accordance with a uniform chart of accounts and consistent accounting policies, as well as predefined processes and process checks.

Automated plausibility checks are performed with the help of the software used. Accounting-related information is shared on an ongoing basis between the Head of Accounts and the Management Board. In order to identify and avert possible errors and deviations during preparation of the financial statements, the dual-control principle is applied to all key procedures and processes. This principle states that no single individual can be solely responsible for an important procedure or process. The use of IT systems with automated access control mechanisms and integrated plausibility checks establishes an automated control structure that is designed to ensure maximum data security at all times. All internal processes and policies connected with the preparation of financial statements are regularly reviewed in terms of their effectiveness and, where necessary, adapted to reflect new requirements.

### Caveats

Even tried-and-tested, established systems such as Branicks' and VIB's ICS and RMS cannot exclude errors and violations entirely, meaning that absolute security with regard to the accurate, complete and prompt recording of data in the Company's and Group's financial reporting cannot always be fully guaranteed. Non-recurring, non-routine transactions or those which are urgent may entail a certain potential for risk. Risks may also arise from the scope for discretion that employees have in recognising and measuring assets and liabilities. A certain control risk also arises from the use of service providers to process data. Financial reporting-related risks arising from financial instruments are explained in the consolidated notes.

## Internal control system

### General

The internal control system (ICS) and the risk management system relevant for the Branicks Group's financial reporting process comprise guidelines, procedures and measures. Their key aims are to ensure that business is handled securely and efficiently, financial reporting is reliable and appropriate in accordance with laws and directives, and the relevant legal provisions are complied with. The internal control system consists of two areas: control and monitoring. In organisational terms, Corporate Finance, Controlling and Accounting are responsible for control. The monitoring measures consist of the elements incorporated into the process and independent external elements. The integrated measures include manual controls such as the "dual control principle", which is applied universally, and technical software-based checking mechanisms. In addition, qualified employees with the appropriate powers (managing directors of portfolio companies or first- and second-tier management, for instance) as well as specialised Group departments such as Controlling perform monitoring and control functions as part of the various processes.

### Use of IT

We manage and monitor our relevant IT systems centrally. In addition to the physical infrastructure, the system environment is of particular importance. Both are protected against failure through suitable mechanisms to always guarantee a high degree of availability of all mission-critical systems and components. IT disaster recovery planning also takes into account external service providers and their contingency plans. In this regard, service level agreements (SLAs) are formulated, coordinated and signed with the most important IT service providers. This also includes coordinating Branicks's requirements for IT contingency plans with the services offered by external service providers. We regularly check that the programmes and interfaces we use are running properly and utilise the results of this monitoring for continuous improvement of our processes. Our entire IT system has a multi-level concept to protect against unauthorised access and malware such as viruses and trojans. The Branicks Group's internal network is secured against external access through firewalls. Access to the Company's internal systems is actively monitored using an intrusion detection system (IDS). We also regularly perform penetration tests to verify and further optimise the measures taken.

### Ensuring that the financial reporting is appropriate and reliable

The checks to ensure that financial reporting is appropriate and reliable include analysing the issues and changes using specific key data, and using check lists to ensure that the information is complete and that the procedures are uniform. Accounting transactions in the single-entity financial statements of the Branicks Group and its subsidiaries are recorded in our enterprise resource planning (ERP) system, which is tailored specially to the requirements of real estate companies.

The approval and posting process of incoming invoices is supported by a digital invoice workflow system throughout the Group (with the exception of VIB and its subsidiaries). This is supplemented by a payment software package closely tied in with the ERP system that ensures that payment transactions are correct and are duly entered. The consolidated financial statements are prepared by creating standardised reporting packages comprising the respective single-entity financial statements and additional information and processing them with consolidation software. The single-entity financial statements of VIB and its subsidiaries are mapped in a separate accounting system and processed as a subgroup via a reporting package in the consolidation software.

The regulations, control activities and measures prescribed by the ICS ensure that transactions are recorded promptly and completely in compliance with statutory and internal provisions, and that assets and liabilities as well as expenses and income are recognised, measured and reported accurately in the annual and consolidated financial statements. The accounting documents provide a reliable and comprehensible basis of information.

The International Financial Reporting Standards (IFRSs) are supplemented by sector standards such as the European Public Real Estate Association (EPRA) recommendations and applied by the Branicks Group as uniform accounting policies throughout the Branicks Group. The financial reporting provisions regulate in detail the formal requirements for the consolidated financial statements, such as determining the basis of consolidation and the content of the reports to be prepared by the individual entities. Internal regulations governing intra-Group settlement practice, for instance, have also been defined. There is also an Accounting Policy in place that ensures that accounting issues are treated uniformly throughout the Group.

At Group level, control primarily comprises the analysis and, if necessary, adjustment of the single-entity financial statements included, taking into account the findings and recommendations of the auditor. The consolidation of all financial statements is conducted at the headquarters in Frankfurt am Main. Impairment tests carried out centrally, particularly the annual review of the market value of all properties carried out externally by independent surveyors, ensure that the measurement criteria are applied uniformly and on a standardised basis. The data required for disclosures in the combined management report and the consolidated notes are also aggregated and adapted at Group level.

### Caveats

Even tried-and-tested, established systems such as the Branicks Group's ICS and RMS cannot exclude errors and violations entirely, meaning that absolute security with regard to the accurate, complete and prompt recording of data in the Group's financial reporting cannot always be fully guaranteed. Non-recurring, non-routine transactions or those which are urgent may entail a certain potential for risk. Risks may also arise from the scope for discretion that employees have in recognising and measuring assets and liabilities. A certain control risk also arises from the use of service providers to process data. Financial reporting-related risks arising from financial instruments are explained in the consolidated notes.

# Risk matrix and risk categories of Branicks Group AG

## Explanation of our risk matrix

Our risk matrix is an important risk management tool that helps us to aggregate and visualise various individual risks according to their probability of occurrence and impact.

The risk matrix is structured in the form of a table that sets out the main dimensions of our risk categories: probability of occurrence, potential level of damage and risk classification.

The risk matrix enables us to identify and analyse risks in a simplified and systematic way. Placing identified risks in the matrix gives our employees and investors an insight into our company's current risk situation. It also provides the Risk Committee with a clear overview of which risk categories should be prioritised, making it easier to allocate risk mitigation resources and develop risk management strategies.

## Risk matrix as the 31 December 2023 reporting date

| Individual risks and opportunities | Probability of occurrence | Potential level of damage | Risk classification |
|---|---|---|---|
| **Strategic risks** | | | |
| Market environment risk | Very rarely | Medium | L |
| Organisational risk | High | High | H |
| **Compliance risks** | | | |
| Risks arising from breaches of compliance regulations | Very rarely | Medium | L |
| Legal risks | Occasionally | Low | L |
| **Operational risks** | | | |
| Tenant credit risk | Occasionally | Medium | M |
| Letting risk | Rarely | Low | L |
| Credit risk related to real estate management fees | Occasionally | Medium | M |
| Risk arising from refurbishments /project developments | Occasionally | Medium | M |
| Transaction risk | High | Very high | H |
| Location and property risks | Rarely | Low | L |
| Technological risks (including IT) | Occasionally | Medium | M |
| Personnel risks | Occasionally | Low | L |
| **Political, social, regulatory and environmental risks** | | | |
| Regulatory risks | Very rarely | Low | L |
| Climate and environmental risks | Rarely | Low | L |
| **Financial risks** | | | |
| Financing risk | High | Very high | H |
| Valuation risk | High | Very high | H |

## Detailed statement on risk categories

### Strategic risks

#### Organisational risk

Organisational risk describes the risk that the Company's organisation, processes, and rules and regulations are not strictly aligned with the corporate strategy and objectives, or are incorrect, or that there is no connection between the strategy and the operating business. There is also a risk of inefficient organisational structures and processes, and dependence on or a lack of support from IT systems and structures.

To minimise risks, we continuously review current processes and decision-making channels. A dedicated committee has been formed for this purpose that generally meets once every two weeks.

Overall, we classify the organisational risk as low.

Risk classification as at 31 December 2022: (L) LOW
Risk classification as at 31 December 2023: (L) LOW

#### Market environment risk

The real estate sector is still one of the most diverse industries in a modern economy. In addition to managing properties, it also includes the main and ancillary construction trades as well as all activities related to real estate assets and financing.

As varied as all aspects of the real estate sector are, every subsector shares one significant risk: a deterioration in the economic market environment due to increasing or generally high interest rates.

Accordingly, persistently high interest rates continue to weigh on the real estate sector and recently caused a significant slowdown in the economic market environment, with the European real estate market also recording a significant price correction. Many market players believe that the price expectations of buyers and sellers will balance out in the coming months, with market momentum likely to slow as a result.

If we compare current forecasts, the real estate market is expected to remain passive across all asset classes until the second half of 2025. It is worth noting that this outlook does not take into account so-called political risks.

Despite identifying this market environment risk and both announcing and consistently implementing our "Performance 2024" action plan at an early stage, we classify this risk as high in light of the latest developments.

Risk classification as at 31 December 2022: (M) MEDIUM
Risk classification as at 31 December 2023: (H) HIGH

### Compliance risks

#### Risks arising from breaches of compliance regulations

As a company, we rely on all of our employees and management to help us adhere to compliance standards. Criminal, unlawful or unethical acts (including corruption) or breaches of data protection legislation could have a massive negative impact on our company's business activities, financing terms and earnings. In addition to direct financial consequences, indirect consequences such as reputational damage could also have a significant adverse effect on our business activities.

As a result, our employees and management undertake to comply with principles of ethics and integrity within the Group at all times. This means not only complying with legal provisions but also adhering to our Code of Conduct, which illustrates what we as the Branicks Group stand for and the values we uphold.

The Compliance Policy, which was last updated in November 2023, includes the following items:

- Protection against discrimination: Our entire organisation in the strongest possible terms rejects any form of discrimination, disadvantage or undesirable behaviour, particularly on grounds of ethnic origin, gender, religion or belief, disability, age or sexual identity.

- Avoidance of conflicts of interest and corruption risks: Group companies reject any kind of corruptive behaviour and the misuse of decision-making powers. The giving and accepting of gifts is regulated by binding provisions in the Compliance Guidelines and subject to the principle of maintaining transparent business activities. Employees must avoid giving the appearance of granting an advantage when dealing with government officials. Under no circumstances must benefits be granted to government officials in order to persuade them to act in contradiction to their duties. Private secondary employment and company investments must not influence the employee’s actions.

- Facilitation payments: Our employees and our management make no distinction between bribery and so-called “facilitation payments”. A facilitation payment is made with the intention of ensuring or expediting a normal business transaction to which one is entitled. Our company prohibits such payments from being made.

- Data protection: Employees undertake to safeguard trade and company secrets and to comply with applicable data protection laws. The Branicks Group provides information on its website on the handling of personal data in accordance with the European General Data Protection Regulation (GDPR).

- Capital market requirements/insider trading bans: Conducting insider trading, advising or inducing third parties to conduct insider trading and the unauthorised disclosure of insider information are prohibited.

- Money laundering: Our organisation does not tolerate money laundering and obliges its employees to report suspicious behaviour by business partners and advisers and observes all relevant provisions and instructions in this regard.

- Prohibited agreements: Any distortion of competition or corrupt practices in contravention of competition law are strictly rejected. In situations where employees see a violation of competition rules, they are encouraged to voice their concerns clearly, expressly distance themselves from the content and inform the Compliance Officer immediately.

- Donations and sponsoring: The Branicks Group supports groups or organisations to sponsor interesting projects in various social and environmental contexts. We do not make donations to political parties. Neither do we sponsor individuals in the body politic or in industry associations.

- Reports of misconduct and violations: Employees are encouraged to report misconduct and violations of statutory provisions or regulations and internal company policies. They can report such incidents to the appointed Compliance Officer, relevant supervisor, Management Board, personnel department or via the whistleblower system that also enables employees to submit reports anonymously.

- Consequences: Employees can expect sanctions under employment law for violating statutory provisions and internal company policies. The companies also reserve the right to report a crime or file a criminal complaint in the event of a criminal offence.

Given our comprehensive policies, established control environment, compulsory training programme for all employees and past experience, we consider the risk of a breach of compliance regulations to be low overall.

Risk classification as at 31 December 2022: (L) LOW
Risk classification as at 31 December 2023: (L) LOW

### Legal risks

Every company is exposed to the risk that conflicts will arise with business partners, employees or third parties along its value chain. These conflicts usually culminate in legal disputes that always involve a legal risk.

Our Legal department advises Branicks Group employees and management to help identify potential legal disputes at an early stage and carry out an upstream assessment of legal risks.

As the Legal department therefore plays a crucial role in ensuring that the Company conducts its activities in a legally compliant way and minimises legal risks, its work is central to our risk mitigation efforts.

There are currently no material pending or foreseeable legal disputes which could constitute a considerable legal risk.

As a result, we classify the overall legal risks as low.

Risk classification as at 31 December 2022: (L) LOW
Risk classification as at 31 December 2023: (L) LOW

## Operational risks

### Tenant credit risk

Tenant credit risks relate to rent defaults. Counterparty credit risk resulting from outstanding rental payments is taken into account by way of bad debt allowances. We generally aim to diversify our tenant structure to avoid becoming reliant on individual tenants or concentrations of tenants in the same sector.

As of 31 December 2023, around 29.0% of total rental income from the Commercial Portfolio was attributable to the ten largest tenants. These are renowned tenants with mostly excellent credit ratings from various industries. No tenant accounts for more than 4% of total letting volume.

Given our proximity to our tenants and the ongoing diversification of the tenant structure in our Commercial Portfolio, we continue to classify tenant credit risks as medium.

Risk classification as at 31 December 2022: (M) MEDIUM
Risk classification as at 31 December 2023: (M) MEDIUM

### Letting risk

Letting risk involves profitability risks due to less profitable new leases or lease renewals.

We expect the letting markets, particularly office letting markets, to continue their recovery in the 2024 financial year. Our discussions with tenants and other interested parties show that tenants are still prepared to pay high rents for high-quality space in good locations. As a result, we were able to improve our letting performance in relation to new leases in the overall portfolio by 31% year-on-year in 2023.

One example of this is the successful new lease of around 1,400 sqm at the HELIO commercial building in Augsburg to a catering company expanding their operations in southern Germany.

Although the majority of the leases in our Commercial Portfolio – 66% – are scheduled to expire from 2027 onwards, we are already in advanced discussions about larger renewals or new leases for 2024 and 2025.

In addition, the significant intrinsic value of our portfolio enabled us to increase like-for-like growth in rental income (excluding portfolio additions and disposals) by 2.7% in the Commercial Portfolio and 6.6% in the Institutional Business.

In light of our intensified marketing activities, ongoing portfolio streamlining and intelligent use of capex measures, we continue to classify our letting risk as low.

Risk classification as at 31 December 2022: (L) LOW
Risk classification as at 31 December 2023: (L) LOW

### Credit risk related to real estate management fees

As part of its Institutional Business, the Branicks Group designs various investment structures – principally funds and club deals – for institutional investors. In doing so, we generate recurring income from asset and property management and from management fees on regular acquisitions, sales and developments in our portfolio. These fees are recorded in the risk management system as real estate management fees.

Risks arise in the Institutional Business segment from the fact that the expected income depends on the volume of assets under management, rental income and transaction activities. The volume of assets under management can be impacted in particular if transaction activities deviate from those forecast. Lower rental income as well as a negative trend in market values can also weigh on income.

After longer-than-expected persistent stagnation in the transaction market forced us to lower our transaction target during 2023, several property sales by the end of 2023 enabled us to increase notarised sales volumes to EUR 285 million and thus almost reach the lower end of our target range for the year of EUR 300 to 600 million.

Despite our wide-ranging expertise and strong, trust-based business relationships with our investors, we consider the credit risk related to real estate management fees to be medium in 2024. This is due to the fact that real estate management fees are dependent on transactions and the transaction market remains challenging and stagnant.

Risk classification as at 31 December 2022: (L) LOW
Risk classification as at 31 December 2023: (M) MEDIUM

### Risk arising from refurbishments/ project developments

The risk arising from refurbishments and project developments consists of project-related market, financial and construction risks. This enables us to assign individual risk positions directly to a particular project development.

The Branicks Group has invested in various project developments in the past few years as a co-investor and possesses real estate with potential for development (Commercial Portfolio).

In order to minimise risks, we engaged in pre-marketing the properties before starting project developments and repositioning activities. We entered into long-term financing arrangements at an early stage and implemented a tight system of project and cost controls. By involving partners in the projects and through contractual agreements, we achieved an appropriate sharing of risk in project developments.

We are currently finalising the construction projects for all of our existing project developments and were able to come in significantly under budget in some cases.

In the Institutional Business segment, the Branicks Group currently manages the Global Tower project development in Frankfurt. The former Commerzbank high-rise building with 33,000 sqm of space in the heart of Frankfurt's banking district has been comprehensively revitalised since August 2018 and repositioned under the name Global Tower. Space was handed over to the first tenants in the fourth quarter of 2021. The office space is scheduled to be fully let by 1 March 2024. Some individual commercial spaces on the ground floor are currently still in the project development phase.

Demand for new project developments came to a standstill due to ongoing economic fluctuations. There are currently no major project developments either in our proprietary portfolio or in which we are involved as a co-investor.

Based on the lack of demand, we still classify the risk arising from refurbishments and project developments as medium due to the fact that we have largely realised our ongoing projects.

| | |
|---|---|
| Risk classification as at 31 December 2022: | (M) MEDIUM |
| Risk classification as at 31 December 2023: | (M) MEDIUM |

### Transaction risk

Active portfolio management is a key component of our corporate development. We constantly monitor the risks associated with the sale or acquisition of real estate and, where required, recognise provisions.

In the case of purchases, risks arise mainly from income and costs deviating from budget, a fact which generally only becomes apparent in the medium to long term. In the case of property sales, the seller usually provides certain guarantees, for example with regard to legal and technical issues. As a result, there is a risk that claims may be asserted against the seller after the sale for breach of warranty obligations.

There is also the risk in transactions that the planned figures may not be achieved due to sudden changes in the macroeconomic environment or property-specific issues. This would lead to deviations from targets in liquidity planning.

We generally reduce risks prior to sales and purchases by means of extensive due diligence in conjunction with external experts. Furthermore, we prepare risk-oriented business plans, which are continually adjusted to cost and income trends.

Our planning for 2024 also contains income and profits resulting from acquisitions and sales. Should we exceed or fail to meet the projected transaction volumes, this could change our earnings forecast positively or negatively.

Aside from the risks that may subsequently arise from 2022 and 2023 transactions, we consider it highly likely that we will have to deviate substantially from our planning for 2024 as a result of the challenging market environment and the flat transaction market.

| | |
|---|---|
| Risk classification as at 31 December 2022: | (M) MEDIUM |
| Risk classification as at 31 December 2023: | (H) HIGH |

### Location and property risks

Location risks arise from the wrong assessment of the property's location and any negative change to the infrastructure at the micro-location or the regional structures of the macro-location. We therefore examine the position and location intensively before making any investment and acquisition decisions. In operational business, our professional asset management contributes to identifying changes in the environment in good time and reacting appropriately by repositioning or selling the properties, for instance.

Property risks are risks resulting from the possession and operation of a property. In addition to wear and tear, these include all risks resulting from the wearing out or partial destruction of the property. Furthermore, risks may arise from inherited problems, harmful substances or breaches of construction law requirements. As a landlord, we try to reduce the risks of property depreciation by contractually obliging the tenant to use the property within the generally accepted scope and to contribute to its maintenance or repair. Through our professional asset management, we also exclude virtually all risks from inadequate property management, failures in maintenance and inefficient cost management. We also maintain a comprehensive insurance programme, thereby outsourcing financial risks arising from damage or loss of properties to the insurance market.

Given our many years of experience in asset and property management, we continue to classify the location and property risks as low.

Risk classification as at 31 December 2022: (L) LOW
Risk classification as at 31 December 2023: (L) LOW

### Technological risks (including IT)

A loss of the database or an extended failure of the systems used in the regions or at head office could lead to our operations being considerably disrupted. We have protected ourselves against IT risks though our own network, modern hard and software solutions and appropriate measures against attacks. All data are backed up redundantly in a second data centre every day. We have developed data recovery and continuity plans to be able to rectify disruptions quickly. Detailed rules on access rights ensure that employees can only access the systems and documents they need for their work. We use a modern IT platform, which replaces isolated systems with integrated software and increases efficiency and security in controlling real estate management.

We will also launch extensive projects to boost IT security in the first quarter of 2024. For example, the firewall environment was modernised at all locations. We also plan to implement additional security features.

As a result of the precautions and security measures taken, we continue to classify the technological risks as medium.

Risk classification as at 31 December 2022: (M) MEDIUM
Risk classification as at 31 December 2023: (M) MEDIUM

### Personnel risks

Competent, committed and motivated employees are crucial to the success of our company. As a result, risks primarily arise from top performers leaving the Company, the loss of expertise associated with this, and the difficulty in attracting suitably skilled new employees.

To reduce these risks, we constantly work hard to be perceived as an attractive employer. We focus above all on systematic human resources marketing, the practical promotion of young talent, targeted professional training and the analysis of performance and potential with the aim of opening up attractive prospects for personal development.

Key positions are regularly analysed with regard to anticipated succession planning and appropriate internal candidates are prepared for these roles. Further elements include target-group oriented support and advice and attractive incentive systems.

In light of these measures, we continue to classify personnel risks as low.

Risk classification as at 31 December 2022: (L) LOW
Risk classification as at 31 December 2023: (L) LOW

## Political, social, regulatory and environmental risks (ESG)

### Regulatory risks

Regulatory risks arise from negative changes to general conditions or regulations. In particular, shifts in the balance of political power combined with further increasing social polarisation and a potential trend towards greater protectionism plus other temporarily applicable or permanently amended laws as a consequence of exceptional circumstances could have negative effects on the German economy and the real estate sector.

Such changes usually require a certain amount of lead time to allow sufficient scope to adjust. However, exceptional situations such as the financial crisis, the Covid-19 pandemic or the war in Ukraine have shown that such changes can happen quickly, making adaptation more difficult.

Compared with other countries in Europe, however, Germany proved itself as a very stable economy in the past – in regulatory, social and political terms.

Overall, we classify the risks arising from the short-term change in the regulatory environment as low.

Risk classification as at 31 December 2022: (L) LOW
Risk classification as at 31 December 2023: (L) LOW

### Climate and environmental risks

Climate and environmental risks in the real estate sector have become significant factors due to climate change and growing awareness of environmental issues. These risks could have a significant impact on the profitability, value and long-term sustainability of real estate.

We currently identify the following climate and environmental risks to the Branicks Group:

- **Physical risks**
  Properties are at risk from natural disasters such as floods, storms, fires and earthquakes. These events can cause significant damage, hamper reconstruction work, restrict potential uses or bring about a change in usage behaviour.

- **Transition risks**
  Although renovating existing buildings to make them more energy-efficient entails a higher level of capital expenditure, it reduces operating expenses in the long term. We work closely with tenants to find the most efficient approach for meeting their energy needs. Construction measures that generate savings in energy consumption and carbon emissions are also to be preferred when repositioning properties from our Commercial Portfolio. Our energy procurement activities ensure that the electricity requirements of our properties' common areas have been met with renewable energy sources since 2010. We expect that implementing smart metering systems for the entire property portfolio will make it easier to analyse and manage consumption data going forward.

- **Regulatory risks**
  The Paris Agreement of 12 December 2015 is the successor treaty to the Kyoto Protocol and is still recognised as an important milestone in the fight against global warming as well as a catalyst for various national legislative procedures. For example, the German Buildings Energy Act (GEG) was enacted on 8 August 2020, bringing together the German Energy Conservation Act (EnEG), the German Energy Conservation Ordinance (EnEV) and the German Renewable Energies Heat Act (EEWärmeG) to become a key element of Germany's heat transition. In light of continued negative forecasts from leading institutions such as the Intergovernmental Panel on Climate Change (IPCC), further regulatory risks from legislators cannot be ruled out.

We recognised these complex challenges at an early stage and consider managing these risks to be part of our ESG DNA. Among other initiatives, we have developed a long-term sustainability strategy. This includes, for example, upgrading our buildings with the climate in mind at an early stage to reduce carbon emissions and paying greater attention to important sustainability characteristics when acquiring properties.

Given the measures taken and the Company-wide understanding of climate and environmental risks, we continue to classify this risk as low.

| | |
|---|---|
| Risk classification as at 31 December 2022: | (L) LOW |
| Risk classification as at 31 December 2023: | (L) LOW |

## Financial risks

### Financing risk

Financing risk assesses the threats that could arise from uncertainty and fluctuations in the capital markets (including those in market interest rates), rising interest rates (including ongoing interest payments), covenant violations or the timing of refinancing or renewals and lead to financial losses (such as financing at higher interest rates than planned or no financing at all) and/or a liquidity risk. The liquidity risk consists in particular of the risk that, due to insufficient availability of funds, the Company is unable to meet existing or future payment obligations on time or has to accept unfavourable financing terms in order to meet cash shortfalls.

The Branicks Group's real estate portfolio is financed on a property or portfolio basis. We have agreed a customary level of credit with financial covenants (loan agreement clauses imposing financial ratios). If the Company fails to comply with these clauses, capital providers could modify their credit terms, demand additional collateral or call in loans at short notice, which would have negative financial implications. Essentially, the following covenants apply:

- DSCR/ICR (debt service coverage ratio/interest coverage ratio): specifies the percentage of expected interest plus any repayment (principal repayment) covered by rental income.
- Debt yield (rental income/loan volume): indicates rental income as a percentage of debt.
- LTV (loan-to-value): is a ratio expressing the loan amount as a percentage of a property's value.

Compliance with credit covenants is monitored continuously and proactively through risk management in the Corporate Finance division. All covenants for 2023 were complied with at all times.

Liquidity risk is managed centrally on the basis of multi-year financial plans and considering monthly rolling liquidity planning of long-term credit lines and liquid funds. Cash is passed on to Group companies under cash pooling arrangements. Liquidity is mainly held in the form of call and term deposits. The Company also has free guarantee facilities in the amount of approx. EUR 42.1 million at its disposal.

In addition, a working capital facility of EUR 25 million with a major German bank is in place. This financing is unsecured and enhances our financial flexibility at Group level.

Despite comprehensive risk management in the Corporate Finance division, refinancing options are currently limited due to longer-than-anticipated ongoing stagnation in the transaction market and a persistently challenging financing environment. Compliance with covenants, especially the ICR, represents a challenge in light of existing contractual repayment obligations in place for the 2024 financial year as of the 31 December 2023 reporting date. The maturities scheduled for 2024 as of the reporting date, which primarily consist of the remaining EUR 200 million from the bridging loan and EUR 225 million in promissory note loans, were not completely covered by liquidity and firmly agreed financing or sales proceeds as of the reporting date.

In the course of negotiations with the bridging loan lenders and promissory note holders, we were initially able to agree the suspension of certain credit terms and repayment obligations for the bridging loan.

Further discussions about adjusting the maturities of the promissory note loans and extending the term of the bridging loan were successfully concluded on 26 March 2024 with the completion of proceedings under the German Act on the Stabilisation and Restructuring Framework for Businesses (StaRUG) concerning the promissory note loans originally maturing in 2024. With the completion of the StaRUG proceedings a maturity date of 30 June 2025 was agreed for the promissory note loans maturing in 2024. For the repayment of the bridging loan, an immediate repayment of EUR 40 million and a final maturity date of 31 December 2024 for the remaining EUR 160 million with milestones during the year was agreed with the financing banks. The business plan for the years 2024 to 2026 is based on various measures to raise liquidity, the plausibility and feasibility of which were examined and confirmed by an independent consulting firm as part of an Independent Business Review (IBR) and also convinced the court as part of the StaRUG proceedings. We have already started implementing the business plan as part of our “Performance 2024” action plan in Q1/2024. Given the progress made to date, we consider the implementation of the business plan to be more likely than not. Notwithstanding our agreement with the banks and promissory note lenders, and the consistent implementation of our “Performance 2024” action plan, financing risk is a high-risk position. If the business and liquidity plan submitted as part of the StaRUG proceedings, contrary to our expectations and the assessment of the consulting firm that prepared the IBR, cannot be implemented or alternative financing sources cannot be tapped, the Company’s and the Group’s continued existence as a going concern would be jeopardised. The business plan is based on a detailed portfolio, refinancing and liquidity scenario, the implementation of which we consider to be more likely than not but is subject to uncertainty.

Overall, we now classify the financing risk as high.

Further information about the Group’s financial position can be found in the combined group management report, while information about financing and liquidity risks can be found in the notes.

| | |
|---|---|
| Risk classification as at 31 December 2022: | (M) MEDIUM |
| Risk classification as at 31 December 2023: | (H) HIGH |

### Valuation risk

This risk assesses the possibility that the market value of individual properties will fall compared to the past due to unfavourable changes in valuation parameters (such as market rent, location assessment, ESG parameters, interest rate level). Since we recognise properties at amortised cost, fluctuations in valuations only impact on the balance sheet and income statement when their market value falls below the carrying amount. However, fluctuations in valuation can have a negative impact on financing conditions.

Sensitivity calculations were carried out as at the reporting date in order to quantify possible valuation risks. The sensitivity analysis shows, by way of example, how market values react to changes in the discount rate and capitalisation rate. If the discount rate increases by 25 basis points, for example, market values will drop by EUR 72.6 million. If the capitalisation rate increases at the same time by 25 basis points, the drop will increase to EUR 201.4 million.

Given the persistently challenging situation in the real estate market and based on internal analysis, we continue to see a high risk that market values could fall during the year.

Risk classification as at 31 December 2022: (M) MEDIUM
Risk classification as at 31 December 2023: (H) HIGH

**Sensitivity analysis**

Change in the market value of properties in the Commercial Portfolio

| Scenarios for a change in the discount rate / Scenarios for a change in the capitalisation rate | +0.25% | 0% | −0.25% |
|---|---|---|---|
| +0.25% | −201.4 EUR million | −72.6 EUR million | +70.9 EUR million |
| 0% | −130.1 EUR million | +/−0.0 | +147.6 EUR million |
| −0.25% | −59.9 EUR million | +74.1 EUR million | +224.8 EUR million |

## Overall assessment of the risk and opportunity position

From a risk management perspective, the second half of 2023 was characterised by an unremittingly stagnant real estate market. Geopolitical uncertainty, high levels of inflation and associated high interest rates were identified as the key factors here. The significant rise in interest expenses, combined with the failure for transaction activities to normalise, resulted in a further deterioration in business expectations for large parts of the real estate sector.

The Branicks Group also had to adjust its forecasts and record additional risk positions in response to these changing conditions. The original forecast of EUR 90 to 97 million for funds from operations (FFO I, after minority interests, before tax) was corrected to EUR 50 to 55 million at the start of the second half of the year, with the Company ultimately realising FFO of around EUR 52 million. At the same time, the net risk assessment increased by around 157%.

The Branicks Group's overall risk and opportunity situation is currently dominated by risks and remains very challenging despite initial positive results from the "Performance 2024" action plan. Financing risks in particular represent high-risk positions that could not only negatively impact or jeopardise the earnings forecasts but could even jeopardise the Company's continued existence as a going concern in the worst-case scenario. Continuing to consistently adhere to the "Performance 2024" action plan and implementing the business plan submitted as part of the StaRUG proceedings are prerequisites for easing the overall risk and opportunity situation at the Branicks Group. In particular, the reduction of liabilities, strengthening of liquidity and reduction of operating costs associated with the business plan represent important steps in further improving the overall risk and opportunity situation. We believe that it is more likely than not that we will successfully implement the measures contained in the business plan and thus achieve a medium-term improvement in the liquidity situation.

At present, we see opportunities in the event that the real estate market brightens ahead of schedule and interest rates fall rapidly, and additional business ideas that have been initiated are implemented. It is not currently possible to predict or calculate the probability of occurrence or potential impact of these risks and opportunities due to their global interconnectedness, complexity and multidimensional nature.

# Report on expected developments

## Overall assessment for 2024

We anticipate a gradual recovery in the market environment accompanied by increasing activity in the transaction market in the 2024 financial year, particularly in the second half of the year. Overall, we expect the environment in the rental market to be stable to positive for Branicks.

Due to the noticeable but slightly declining rates of inflation, there is still potential for rental growth in 2024 thanks to the indexation of lease agreements, with around 91% of the annualised rental income in the Commercial Portfolio tied to the consumer price index at the end of 2023.

We plan to keep pushing ahead with measures to consolidate the Group's financing that we have identified as part of our "Performance 2024" action plan. This also includes systematically implementing our sales plan with the aim of reducing debt and thus lowering our loan-to-value ratio (LTV). From a full-year perspective, this will significantly reduce our assets under management, particularly in the Commercial Portfolio.

With the real estate and transaction markets likely to continue their recovery, we expect that in the Institutional Business we will generate not only stable asset and property management fees but also transaction-related income from buying and selling real estate for our different investment vehicles.

We continue to focus on implementing our targets and refining our everyday operating processes as part of our ESG strategy. Our ESG activities in 2024 will focus on implementing measures to further reduce our $CO_2$ consumption per sqm by 40% by 2030 and preparing for new sustainability reporting requirements in accordance with the Corporate Sustainability Reporting Directive (CSRD).

## Macroeconomic environment in 2024

Our expectations for the macroeconomic environment are based on forecasts from relevant economic research institutes and organisations. To assess the situation in the sector, we draw on publicly available analysis from highly regarded estate agents. The following statements reflect their expectations at the time the 2023 combined management report was prepared.

### Macroeconomic trends

The macroeconomic environment in Germany remained challenging at the start of 2024. In its spring forecast from March 2024, ifw Kiel only anticipates economic growth of 0.1% for the current year, having predicted a rise in gross domestic product of 0.9% as recently as its 2023 winter forecast. Economic development will primarily be hampered by weak exports and subdued investment activity, while numerous geopolitical crises and significantly higher interest rates are also having an adverse impact. On the other hand, ifw Kiel expects consumer spending to provide a positive boost, with real disposable income set to rise again for the first time in three years during the current year due to falling inflation. The ifo Business Climate Index also shows a more positive mood among companies, with the index rising to 87.8 points in March 2024, its highest level since June 2023. Expectations in particular were significantly less pessimistic than in the preceding months.

According its projections in March 2024, the ECB expects the rate of inflation in the eurozone to decline to 2.3% on an annual average basis in 2024. This figure was still at 5.4% as recently as 2023. The ECB then expects inflation to fall back to its 2% target in 2025. With this in mind, the ECB raised the prospect of relaxing its monetary policy over the course of 2024 during its most recent meetings. According to a survey of financial market participants conducted by the ECB in March 2024 (ECB Survey of Monetary Analysts), the financial markets expect the ECB to cut key rates by 25 basis points for the first time in June, with experts predicting three further interest rate reductions by the end of 2024.

### Sector trends

Despite the subdued macroeconomic outlook, JLL appears relatively optimistic about the German office letting market in 2024. The real estate consultancy expects take-up in Germany's top 7 office locations to increase by 7% to around 2.7 million sqm. Moderate growth of 2% in the first quarter of 2024 confirms this assessment, particularly as JLL once again recorded greater willingness among companies to conclude leases. JLL expects a continued clear focus on quality among companies. This should fuel further differentiation in the market, with top spaces remaining in high demand yet proving increasingly difficult to find due to a shrinking new-build pipeline. Conversely, outdated offices are increasingly recording declining rents. This trend is being exacerbated yet further by the increasing importance of sustainability as a factor. Due to the challenging situation in the construction sector and among project developers in particular, planned new builds are likely to be stopped or delayed again in the current year. According to JLL, projects in Germany's top 7 office locations representing more than 830,000 sqm were cancelled in the first quarter of 2024 alone.

As a result, the real estate consultancy expects new-build volumes to decline further in the short to medium term. On the other hand, relatively low new-build volumes are only causing a moderate increase in vacancies. Instead, JLL continues to attribute the currently observable rise in vacancies to weak demand triggered by economic factors. As a result, JLL expects the trend of rising prime rents in the best locations to continue in 2024. However, the pressure will continue to mount on properties in peripheral locations and those with only an average or below-average quality of fixtures and fittings, which could result in a decline in average rents.

In the logistics rental market, experts from Colliers expect the market recovery that began in mid-2023 to continue in 2024. Due to existing space shortages, users are increasingly likely to broaden their searches, which could potentially lead to an increase in rents in peripheral locations. In light of low vacancy rates, still-manageable supply levels and a overall decline in the number of new-build projects, Colliers expects persistent upward pressure on rents. However, Colliers assumes that rent growth will slow in the second half of 2024.

BNPPRE considers the outlook for the German commercial real estate investment market to be mixed in the current year, and sees the persistently weak economy as the main limiting factor for demand. The office markets in particular are likely to be affected by this, with investment income not expected to rise significantly in this market segment. This is especially applicable to large-volume transactions. On the other hand, BNPPRE sees increasing scope for interest rate cuts, which would make financing terms more favourable once again. Overall, BNPPRE expects transaction volumes to rise by up to 20% in 2024, having already recorded increasing market momentum and revenue growth of 8% in the first quarter of 2024. Retail and logistics properties generated the highest revenues, while office properties posted one of the weakest results ever recorded. BNPPRE believes that a stabilisation in prime yields is the most likely scenario for 2024.

## Expected trends in key performance indicators

### Recovery of the transaction market

With market activity set to rise in the 2024 financial year, we see opportunities to continue to leverage the potential of the properties in both segments and to successfully implement the “Performance 2024” action plan, especially the sales plan.

Based on real estate assets under management of around EUR 13.2 billion at the year-end, we expect a cross-segment transaction volume of between EUR 0.8 and 1.2 billion in 2024.

Further acquisitions amounting to around EUR 150 to 300 million are only planned for the Institutional Business in 2024, both for existing mandates and as part of new mandates and investment vehicles. No acquisitions are planned for the proprietary portfolio (Commercial Portfolio).

As a result, we are targeting sales across all segments with a volume of between EUR 650 and 900 million for 2024. Of this figure, around EUR 500 to 600 million is attributable to the Commercial Portfolio and around EUR 150 to 300 million to the Institutional Business.

### Development of the Commercial Portfolio

By carrying out targeted sales of properties from our Commercial Portfolio representing a total value of around EUR 3.6 billion at the reporting date, we are aiming to realise value and use the resulting funds primarily for refinancing purposes and to optimise our balance sheet and financial structure. Based on the current portfolio, planned letting performance, planned sales recognised on the balance sheet in the current financial year, we expect gross rental income from the Commercial Portfolio to come in between EUR 160 and 175 million.

### Development of the Institutional Business

Real estate management fees in the Institutional Business consist of (1) fees for ongoing management (asset and property management and developments), (2) transaction fees for acquisitions, sales and the structuring of investment products, and (3) performance fees for exceeding predefined target returns. Given the expected further recovery of the market environment, we are anticipating higher transaction-based management fees compared to previous year. Overall, we are planning to generate real estate management fees of EUR 40 to 50 million in 2024.

### Stable FFO as part of the "Performance 2024" action plan

As we will continue to focus on the further restructuring of our financing, the associated optimisation of our portfolios and cash flows and the implementation of the "Performance 2024" action plan in the 2024 financial year, we expect FFO (after minority interests, before tax) of between EUR 40 and 55 million. The main reasons for this are the programme of sales planned for the Commercial Portfolio segment as well as the recovery in the transaction market for the Institutional Business segment anticipated in the second half of 2024.

Our goal is also to increase recurring cash flows from both business segments. During the past financial year, the sum of net rental income and recurring management fees was around 97% of the sum of net rental income and all fees. This was due to comparatively low transaction-related fees in the reporting year. For 2024, we expect a share of recurring cash flows to be in the range of 85% to 95%.

### Material assumptions for the business forecast

- This forecast does not take into account inorganic growth from initiatives such as the acquisition or takeover of companies.
- There will not be any outbreaks of previously unknown pandemics (comparable to Covid-19) that could result in a further deterioration in and restrictions on public life.
- Global trade conflicts will not expand significantly.
- There will be no major escalations of geopolitical tensions.
- There will be no new sovereign debt crisis in the eurozone.
- There will be no resurgence of the banking crisis in the eurozone.
- The German economy will grow and not fall into a deep and lasting recession.
- Other leading indicators or economic factors such as the unemployment rate will not deteriorate significantly
- The rental market and lease revenue will not deteriorate significantly year-on-year during the 2024 financial year.
- Inflation will not see a further unexpectedly high increase.
- The control measures introduced by the European Central Bank (ECB) will continue to take effect during the current financial year, with no unexpected rises in key interest rates required.
- Banks will not tighten the requirements of their lending policies further to such an extent that they restrict transaction activity.
- No new, unforeseen permanent or temporary regulatory changes and regulations will come into effect and have massive monetary consequences.

# Other disclosures

## Annual financial statements of Branicks Group AG (single-entity financial statements)

### Net assets, financial position and results of operations

Branicks Group AG is the holding and management company of the Branicks Group. Its operational real estate activities and management of the Institutional Business are essentially organised via subsidiaries (property companies).

Branicks Group AG's net assets and results of operations are therefore influenced primarily by its involvement in its investees. The sustained value of its investments is based on the net assets, financial position and results of operations of the subsidiaries (property companies) and is secured, in particular, by their real estate assets or service agreements. Branicks Group AG prepares its annual financial statements in accordance with the HGB.

Overall, we view the business situation of Branicks Group AG as of the reporting date as strained. The net assets, financial position and results of operations of Branicks Group AG in 2023 were mainly determined by the acquisitions and sales in the Commercial Portfolio segment, and the low transaction volume resulting in lower transaction-related fee income in the Institutional Business. While a significant portion of the investment income generated by the investees in the Commercial Portfolio in the 2023 financial year resulted primarily from rental income, the investment income of the investees in the Institutional Business consisted mainly of transaction-related real estate management income. Overall, we generated investment income of EUR 50.8 million (previous year: EUR 115.5 million) in the financial year ended.

At EUR 6.1 million, revenue was lower than the prior-year figure of EUR 25.3 million. In the previous year, this figure mainly included revenue from the structuring of transactions for the Institutional Business segment, for which Branicks provided the service directly. Revenue also includes proceeds from consulting and other services provided to subsidiaries. At EUR 14.6 million, personnel expenses in the year under review were slightly lower than the prior-year figure of EUR 16.1 million. At EUR 46.0 million, other operating expenses were EUR 13.7 million higher than in the previous year (previous year: EUR 32.4 million), an increase that was mainly triggered by losses incurred from the sales of fixed assets. At EUR – 41.5 million, earnings before interest, taxes and the share of the profit of associates were down EUR 24.5 million on the previous year (previous year: EUR – 17.0 million), which was mainly due to the higher revenue and lower other operating expenses seen in the previous year. Interest expenses resulting from our bonds and promissory notes and from the bridging loan for the acquisition of the interest in VIB amounted to EUR 64.7 million (previous year: EUR 40.3 million). The increase in interest expense by a total of EUR 24.4 million is attributable primarily to the higher level on interest in the 2023 financial year for the variable-rate bridging loan with a remaining volume of EUR 200 million on the reporting date.

The positive balance of interest due to subsidiaries and investees and income from long-term loans totalled EUR 12.9 million during the year under review, a year-on-year increase of EUR 3.0 million (previous year: EUR 8.9 million). The increase was due on the one hand to interest income, which rose from EUR 10.1 million in the previous year to EUR 24.1 million, and on the other hand to write-downs on long-term financial assets amounting to EUR 11.3 million (previous year: EUR 1.9 million).

Overall, Branicks Group AG posted a net loss for the year of EUR – 41.3 million (previous year: net income of EUR 62.6 million).

Long-term financial assets totalled EUR 1,932.4 million as at the reporting date, a decrease of EUR 74.3 million (previous year: EUR 2,006.7 million). This was mainly due to the sale of shares in affiliated companies to subsidiaries.

Receivables from affiliated companies and investees rose by EUR 42.6 million to EUR 401.6 million. At the same time, the corresponding liabilities increased by EUR 329.6 million to EUR 364.5 million, mainly due to an intra-group loan of EUR 250 million. Overall, our commitment to related entities, consisting of long-term financial assets as well as receivables from and liabilities to affiliated companies and investees as of 31 December 2023, fell by EUR 361.3 million, from EUR 2,331.2 million to EUR 1,969.9 million (– 15.5%), which is mainly attributable to the increase in intra-group loans.

The Company's equity decreased by EUR 101.0 million, from EUR 1,078.5 million to EUR 977.6 million (– 9.4%), mainly due to the net loss for the year and the implementation of a non-cash capital increase for the scrip dividend. The cash dividend amounting to EUR 59.6 million also reduced equity. Borrowed capital decreased by EUR 14.6 million, from EUR 1,494.3 million to EUR 1,479.7 million. The reported equity ratio was robust at 39.8%, similar to the prior-year figure of 41.9%.

For information on Branicks Group AG's opportunities and risks, particularly financing and liquidity risks, see the Group's report on risks and opportunities. These opportunities and risks affect Branicks Group AG indirectly.

## Forecast for the single-entity financial statements of Branicks Group AG

For 2023, we had forecast net income for the year below the previous year of EUR 62.6 million. This forecast was met with a net loss for the year of EUR – 41.3 million.

For 2024, we expect net income/loss for the year to improve slightly year-on-year based on a slowly recovering economic environment and restrained transaction activity, especially in the first half of 2024, and a reduced contribution to earnings due to lower transaction activity in the Institutional Business.

Given the restructuring measures planned for financing as part of the "Performance 2024" action plan, we expect to return to our past dividend policy in the medium term. For further information, please refer to the Group's report on expected developments starting on → page 87.

## Related parties

The Management Board prepared a separate report on relations with affiliates in accordance with section 312 AktG, which ends with the following statement:

"We hereby declare that, based on the circumstances known to us at the time when the transactions were entered into, our company received or paid appropriate consideration for each transaction. We took no actions at the request of or on behalf of the controlling company."

Related party disclosures in accordance with IAS 24 can be found in the notes to the consolidated financial statements. Information on the remuneration of Supervisory Board and Management Board members is provided in the remuneration report, which is available on the corporate website in the Corporate Governance section.

## Disclosures and explanations required under takeover law

The following disclosures provided pursuant to sections 289a and 315a HGB reflect the situation existing at the end of the reporting period. The following explanation of these disclosures also meets the requirements for an explanatory report in accordance with section 176 (1) sentence 1 AktG.

### Composition of subscribed capital

The subscribed capital in the amount of EUR 83,565,510.00 consists of 83,565,510 registered no-par value ordinary shares. There are no other classes of shares. Pursuant to section 67 (2) AktG, rights and obligations arising from shares exist in relation to the Company only for and against the person entered in the share register. All shares convey the same rights and obligations. Each no-par value share grants the holder one vote at the General Shareholders' Meeting. This excludes any treasury shares held by the Company itself. The Company will have no rights based on these shares. The voting right begins when the statutory minimum deposit has been made on the shares. The individual rights and obligations tied to the shares arise from the provisions of the AktG, in particular sections 12, 53a et seq., 118 et seq. and 186.

## Direct and indirect shareholdings exceeding 10% of voting rights

Please refer to the notes to the annual and consolidated financial statements with regard to direct and indirect shareholdings in Branicks Group AG which exceed 10% of the voting rights.

## Statutory requirements and provisions of the Articles of Association on the appointment and dismissal of members of the Management Board and on amendments to the Articles of Association

The appointment and dismissal of members of the Management Board is based on sections 84, 85 AktG and article 7 of the Articles of Association. Pursuant to article 7 (1) of the Articles of Association, the Management Board consists of at least one person. The Articles of Association do not contain any special arrangements for the appointment or dismissal of individual members or all members of the Management Board. The Supervisory Board has the power to appoint and dismiss Management Board members. It appoints members of the Management Board for a maximum term of office of five years. Members may be reappointed or their term may be extended for a maximum of five years in each case subject to section 84 (1) sentence 3 AktG. Amendments to the Articles of Association are made in accordance with sections 119 (1) no. 6, 179, 133 AktG as well as articles 9 (6) and 14 of the Articles of Association. The Articles of Association do not specify any further requirements for amendments to the Articles of Association. Unless required otherwise by law, the resolutions of the General Shareholders' Meeting shall be passed with a simple majority of the votes cast. In the event that the law stipulates a capital majority in addition to the majority vote, resolutions shall be passed with a simple majority of the share capital represented at the time the resolution is passed. The Supervisory Board is authorised to make amendments to the Articles of Association that concern only their wording.

## Powers of the Management Board to issue and buy back shares

The powers of the Company's Management Board to issue and buy back shares are all based on resolutions to that effect made by the General Shareholders' Meeting, the essential content of which is shown below. Further details are specified in the respective authorising resolution.

## Authorisation to purchase own shares

By virtue of the resolution adopted by the ordinary General Shareholders' Meeting of 24 March 2022, the Management Board is authorised, with the prior approval of the Supervisory Board, to acquire own shares until 23 March 2027 representing up to 10% of the lower of the Company's share capital at the date of the resolution or at the date the authorisation is exercised. At no time may the acquired shares together with other treasury shares in the possession of the Company or allocated to it under sections 71a et seq. AktG represent more than 10% of the share capital. The authorisation may not be used for the purpose of trading treasury shares. The authorisation may be exercised in whole or in part, once or repeatedly, for one or more than one purpose, by the Company or by companies dependent on it or majority-owned by it, or by third parties acting on their behalf or on behalf of the Company. At the Management Board's discretion, and with the prior approval of the Supervisory Board, shares may be purchased through the stock exchange or based on a public offering directed to all shareholders or a public invitation to all shareholders to submit offers to sell. The volume of the public offering directed to all shareholders or the public invitation to all shareholders to submit offers to sell may be restricted. Insofar as the volume of the offered shares exceeds the planned repurchase volume in the case of a public offering or a public invitation to submit offers to sell, the acquisition can take place proportionate to the shares subscribed to or offered in each case; to this extent, the shareholders' right to offer their shares proportionate to the percentage of shares that they hold is disapplied. A preferential acceptance of smaller numbers up to 100 offered shares per shareholder can be stipulated, as can commercial rounding to avoid arithmetic fractions of shares. To this extent, any further right of the shareholders to tender shares is disapplied. The public offering directed to all shareholders or the public invitation to all shareholders to submit offers to sell may stipulate further conditions.

The Management Board is authorised, with the prior approval of the Supervisory Board, to use the treasury shares acquired on the basis of this authorisation for any legal purpose, in particular the following:

(i) The shares may be redeemed, and such redemption or its execution shall not require another resolution of the General Shareholders' Meeting. They may also be redeemed in a simplified procedure without reducing capital by adjusting the pro-rata share of the remaining no-par value shares in the Company's share capital. If they are redeemed in a simplified procedure, the Management Board is authorised to adjust the number of no-par value shares in the Articles of Association.

(ii) The shares may also be sold in a way other than through the stock exchange or based on an offering directed to all shareholders if the purchase price payable in cash is not significantly lower than the stock market price of equivalent shares already listed. The number of shares sold in this manner disapplying pre-emptive rights may not exceed 10% of the share capital, neither at the time this authorisation becomes effective nor at the time it is exercised. Other shares that are issued or sold during the term of this authorisation while disapplying pre-emptive rights in direct or corresponding application of section 186 (3) sentence 4 AktG are to be counted toward this upper limit of 10% of the share capital. Shares that are issued to service option rights and/or conversion rights or conversion obligations from bonds with warrants and/or convertible bonds and/or profit participation rights are also to be counted towards this limit if such bonds or profit participation rights are issued during the term of this authorisation while disapplying pre-emptive rights in corresponding application of section 186 (3) sentence 4 AktG.

(iii) The shares may be sold in return for contributions in kind, in particular in connection with business combinations, for the purpose of acquiring companies, parts of companies, equity interests in companies or other assets, or claims for acquiring other assets including receivables in respect of the Company.

(iv) The shares may be used to implement a scrip dividend in which shares of the Company are used (including partially and alternatively) to fulfil shareholder dividend claims.

(v) The shares may be used to fulfil subscription and exchange rights on the basis of the exercise of conversion and/or option rights or the fulfilment of conversion and/or option obligations arising from convertible bonds and/or bonds with warrants issued by the Company or one of its Group companies wholly owned by Branicks Group AG either directly or indirectly.

As at 31 December 2023, the Company held no treasury shares. It has not made use of the authorisation described above.

## Authorised capital

The Management Board was authorised by a resolution adopted at the ordinary General Shareholders' Meeting on 24 March 2022 to increase the Company's share capital with the approval of the Supervisory Board by a total of up to EUR 16,372,232.00 until 23 March 2027 by issuing new no-par value registered shares once or repeatedly in return for cash contributions and/or contributions in kind (Authorised Capital 2022). After a portion of Authorised Capital 2022 was utilised subject to the granting of pre-emptive rights to the shareholders in April 2023, the remaining Authorised Capital 2022 at the reporting date amounts to EUR 15,959,088.00. As a rule, the shareholders are to be granted a pre-emptive right when authorised capital is utilised. The shares may also be taken over within the meaning of section 186 (5) sentence 1 AktG by one or more credit institutes or companies determined by the Management Board with the obligation of offering them to the shareholders for purchase (indirect pre-emptive right). However, the Management Board is authorised with the approval of the Supervisory Board to disapply the pre-emptive rights of shareholders

- to exclude fractional amounts from shareholders' pre-emptive rights;
- if the new shares are issued in return for a cash contribution and the issue price of the new shares does not fall substantially below the stock market price of essentially equivalent shares already listed. The number of shares issued in this manner disapplying pre-emptive rights may not exceed 10% of the share capital, neither at the time this authorisation becomes effective nor at the time it is exercised. Other shares that are issued or sold during the term of this authorisation while disapplying pre-emptive rights in direct or corresponding application of section 186 (3) sentence 4 AktG are to be counted toward this upper limit of 10% of the share capital. Shares that are issued to service option rights and/or conversion rights or conversion obligations from bonds with warrants and/or convertible bonds and/or profit participation rights are also to be counted towards this limit if such bonds or profit participation rights are issued during the term of this authorisation while disapplying pre-emptive rights in corresponding application of section 186 (3) sentence 4 AktG;
- if the capital increase is carried out in return for a contribution in kind, in particular for the purpose of acquiring companies, parts of companies, equity interests in companies or other assets associated with an intended acquisition, or in connection with business combinations;
- to the extent it is necessary to grant pre-emptive rights for bonds to the holders or creditors of bonds with warrants and/or convertible bonds with option and/or conversion rights or option and/or conversion obligations that were previously issued by the Company or companies in which the Company holds a direct or indirect 100% interest in the volume to which they would be entitled after exercising the option rights and/or conversion rights or fulfilling the option and/or conversion obligations.

As of 31 December 2023, the Management Board has not made use of the authorisation described above.

## Contingent capital

By virtue of the resolution adopted at the ordinary General Shareholders' Meeting of 24 March 2022, the Management Board is authorised, with the approval of the Supervisory Board, to issue registered or bearer convertible bonds or bonds with warrants (together, "bonds") with or without limitation of maturities on one or more occasions until 23 March 2027 in a total nominal amount of up to EUR 600,000,000.00, and to grant to holders and/or creditors of bonds conversion or option rights (which may include a conversion and/or option obligation) to no-par value registered shares in the Company representing a proportionate amount of the share capital of up to EUR 16,372,232.00 in total, subject to the terms of the convertible bonds and/or bonds with warrants (together also "bond terms"). The bonds may only be issued in return for cash payment. In principle, the shareholders are granted a pre-emptive right. The bonds may also be taken over within the meaning of section 186 (5) sentence 1 AktG by one or more credit institutes or companies determined by the Management Board with the obligation of offering them to the shareholders for purchase (indirect pre-emptive right).

However, the Management Board is authorised with the approval of the Supervisory Board to disapply the shareholders' pre-emptive rights to bonds

- for fractional amounts resulting from the subscription ratio;
- if upon due review the Management Board concludes that the issue price of the bonds is not substantially lower than the theoretical market value of the bonds determined in accordance with generally accepted methods of financial mathematics. This authorisation to disapply pre-emptive rights does not, however, apply to bonds with a conversion or option right (including those with a conversion obligation) to shares, the total amount of which does not exceed 10% of the lower of the share capital existing at the time this authorisation becomes effective or at the time it is exercised. Shares that were issued or sold during the term of this authorisation while disapplying pre-emptive rights in direct or corresponding application of section 186 (3) sentence 4 AktG are to be counted toward this upper limit of 10% of the share capital. Shares that are issued to service option rights and/or conversion rights and/or option and/or conversion obligations from convertible bonds and/or bonds with warrants and/or profit participation rights are also to be counted towards this limit if such bonds or profit participation rights are issued based on a different authorisation during the term of this authorisation while disapplying pre-emptive rights in corresponding application of section 186 (3) sentence 4 AktG;
- to the extent it is necessary to grant pre-emptive rights for bonds to the holders or creditors of bonds with warrants and/or convertible bonds with option and/or conversion rights or option and/or conversion obligations that were previously issued by the Company or companies in which the Company holds a direct or indirect 100% interest in the volume to which they would be entitled after exercising the option rights and/or conversion rights or fulfilling the option and/or conversion obligations.

The bond issues may be divided into several notes.

If convertible bonds are issued, the holders and/or creditors are granted the right to convert their notes into no-par value registered shares of the Company in accordance with the detailed convertible bond terms to be determined by the Management Board. The conversion ratio is determined by dividing a bond note's nominal amount or price that is below its nominal amount by the conversion price specified for a no-par value registered share of the Company. The terms may provide for a variable conversion ratio. The conversion ratio may be rounded up or down to the nearest whole number; furthermore, an additional payment in cash may be determined. There may also be a provision that fractions can be combined and/or settled in cash.

If bonds with warrants are issued, one or more warrants entitling the holder and/or creditor to purchase no-par value registered shares in the Company in accordance with the option terms to be specified by the Management Board shall be attached to each bond note. The option terms may provide for satisfying the exercise price either in part or as a whole by transferring bond notes and making an additional cash payment if required. There may also be a provision that fractions can be combined and/or settled in cash.

The terms of the convertible bonds and/or bonds with warrants may also provide for a conversion and/or option obligation on maturity (or at an earlier date). The terms of the convertible bonds and/or bonds with warrants may provide for the Company's right and/or that of the Group company issuing the bond to grant new shares or treasury shares of the Company or the shares of another listed company to the holders and/or creditors of the bonds instead of paying all or a portion of the cash amount due. The terms of the convertible bonds and/or bonds with warrants may also stipulate that the Company or the Group company issuing the bond may choose to grant treasury shares of the Company or shares of another listed company when options are converted or exercised. Furthermore, it may be stipulated that the Company and/or the Group company issuing the bond may settle its obligation by making a cash payment and/or granting shares of the Company.

To service conversion or option rights and/or conversion or option obligations under bonds that will be issued until 23 March 2027 based on an authorisation by the General Shareholders' Meeting on 24 March 2022, the Company's share capital was contingently increased, by virtue of the resolution adopted at the ordinary General Shareholders' Meeting on 24 March 2022, by up to EUR 16,372,232.00 by issuing up to 16,372,232 registered shares (Contingent Capital 2022).

The Management Board has not made use of the authorisation described above to issue convertible bonds and/or bonds with warrants.

## Material agreements subject to a change of control upon a takeover bid

Branicks Group AG has entered into the following material agreements that contain change of control clauses.

The majority of the existing debt financing agreements (including the Green Corporate Bond 2021 (ISIN XS2388910270) with a volume of EUR 400 million) give creditors a right to terminate the agreement for cause in the event of a change of control at the affected Group companies.

## Other disclosures

The other disclosures required under sections 289a, 315a HGB refer to circumstances that do not apply to Branicks Group AG. There are no shareholders with special rights conferring control rights nor are there any controls of the voting right of employees holding shares in the Company's capital or compensation agreements entered into with Management Board members or employees in case of a takeover offer. Nor is the Management Board aware of any restrictions affecting voting rights or the transfer of shares.

# Corporate governance statement

The corporate governance statement for the Company and the Group pursuant to sections 289f, 315d of the HGB is a component of the combined management report. In this statement, the Supervisory Board and the Management Board also report on the corporate governance of the Company in accordance with Principle 22 of the German Corporate Governance Code ("DCKG").

## Disclosures on corporate governance practices

Branicks Group AG attaches great value to corporate governance within the Company and the Group. The Management Board and Supervisory Board feel that they have an obligation to ensure the Company's continued existence and the generation of sustained value added through responsible corporate governance with a long term focus. For Branicks Group AG, good corporate governance also includes managing risks in a responsible manner. The Management Board therefore makes sure that risks are managed and controlled appropriately and effectively within an internal control system in the Company (see also the "Risk management" section → page 106) and ensures that the Company complies with the law by maintaining a compliance management system that reflects the Company's exposure to risk. The Company is in compliance with the recommendations of the DCGK as described in its annual Declaration of Compliance. The Management Board regularly informs the Supervisory Board of any existing risks and their development. The Company's internal control, reporting and compliance structures are continuously reviewed, enhanced and adjusted to changes in the general environment.

Sustainability is a key element of corporate governance. To ensure that the Company can remain commercially successful in the long term, Branicks Group AG attaches considerable significance to both economic issues and ESG aspects. Sustainability affects the entire organisation and includes a wide range of issues. Further information about the quantifiable ESG targets defined by Branicks Group AG in particular can be found at → https://branicks.com/en/sustainability/ and in the → Sustainability Report published there.

Reliability and credibility are the core values of our corporate culture. They are based not only on strict compliance with statutory and contractual regulations but also on a fundamental understanding of what constitutes ethical business practices. This includes openness, fairness and tolerance, conserving resources, gender equality and promoting diversity as well as clear guidelines and support in dealing with risks and potential conflicts.

A Compliance Policy is in place for the Branicks Group and a Compliance Officer supervises observance of material compliance requirements. In addition, a whistleblower system for reporting misconduct and violations has been set up. Based on the Compliance Policy, the employees of Branicks Group AG and its subsidiaries are obliged to act in a responsible and legal manner. This includes the principles of ethics and integrity within the Company, in particular compliance with legal requirements, internal company policies and self-imposed values. The cornerstones of the Compliance Policy are described in the current report on risks and opportunities, which is part of the combined management report of Branicks Group AG.

In addition, the Branicks Group has a Code of Conduct, which serves as a guideline according to which the employees of Branicks Group AG and its subsidiaries conduct their actions and make their decisions. This ensures that the Branicks Group's mission statement and values are always reflected in our daily actions. The Branicks Group requires its business partners to meet the same high legal and ethical standards it has set for itself. A Code of Conduct for Business Partners has been introduced for this purpose, which is the basis of any collaboration between the Branicks Group and its business partners and describes the legal and ethical requirements of such collaboration.

A Lobbying Policy and an Anti-corruption Policy have also been introduced within the Branicks Group to provide an additional basis for acting responsibly and lawfully. The Branicks Group's responsibility for its employees is enshrined in its Occupational Safety Policy, which helps the Group to implement efficient occupational safety and effective accident prevention. The Branicks Group has also issued a Policy Statement on Respecting Human Rights both within the Company and along every step of the value chain.

The documents referred to here are available for download on the Branicks Group AG website at → https://branicks.com/en/company/values-compliance/.

Any additional corporate governance instruments that may be required will be urgently addressed and implemented by the Management Board and Supervisory Board.

# Current Declaration of Compliance

The Management Board and Supervisory Board again focused on meeting the recommendations of the DCGK in financial year 2023. The consultation process resulted in the adoption of the annual Declaration of Compliance dated 19 December 2023, which was updated in parts on 19 March 2024 and 29 April 2024 and has been made permanently accessible to the public on the Company's website.

## Declaration of Compliance pursuant to section 161 German Stock Corporation Act (AktG)

The Management Board and Supervisory Board declare that Branicks Group AG (formerly DIC Asset AG) has complied and will comply with the recommendations of the German Corporate Governance Code in the version dated 28 April 2022 since issuing its last Declaration of Compliance. The following exceptions applied or will apply in future:

- The Code recommends in clause C.10 sentence 1 that the Chairman of the Supervisory Board shall be independent of the Company and its Management Board. According to clause C.7 of the Code, when assessing the independence from the Company and its Management Board it shall be taken into account, among other things, whether the Supervisory Board member (i) currently is maintaining (or has maintained) a material business relationship with the Company or one of the entities dependent upon the Company in the year prior to his appointment, directly or as a shareholder, or in a leading position of a non-group entity, and/or (ii) has been a member of the Supervisory Board for more than 12 years. The Supervisory Board has decided to use the formal indicators referred to in the Code as relevant for its assessment and not to apply a different classification, as would be permitted under clause C.8 of the Code. Notwithstanding the fact that the Chairman of the Supervisory Board based on the aforementioned formal indicators would not be regarded as independent of the Company and its Management Board, the Supervisory Board has no doubt that the Chairman can fully meet his advisory and supervisory duties. In addition, the Supervisory Board has what it considers to be an appropriate number of independent members as more than half of the shareholder representatives, including the Chairman of the Audit Committee, are independent of the Company and its Management Board.

- In deviation from clause D.4 of the Code, no nomination committee will be formed. As the six members of the Supervisory Board are all representatives of the shareholders and the current practice of voting proposals being prepared by the full Supervisory Board has proved to be efficient, the Supervisory Board sees no need to form a nomination committee.

- In deviation from the first and second indents of clause G.1 of the Code, the remuneration system for the members of the Management Board does not stipulate the determination of a "target total remuneration", which corresponds to the total remuneration in the event that 100 percent of targets are achieved (in relation to variable remuneration components), and does not determine the relative proportions of individual remuneration components in relation to such "target total remuneration". Under the remuneration system for Management Board members approved by the General Shareholders' Meeting on 24 March 2021, their variable remuneration comprises a performance-related annual bonus (STI) and options on phantom stocks in the Company as a share-based payment element with a long-term incentive effect (LTI). With regard to the STI, the Supervisory Board sets company-related and personal annual targets when preparing the annual budget. The specific amount of STI payments upon achievement of the annual targets is at the discretion of the Supervisory Board and is determined ex-post in connection with the Supervisory Board's determination of target achievement. LTI payments depend solely on the share price; an ex-ante agreed "target amount" is therefore not provided for the LTI either. The Supervisory Board is of the opinion that the variable remuneration structure for the Management Board members is clearly geared to linking the performance of the Management Board members to the amount of remuneration (pay for performance) and that the design of the share-based remuneration element contributes to an increased alignment of the interests of the members of the Management Board and shareholders. The strategic goal of increasing the value of the Company in the long term is promoted by this structure.

- According to the recommendation in clause G.2 of the Code, the specific "target total remuneration" of each member of the Management Board shall be determined annually. This remuneration shall be appropriate to the Management Board member's own tasks and performance as well as to the enterprises' overall situation and performance, and it shall not exceed the usual level of remuneration without specific reasons. In accordance with the requirements of stock corporation law, the appropriateness of the total remuneration of Management Board members is reviewed regularly and, if necessary, on an ad hoc basis (e.g. when a decision is made to extend a service agreement). As explained, the remuneration system does not provide for "target total remuneration" as defined by the Code, so there is also no need for this to be determined specifically on an annual basis. In the opinion of the Supervisory Board, the definition of the remuneration conditions in the Management Board service agreement and the subsequent determination of the amount of STI payment provide sufficient leeway to ensure the appropriateness of the Management Board remuneration on a consistent basis.

- According to the recommendation in clause G.6 of the Code, the long-term variable remuneration (LTI) shall exceed the share of remuneration from short-term targets (STI), whereby the Code uses 100 percent target achievement as a basis for comparison. The options granted on phantom stocks in the Company (LTI) provide for a long-term remuneration component which – provided that the share price develops accordingly – can account for the majority of the total variable remuneration granted, without it being required for this component to outweigh the short-term variable remuneration. As neither the STI nor the LTI provide for “target remunerations”, a deviation from the recommendation in clause G.6 of the Code is declared as a precaution. Taking into account the proportions of the STI (up to 35%) or the LTI (up to 55%) in the total remuneration specified by the remuneration system as the expected annual expense amount, the Supervisory Board considers the long-term oriented part of the variable remuneration to be predominant as a rule and sufficiently weighted in any case.

- The recommendation in clause G.7 sentence 1 of the Code, according to which the Supervisory Board, referring to the forthcoming financial year, shall establish performance criteria for each Management Board member covering all variable remuneration components, which, besides operating targets, shall be geared mainly to strategic goals, is not followed insofar as no further performance criteria are determined in the context of the long-term share price-oriented remuneration component (LTI) in addition to the dependency of the payment amount on the stock market price. The link to the stock market price contributes to an increased alignment of the interests of the members of the Management Board and shareholders and the strategic goal of increasing the value of the Company in the long term is thereby promoted.

- According to the recommendation in clause G.10 sentence 1 of the Code, the variable remuneration granted shall be predominantly share-based or invested in Company shares. With the options granted on phantom stocks in the Company (LTI), a share-based remuneration component is provided for. However, as already explained, it is not mandatory that the share-based remuneration component accounts for the majority of the variable remuneration. Therefore, as a precautionary measure, a deviation from the recommendation in clause G.10 sentence 1 of the Code is declared. Taking into account the proportions of STI (up to 35%) and LTI (up to 55%) in the total remuneration specified by the remuneration system, the Supervisory Board considers that the share price orientation of the variable remuneration is sufficiently ensured.

- Clause G.10 sentence 2 of the Code recommends that the long-term variable remuneration shall be accessible to Management Board members only after a period of four years. The options on phantom stocks in the Company granted as LTIs provide for a vesting period oriented to the term of the respective Management Board service agreement, which as a rule covers three to five years and after the expiry of which an option may be exercised at the earliest. Taking into account the term of the respective Management Board service agreement, the four-year period recommended by the Code may therefore also be shorter. In the opinion of the Supervisory Board, the general orientation of the vesting period to the respective term of appointment contributes sufficiently to the incentive effect of the share-based remuneration.

- In deviation from clause G.11 of the Code, the remuneration system and the existing service agreements of the Management Board members do not provide for any possibility agreed in advance to take account of extraordinary developments and to retain or reclaim variable remuneration, if justified (so-called malus and clawback provisions). Among other things, the ex-post determination of the amount of the performance-related annual bonus (STI), which is at the discretion of the Supervisory Board, and the limitation by the maximum remuneration provided for in the remuneration system are, in the opinion of the Supervisory Board, sufficiently effective means of taking into account any extraordinary developments that may have occurred. The Supervisory Board does not consider contractual malus and clawback provisions to be necessary in view of the existing statutory claims in the event of a breach of duty.

- According to the Articles of Association, members of the Supervisory Board are granted a performance-related remuneration that is based on the annual dividend payment and may thus deviate from clause G.18 of the Code, which recommends that remuneration be linked to the long-term performance of the Company. The dividend payment is a key measure of success for the shareholders. We consider it appropriate that members of the Supervisory Board be remunerated in accordance with criteria that are also of significance for the shareholders.

Frankfurt am Main, 19 December 2023

Branicks Group AG

## Update of the Declaration of Compliance pursuant to section 161 German Stock Corporation Act (AktG)

On 19 December 2023, the Management Board and Supervisory Board of Branicks Group AG issued its most recent Declaration of Compliance pursuant to Art. 161, German Stock Corporation Act (AktG), regarding the recommendations of the German Corporate Governance Code as amended on 28 April 2022. At this point, the Declaration and the exceptions it contains are supplemented with the following additional deviation:

Section F.2 of the Code recommends making the consolidated financial statements and the group management report publicly accessible within 90 days after the end of the financial year and the mandatory interim financial statements publicly accessible within 45 days after the end of the reporting period. Branicks Group AG will not comply with the recommendation in making its consolidated financial statements and the group management report for the 2023 financial year publicly accessible. Rather, it expects to provide public access to its consolidated financial statements and group management report for the 2023 financial year by 30 April 2024. The later date of publication is connected to the expected duration of the StaRUG stabilisation and restructuring proceedings that the company initiated as a preventive measure in early March of 2024 for the purpose of extending the terms of the promissory note loans that will mature in 2024.

Branicks Group AG will comply with recommendation F.2 of the Code again in future, including with respect to the deadline for making the consolidated financial statements and the group management report publicly accessible.

Other than that, the Declaration of Compliance dated 19 December 2023 and the exceptions specified therein remain unchanged.

Frankfurt am Main, 19 March 2024

Management Board and Supervisory Board
of Branicks Group AG

## Second Update of the Declaration of Compliance pursuant to section 161 German Stock Corporation Act (AktG) (April 2024)

The Management Board and Supervisory Board of Branicks Group AG on 19 December 2023 issued and on 19 March 2024 updated its most recent Declaration of Compliance pursuant to Art. 161, German Stock Corporation Act (AktG), regarding the recommendations of the German Corporate Governance Code as amended on 28 April 2022.

These statements and the deviations contained therein are updated as follows:

The previous deviation from the recommendation in section C.10 sentence 1 of the Code ceased to apply as at 13 April 2024, because Dr. Angela Geerling, who in the opinion of the Supervisory Board is independent of both the Company and the Management Board within the meaning of section C.7 of the Code, has been elected by the Supervisory Board as the new Chairwoman of the Supervisory Board.

Other than that, the Declaration of Compliance dated 19 December 2023 and the update dated 19 March 2024 remain unchanged.

Frankfurt am Main, 29 April 2024

Management Board and Supervisory Board
of Branicks Group AG

# Working practices and composition of the Management Board and Supervisory Board

## Dual management structure

As a listed corporation, Branicks Group AG has a dual management structure comprising a Management Board and a Supervisory Board. The two Boards are clearly separated from each other – both in terms of personnel and function – allowing each of them to perform their different duties independently. While the duty of the Management Board is to manage the Company independently, the Supervisory Board's duty is to monitor this management.

## Close cooperation between the Management Board and the Supervisory Board

The Management Board and the Supervisory Board work closely together in the interests of the Company and the Group. This ensures that optimal use is made of the professional expertise of the Board members and speeds up decision-making processes. The Management Board keeps the Supervisory Board regularly, promptly and comprehensively informed of strategy, planning, risk position and risk management, the internal control system, compliance, as well as current business developments. The Chairman of the Supervisory Board is also notified of material developments and decisions by the Management Board between meetings.

The Management Board performs its management role as a collegial body. It determines corporate objectives, strategic orientation, corporate policy and Group organisation and coordinates these with the Supervisory Board and ensures that they are implemented. In doing so, the Management Board takes into account environmental and social goals in addition to long-term economic goals. In this process, the Management Board is bound to the Company's Group-wide interests and committed to the sustained increase of enterprise value, and to the needs of shareholders, customers, employees and other groups associated with the Company. The members of the Management Board are jointly responsible for managing the entire business. Notwithstanding their overall responsibility, the individual Management Board members manage the departments assigned to them independently and within the parameters of the Management Board resolutions. The allocation of duties between the members of the Management Board is derived from the Schedule of Responsibilities. The Management Board did not have a committee in the year under review. The Management Board has a quorum if at least the majority of its members participate in the resolution and adopts its resolutions by a simple majority. In the event that the Management Board consists of more than two members, the Chairwoman will have the casting vote in the event of a tie.

The Supervisory Board appoints and dismisses members of the Management Board. The Supervisory Board monitors and advises the Management Board in its leadership and management of the Company. Monitoring and advising the Management Board also includes sustainability issues. In the case of specifically defined actions of material significance – such as major capital expenditures – the Rules of Procedure for the Management Board issued by the Supervisory Board require the approval of the Supervisory Board. The Supervisory Board has also adopted Rules of Procedure. The Rules of Procedure for the Supervisory Board are available on our website under Company/Corporate Governance. Supervisory Board resolutions are generally passed at meetings by a simple majority of the votes cast. At the instruction of the Chairman of the Supervisory Board, resolutions can also be passed outside meetings if no member objects to this process. The Chairman of the Supervisory Board coordinates work within the Supervisory Board, chairs its meetings and attends to the affairs of the Supervisory Board externally. He holds discussions with investors on Supervisory Board-specific topics as required.

An overview of the Supervisory Board's activities during the 2023 financial year is presented in the Supervisory Board report.

## Composition of the Boards

As of 31 December 2023, the Management Board of Branicks Group AG consisted and continues to consist of four members. The composition of the Management Board in the 2023 financial year and additional disclosures about the members of the Management Board are listed in the notes to the annual and consolidated financial statements under "Other disclosures". The Management Board currently consists of Sonja Wärntges as Chairwoman (Chief Executive Officer, CEO, and Chief Financial Officer, CFO), also responsible for Strategy, Human Resources, IT, Corporate Finance & Controlling, Corporate Communications, Investor Relations and M&A; Johannes von Mutius, responsible for Transaction Business (Chief Investment Officer, CIO); Torsten Doyen (Chief Institutional Business Officer, CIBO); and Christian Fritzsche (Chief Operating Officer, COO).

As stipulated in the Articles of Association, the Supervisory Board consists of six members, who are all elected by the General Shareholders' Meeting. The Supervisory Board has elected a Chairman and a Vice Chairman. Members of the Supervisory Board are elected for a term of office ending at the conclusion of the General Shareholders' Meeting that formally approves their actions during the fourth financial year following the start of their term of office. The financial year in which the term of office begins is not included in this calculation. The current terms in office end at different times due to different appointment dates. The specific composition of the Supervisory Board in the 2023 financial year and additional disclosures about the members of the Supervisory Board are listed in the notes to the annual and consolidated financial statements under "Other disclosures".

## Succession planning for the Management Board, diversity policy

The Supervisory Board works with the Management Board on long-term succession planning. In addition to meeting the requirements of the German Stock Corporation Act (AktG), the DCGK and the Rules of Procedure, the target for the share of women on the Management Board as well as the diversity policy for the Management Board and a requirements profile must also be taken into account when carrying out long-term succession planning. The specific qualification requirements and stated specification are taken into consideration to create an ideal profile that is used by the Supervisory Board to select a shortlist of available candidates with whom to conduct structured discussions. External consultants help the Supervisory Board to develop the requirements profiles and/or select candidates as required. When making decisions on filling Management Board positions, the key suitability criteria are professional qualifications for the division being run, leadership qualities, past performance and acquired skills as well as knowledge of Branicks Group AG.

With regard to the composition of the Management Board, the Supervisory Board follows a diversity policy that primarily includes the following aspects:

- Members of the Management Board should have the knowledge, skills and experience required to properly complete their tasks.
- Members of the Management Board must be familiar with the commercial real estate sector. At least some members of the Management Board should also have knowledge or experience of funds/asset and property management as well as capital markets and financing. As a minimum, the member of the Management Board responsible for Finance must have accounting or auditing expertise and some members of the Management Board should contribute experience of leading a medium-sized company.
- Diversity should also be taken into account when searching for qualified individuals for the Management Board. There should also be an appreciation of how different complementary professional profiles, work and life experiences and balanced gender representation can benefit the work of the Management Board.
- As a rule, members of the Management Board should be under 65 years old. Age should therefore also be taken into account when appointing Management Board members.
- The Supervisory Board stipulated targets for the share of women on the Management Board and a deadline for their achievement in accordance with section 111 (5) AktG as outlined below.

The diversity policy should benefit the work of the Management Board overall. When deciding which individual should fill a specific Management Board position, the Supervisory Board acts in the best interests of the Company while taking into account all circumstances in each individual case.

The Management Board of Branicks Group AG currently consists of four members professionally and personally qualified in different areas, including a female member, Sonja Wärntges, as CEO. The Supervisory Board believes that the diversity policy was complied with during the reporting period and is being complied with currently.

## Targets of the Supervisory Board with regard to its composition, skills profile and diversity policy

The Supervisory Board most recently set the targets regarding its composition on 14 December 2022. The targets, which take the recommendations of the DCGK into account in accordance with the Declaration of Compliance (especially as regards sustainability expertise), also include the skills profile for the Supervisory Board as a whole as well as the diversity policy it pursues for its composition.

- As a group, the Supervisory Board should have the knowledge, skills and professional experience required to properly complete its tasks. Members of the Supervisory Board must generally be familiar with the sector in which the Company operates.
- It should be ensured that at least some individual members of the Supervisory Board have the following knowledge or experience: (i) familiarity with the commercial real estate sector, (ii) knowledge of funds/asset and property management, (iii) knowledge of capital markets and financing, (iv) accounting expertise for at least one Supervisory Board member and auditing expertise for at least one Supervisory Board member, (v) expertise regarding sustainability issues relevant to the Company, (vi) experience of leading a medium-sized or larger company.

The individual qualifications of individual members may complement each other in achieving these objectives. The accounting expertise shall consist of specific knowledge and experience in the application of accounting policies and internal control and risk management systems, and the auditing expertise shall consist of specific knowledge and experience in auditing financial statements.

- Independence and avoiding conflicts of interest are also important objectives: The Supervisory Board members representing the shareholders should include an adequate number of independent members as defined in clause C.6 of the DCGK. More than half of the shareholder representatives shall be independent from the Company and the Management Board as defined in clause C.7 of the DCGK. At least half of the shareholder representatives shall be independent from a controlling shareholder as defined in clause C.9 of the DCGK. The Supervisory Board also follows the recommendations of the DCGK with regard to conflicts of interest. The Supervisory Board should not include any members who perform an executive or advisory role with significant third-party competitors of the Company or Group. The Supervisory Board should not include more than two former Management Board members.
- Requirements for individual Supervisory Board members include: Only persons under 70 should be proposed for election to the Supervisory Board. Supervisory Board members should have business or operational experience. They should be able to assess the profitability, expediency and legality of the business decisions being evaluated as part of the Supervisory Board's work as well as key accounting documents, with the support of the auditor where appropriate. They should be willing to get involved in the substance of the business to a reasonable extent. Each Supervisory Board member ensures that they can dedicate the expected time to properly exercising their Supervisory Board mandate.
- The Supervisory Board may also include members who are particularly qualified for international requirements. However, in view of Branicks Group AG's primary focus on the German property market, the decision was made not to stipulate the aspect of internationality as an objective.
- Diversity should also be taken into account when searching for qualified individuals for the Supervisory Board. There should also be an appreciation of how different complementary professional profiles, work and life experiences and balanced gender representation can benefit the work of the Supervisory Board. The Supervisory Board stipulated targets for the share of women on the Supervisory Board and a deadline for their achievement in accordance with section 111 (5) AktG as outlined below.

The aforementioned targets should benefit the work of the Supervisory Board overall. The targets for the composition of the Supervisory Board are taken into account in the Supervisory Board's proposals for the election of Supervisory Board members submitted to the General Shareholders' Meeting. When preparing and approving candidate proposals to the General Shareholders' Meeting for the appointment of Supervisory Board members, the Supervisory Board should be guided by the best interests of the Company in each case, observe legal requirements and focus on the professional and personal qualifications of the candidate.

## Qualification matrix for the Supervisory Board of Branicks Group AG

The Supervisory Board of Branicks Group AG provided the following overview of the qualifications of its members ("Qualification matrix") based on the targets for its composition and the skills profile:

According to the Supervisory Board, the composition of the Supervisory Board as at 31 December 2023 and its current composition fully meet the targets for the composition of the Supervisory Board including the diversity policy as well as the skills profile.

| | | **Dr. Angela Geerling** Chairwoman (since 13 April 2024) | **Prof. Dr. Gerhard Schmidt** Chairman (until 13 April 2024) | **Michael Zahn** Vice Chairman | **Prof. Dr. Ulrich Reuter** (until 31 December 2023) | **Eberhard Vetter** | **René Zahnd** |
|---|---|---|---|---|---|---|---|
| **Term of office** | Member since | 2022 | 2002 | 2020 | 2015 | 2018 | 2020 |
| | Elected until | 2027 | 2027 | 2025 | n/a | 2027 | 2025 |
| **Personal criteria** | Independence | | | | | | |
| | from the company and the Management Board [1] | x | | x | x | x | x |
| | from the controlling shareholder [2] | x | | x | x | x | x |
| | No overboarding [3] | x | x | x | x | x | x |
| **Diversity** | Gender | Female | Male | Male | Male | Male | Male |
| | Year of birth | 1970 | 1957 | 1963 | 1962 | 1962 | 1966 |
| | Nationality | German | German | German | German | German | Swiss |
| | Educational background | Legal expert | Lawyer, tax consultant | Economist | Legal expert and business economist | Theologian/Germanist/ Controller | Lawyer |
| | Occupation | Portfolio Manager Schroders Real Estate Asset Management GmbH | Lawyer/partner Weil, Gotshal & Manges LLP | Managing Partner Hystake Investment Partners GmbH | President of the Bavarian Savings Banks Association | Head of Capital Investments at RAG-Stiftung | CEO Swiss Prime Site AG |
| **Knowledge** | Business areas | | | | | | |
| | Commercial real estate | x | x | x | | x | x |
| | Funds/asset and property management | x | x | | | | x |
| | Capital market and financing | x | x | x | | x | |
| | Accounting expertise | | x | | x | x | x |
| | Auditing expertise | | x | | x | | |
| | Sustainability | x | | | | | x |
| | Management of a medium-sized or larger company | | | x | | | x |

[1] Within the meaning of C.7 DCGK.
[2] Within the meaning of C.9 DCGK.
[3] Within the meaning of C.4 und C.5 DCGK.

## Stipulations of targets for the share of women on the Supervisory Board, on the Management Board and at the executive level below the Management Board

As a listed company not subject to co-determination, Branicks Group AG is required by law to stipulated targets for the share of women on the Supervisory Board, on the Management Board and at the two executive levels below the Management Board, to the extent that these exist.

With effect from 1 July 2022, the Supervisory Board adopted targets of 1/6 (corresponding to around 16.66%) for the share of women on the Supervisory Board and 25% (1/4) for the share of women on the Management Board. A deadline of 30 June 2027 has been set for achieving these targets. As of the time of publishing this report, the target for the Management Board of 1/4 (25%) was met. The target for the share of women on the Supervisory Board was also met as at 31 December 2023 with a ratio of 16.66% (1/6), and with a ratio 20% (1/5) it is also met at the publication date.

With effect from 1 July 2022, the Management Board adopted a target of 28.125% (9/32) for the share of women at the executive level below the Management Board (broader management group including regional managers). A deadline of 30 June 2027 has been set for achieving this target. As of the reporting date, this target has been met with a ratio of 33.33% (9/27).

## Disclosure of conflicts of interest

Each member of the Management Board and Supervisory Board discloses potential conflicts of interest in compliance with the DCGK. No conflicts of interest arose on the Management Board in financial year 2023. Any conflicts of interest on the Supervisory Board disclosed to the Supervisory Board in the 2023 financial year and their treatment are described in the Supervisory Board report.

## Establishment of the Audit Committee

The Supervisory Board established an Audit Committee, which supports the Supervisory Board in the performance of its duties and regularly reports to it. The Audit Committee is concerned with the tasks set out in section 107 (3) sentence 2 AktG, which means it primarily monitors the accounting, the financial reporting process, the effectiveness of the internal control system, the risk management system and internal audit system, Group-wide compliance and, finally, the audit of financial statements. It evaluates and monitors the independence of the auditors (also taking into account the additional services provided by the auditors), regularly assesses the quality of the audit, and determines the areas of emphasis of the audit in consultation with the auditors. The Audit Committee mainly meets as needed. The Audit Committee discusses the assessment of audit risk, audit strategy and planning, and audit findings with the auditor. The Chairman of the Audit Committee regularly communicates with the auditor about the progress of the audit and reports these updates to the Committee. The Audit Committee regularly consults with the auditor, even without involving the Management Board.

As at 31 December 2023 and at the time of publishing this report, the Audit Committee had the following three members:

- Prof. Dr. Ulrich Reuter (until 31 December 2023)
  (Chairman of the Audit Committee until 31 December 2023)
- René Zahnd
  (Chairman of the Audit Committee since 1 January 2024)
- Prof. Dr. Gerhard Schmidt
- Dr. Angela Geerling (since 1 January 2024)

As a result of his extensive experience as a member and Chairman of the Audit Committee of Branicks Group AG as well as many years serving on the supervisory bodies and audit committees of various banks, Prof. Dr. Ulrich Reuter (Chairman of the Audit Committee until 31 December 2023) had particular expertise in accounting and the auditing of financial statements. This expertise also included the preparation and auditing of sustainability reports.

Having spent many years as Chief Executive Officer at Swiss Prime Site AG (listed) and as a long-standing member of the Audit Committee of Branicks Group AG, René Zahnd (Chairman of the Audit Committee since 1 January 2024) has particular expertise in accounting, including sustainability reporting and the material sustainability targets for Branicks Group AG as well as their implementation.

As a qualified tax consultant and due to many years of service as Chairman of the Supervisory Board and a member of the Audit Committee of Branicks Group AG, as well as with numerous other listed and unlisted companies such as his previous role with Grohe AG and his current activities with TTL Beteiligungs- und Grundbesitz-AG, Prof. Dr. Gerhard Schmidt has particular expertise both in accounting and financial statements auditing.

### Self-assessment of the work of the Supervisory Board and the Audit Committee

The Supervisory Board annually assesses how effectively the Supervisory Board as a whole and the Audit Committee fulfil their tasks. Externally created, structured questionnaires are used in which Supervisory Board and committee members are asked to answer a series of questions. These questionnaires include issues concerning the organisational, human resources-related and substantive performance of the Supervisory Board and its committee as well as the collaborative structure and procedures within the Supervisory Board and the provision of information, particularly by the Management Board. The results are then jointly discussed by the Supervisory Board.

### D&O insurance

A Directors & Officers (D&O) insurance policy is in place for members of the Management Board and the Supervisory Board. It provides insurance for claims for damages by the Company, shareholders or third parties, which may be asserted due to Board members' failure to exercise due care. Branicks Group AG bears the costs of the insurance policy. The members of the Management Board have to pay a deductible in the event of a claim.

### Remuneration report and remuneration system

The remuneration report in accordance with section 162 AktG for financial year 2023, the auditor's report on the audit of the remuneration report, the applicable remuneration system for the members of the Management Board and the Supervisory Board and the most recent resolutions of the General Shareholders' Meeting on the remuneration systems of the Management Board and the Supervisory Board and the remuneration of the Supervisory Board are available in the Corporate Governance section of the Branicks Group AG website.

### Directors' dealings

Article 19 of Regulation (EU) no. 596/2014 of the European Parliament and of the Council on market abuse (Market Abuse Regulation) requires members of the Management Board and Supervisory Board to report any transactions conducted on their own account relating to the shares or debt instruments of Branicks Group AG or to derivatives or other financial instruments of Branicks Group AG linked thereto (Directors' dealings). This obligation also applies to persons related to members of governing bodies. However, transactions only had to be disclosed if the total amount of all transactions made by a member of a governing body or a person related to a member of a governing body until the end of the 2023 calendar year was at least EUR 20,000.00.

### Shares held by Management Board members

As at the 31 December 2023 reporting date, Chief Executive Officer Sonja Wärntges held a total of 22,255 shares (previous year: 22,255 shares), Chief Investment Officer Johannes von Mutius held 7,888 shares (previous year: 7,888 shares), Chief Operating Officer Christian Fritzsche held 10,694 shares (previous year: 0 shares) and Chief Institutional Business Officer Torsten Doyen held 0 shares (previous year: 0 shares).

The following securities transactions as defined by article 19 Market Abuse Regulation were reported in the 2023 financial year:

| Date | Issuer (ISIN) | Person required to file the report | Type of transaction | Volume |
|---|---|---|---|---|
| 30.11.2023 | Branicks Group AG (Share)<br>DE000A1X3XX4 | Christian Fritzsche<br>Chairman | Purchase | EUR 36.052,50 |

## Other disclosures

### Shareholders and General Shareholders' Meeting

The shareholders of Branicks Group AG exercise their rights at the General Shareholders' Meeting. The ordinary General Shareholders' Meeting takes place once a year. Every shareholder who is recorded in the share register and registers in good time is entitled to take part in the General Shareholders' Meeting, to vote with his shares recorded in the share register and registered and to pose questions to the Management Board. Each share grants one vote at the General Shareholders' Meeting.

Shareholders who cannot attend in person may arrange for their voting rights to be exercised in the General Shareholders' Meeting by an intermediary (e.g. a bank), an association of shareholders, the proxy or proxies of Branicks Group AG acting according to instructions or any other authorised individual. The Company makes it possible to follow all or part of the General Shareholders' Meeting online. The Management Board can enable shareholders to cast their votes in writing or by means of electronic communication (postal vote) and participate in the General Shareholders' Meeting without being present in person, and ensure that they can exercise all or some of their rights fully or partially by means of electronic communication. The General Shareholders' Meeting in 2023 was held in Frankfurt am Main in March 2023 as a virtual General Shareholders' Meeting without the physical presence of shareholders or their authorised representatives in Frankfurt am Main.

## Transparent communication

We report each quarter on the course of business and the net assets, financial position and results of operations and inform our shareholders in an open, prompt and transparent manner about the Branicks Group AG business model as well as of any news or changes. We describe communications with our shareholders and business partners in detail in the chapter entitled “Investor relations and capital market”.

## Financial reporting and auditing

Branicks Group AG prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the additional German legal provisions pursuant to the HGB, taking into account the recommendations of EPRA, while the single-entity financial statements are prepared in accordance with the HGB. The financial statements for the full year are prepared by the Management Board, audited by the auditor (currently: BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg) and examined by the Supervisory Board. The auditor also evaluates those parts of the combined management that are relevant for the audit. Prior to their publication, the quarterly financial information and the half-yearly report reviewed by the auditors are discussed with the Supervisory Board. Based on the recommendation of the Audit Committee, the Supervisory Board submits a proposal regarding the election of the auditors by the General Shareholders’ Meeting. Prior to this, the auditors submit a statement of independence to the Supervisory Board. In addition, it has been agreed with the auditors that they would notify the Supervisory Board immediately of any possible grounds for exclusion or bias that may arise during the audit. The auditor also carries out an audit of the remuneration report in accordance with section 162 (3) AktG. The General Shareholders’ Meeting on 30 March 2023 elected BDO AG, Wirtschaftsprüfungsgesellschaft, Hamburg as the auditor of the annual and consolidated financial statements for financial year 2023 and the auditor for the review of the half-yearly financial report and a review of additional interim financial information performed on an as-needed basis. BDO AG Wirtschaftsprüfungsgesellschaft has been engaged as the auditor of the annual and consolidated financial statements of Branicks Group AG since financial year 2022. The auditor responsible for the engagement is Christoph Hyckel. In addition to Christoph Hykel, Tobias Haerle is also authorised to sign the auditor’s report relating to the annual financial statements and the management report for the 2023 financial year. The legal requirements and rotation obligations are met.

## Risk management

Good corporate governance also includes managing risks in a responsible manner. The Management Board ensures that risks are adequately managed and controlled in the Company. Branicks Group AG has therefore established a systematic risk management process, which ensures that risks are recognised and assessed at an early stage and the existing risk exposure is optimised. The internal control system and risk management system, which includes a compliance management system that reflects the Company’s exposure to risk, also covers sustainability-related targets that include processes and systems for recording and processing sustainability-related data. Risk management and risk control processes are continually monitored, enhanced and adjusted to changes in the general environment (control framework of Branicks Group AG). Key features of the overall internal control and risk management systems are presented in the report on risks and opportunities. The Management Board and the Supervisory Board of Branicks Group AG reviewed the risk management system and the internal control system for appropriateness and effectiveness in financial year 2023. The systems are also independently monitored and tested in the context of the control framework of Branicks Group AG and the legal parameters. No circumstances are known that would contradict the systems’ adequacy and effectiveness.

# Consolidated financial statements

# Consolidated income statement

for the period from 1 January to 31 December

| in EUR thousand | Note | 2023 | 2022 |
|---|---|---|---|
| **Gross rental income** | 1 | **188,273** | **175,956** |
| Ground rents | | – 169 | – 339 |
| Service charge income on principal basis | 2 | 32,886 | 31,269 |
| Service charge expenses on principal basis | 2 | – 38,997 | – 36,572 |
| Other property-related expenses | 3 | – 17,359 | – 17,774 |
| **Net rental income** | | **164,634** | **152,540** |
| | | | |
| Administrative expenses | 4 | – 27,210 | – 37,863 |
| Personnel expenses | 5 | – 40,101 | – 42,581 |
| Depreciation and amortisation | 6 | – 156,024 | – 73,883 |
| Real estate management fees | 7 | 50,853 | 88,375 |
| | | | |
| Other operating income | | 2,495 | 5,699 |
| Other operating expenses | | – 796 | – 3,409 |
| **Net other income** | | **1,699** | **2,290** |
| | | | |
| Net proceeds from disposal of investment property | 8 | 558,611 | 51,494 |
| Carrying amount of investment property disposed | 8 | – 550,427 | – 38,797 |
| **Profit on disposal of investment property** | | **8,184** | **12,697** |
| | | | |
| **Net operating profit before financing activities** | | **2,035** | **101,575** |
| | | | |
| Share of the profit of associates | 9 | 6,448 | 18,918 |
| Interest income | 10 | 17,878 | 10,635 |
| Interest expense | 10 | – 110,694 | – 71,217 |
| **Profit/loss before tax** | | **– 84,333** | **59,911** |
| | | | |
| Current Income tax expense | 11 | – 11,866 | – 29,842 |
| Deferred tax expense | 11 | 25,500 | 12,789 |
| **Profit for the period** | | **– 70,699** | **42,858** |
| Attributable to equity holders of the parent | | – 65,960 | 31,024 |
| Attributable to non-controlling interest | | – 4,739 | 11,834 |
| | | | |
| Basic (=diluted) earnings per share (EUR)[1] | 12 | – 0.79 | 0.38 |

[1] Calculated with the new average number of shares in accordance with IFRS.

# Consolidated statement of comprehensive income

for the period from 1 January to 31 December

| in EUR thousand | Note | 2023 | 2022 |
|---|---|---|---|
| **Profit/loss for the period** | | **– 70,699** | **42,858** |
| | | | |
| **Other comprehensive income** | | | |
| Items that may be reclassified subsequently to profit or loss | | | |
| Fair value measurement of hedging instruments | | | |
| Cash flow hedges | | 1,144 | 1,655 |
| | | | |
| Items that shall not be reclassified subsequently to profit or loss | | | |
| Gain/losses on financial instruments classified as measured at fair value through other comprehensive income | 35 | – 2,163 | – 15,137 |
| | | | |
| Actuarial gains/losses pensions | 30 | – 31 | 740 |
| | | | |
| **Other comprehensive income** [1] | | **– 1,050** | **– 12,742** |
| **Comprehensive income** | | **– 71,749** | **30,116** |
| Attributable to equity holders of the parent | | – 67,331 | 18,282 |
| Attributable to non-controlling interest | | – 4,418 | 11,834 |

[1] After tax.

# Consolidated balance sheet

as at 31 December

| Assets in EUR thousand | Note | 31.12.2023 | 31.12.2022 |
|---|---|---|---|
| Goodwill | 13 | 190,243 | 190,243 |
| Investment property | 14 | 3,398,556 | 3,673,250 |
| Property, plant and equipment | 15 | 45,442 | 20,644 |
| Investments in associates | 16 | 129,337 | 81,642 |
| Loans to related parties | 17 | 114,547 | 106,872 |
| Other investments | 18 | 99,036 | 102,549 |
| Intangible assets | 19 | 33,483 | 39,781 |
| Deferred tax assets | 11 | 29,972 | 32,562 |
| **Total non-current assets** | | **4,040,616** | **4,247,543** |
| | | | |
| Receivables from sale of investment property | | 4,289 | 100 |
| Trade receivables | 20 | 22,559 | 28,831 |
| Receivables from related parties | 21 | 19,559 | 16,210 |
| Income taxe receivable | 22 | 39,701 | 39,151 |
| Derivatives | 29 | 0 | 13,510 |
| Other receivables | 23 | 119,056 | 87,037 |
| Other current assets | 24 | 17,387 | 18,701 |
| Cash and cash equivalents | 25 | 345,550 | 188,404 |
| | | **568,101** | **391,944** |
| | | | |
| Non-current assets held for sale | 26 | 237,457 | 540,783 |
| **Total current assets** | | **805,558** | **932,727** |
| **Total assets** | | **4,846,174** | **5,180,270** |

| Equity and liabilities in EUR thousand | Note | 31.12.2023 | 31.12.2022 |
|---|---|---|---|
| **Equity** | | | |
| Issued capital | 27 | 83,566 | 83,152 |
| Share premium | 27 | 914,800 | 912,716 |
| Hedging reserve | 27 | 354 | – 790 |
| Reserve for financial instruments classified as at fair value through other comprehensive income | 27 | – 8,449 | – 6,286 |
| Actuarial gains/losses pensions | 27 | 709 | 740 |
| Retained earnings [1] | 27 | 53,761 | 186,593 |
| | | | |
| Total shareholders' equity | | 1,044,741 | 1,176,125 |
| Non-controlling interest [1] | | 482,398 | 487,976 |
| **Total equity** | | **1,527,139** | **1,664,101** |
| | | | |
| **Liabilities** | | | |
| Corporate bonds | 28 | 394,654 | 392,790 |
| Non-current interest-bearing loans and borrowings | 28 | 1,921,469 | 2,304,803 |
| Deferred tax liabilities | 11 | 214,363 | 242,368 |
| Pension provisions | 30 | 3,070 | 3,192 |
| Other non-current liabilities | 31 | 24,856 | 1,033 |
| **Total non-current liabilities** | | **2,558,412** | **2,944,186** |
| | | | |
| Corporate bonds | 28 | 0 | 149,409 |
| Current interest-bearing loans and borrowings | 28 | 618,917 | 252,759 |
| Trade payables | 32 | 6,380 | 4,870 |
| Liabilities to related parties | 21 | 6,649 | 19,160 |
| Income taxes payable | 33 | 26,958 | 33,538 |
| Other liabilities | 34 | 62,568 | 73,571 |
| | | **721,472** | **533,307** |
| | | | |
| Liabilities related to non-current assets held for sale | 26 | 39,151 | 38,676 |
| **Total current liabilities** | | **760,623** | **571,983** |
| **Total liabilities** | | **3,319,035** | **3,516,169** |
| **Total equity and liabilities** | | **4,846,174** | **5,180,270** |

[1] Compare text under explanations for balance sheet no. 27i.

# Consolidated statement of cash flows

for the period from 1 January to 31 December

| in EUR thousand | 2023 | 2022 |
|---|---|---|
| **Operating Activities** | | |
| Net operating profit before interest and taxes paid | 43,149 | 120,708 |
| Realised gains/losses on disposals of investment property | – 8,184 | – 12,697 |
| Depreciation and amortisation | 156,024 | 73,883 |
| Changes in receivables and other assets | 45,215 | 66,588 |
| Other non-cash transactions | – 25,303 | – 11,774 |
| **Cash generated from operations** | **210,901** | **236,708** |
| | | |
| Interest paid | – 96,668 | – 61,490 |
| Interest received | 6,670 | 113 |
| Income taxes received/paid | – 23,850 | – 16,474 |
| **Cash flows from operating activities** | **97,053** | **158,857** |
| | | |
| **Investing activities** | | |
| Proceeds from disposal of investment property | 558,611 | 51,494 |
| Dividends received | 53 | 0 |
| Acquisition of investment property | – 23,879 | – 37,393 |
| Capital expenditure on investment properties | – 47,088 | – 52,003 |
| Acquisition of other investments | – 193,398 | – 99,212 |
| Disposal of other investments | 12,051 | 312,905 |
| Investment in business combination | 0 | – 875,365 |
| Acquisition/disposal of office furniture and equipment, software | – 145 | – 749 |
| **Cash flows from investing activities** | **306,205** | **– 700,323** |

| in EUR thousand | 2023 | 2022 |
|---|---|---|
| **Financing activities** | | |
| Proceeds from the issue of corporate bond/promissory notes | 0 | 100,000 |
| Repayment of minority interest | – 15,305 | – 10,346 |
| Proceeds from other non-current borrowings | 582,826 | 527,778 |
| Repayment of borrowings | – 592,344 | – 156,384 |
| Repayment of corporate bonds/promissory notes | – 158,500 | – 320,500 |
| Lease payments | – 2,922 | – 2,782 |
| Payment of transaction costs | – 225 | – 7,345 |
| Dividends paid | – 59,642 | – 43,477 |
| **Cash flows from financing activities** | **– 246,112** | **86,944** |
| | | |
| Acquisition related increase in cash and cash equivalents | 0 | 96,015 |
| Net increase in cash and cash equivalents | 157,146 | – 454,522 |
| Cash and cash equivalents as at 1 January | 188,404 | 546,911 |
| **Cash and cash equivalents as at 31 December** | **345,550** | **188,404** |

# Consolidated statement of changes in equity

for the period from 1 January to 31 December 2023

| in EUR thousand | Issued capital | Share premium | Hedging reserve | Reserve for financial instruments classified as at fair value through other comprehensive income | Actuarial gains/losses pensions | Retained earnings | Total shareholders' equity | Non-controlling interest | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at December 31, 2022** | **83,152** | **912,716** | **– 790** | **– 6,286** | **740** | **186,593** | **1,176,125** | **487,976** | **1,664,101** |
| | | | | | | | | | |
| **Profit/loss for the period** | | | | | | **– 65,960** | **– 65,960** | **– 4,739** | **– 70,699** |
| Other comprehensive income [1] | | | | | | | | | |
| Items that may be reclassified subsequently to profit or loss | | | | | | | | | |
| Gains/losses from cash flow hedges | | | 1,144 | | | | 1,144 | | 1,144 |
| Items that shall not be reclassified subsequently to profit or loss | | | | | | | | | |
| Gains/losses on financial instruments classified as measured at fair value through other comprehensive income | | | | – 2,163 | | | – 2,163 | | – 2,163 |
| Actuarial gains/losses pensions | | | | | – 31 | | – 31 | | – 31 |
| **Comprehensive income** | **0** | **0** | **1,144** | **– 2,163** | **– 31** | **– 65,960** | **– 67,010** | **– 4,739** | **– 71,749** |
| | | | | | | | | | |
| Dividend distribution for 2022 | | | | | | – 62,364 | – 62,364 | | – 62,364 |
| Issuance of shares through capital increase in kind | 414 | 2,309 | | | | | 2,723 | | 2,723 |
| Transaction costs of equity transactions | | – 225 | | | | | – 225 | | – 225 |
| Change of non-controlling interest | | | | | | – 4,508 | – 4,508 | – 839 | – 5,347 |
| **Balance at December 31, 2023** | **83,566** | **914,800** | **354** | **– 8,449** | **709** | **53,761** | **1,044,741** | **482,398** | **1,527,139** |

[1] Net of deferred taxes.

# Consolidated statement of changes in equity

for the period from 1 January to 31 December 2022

| in EUR thousand | Issued capital | Share premium | Hedging reserve | Reserve for financial instruments classified as at fair value through other comprehensive income | Actuarial gains/losses pensions | Retained earnings | Total share-holders' equity | Non-controlling interest | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at December 31, 2021** | **81,861** | **896,290** | **– 2,445** | **8,851** | **0** | **144,380** | **1,128,937** | **5,032** | **1,133,969** |
| | | | | | | | | | |
| **Profit/loss for the period** | | | | | | **31,024** | **31,024** | **11,834** | **42,858** |
| Other comprehensive income[1] | | | | | | | | | |
| Items that may be reclassified subsequently to profit or loss | | | | | | | | | |
| Gains/losses from cash flow hedges | | | 1,655 | | | | 1,655 | | 1,655 |
| Items that shall not be reclassified subsequently to profit or loss | | | | | | | | | |
| Gains/losses on financial instruments classified as measured at fair value through other comprehensive income | | | | – 15,137 | | | – 15,137 | | – 15,137 |
| Actuarial gains/losses pensions | | | | | 740 | | 740 | | 740 |
| **Comprehensive income** | **0** | **0** | **1,655** | **– 15,137** | **740** | **31,024** | **18,282** | **11,834** | **30,116** |
| | | | | | | | | | |
| Changes in the basis of consolidation | | | | | | | | 566,195 | 566,195 |
| Dividend distribution for 2021 | | | | | | – 61,396 | – 61,396 | | – 61,396 |
| Issuance of shares through capital increase in kind | 1,291 | 16,628 | | | | | 17,919 | | 17,919 |
| Transaction costs of equity transactions | | – 202 | | | | | – 202 | | – 202 |
| Change of non-controlling interest[2] | | | | | | 72,585 | 72,585 | – 95,085 | – 22,500 |
| **Balance at December 31, 2022** | **83,152** | **912,716** | **– 790** | **– 6,286** | **740** | **186,593** | **1,176,125** | **487,976** | **1,664,101** |

[1] Net of deferred taxes.
[2] compare text under explanations for balance sheet no. 27i.

For information on the consolidated statement of changes in equity see → note 27

# Notes to the consolidated financial statements

# Information on the company

Branicks Group AG (the “Company”) and its subsidiaries (“Branicks”, the “Group” or “we”) invest directly or indirectly in German commercial real estate and operate in the area of portfolio, asset and property management. The former DIC Asset AG was renamed Branicks Group AG with effect from 2 October 2023.

The Company’s shares are listed in the Prime Standard segment of the Frankfurt Stock Exchange and the stock exchanges in Munich, Düsseldorf, Berlin, Bremen, Hamburg, Stuttgart and Hanover.

Branicks Group AG, which is entered in the commercial register of the Local Court of Frankfurt am Main (HRB 57679), has its registered office in Frankfurt am Main, Neue Mainzer Strasse 32–36 – Global Tower, Germany.

These consolidated financial statements were released for publication by the Management Board on 29 April 2024 and approved by the Supervisory Board.

# Significant accounting policies



## Basis of preparation

The consolidated financial statements for the 2023 financial year were prepared in accordance with the International Financial Reporting Standards applicable as at 31 December 2023 (including the interpretations of the IFRS IC), as adopted by the EU, and in accordance with the regulations to be applied under section 315e (1) HGB.

The consolidated financial statements were prepared on the basis of historical costs. This does not apply to certain items, such as derivative financial instruments, which were recognised at fair value on the balance sheet date.

The accounting policies applied and the disclosures in the notes to the consolidated financial statements for financial year 2023 are based in principle on the same accounting policies applied in the consolidated financial statements in financial year 2022. The effects of any changes made are described in the explanations of the standards to be applied for the first time. As in the previous year, measurement is made on a going-concern basis. As part of the StaRUG proceedings successfully concluded on 26 March 2024, the maturity dates of liabilities originally maturing in the 2024 financial year were postponed to 30 June 2025. In parallel with the StaRUG proceedings, the maturity date of the bridging loan was extended to 31 December 2024. The servicing of the liabilities from the promissory note loans and the bridging loan is based on a liquidity and business plan for the years 2024 to 2026 that includes various measures to raise liquidity, the plausibility and feasibility of which were examined and confirmed by an independent consulting firm as part of an Independent Business Review (IBR) and also convinced the court as part of the StaRUG proceedings. If the business and liquidity plan submitted as part of the StaRUG proceedings, contrary to our expectations and the assessment of the consulting firm that prepared the IBR, cannot be implemented or alternative financing sources cannot be tapped, the Company's and the Group's continued existence as a going concern would be jeopardised. However, we believe it is more likely than not that the business plan can be implemented. Against this background, there are no obstacles to preparing these financial statements on a going-concern basis. Further information can be found in the "Events after the reporting period" section → page 168.

The annual financial statements for the companies included in the consolidated financial statements were prepared using uniform accounting policies. As a rule, the same accounting policies are applied at the level of the associates of Branicks. The single-entity financial statements of the consolidated companies were prepared as at the reporting date of the consolidated financial statements (31 December 2023).

The consolidated financial statements are prepared in euros, the parent company's functional currency. All amounts are shown in thousands of euros (EUR thousand) unless otherwise stated. For computational reasons, rounding differences from the exact mathematical values calculated (in EUR thousand, %, etc.) may occur in tables and cross-references.

## Structure of the balance sheet and the income statement

The consolidated balance sheet is prepared in accordance with IAS 1 (Presentation of Financial Statements) using a current/non-current classification. Under this method, assets to be realised within twelve months of the reporting date and liabilities due within one year of the reporting date are generally reported as current assets/liabilities.

The income statement was prepared following the best practices recommendations of the European Public Real Estate Association (EPRA).

## New standards and interpretations

### a) New and revised standards and interpretations applied for the first time in the reporting period

The following standards, amendments to standards and interpretations were applied for the first time in the reporting period.

| Standard | Title |
|---|---|
| Amendments to IAS 12 | International Tax Reform – Pillar Two Model Rules |
| Amendments to IFRS 17 | Initial Application of IFRS 17 and IFRS 9 – Comparative Information |
| Amendments to IAS 12 | Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction |
| Amendments to IAS 1 | Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies |
| Amendments to IAS 8 | Definition of Accounting Estimates |
| IFRS 17 including Amendments to IFRS 17 | Insurance Contracts |

These new and revised standards and interpretations do not materially affect the consolidated financial statements.

### b) New and revised standards and interpretations issued but not yet applied

**New and revised standards and interpretations already adopted into EU law**

New and amended standards and interpretations already adopted by the EU that are effective for financial years beginning on or after 1 January 2024:

| Standard | Title | Date of adoption into EU law |
|---|---|---|
| Amendments to IAS 1 | Classification of Liabilities as Current or Non-current<br>Classification of Liabilities as Current or Non-current – Deferral of Effective Date<br>Non-current Liabilities with Covenants | 01.01.2024 |
| Amendments to IFRS 16 | Lease Liability in a Sale and Leaseback | 01.01.2024 |

The Company will only apply all of the standards listed from the date of mandatory first-time adoption. According to the analyses carried out, there will be no material effects on accounting and measurement for future financial years.

### New and amended standards and interpretations not yet adopted into EU law

The following new and revised standards and interpretations, which will become effective in the coming years, have not yet been adopted into applicable EU law:

| Standard | Title | Date of adoption into EU law |
|---|---|---|
| Amendments to IAS 21 | The Effects of Changes in Foreign Exchange Rates Lack of Exchangeability | open |
| Amendments to IAS 7 and IFRS 7 | Supplier Finance Arrangements | open |

The Company will only apply all of the standards listed from the date of mandatory first-time adoption.

The effects of the amendments or new provisions not yet adopted into EU law on the consolidated financial statements of Branicks are currently still being reviewed.

## Accounting policies

### Revenue recognition

The Group generates a significant portion of its revenue from the long-term letting of investment property in the form of gross rental income. This revenue is accounted for in accordance with IFRS 16 Leases and is not subject to the rules in IFRS 15 Revenue from Contracts with Customers.

The rental income from operating leases for investment property is recognised on a straight-line basis over the lease term in the income statement and reported as revenue on the basis of the Group's business model. This is thus revenue realised over time. The non-leasing components must be separated from the leasing component in the form of the net base rent. In particular, the former comprise the services which are billed as service charges. These services are reported under income from service charges.

The operating expense components are accounted for according to IFRS 15 and on the basis of the 5-step model, according to which revenue is recognised in the amount to which the Group expects to be entitled as control passes from Branicks to the customer, either over time or at a point in time, once the performance obligation is satisfied. The revenue from the operating and service charge accounting is reported gross according to IFRS 15, since Branicks has primary responsibility for the original performance obligation and thus acts as the principal.

Revenue from the sale of property is recognised as of the date when control transferred to the purchaser. Depending on the respective purchase agreement, revenue is commonly realised at the time of delivery or acceptance, which in turn corresponds to the time that possession, benefits and associated risks are transferred. This normally occurs upon payment of the purchase price. This is revenue which arises at a point in time.

Branicks also provides services within the scope of agency agreements which are reported under real estate management fees. These agreements provide the customer with multiple separately identifiable services. Some of the identified performance obligations are fulfilled over time according to IFRS 15.35(a) while some are fulfilled at a point in time.

Revenue from project-related services within the scope of refurbishments will be recognised over time in the event that the customer realises the benefit from the service during its provision. The services mainly comprise commercial management and commercial supervision of construction projects, in particular the planning, development and letting of project land. This revenue is likewise reported under real estate management fees.

The Company realises interest income on a time proportion basis, while taking into consideration the residual debt and the effective interest rate for the remaining term. Branicks recognises dividend income as of the date on which the right to receive the payment arises.

## Investment property

Properties which are held or developed to earn rentals and/or for capital appreciation, are classified as investment property. Investment property is measured at cost including service charges upon acquisition. The cost model in accordance with IAS 40.56 is applied for subsequent measurements. Investment property is measured in accordance with IAS 16 rules, i.e. at cost less depreciation and impairment losses as well as reversals of impairment losses.

Where they can be assigned directly to the construction or production of a qualifying asset, borrowing costs are capitalised over the period during which all work is substantially completed in order to prepare the qualifying asset for its intended use or sale. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Otherwise, borrowing costs are recognised as expenses when incurred.

Land is not depreciated. Buildings are depreciated on a straight-line basis over their economic lives and tested for impairment annually as well as at other times if there is an indication of possible impairment.

The following useful lives are assumed when depreciating buildings:

| in years | Useful life |
|---|---|
| Residential buildings | 60 |
| Office and commercial buildings, hotels | 50 |
| Department and retail stores, shopping arcades and supermarkets | 40 |
| Logistic | 40 |
| Car parks, underground parking facilities | 40 |

The Company's real property is treated as a financial investment, since property trading itself is not considered to be part of its business activities. Due to the measurement at depreciated cost, the fair value of investment property is to be disclosed in the notes (see →note 14). The valuation is carried out by independent experts and in accordance with international valuation standards (IVS). In particular, the fair value is established on the basis of discounted future surpluses in accordance with the discounted cash flow method or, if available, on the basis of proposed sales contracts, comparative or market prices. The fair value is a net value, i.e. transaction costs that could be incurred in an actual acquisition are deducted.

## Property, plant and equipment

In addition to office furniture and equipment and owner-occupied property, the right-of-use assets for our leases, accounted for according to IFRS 16, in which we are the lessee are also recognised under property, plant and equipment. The right-of-use assets are depreciated over the term of the underlying contracts. Please refer to the sections entitled "Property, plant and equipment" (→page 137 et seq.) and "Leases" (→page 158) for further details. Owner-occupied property and office furniture and equipment are carried at depreciated cost. Borrowing costs are not recognised as part of costs. As a rule, property, plant and equipment is depreciated on a straight-line basis over its economic life. The useful life of office furniture and equipment is normally between 3 and 13 years and 50 years for owner-occupied property.

## Intangible assets

Intangible assets with a finite useful life are carried at amortised cost and amortised on a straight-line basis over their economic lives. They are tested for impairment if events or changes in circumstances indicate that the carrying amount is no longer recoverable.

Business software is amortised over three to five years. The useful life of concessions and other rights is generally ten years. Service agreements and trademarks are amortised over a period of between four and 14 years. With the exception of goodwill, there are no intangible assets with indefinite useful lives.

## Investments in associates

An associate is an entity over which the Group can exercise significant influence, but not control, and in which it usually holds a share of the voting rights between 20% and 50%. Significant influence is the power to participate in the financial and operating policy decisions of the investee. At the same time, neither control nor joint control is exercised over decision-making processes. Investments in associates are accounted for using the equity method. They are initially recognised at cost in the consolidated balance sheet and adjusted in subsequent years to reflect changes in the Group's share of profit or loss of the associate and the associate's other comprehensive income after acquisition. An associate's losses which exceed the Group's share in this associate are not recognised. They are only recognised if the Group has entered into legal or de facto obligations to assume the loss or if the Group makes payments on behalf of the associate.

The profit/loss, assets and liabilities of associates are accounted for in these financial statements using the equity method unless the shares are classified as held for sale. In that case, they are accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

At each reporting date, the Group reviews whether there are indications that an impairment loss must be recognised for investments in associates. Here the difference between the carrying amount and the recoverable amount must be recognised as an impairment and allocated accordingly to share of the profit or loss of associates.

## Receivables and other assets

Receivables and other financial assets are carried at amortised cost if the following two criteria are met:

- The business model for managing these financial instruments involves holding them to collect the underlying contractual cash flows (business model assessment) and
- the contractual cash flows generated consist solely of principal and interest (contractual cash flow test).

These financial assets are subsequently measured using the effective interest method subject to the impairment rules in IFRS 9.5.5 et seq.

If the business model and/or contractual cash flow criteria are not fulfilled, measurement is at fair value In accordance with the classification guidelines in IFRS 9.4.1, either through profit or loss, or in other comprehensive income. Debt instruments measured at fair value through other comprehensive income are also subject to the impairment guidelines in IFRS 9.5.5 et seq.

Financial assets, except financial assets measured at fair value through profit or loss, contract assets in accordance with IFRS 15, lease receivables, loan commitments and financial guarantees are subject to the impairment model within the meaning of IFRS 9.5.5. According to this approach, the Group must recognise a loss allowance on these assets based on the expected credit loss. The expected credit loss is the difference between the contractually agreed cash flows and the expected cash flows, measured at present value and applying the original effective interest rate. Expected cash flows also include proceeds from short hedges and other loan collateral that is an integral part of the relevant contract.

As a rule, expected credit losses are recognised in three levels. For financial assets which have not experienced a significant increase in credit risk since initial recognition, a loss allowance in the amount of the expected 12-month credit loss is recognised (Level 1). Where a significant increase in credit risk has occurred, the expected credit loss for the remaining lifetime of the asset is determined (Level 2). The Group generally assumes that a significant increase in credit risk has occurred if payments are 30 days in arrears. This principle can be refuted if reliable and justifiable information indicates in individual cases that credit risk has not increased. If there is objective indication of impairment, the underlying assets must be assigned to Level 3.

The Group applies the simplified method in accordance with IFRS 9.5.15 to trade receivables. In this approach, the loss allowance always equals the lifetime expected credit loss for the asset. For further details on calculating loss allowances, see the reporting on risk management.

For other assets subject to the impairment model in IFRS 9 and to which the general approach is applied, the expected credit loss is measured by grouping financial assets on the basis of common credit risk characteristics, and considering individual default information and existing collateral.

The Group generally assumes a default has occurred when contractual payments are more than 90 days in arrears. In addition, in individual cases, other internal and external information may be considered that indicates that contractual payments cannot be paid in full. Financial assets are derecognised when there is no reasonable expectation that future payments will be made.

Other assets are carried at amortised cost.

### Cash and cash equivalents

The cash and cash equivalents item includes cash, cash in banks and term deposits available within three months.

### Non-current assets held for sale

Non-current assets held for sale and the associated liabilities are measured in accordance with IFRS 5 and reported as current. Assets are considered “held for sale” if they are available for immediate sale in their current condition, if it is highly probable that their sale will take place within twelve months of the reporting date and if management has agreed to the sale. This item can comprise individual non-current assets or groups of assets held for sale (disposal groups). Liabilities sold along with the assets in a single transaction are reported as “liabilities associated with assets held for sale” separately from the other liabilities in the balance sheet in accordance with IFRS 5.38.

These are measured at the lower of the carrying amount or fair value less costs to sell. Following classification in this group, non-current assets held for sale are no longer depreciated. The interest and expenses associated with the liabilities of this group continue to be recognised in accordance with IFRS 5.25.

### Pension provisions

The actuarial valuation of pension provisions for post-retirement employee benefits under a company pension scheme is based on the provisions of IAS 19. The provision is recognised in accordance with the projected unit credit method for defined benefit plans. Differences arising on the reporting date (so-called actuarial gains or losses) between the scheduled pension obligations and the actual projected benefit obligation are shown in comprehensive income and cumulatively in equity, taking deferred taxes into account. The service cost included in the pension expense is shown in the income statement under personnel expenses and the interest portion is shown in the income statement under interest expense.

## Provisions

Provisions take into account all obligations recognisable at the reporting date that are based on past events and for which the amount or maturity is uncertain. Provisions are recognised only on the basis of a legal or de facto obligation to a third party, the fulfilment of which makes an outflow of funds probable, to the extent that a reliable estimate can be made of the amount of the obligation.

Provisions are recognised at the present value of the expected expense and are not offset against reimbursement rights.

## Share-based payment

Share price-related remuneration paid in the Group is accounted for pursuant to IFRS 2 Share-based Payment. The phantom stock options comprise share-based payment transactions to be settled in cash which are measured at fair value at each reporting date. The remuneration expense, including the pro-rata service rendered during the lock-up period, is accrued ratably and recognised in profit or loss until vesting.

## Liabilities

Financial liabilities predominantly comprise corporate bonds and loans and borrowings, trade payables and derivative financial instruments with negative fair values.

With the exception of derivative financial instruments, liabilities are recognised at amortised cost, applying the effective interest method. When determining the carrying amount, the Group only takes account of transaction costs directly attributable to the acquisition or issue of financial instruments if the financial instruments are not recognised at fair value through profit or loss.

Liabilities are classified as current if they are due within twelve months of the reporting date.

## Deferred tax income/expense

Deferred taxes are recognised on temporary differences between carrying amounts in accordance with IFRSs and their tax base and on tax loss carryforwards. As a rule, the differences established are always recognised if they lead to deferred tax liabilities. Deferred tax assets are taken into account if it is probable that the corresponding tax benefits can also be realised in subsequent years. If, however, as part of a transaction that does not constitute a business combination, temporary differences arise from the initial recognition of an asset or liability that does not affect accounting or taxable profit or loss at the time of the transaction, no deferred tax is recognised either at the time the asset or liability is recognised initially or subsequently.

Deferred tax assets and deferred tax liabilities are offset if the entity has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to settle current tax liabilities and assets on a net basis.

Deferred taxes are calculated on the basis of the tax rates that are enacted or substantially enacted. As a rule, changes to deferred taxes in the balance sheet lead to deferred tax expense or income, unless they relate to items that are recognised directly in equity or in other comprehensive income, in which case the taxes are also recognised in equity or in other comprehensive income.

## Current income taxes

Current tax assets and liabilities for the current period are measured in the amount expected to be refunded by the taxation authority or paid to the taxation authority. The tax rates and tax laws applicable on the reporting date are used to calculate the amount.

Insofar as is evident, sufficient tax provisions have been recognised for tax liabilities. This process was based on a number of factors such as interpretations, commentaries and legal precedent relating to the tax legislation in question as well as past experience.

## Derivative financial instruments

Branicks uses derivative financial instruments in the form of interest rate swaps and caps as part of its hedging of interest rate risks.

Derivative financial instruments are shown as a financial asset or financial liability and measured at fair value through profit or loss. This is calculated by discounting expected future cash flows over the remaining term of the contract based on current yield curves. They are initially accounted for on their date of origin.

Provided that the requisite criteria are met, derivatives used for hedging interest rates are recognised as cash flow hedges if this concerns the hedging of cash flows. When the transaction is entered into, the Group documents the hedging relationship between the hedging instrument and the hedged item, the objective of risk management and the underlying strategy. In addition, an assessment of whether the derivatives used as hedges compensate for changes in the cash flows of the hedged items is documented at the beginning of the hedge and continuously thereafter.

The effective portion of changes in the fair value of derivatives designated as cash flow hedges is recognised through other comprehensive income in the reserve for cash flow hedges in equity. Gains or losses from the ineffective changes in value, on the other hand, are recognised directly through profit or loss. Amounts recognised in other comprehensive income are recognised as income or expense in the period in which the hedged item affects profit or loss.

When a hedging instrument expires, is sold or the hedge no longer fulfils the criteria for hedge accounting, the accumulated profit or loss remains in equity and is only reported in profit or loss when the underlying transaction occurs. If the future transaction is no longer expected to occur, the accumulated gains or losses recognised directly in equity are reclassified to profit or loss immediately.

Changes in the reserve for cash flow hedges in equity are presented in the statement of changes in equity and in the statement of comprehensive income.

In individual cases, Branicks uses derivatives as fair value hedges. When the transaction is entered into, the Group documents the hedging relationship between the hedging instrument and the hedged item, the objective of risk management and the underlying strategy. In addition, an assessment of whether the derivatives used as hedges compensate for changes in the cash flows of the hedged items is documented at the beginning of the hedge and continuously thereafter.

The gain or loss on derivatives designated as a hedging instrument in a fair value hedge is recognised through profit or loss. In the case of hedges of equity instruments measured through other comprehensive income, the changes in value are recognised in other comprehensive income and cumulatively in equity. The hedging gain or loss on the hedged item results in an adjustment of the carrying amount of the hedged item and is generally recognised in profit or loss. In the case of equity instruments measured through other comprehensive income, the corresponding changes in value are recognised in other comprehensive income and cumulatively in equity. Amounts recognised in other comprehensive income are never recognised in profit or loss.

Derivatives which do not meet the criteria for hedge accounting are classified as financial assets measured at fair value through profit or loss or as financial liabilities measured at fair value through profit or loss (FLFVtPL) in accordance with the IFRS 9 measurement categories. Changes to fair values are recognised in profit or loss.

## Leases

Leases are accounted for in accordance with the requirements of IFRS 16.

### The Group as lessor

As a lessor, the Group classifies its leases as operating leases or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise, the lease will be classified as an operating lease.

In case of an operating lease, unless this falls under the scope of IAS 40, the Group will report the leased asset under property, plant and equipment. It is measured at depreciated cost. The rental income is recognised on a straight-line basis over the lease term in profit or loss and reported under revenue.

If the Group operates as a lessor within the scope of a finance lease, a receivable will be recognised in the amount of the net investment under the lease.

### The Group as lessee

For all new agreements which come into effect on or after 1 January 2019, the Group will review whether this agreement is or contains a lease. However, while exercising the relevant option the IFRS 16 rules will not be applied to right-of-use assets for intangible assets.

A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. In application of this definition, the Group assesses whether the contract meets the following three preconditions:

- The contract refers to an identified asset which is either expressly indicated in the contract or is implicitly specified and can thus be considered to have been identified.
- The Group has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, while taking into consideration its rights within the defined scope of the contract.
- The Group has the right to determine the use of the identified asset throughout the period of use.
- In case of multiple-component contracts, each separate leasing component is separately accounted for. In case of contracts which include lease components as well as non-lease components, the exemption for separation of these components is applied.

As of the date of provision of the leased asset, the Group recognises a right-of-use asset and a lease liability in the balance sheet. The costs of the right-of-use asset correspond to the amount of the lease liability at the time of acquisition, adjusted for the Group's initial direct costs, an estimate of the costs for disassembly and removal of the asset at the end of the lease as well as the lease payments made prior to the start of the lease, less any lease incentives. In subsequent periods, the right-of-use asset will be measured at depreciated cost.

The lease liability is measured according to the present value of the lease payments made during the term of the lease, on the basis of the underlying interest rate for the lease or, if this is not available, the incremental borrowing rate of interest. Within the scope of the subsequent measurement, interest will accrue to the carrying amount of the lease liability on the basis of the interest rate used for discounting, while the lease payments made will be deducted from this carrying amount.

The lease payments included in the measurement of the lease liability consist of fixed payments (including de facto fixed payments), variable payments which are tied to an index or (interest) rate, payments expected within the scope of residual value guarantees as well as payments which will arise through purchase options with a reasonable degree of certainty. In addition, penalties for a termination are taken into consideration where the term takes into consideration that the lessee will exercise a termination option and corresponding penalties have been agreed.

In principle, changes to leases and remeasurements of lease liabilities are recognised in other comprehensive income against the right-of-use asset. They will be recognised through profit or loss if the carrying amount of the right-of-use asset has already been reduced to zero or this results from a partial termination of the lease.

As a rule, the Group depreciates on a straight-line basis the right-of-use assets from the start of the lease up to the end of the period of use of the leased asset or the end of the contract term, whichever is earlier. A longer period of use for the leased asset will be applied for the depreciation period if a transfer of ownership (e.g. through exercise of a purchase option) is assumed at the end of the lease term. In addition, the Group tests for impairment in case of relevant indicators.

In case of short-term leases and low-value leases, the relevant payments are recognised as expense through profit or loss on a straight-line basis over the term of the lease.

The right-of-use assets and lease liabilities are reported in the balance sheet under property, plant and equipment or other non-current liabilities and other liabilities.

## Currency translation

The functional currency of all consolidated subsidiaries and joint ventures is the euro. There are not balance sheet items in a foreign currency.

## Earnings per share

The basic earnings per share are calculated by dividing the share of the profit for the period attributable to the shareholders of Branicks by the weighted average of the number of shares outstanding during the year. Shares newly issued or repurchased during a period are taken into consideration on a pro rata basis for the period in which they are outstanding. A dilutive effect may result in the future from existing authorised capital.

## Accounting estimates and assumptions

To a certain degree, preparation of the consolidated financial statements requires discretionary decisions and estimates, which have an impact on the recognition, measurement and presentation of assets and liabilities, income and expenses, as well as the contingent assets and contingent liabilities.

The principal areas affected by assumptions and estimates are:

- the determination of the economic lives of fixed assets,
- the calculation of discounted cash flows as well as the discounting and capitalisation rates used in impairment tests,
- the determination of the fair value and present value of minimum lease payments, the applicable discount rate and the term of leases, taking into account existing termination and extension options,
- the determination of the point in time and amount of revenue recognition in accordance with the principles of IFRS 15,
- the recognition and measurement of provisions,
- the recoverability of receivables,
- the future usability of tax loss carryforwards.

All assumptions and the underlying estimates are constantly re-evaluated. They are based on past experiences and other factors including expectations with regard to future events.

In future periods, actual values may deviate from the assumptions and estimates made and lead to considerable adjustments to the carrying amounts of the respective assets and liabilities.

# Consolidation

## Subsidiaries

The consolidated financial statements include the financial statements of the parent company and the companies that it controls. The Company has control if it has power over an investee, is exposed to variable returns from its involvement with the investee and has the ability to affect the amount of the returns as a result of its power.

An investee is consolidated from the point in time when the Company obtains control over the subsidiary until the point in time that it ceases to have control. In this context, the profit or loss of subsidiaries acquired or sold during the year is recognised in the consolidated income statement and in other comprehensive income from the actual date of acquisition to the actual date of disposal.

The Group reassesses whether or not the Company controls an investee if facts and circumstances indicate that one or more of the aforementioned three control criteria have changed.

If the Company does not hold the majority of the voting rights, it still controls the investee if its voting rights give it the practical ability to direct the relevant activities of the investee unilaterally. When assessing whether its voting rights are sufficient to exercise control, the Company considers all facts and circumstances, including:

- the size of the Company's holding of voting rights relative to the size and distribution of holdings of the other vote holders,
- potential voting rights held by the Company, other vote holders or other parties,
- rights arising from other contractual agreements and any additional facts and circumstances that indicate the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The acquisition method is used to account for acquired subsidiaries as long as they constitute a business within the meaning of IFRS 3. The acquisition cost comprises the fair value of all assets transferred, of the equity instruments issued and of the liabilities that arose or were assumed at the time of the transaction. In accordance with IFRS 3 Business Combinations, the carrying amounts of the parent company's investments are offset against its shares in the remeasured equity of the subsidiaries at the time of acquisition. In this process, assets and liabilities are recognised at fair value. Acquisition-related costs are expensed as incurred. The amount recognised as goodwill – which is tested for impairment at least once a year – is calculated as the amount by which the acquisition cost, the amount of non-controlling interests in the acquiree and the fair value of all previously held equity interests at the acquisition date exceeds the Group's share of the acquiree's net assets, measured at fair value. If the cost of acquisition is lower than the fair value of the acquiree's net assets, following further testing the difference is recognised directly in the Group's profit or loss.

If the Group loses control over a subsidiary, the remaining share is remeasured at fair value and the resulting difference is recognised in profit or loss. Furthermore, all amounts relating to this company reported in other comprehensive income are reclassified to the income statement.

All intragroup assets, liabilities, equity, income, expenses and cash flows in connection with transactions between Group entities are eliminated in full as part of the consolidation. Where consolidation adjustments are recognised in profit or loss, the income tax effects are taken into account and deferred taxes are recognised.

No discretion is required to determine control because the Group holds a large majority of the voting rights in all instances (see Chapter "Overview" → page 177 et seq.).

As at 31 December 2023, a total of 191 (previous year: 189) subsidiaries were included in the consolidated financial statements in addition to Branicks (see appendix 1 to the notes, → page 171 et seq.).

Four companies were established during the financial year and consolidated for the first time. A further 2 companies were deconsolidated (previous year: 15 companies acquired, 4 companies sold and 14 companies merged).

The financial information concerning the Group's subsidiaries (VIB Vermögen AG sub-group) in which significant equity interests are held, is summarised below. Non-current assets mainly concern investment property measured in accordance with IAS 40 in conjunction with IAS 16.

| in TEUR | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Balance sheet | | |
| Non-current assets | 2,181,894 | 2,063,694 |
| Current assets | 466,481 | 413,225 |
| | **2,648,375** | **2,476,919** |
| | | |
| Equity | 1,501,586 | 1,518,753 |
| – thereof non-controlling interests | 469,413 | 483,595 |
| Non-current liabilities | 1,087,639 | 794,093 |
| Current liabilities | 59,150 | 164,073 |
| | **2,648,375** | **2,476,919** |
| | | |
| Cash flow | | |
| Cash flows from operating activities | 67,156 | 67,812 |
| Cash flows from investing activities | –4,305 | 7,225 |
| Cash flows from financing activities | 106,834 | –80,284 |
| | | |
| Profit/loss | | |
| Gross rental income | 86,823 | 70,647 |
| Profit | –15,991 | 36,745 |

## Associates

An investment in an associate is accounted for using the equity method from the time that the criteria for an associate are met. Any amount by which the cost of acquiring the share exceeds the share acquired in the fair values of the identifiable assets, liabilities and contingent liabilities is reported as goodwill. Goodwill is a component of the carrying amount of the investment and is not tested separately for impairment.

The Group discontinues the use of the equity method from the time at which its investment no longer constitutes an associate or the investment must be classified as held for sale in accordance with IFRS 5. When using the equity method is discontinued, profits or losses previously reported in other comprehensive income by the associate are reclassified to the income statement.

If a Group company enters into a business relationship with one of the Group's associates, profits and losses from this transaction are eliminated in proportion to the Group's interest in the associate.

For strategic reasons, Branicks holds shares in 19 (previous year: 19) companies which are accounted for using the equity method in the consolidated financial statements as associates in accordance with IAS 28.05.

Please refer to note 16 "Investments in associates" regarding the discretion to be applied in determining companies to be included using the equity method.

## Other equity investments

As previously and similar to the provisions of IAS 39, investments that represent an equity instrument as defined by IAS 32 are measured at fair value through other comprehensive income and allocated to the category "At Fair Value through other Comprehensive Income". Any changes in the fair value are shown in other comprehensive income and cumulatively in equity. In this case, if the instrument is derecognised, it is not subsequently reclassified to profit or loss but reclassified to retained earnings. Dividends from these instruments, on the other hand, are recognised as investment income in profit or loss. As a rule, assets available for sale are carried in the balance sheet at their fair value. Changes in the market value are recorded in other comprehensive income as long as there is no impairment.

Investments that do not represent an equity instrument as defined by IAS 32 are measured at fair value through profit or loss and allocated to the category "At Fair Value through Profit or Loss".

At the reporting date, Branicks had a total of 35 investments (previous year: 39).

## Goodwill

Goodwill results from a business combination and corresponds to the amount by which the transferred consideration exceeds the fair value of the net assets (assets acquired less liabilities entered into or assumed). Goodwill is not subject to amortisation and is tested for impairment at the level of so-called cash-generating units (CGUs) once a year and in case of events or changes in circumstances which point to an impairment. It is measured at cost less accumulated impairment losses. Reversals of impairment losses are not permitted.

In the case of the sale of the subsidiary, the attributable goodwill amount resulting from this sale will be included in the profit or loss calculation.

With regard to the impairment test for goodwill, please see the information provided in note 13 "Goodwill".

## Impairment

For assets with a specific useful life, in accordance with IAS 36 on each reporting date indications of possible impairment will be checked for, e.g. particular events or market developments which point to a possible fall in value. There were no indications of an impairment of the intangible assets, property, plant and equipment or the investment property subject to depreciation and amortisation in either the reporting period or the comparative period.

Intangible assets with a indefinite useful life must also be tested for impairment on each reporting date. In the current reporting period, this relates to the goodwill resulting from the acquisition of the German Estate Group ("GEG") and RLI Investors GmbH ("RLI").

In case of indications or as of the mandatory annual impairment test for intangible assets with an indefinite useful life and goodwill, the recoverable amount of the asset will be determined. The recoverable amount of an asset is the higher of the asset's fair value or a cash-generating unit (CGU) less costs to sell and the value in use. The recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In the latter case, the recoverable amount is to be determined on the basis of a CGU to which assets or groups of assets are allocated until they jointly generate largely independent cash inflows. For example, this is the case for goodwill. Where this results from a business combination, it will be allocated from the acquisition date to the CGU or the group of CGUs which may derive benefits from the synergies resulting from the combination and at whose level the goodwill is monitored for internal management purposes.

To determine the value in use, in principle the expected future cash flows are discounted to their present value on the basis of a pre-tax discount rate reflecting the current market assessments with respect to the interest effect and the specific risks of the asset. In determining the value in use, account is taken of the current and future expected income level as well as technological, economic and general development trends on the basis of approved financial budgets. To determine the fair value less costs to sell, account is taken of any recent market transactions. If the carrying amount exceeds the recoverable amount of the asset or the CGU, an impairment loss is recognised in profit or loss at the level that the carrying amount exceeds the recoverable amount.

For goodwill, if the impairment requirement is higher than the carrying amount of the goodwill of the CGU, then the goodwill is first fully amortised and the remaining impairment requirement distributed to the other assets of the CGU. Account is taken of the necessary impairment on individual assets of this CGU in advance of goodwill impairment testing.

Reversals on the new recoverable amount are made, except for goodwill, when the reasons for impairment in previous years no longer apply. The upper limits for reversals are the depreciated historical costs which would have resulted if no impairments had been recognised in previous years. No reversals were recognised on intangible assets or property, plant and equipment in the reporting period or the comparative period.

The goodwill reported at 31 December 2023 in the amount of EUR 190,243 thousand (previous year: EUR 190,243 thousand) has resulted from the acquisition of the GEG Group in 2019 and RLI at the beginning of 2021. This goodwill has been allocated to the Institutional Business segment and will be monitored at this level. See note 13 “Goodwill” → page 135 for further information.

# EPRA earnings

EPRA stands for European Public Real Estate Association, the association of listed real estate companies in Europe. EPRA has issued recommendations on how real estate companies should calculate and adjust their earnings to ensure they are comparable and exclude exceptional factors and non-recurring effects.

“EPRA earnings” measures the sustainable and continuing performance of the real estate portfolio. Financial years 2023 and 2022 showed the following EPRA earnings:

| in TEUR | 2023 | 2022 |
|---|---|---|
| IRFS profit | −65,960 | 31,024 |
| | | |
| **EPRA adjustments** | | |
| Market value change or depreciation of investment property | 130,458 | 63,129 |
| Profit/loss on disposal of investment property | −8,184 | −12,697 |
| Tax on disposal of investment property | 1,295 | 2,010 |
| Amortisation of intangible assets and depreciation of right-of-use assets in acc. with IFRS 16 | 25,567 | 10,753 |
| Other non-recurring effects | 8,160 | 13,235 |
| Deferred taxes in connection with EPRA adjustments | −684 | −484 |
| Contributions from Co-Investments (project developments and sales) | 0 | 0 |
| Non-controlling interests | −4,739 | 11,834 |
| | | |
| **EPRA earnings** | **85,913** | **118,804** |
| **EPRA earnings per share** | **1.03** | **1,44** |

# Income statement disclosures

## 1. Gross rental income

Gross rental income rose to EUR 188,273 thousand (previous year: EUR 175,956 thousand) largely due to the first-time inclusion of VIB for a full financial year and very good letting activities.

## 2. Service charge income and expenses on principal basis

The costs recognised include apportionable current expenses incurred by the Group under section 1 of the Betriebskostenverordnung (German Regulation on Operating Costs) based on its ownership of the land or its use of the building, annexes, facilities, etc. in accordance with their intended purpose as well as ancillary leasing costs to be borne by the tenants under the terms of their contract. These are typically understood to mean costs for water, power, heating and property tax, for example, as well as the necessary maintenance and inspection costs. The shortfall between income and expenses from service charges amounting to EUR 6,111 thousand (previous year: EUR 5,303 thousand) is mainly the result of costs that cannot be passed on to tenants on account of the exemption clauses written into their leases. With the exception of one property, rental income was generated in the case of all items of investment property.

## 3. Other property-related expenses

Other property-related expenses include property management costs that cannot be passed on to tenants as operating expenses because they are already covered in the rent charged. These include costs to rectify structural defects caused by wear and tear to the buildings or ageing, in particular the replacement of fire protection technology, as well as administrative and ancillary costs resulting from vacant space as well as bad debt allowances on rent receivables.

## 4. Administrative expenses

| in EUR thousand | 2023 | 2022 |
|---|---|---|
| Legal and consulting costs | 7,005 | 19,909 |
| IT costs | 4,698 | 3,802 |
| External services | 2,932 | 2,026 |
| Marketing/investor relations | 2,817 | 2,827 |
| Insurance/contributions and levies | 2,209 | 1,803 |
| Recruitment and other personnel costs | 1,988 | 2,081 |
| Ancillary financing costs | 1,743 | 2,211 |
| Rental and ancillary costs | 1,503 | 1,033 |
| Supervisory Board remuneration | 790 | 803 |
| Auditing costs | 780 | 670 |
| Vehicle costs | 653 | 577 |
| Other | 92 | 121 |
| **Total** | **27,210** | **37,863** |

The decrease in administrative expenses by comparison with the previous year is mainly attributable to the non-recurring transaction costs related to the acquisition of VIB.

In the financial year the Company had expenses totalling EUR 790 thousand in remuneration for members of the Supervisory Board. Supervisory Board members were also reimbursed travel expenses totalling EUR 3 thousand.

The following fees were incurred for the services supplied by the auditors of the financial statements BDO AG, Wirtschaftsprüfungsgesellschaft, Hamburg, in financial year 2023:

| in EUR thousand | 2023 | 2022 |
|---|---|---|
| Financial statements auditing services | 652 | 635 |
| Other assurance services | 101 | 0 |
| Other services | 27 | 35 |
| **Total** | **780** | **670** |

The fees for audits of the financial statements relate to the audit of the consolidated financial statements of Branicks Group AG and the annual financial statements of Branicks Group AG and its affiliates required by law.

The other assurance services mainly include attestations in connection with capital market transactions and the sustainability report.

## 5. Personnel expenses

Personnel expenses include the wages and salaries of employees of Branicks Group AG, Branicks Onsite GmbH, DIC Fund Balance GmbH, VIB Vermögen AG, Branicks Institutional Real Estate Management GmbH and Branicks Institutional GmbH as well as the related social security contributions in the total amount of EUR 35,553 thousand (previous year: EUR 35,093 thousand). The social security contributions totalling EUR 4,713 thousand (previous year: EUR 4,329 thousand) include EUR 2,168 thousand (previous year: EUR 2,070 thousand) in contributions to the statutory pension fund. At EUR 40,101 thousand (previous year: EUR 42,581 thousand), personnel expenses are EUR 2,480 thousand lower than in the previous year.

The average number of employees rose by 8 to 305 in 2023. Averaged over the year, Branicks Group AG had 84 employees, while Branicks Onsite GmbH had 170 employees, DIC Fund Balance GmbH had 0 employees, VIB Vermögen AG had 30 employees and the GEG Group entities had 21 employees.

## 6. Depreciation, amortisation and impairment

Depreciation, amortisation and impairment of EUR 156,024 thousand (previous year: EUR 73,883 thousand) primarily concerns the recognised properties. The increase in depreciation on and impairment of properties is primarily attributable to impairment losses of EUR 67,393 thousand. This also includes depreciation and amortisation of right-of-use assets for the offices which we use ourselves and, to a lesser extent, office furniture and equipment as well as intangible fixed assets. The depreciation and amortisation item was affected by acquisitions, sales in the previous and current year, the application of IFRS 16 and the service agreements recognised as intangible assets within the scope of the purchase price allocations in connection with the acquired GEG Group and RLI, as well as the investments made in real estate assets.

## 7. Real estate management fees

The income relates to asset and property management, leasing, project management and disposition fees generated by Branicks Group AG and its subsidiaries, particularly by Branicks Onsite GmbH and Branicks Institutional Real Estate Management GmbH. In addition to the material related parties listed in the following table, income from real estate management fees was generated in particular from the investment vehicles (three categories) of the Institutional Business segment as shown.

| in EUR thousand | 2023 | 2022 |
|---|---|---|
| DIC Office Balance I | 1,465 | 1,400 |
| DIC Office Balance II | 3,535 | 2,437 |
| DIC Office Balance III | 1,897 | 1,783 |
| DIC Office Balance IV | 1,525 | 1,529 |
| DIC Office Balance V | 1,723 | 4,740 |
| DIC Retail Balance I | 1,974 | 1,389 |
| Pool Funds | 27,353 | 63,076 |
| Club Deals | 5,858 | 6,653 |
| Separate Accounts | 5,523 | 5,368 |
| **Total** | **50,853** | **88,375** |

Of the real estate management fees realised, around EUR 44.9 million (previous year: EUR 36.4 million) relates to asset and property management and development and around EUR 5.9 million (previous year: EUR 52.0 million) to transaction- and performance-related fees.

## 8. Profit on disposal of investment property

Thanks to strategic sales in connection with the portfolio streamlining and the exploitation of market opportunities, the Group generated profits from the disposal of investment property in the amount of EUR 8,184 thousand (previous year: EUR 12,697 thousand). This corresponds to a return on sales of 1.5% (previous year: 25%).

Costs to sell of EUR 10,505 thousand (previous year: EUR 656 thousand) mainly related to legal, consultancy and estate agent costs as well as any construction costs yet to be incurred were deducted from the sales proceeds of EUR 569,116 thousand (previous year: EUR 52,150 thousand).

## 9. Share of the profit or loss of associates

This item relates to the investor's share of the investee's profit or loss to be recognised in the investor's profit or loss using the equity method of accounting as well as investment income and amounts to EUR 6,448 thousand (previous year: EUR 18,918 thousand).

The share of the profit or loss of associates in the year under review mainly includes contributions from the existing DIC Office Balance I, DIC Office Balance II, DIC Office Balance III, DIC Office Balance IV, DIC Office Balance V, VIB Retail Balance I and DIC Retail Balance I funds, and from other investments. Investment income from minority interests is also shown here and amounted to EUR 1,512 thousand in the financial year (previous year: EUR 1,758 thousand). In the previous year, the share of the profit or loss of associates was positively influenced in particular by the sale of a joint venture investment.

## 10. Interest income and expense

The expense arising from the repayment of processing fees incurred in connection with financial liabilities and other transaction costs amounted to EUR 5,430 thousand in the financial year, virtually unchanged from the previous year's figure of EUR 5,374 thousand.

Effective interest expense of EUR 32,044 thousand (previous year: EUR 30,411 thousand) results from the corporate bonds/promissory note loans. The increase is mainly due to the variable interest rates on some of the promissory note loans. Finance costs include interest expenses for lease liabilities in the amount of EUR 448 thousand (previous year: EUR 116 thousand).

## 11. Income tax

| in EUR thousand | 2023 | 2022 |
|---|---|---|
| Current taxes | – 11,866 | – 29,842 |
| Deferred tax income/expense | 25,500 | 12,789 |
| **Total** | **13,634** | **– 17,053** |

Income taxes relate exclusively to taxable profits of consolidated subsidiaries and Branicks Group AG. Current tax expense is composed primarily of corporation tax including solidarity surcharge amounting to EUR 6,182 thousand (previous year: EUR 16,489 thousand) and trade tax amounting to EUR 5,684 thousand (previous year: EUR 13,353 thousand).

The deferred taxes result from temporary differences between tax base and IFRS balance sheet values, and from existing tax loss carryforwards and the recognition of deferred taxes on outside basis differences.

Whether or not deferred tax assets are recoverable is determined based on management's assessment regarding the recoverability of deferred tax assets. This depends on the generation of future taxable profits during the periods in which temporary differences are reversed and tax loss carryforwards can be utilised. Branicks assumes that, based on the forecast for each portfolio and individual property, the future taxable income will be sufficient to be able in all likelihood to realise the recognised deferred tax assets. The current assessment with regard to the recoverability of deferred tax assets may change, making higher or lower allowances necessary.

No deferred tax assets were recognised on corporation tax loss carryforwards amounting to EUR 27.8 million (previous year: EUR 17.5 million) and on trade tax loss carryforwards amounting to EUR 76.6 million (previous year: EUR 88.6 million).

Deferred taxes are measured on the basis of the tax rates that apply or are likely to apply at the date they are realised. As in the previous year, the calculation of domestic deferred taxes is based on the corporation tax rate of 15%, the solidarity surcharge of 5.5% on the corporation tax rate, and the Company-specific trade tax rates (usually 16.1%). Deferred tax expense/income compares with the previous year as follows:

| in EUR thousand | 2023 | 2022 |
|---|---|---|
| Tax loss carryforwards | 1,402 | 737 |
| Investment properties | 15,090 | 1,427 |
| Service agreements | 8,243 | 10,448 |
| Capital transactions | 292 | – 634 |
| Other | 473 | 811 |
| **Total** | **25,500** | **12,789** |

Deferred tax assets and liabilities can be classified as follows:

| | 31.12.2023 | | 31.12.2022 | |
|---|---|---|---|---|
| in EUR thousand | Assets | Liabilities | Assets | Liabilities |
| Tax loss carryforwards | 20,800 | 0 | 19,399 | 0 |
| Investment properties | 3,468 | 204,704 | 12,398 | 228,724 |
| Service agreements | 4,902 | 6,859 | 0 | 10,201 |
| Derivatives | 0 | 0 | 0 | 930 |
| Capital transactions | 0 | 1,320 | 0 | 1,612 |
| Other | 802 | 1,480 | 765 | 901 |
| **Total** | **29,972** | **214,363** | **32,562** | **242,368** |

Deferred taxes on the items included in other comprehensive income amount to EUR –496 thousand (previous year: EUR –803 thousand), of which EUR –536 thousand (previous year: EUR –781 thousand) is attributable to the movements in the Group's cash flow or fair value hedges, EUR 17 thousand (previous year: EUR 121 thousand) to the fair value changes of the financial instruments measured at fair value through other comprehensive income, and EUR 6 thousand (previous year: EUR –143 thousand) to actuarial gains/losses from pensions. Deferred tax assets and liabilities amounting to EUR 12,672 thousand (previous year: EUR 0 thousand) were netted.

No deferred taxes were recognised on temporary differences in connection with shares in subsidiaries (outside basis differences) totalling EUR 23.5 million (previous year: EUR 33.3 million) and on temporary differences in connection with associated companies totalling EUR 0.5 million (previous year: EUR 0.7 million).

The difference between anticipated tax expense and actual tax expense can be reconciled as follows:

| in EUR thousand | 2023 | 2022 |
|---|---|---|
| Profit for the period before tax | – 84,333 | 59,911 |
| Applicable statutory tax rate (in %) | 31.925 | 31.925 |
| Anticipated tax expense | – 26,923 | 19,127 |
| | | |
| **Increase or decrease in the tax liability through:** | | |
| Trade tax reduction and differing tax rates | 6,302 | – 5,503 |
| Non-deductible expenses | 6,812 | 5,940 |
| Effects of investments in associates | – 2,059 | – 6,034 |
| Effects of unrecognised tax losses | 3,098 | 1,354 |
| Taxes for previous periods | – 1,374 | 1,532 |
| Other effects | 510 | 637 |
| | | |
| **Effective total tax expense** | **– 13,634** | **17,053** |

The anticipated tax rate was determined on the basis of the tax rates applicable in Germany in 2023 and 2022. A tax rate of 31.925% was used for the calculation. This is composed of a nominal corporation tax rate incl. solidarity surcharge of 15.825% plus a nominal trade tax rate of 16.10%. The trade tax rate is based on the assessment rate for Frankfurt am Main of 460%.

Deferred tax assets on loss carryforwards amounting to EUR 26.9 million were recognised for companies that made a loss in the financial year. It is assumed that the loss carryforwards will be used.

## 12. Earnings per share, net asset value (NAV) and NAV per share

In accordance with IAS 33.12, earnings per share are calculated from profit/loss for the period excluding non-controlling interests and the number of the shares outstanding on an annual average.

| in Euro | 2023 | 2022 |
|---|---|---|
| Profit/loss for the period after non-controlling interests | –65,959,671.44 | 31,023,704.34 |
| Average number of shares issued | 83,427,284 | 82,689,478 |
| | | |
| **Basic earnings per share** | **–0.79** | **0.38** |

Based on our accounting for investment properties pursuant to IAS 40 at amortized cost, we present the net asset value (NAV), which is the fair value of equity, as at 31 December 2023 and 31 December 2022:

| in EUR thousand | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Carrying amount of investment properties | 3,398,556 | 3,673,250 |
| Fair value adjustment | 142,558 | 342,901 |
| Fair value of investment properties [1] | 3,541,114 | 4,016,151 |
| Properties in accordance with IFRS 5 | 100,495 | 435,750 |
| Fair value of real estate properties incl. IFRS 5 [1] | 3,641,609 | 4,451,901 |
| | | |
| Fair value of investments in associates | 129,337 | 81,642 |
| | | |
| +/– other assets/liabilities | 934,286 | 1,008,970 |
| +/– restatement of Other assets/liabilities [2] | 7,999 | –332,733 |
| Net loan liabilities at carrying amount | –2,935,040 | –3,099,762 |
| Net loan liabilities in accordance with IFRS 5 | –39,151 | –38,676 |
| | | |
| Non-controlling interests [3] | –440,685 | –477,820 |
| | | |
| **NAV [3]** | **1,298,355** | **1,593,522** |
| | | |
| NAV/share [3] | 15.54 | 19.16 |

[1] Incl. non-controlling interests.
[2] Restated for deferred taxes (EUR +69,343 thousand; previous year: EUR +67,250 thousand), financial instruments (EUR 0 thousand; previous year: EUR -2,909 thousand) and IFRS 5 assets and liabilities (EUR –61,344 thousand; previous year: EUR –397,074 thousand).
[3] Previous year as of December 31, 2022 amount adjusted.

# Balance sheet disclosures

## 13. Goodwill

The goodwill resulted from the consolidation of the GEG Group and RLI. In the financial year, goodwill was tested for impairment on the basis of estimated future cash flows derived from planning (value in use) for the cash-generating unit to which the goodwill is allocated. This planning is based on a planning horizon of three years derived from management's current budget. The planning is based on existing contractual agreements or experience from transactions already concluded for comparable future situations. For discounting of cash flows in the detailed planning period, we apply a consistent capital cost rate after tax of 8.0% which is determined on the basis of a capital asset pricing model (CAPM).

The corresponding average capital cost rate before tax was 8.0%. At the end of the detailed planning period, this is followed by a reconciled terminal value for the years from 2027 onwards which has been discounted by a capital cost rate of 7.0% (after tax, after growth rate) on the basis of the CAPM. For the terminal value, the calculation is based on a perpetual average growth rate of 1.0%. For the purpose of discounting, we consider the growth rate as a discount on the capital cost rate.

We continuously observe and update the key technical, market-related, economic and statutory parameters and outline conditions for the purpose of the impairment test. No indication of impairment arose in the financial year. The goodwill impairment test implemented at the reporting date did not trigger an impairment loss, either. This test compares the higher of the fair value less costs to sell and the value in use with the carrying amount of the cash-generating unit (CGU) to which the goodwill is allocated.

For goodwill in the financial year, a 15% decrease in the asset management fees serving as the basis for the calculation would have reduced the value in use by around EUR – 44.2 million and would not have resulted in any impairment. A +0.5% increase in the discount rate would have reduced the value in use by around EUR – 34.5 million and would likewise not have given rise to any impairment since the value in use is significantly higher than the CGU's carrying amount.

## 14. Investment property

| in EUR thousand | 2023 | 2022 |
|---|---|---|
| **Cost** | | |
| As at 1 January | 3,982,733 | 2,035,208 |
| Additions resulting from acquisitions | 23,926 | 2,425,514 |
| Additions due to capital expenditures | 47,089 | 52,004 |
| Classification as "held for sale" | – 160,718 | – 371,578 |
| Disposals | – 116,199 | – 158,415 |
| **As at 31 December** | **3,776,831** | **3,982,733** |
| | | |
| **Depreciation and amortisation** | | |
| As at 1 January | 309,483 | 278,548 |
| Additions | 129,547 | 59,970 |
| Classification as "held for sale" | – 30,041 | – 23,322 |
| Disposals | – 30,714 | – 5,713 |
| **As at 31 December** | **378,275** | **309,483** |
| | | |
| Carrying amount on 1 January | 3,673,250 | 1,756,660 |
| Carrying amount on 31 December | 3,398,556 | 3,673,250 |
| | | |
| **Fair value**[1] | **3,641,609** | **4,451,901** |

[1] Incl. non-controlling interests and IFRS 5 property.

Details of and information about the levels of the fair value hierarchy in accordance with IAS 40.79 in conjunction with IFRS 13.93 (a), (b) and 13.97 of the Group's investment property as at 31 December 2023 are presented in the following table:

| in EUR thousand | Fair value 31.12.2023 | Quoted prices in active markets for identical assets (Level 1) | Material other observable inputs (Level 2) | Material unobservable inputs (Level 3) |
|---|---|---|---|---|
| Commercial real estate in Germany | 3,641,609 | | | 3,641,609 |

## Valuation techniques applied to level 3

The fair values calculated (net value after deducting transaction costs) are based entirely on the findings of the independent valuers contracted for this purpose, Cushman & Wakefield, CBRE, Knight Frank and ENA Experts, who have undertaken a valuation in accordance with internationally recognised standards. Valuation parameters that are as close to the market as possible should be used as inputs. Despite taking account of some observable market inputs, which correspond to level 2, the fair values must ultimately be assigned to level 3.

The calculation of market values is based on a calculation of their present values (discounted cash flow method). This is generally based on a cash flow period of ten years, at the end of which the property is assumed to be sold. The discount rate recognised for the valuation comprises a risk-free rate, which can be derived from the average current yield on long-term, fixed-income federal bonds and a property-specific risk premium, which reflects the restricted fungibility of real estate investments in relation to more fungible forms of investment such as equities or bonds. The average current yield recognised was 0.42%/0.70% (2022: 0.60%). The property-specific risk premium was between 3.00% and 6.80% (2022: between 2.60% and 6.40%). The average discount rate was 3.70% to 7.50% (2022: 2.90% to 8.35%).

The interest rate recognised for the capitalisation of the terminal value corresponds to the observable interest rate in the current real estate capital market plus a property-specific risk premium. The capitalisation rates recognised vary between 3.25% and 7.50% (2022: 2.90% and 7.85%) depending on the quality, location and structure of the properties.

When investment property is tested for impairment in accordance with IAS 36, the carrying amounts of the properties – with the exception of properties classified as non-current assets held for sale – are compared with the higher of fair value and the properties' values in use deduced from market values. The comparison uses gross market values, i.e. not including the transaction costs that may arise if the properties are actually sold. In addition, parameters specific to the Company were used to calculate the reference values. These parameters take account of the value in use of the properties in the context of their use for business purposes. In this respect, the important factors are, in particular, the retention of the property in the Group, the forecast cash flows arising as a result and the reduction in management costs compared with the standard valuation due to the assets being managed in-house. An appropriate asset-specific capitalisation rate is also calculated in accordance with the criteria of IAS 36 A17.

In addition to the sensitivity analysis for the fair values already presented in the report on opportunities and risks (from → page 85 in the combined management report), we performed a sensitivity calculation for the properties' values in use so as to be able to assess effects of potential interest rate volatilities more accurately. This produced the following result:

**Change in the value in use of properties**

Scenarios: changes of capitalisation rate

| Scenarios: changes of discount rate | +0.25% | 0% | –0.25% |
|---|---|---|---|
| +0.25% | –266.6 EUR million | –88.0 EUR million | +113.9 EUR million |
| 0% | –182.6 EUR million | +/–0.0 | +206.2 EUR million |
| –0.25% | –95.3 EUR million | +86.6 EUR million | +303.6 EUR million |

Were the capitalisation and discount rates to increase by 25 basis points due to the macroeconomic or business situation, the value in use would fall by EUR 266.6 million. If the interest rates were to fall by the same amount, the value in use would rise by EUR 303.6 million.

As at 31 December 2023, acquisition costs do not include any borrowing costs, as in the previous year. In the 2023 financial year, no borrowing costs were recognised, as in the previous year.

There are no restrictions on the disposal of investment property in the Group and no contractual obligations to construct or develop investment property.

Current contractual arrangements result in financial obligations vis-à-vis our tenants of EUR 1.3 million for 2024 and 2025 (previous year: EUR 8.8 million), purchase obligations from investment projects of EUR 16.6 million (previous year: EUR 33.3 million) and obligations from purchase agreements of EUR 50.9 million (previous year: EUR 69.1 million).

## 15. Property, plant and equipment

| in EUR thousand | Building | Office furniture and equipment | Right-of-use assets | 2023 Total | 2022 Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| As at 1 January | 11,347 | 10,005 | 12,036 | 33,388 | 22,649 |
| Additions | 0 | 280 | 29,602 | 29,882 | 11,796 |
| Disposals | 0 | 0 | –10,931 | –10,931 | –1,057 |
| **As at 31 December** | **11,347** | **10,285** | **30,707** | **52,339** | **33,388** |
| **Depreciation and amortisation** | | | | | |
| As at 1 January | 294 | 4,085 | 8,365 | 12,744 | 10,129 |
| Additions | 168 | 744 | 3,197 | 4,109 | 3,618 |
| Disposals | 0 | 0 | –9,956 | –9,956 | –1,003 |
| **As at 31 December** | **462** | **4,829** | **1,606** | **6,897** | **12,744** |
| Carrying amount on 1 January | 11,053 | 5,920 | 3,671 | 20,644 | 12,520 |
| Carrying amount on 31 December | 10,885 | 5,456 | 29,101 | 45,442 | 20,644 |

This includes the following right-of-use assets in accordance with IFRS 16:

| | Buildings | Vehicles | Equipment | 2023 Total |
|---|---|---|---|---|
| **Cost** | | | | |
| As at 1 January | 10,481 | 931 | 624 | 12,036 |
| Additions | 28,362 | 635 | 605 | 29,602 |
| Disposals | – 10,187 | – 623 | – 121 | – 10,931 |
| **As at 31 December** | **28,656** | **943** | **1,108** | **30,707** |
| | | | | |
| **Depreciation and amortisation** | | | | |
| As at 1 January | 7,689 | 558 | 118 | 8,365 |
| Additions | 2,576 | 393 | 228 | 3,197 |
| Disposals | – 9,224 | – 623 | – 109 | – 9,956 |
| **As at 31 December** | **1,041** | **328** | **237** | **1,606** |
| | | | | |
| Carrying amount on 1 January | 2,792 | 373 | 506 | 3,671 |
| Carrying amount on 31 December | 27,615 | 615 | 871 | 29,101 |
| | | | | |
| Number of right-of-use assets | 6 | 41 | 13 | |
| Range of remaining maturities (months) | 3 – 116 | 0 – 35 | 7 – 63 | |

## 16. Investments in associates

The associates as at 31 December 2023 are listed in the following table. Branicks directly holds equity interests or voting rights in the entities listed below.

| | 31.12.2023 | | 31.12.2022 | |
|---|---|---|---|---|
| in EUR thousand | Share of voting rights | Carrying amount | Share of voting rights | Carrying amount |
| **Interest in:** | | | | |
| DIC Office Balance I (fund) | 12.5 % | 4,576 | 12.5 % | 4,615 |
| DIC Office Balance II (fund) | 0.0 % | 9,935 | 0.0 % | 9,614 |
| DIC Office Balance III (fund) | 5.9 % | 2,657 | 5.9 % | 2,825 |
| DIC Office Balance IV (fund) | 6.8 % | 3,172 | 6.3 % | 3,130 |
| DIC Office Balance V (fund) | 5.6 % | 2,958 | 5.6 % | 2,892 |
| DIC Retail Balance I (fund) | 8.3 % | 5,346 | 11.9 % | 5,483 |
| DIC MainTor Zweite Beteiligungs GmbH & Co. KG | 40.0 % | 12,172 | 40.0 % | 26,391 |
| Realogis Holding GmbH | 25.0 % | 8,210 | 25.0 % | 8,710 |
| KHI Immoblien GmbH | 41.7 % | 18,914 | 41.7 % | 15,164 |
| GEG Public Infrastructure IV[1] | 78.5 % | 61,397 | 77.1 % | 67,964 |
| BHB Brauholding AG | | | 34.2 % | 2,817 |
| Other | | | | 1 |
| **Total** | | **129,337** | | **149,606** |

[1] In the previous year it was reported under IFRS 5 held for sale.

Significant associates as defined in IFRS 12.2 are DIC MainTor Zweite Beteiligungs GmbH & Co. KG, DIC Office Balance I, DIC Office Balance II, DIC Office Balance III, DIC Office Balance IV, DIC Office Balance V, DIC Retail Balance I, GEG Public Infrastructure IV.

The Group holds a 8.5% interest (DIC Office Balance I), a 3.6% interest (DIC Office Balance II), a 1.6% interest (DIC Office Balance III), a 1.6% interest (DIC Office Balance IV), a 4.8% interest (DIC Retail Balance I), a 0.5% interest (DIC Office Balance V) in the capital of funds and/or in the capital of various fund property entities and thus directly or indirectly holds an interest in the respective fund. It exerts a significant influence on the companies due to the chairmanship and the regulations regarding voting rights in the Investment Committee and through the contractual right to conduct the funds' asset and property management and to manage a fund property entity's business.

The Group also holds a 78.3% interest in the capital of the GEG Public Infrastructure IV fund, but due to the contractual arrangements of the fund does not control it. The Group exerts significant influence over the fund given the amount of equity interest.

The financial information concerning the Group's significant associates is summarised below. The summary financial information corresponds to the contributions in the Company's financial statements prepared in accordance with IFRSs (adjusted by the Group for the purpose of accounting using the equity method).

| in EUR thousand | DIC MainTor Zweite Beteiligungs GmbH & Co. KG | DIC Office Balance I | DIC Office Balance II | DIC Office Balance III | DIC Office Balance IV | DIC Retail Balance I | DIC Office Balance V | GEG Public Infrastructure IV | 2023 total | 2022 total |
|---|---|---|---|---|---|---|---|---|---|---|
| Assets | 299,560 | 168,695 | 392,451 | 173,195 | 194,910 | 100,295 | 228,793 | 80,373 | 1,638,272 | 1,685,936 |
| Liabilities | 254,130 | 83,121 | 112,827 | 5,196 | 45,480 | 16,289 | 80,355 | 1,960 | 599,358 | 591,697 |
| **Net assets** | **45,430** | **85,574** | **279,624** | **167,999** | **149,430** | **84,006** | **148,438** | **78,413** | **1,038,914** | **1,094,239** |
| | | | | | | | | | | |
| Income | 10,414 | 11,850 | 4,368 | 7,529 | 8,736 | 8,862 | 4,852 | 75 | 56,686 | 77,512 |
| Expenses | 13,715 | 9,180 | 2,827 | 883 | 2,949 | 1,433 | 2,699 | 186 | 33,872 | 42,151 |
| **Profit for the year** | **– 3,301** | **2,670** | **1,541** | **6,646** | **5,787** | **7,429** | **2,153** | **– 111** | **22,814** | **35,361** |

## 17. Loans to related parties

The loans to related parties concern the long-term loans to the related parties listed below. Please refer to the disclosures in the section entitled "Legal transactions with related parties" on → page 165 et seq. for a description of the terms.

| in EUR thousand | IAS 24.9 | 31.12.2023 | 31.12.2022 |
|---|---|---|---|
| MainTor GmbH | b (ii) | 62,952 | 58,641 |
| DIC MainTor Zweite Beteiligungs GmbH & Co. KG | b (ii) | 32,859 | 30,638 |
| Deutsche Immobilien Chancen AG & Co. KGaA | b (ii) | 18,736 | 17,593 |
| **Total** | | **114,547** | **106,872** |

## 18. Other equity investments

In addition to the equity investment in DIC Opportunistic GmbH in the amount of EUR 67,536 thousand (previous year: EUR 72,163 thousand), the other investments also include minority interests in investment vehicles of the Institutional Business segment in the amount of EUR 31,500 thousand (previous year: EUR 30,386 thousand). All equity investments are carried at their fair values.

## 19. Intangible assets

Intangible assets mainly comprise the service agreements and trademark rights added through the acquisition of the GEG Group and RLI as well as software for accounting, consolidation and office applications.

| in EUR thousand | IT software, licenses | Service agreements | Brands | 2023 Total | 2022 Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| As at 1 January | 5,136 | 56,071 | 2,492 | 63,699 | 61,418 |
| Additions | 5 | 0 | 0 | 5 | 2,281 |
| Disposals | 0 | 0 | 0 | 0 | 0 |
| **As at 31 December** | **5,141** | **56,071** | **2,492** | **63,704** | **63,699** |
| | | | | | |
| **Amortisation** | | | | | |
| As at 1 January | 3,852 | 19,441 | 625 | 23,918 | 16,995 |
| Additions | 367 | 5,781 | 155 | 6,303 | 6,923 |
| Disposals | 0 | 0 | 0 | 0 | 0 |
| **As at 31 December** | **4,219** | **25,222** | **780** | **30,221** | **23,918** |
| | | | | | |
| Carrying amount on 1 January | 1,284 | 36,630 | 1,867 | 39,781 | 44,423 |
| Carrying amount on 31 December | 922 | 30,849 | 1,712 | 33,483 | 39,781 |

## 20. Trade receivables

These are primarily receivables from rents, service charges and real estate management fees. All receivables are due within one year. For an explanation of expected credit losses or impairments, please refer to the explanatory notes on credit risk in our risk management reporting.

## 21. Receivables from and liabilities to related parties

The receivables result predominantly from the granting of loans. An interest rate of 6.0% to 7.25% p.a. applies to the loans. Receivables from services rendered to related parties are also reported under this item. Detailed disclosures on relations with entities and individuals classified as related parties are shown in the corresponding section entitled “Related party disclosures” → page 165 et seq.

The value shown in the balance sheet relates to:

| | | 31.12.2023 | | 31.12.2022 | |
|---|---|---|---|---|---|
| in EUR thousand | IAS 24.09 | Receiv-ables | Liabili-ties | Receiv-ables | Liabili-ties |
| MainTor GmbH | b (ii) | | 5,016 | | 12,477 |
| DIC Opportunistic GmbH | b (ii) | 15,829 | | 11,666 | |
| DIC MainTor Zweite Beteiligungs GmbH & Co. KG | b (ii) | | | | 4,855 |
| Deutsche Immobilien Chancen Beteiligungs AG | b (ii) | 1,274 | | 1,353 | |
| Deutsche Immobilien Chancen AG & Co. KGaA | b (ii) | 1,373 | 1,371 | 1,319 | 1,476 |
| DIC Office Balance II (fund) | b (ii) | | | 61 | |
| DIC Office Balance III (fund) | b (ii) | 276 | | 269 | |
| DIC Office Balance IV (fund) | b (ii) | 63 | | 197 | |
| DIC Retail Balance I (fund) | b (ii) | 101 | | 466 | |
| DIC Office Balance V (fund) | b (ii) | 190 | | 218 | |
| DIC MainTor Porta GmbH | b (ii) | 67 | | 217 | |
| Other | b (ii) | 386 | 262 | 444 | 352 |
| **Total** | | **19,559** | **6,649** | **16,210** | **19,160** |

## 22. Income tax receivables

The figure reported relates to creditable taxes and recoverable corporation and trade tax.

## 23. Other receivables

| in EUR thousand | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Loans in connection with the financing of shares | 85,522 | 0 |
| Receivables from unbilled services | 12,195 | 55,890 |
| Deposits | 5,376 | 5,122 |
| ”Rent-free period“ receivables | 3,870 | 4,033 |
| Receivables from insurance compensations | 2,955 | 2,615 |
| Value added tax | 2,711 | 12,934 |
| Recovery of special repayments | 0 | 1,081 |
| Other | 6,427 | 5,362 |
| **Total** | **119,056** | **87,037** |

## 24. Other assets

This item mainly includes accrued income of EUR 14,026 thousand (previous year: EUR 14,846 thousand) in the Institutional Business segment.

## 25. Cash and cash equivalents

Of the existing cash and cash equivalents, EUR 186,908 thousand (previous year: EUR 7,921 thousand) is subject to short-term restrictions on disposal beyond the end of the reporting period. Of this amount, EUR 129,226 thousand is intended for the short-term settlement of loan liabilities.

## 26. Non-current assets held for sale

The non-current assets held for sale item comprises real estate, equity interests in investment products in the Institutional Business segment which will be sold or are to be transferred over the course of the next year.

Profits of EUR 2,825 thousand arose in 2023 in connection with the non-current assets held for sale item from the previous year (previous year: EUR 0 thousand).

## 27. Equity

### a. Issued capital

The subscribed capital in the amount of EUR 83,565,510.00 (previous year: EUR 83,152,366.00) consists of 83,565,510 registered no-par value ordinary shares (previous year: 83,152,366 shares). There are no other classes of shares. Pursuant to section 67 (2) AktG, only those shareholders who are registered as such in the share register are deemed to be shareholders. All shares convey the same rights and obligations. Each no-par value share grants the holder one vote at the General Shareholders' Meeting. This excludes any treasury shares held by the Company itself. The Company will have no rights based on these shares. The voting right begins when the statutory minimum deposit has been made on the shares. The individual rights and obligations tied to the shares arise from the provisions of the AktG, in particular sections 12, 53a et seq., 118 et seq. and 186.

### b. Authorised capital

The Management Board has been authorised by a resolution adopted at the ordinary General Shareholders' Meeting on 24 March 2022 to increase the Company's share capital with the approval of the Supervisory Board by a total of up to EUR 16,372,232.00 until 23 March 2027 by issuing new no-par value registered shares once or repeatedly in return for cash contributions and/or contributions in kind (Authorised Capital 2022). After a portion of Authorised Capital 2022 was utilised subject to the granting of pre-emptive rights to the shareholders in April 2023, the remaining Authorised Capital 2022 at the reporting date amounts to EUR 15,959,088.00. As a rule, the shareholders are to be granted a pre-emptive right when authorised capital is utilised. The shares may also be taken over within the meaning of section 186 (5) sentence 1 AktG by one or more credit institutes or companies determined by the Management Board with the obligation of offering them to the shareholders for purchase (indirect pre-emptive right).

However, the Management Board is authorised with the approval of the Supervisory Board to disapply the pre-emptive rights of shareholders

- to exclude fractional amounts from shareholders' pre-emptive rights;
- if the new shares are issued in return for a cash contribution and the issue price of the new shares does not fall substantially below the stock market price of essentially equivalent shares already listed. The number of shares issued in this manner disapplying pre-emptive rights may not exceed 10% of the share capital, neither at the time this authorisation becomes effective nor at the time it is exercised. Other shares that are issued or sold during the term of this authorisation while disapplying pre-emptive rights in direct or corresponding application of section 186 (3) sentence 4 AktG are to be counted toward this upper limit of 10% of the share capital. Shares that are issued to service option rights and/or conversion rights or conversion obligations from bonds with warrants and/or convertible bonds and/or profit participation rights are also to be counted towards this limit if such bonds or profit participation rights are issued during the term of this authorisation while disapplying pre-emptive rights in corresponding application of section 186 (3) sentence 4 AktG;
- if the capital increase is carried out in return for a contribution in kind, in particular for the purpose of acquiring companies, parts of companies, equity interests in companies or other assets associated with an intended acquisition, or in connection with business combinations;
- to the extent it is necessary to grant pre-emptive rights for new shares to the holders or creditors of bonds with warrants and/or convertible bonds with option and/or conversion rights and/or conversion obligations that were or will be issued by the Company or companies in which the Company holds a direct or indirect 100% interest in the volume to which they would be entitled as shareholders after exercising the option rights and/or conversion rights or fulfilling the conversion obligations.

As of 31 December 2023, the Management Board has not made use of the authorisation described above.

### c. Contingent capital

By virtue of the resolution adopted at the ordinary General Shareholders' Meeting of 24 March 2022, the Management Board is authorised, with the approval of the Supervisory Board, to issue registered or bearer convertible bonds or bonds with warrants (together, "bonds") with or without limitation of maturities on one or more occasions until 23 March 2027 in a total nominal amount of up to EUR 600,000,000.00, and to grant to holders and/or creditors of bonds conversion or option rights (which may include a conversion and/or option obligation) to no-par value registered shares in the Company representing a proportionate amount of the share capital of up to EUR 16,372,232.00 in total, subject to the terms of the convertible bonds and/or bonds with warrants (together also "bond terms"). The bonds may only be issued in return for cash payment. In principle, the shareholders are granted a pre-emptive right. The bonds may also be taken over within the meaning of section 186 (5) sentence 1 AktG by one or more credit institutes or companies determined by the Management Board with the obligation of offering them to the shareholders for purchase (indirect pre-emptive right).

However, the Management Board is authorised with the approval of the Supervisory Board to disapply the shareholders' pre-emptive rights to bonds

- for fractional amounts resulting from the subscription ratio;
- if upon due review the Management Board concludes that the issue price of the bonds is not substantially lower than the theoretical market value of the bonds determined in accordance with generally accepted methods of financial mathematics. This authorisation to disapply pre-emptive rights does not, however, apply to bonds with a conversion or option right (including those with a conversion and/or option obligation) to shares, the total amount of which does not exceed 10% of the lower of the share capital existing at the time this authorisation becomes effective or at the time it is exercised. Shares that were issued or sold during the term of this authorisation while disapplying pre-emptive rights in direct or corresponding application of section 186 (3) sentence 4 AktG are to be counted toward this upper limit of 10% of the share capital. Shares that are issued to service option rights and/or conversion rights and/or option and/or conversion obligations from convertible bonds and/or bonds with warrants and/or profit participation rights are also to be counted towards this limit if such bonds or profit participation rights are issued based on a different authorisation during the term of this authorisation while disapplying pre-emptive rights in corresponding application of section 186 (3) sentence 4 AktG;
- to the extent it is necessary to grant pre-emptive rights for bonds to the holders or creditors of bonds with warrants and/or convertible bonds with option and/or conversion rights or option and/or conversion obligations that were previously issued by the Company or companies in which the Company holds a direct or indirect 100% interest in the volume to which they would be entitled after exercising the option rights and/or conversion rights or fulfilling the option and/or conversion obligations.

The bond issues may be divided into several notes.

If convertible bonds are issued, the holders and/or creditors are granted the right to convert their notes into no-par value registered shares of the Company in accordance with the detailed convertible bond terms to be determined by the Management Board. The conversion ratio is determined by dividing a bond note's nominal amount or price that is below its nominal amount by the conversion price specified for a no-par value registered share of the Company.

The terms may provide for a variable conversion ratio. The conversion ratio may be rounded up or down to the nearest whole number; furthermore, an additional payment in cash may be determined. There may also be a provision that fractions can be combined and/or settled in cash.

If bonds with warrants are issued, one or more warrants entitling the holder and/or creditor to purchase no-par value registered shares in the Company in accordance with the option terms to be specified by the Management Board shall be attached to each bond note. The option terms may provide for satisfying the exercise price either in part or as a whole by transferring bond notes and making an additional cash payment if required. There may also be a provision that fractions can be combined and/or settled in cash.

The terms of the convertible bonds may also provide for a conversion and/or option obligation on maturity (or at an earlier date). The terms of the bonds may provide for the Company's right and/or that of the Group company issuing the bond to grant new shares or treasury shares of the Company or the shares of another listed company to the holders and/or creditors of the bonds instead of paying all or a portion of the cash amount due. The terms of the bonds may also stipulate that the Company or the Group company issuing the bond may choose to grant treasury shares of the Company or shares of another listed company when options are converted or exercised. Furthermore, it may be stipulated that the Company and/or the Group company issuing the bond may settle its obligation by making a cash payment and/or granting shares of the Company.

To service conversion or option rights and/or conversion or option obligations under bonds that will be issued until 23 March 2027 based on an authorisation by the General Shareholders' Meeting on 24 March 2022, the Company's share capital was contingently increased, by virtue of the resolution adopted at the ordinary General Shareholders' Meeting on 24 March 2022, by up to EUR 16,372,232.00 by issuing up to 16,372,232 registered shares (Contingent Capital 2022).

The Management Board has not made use of the authorisation described above to issue convertible bonds and/or bonds with warrants.

### d. Powers of the Management Board to buy back shares

By virtue of the resolution adopted by the ordinary General Shareholders' Meeting of 24 March 2022, the Management Board is authorised, with the prior approval of the Supervisory Board, to acquire own shares until 23 March 2027 representing up to 10% of the lower of the Company's share capital at the date of the resolution or at the date the authorisation is exercised. At no time may the acquired shares together with other treasury shares in the possession of the Company or allocated to it under sections 71a et seq. AktG represent more than 10% of the share capital. The authorisation may not be used for the purpose of trading treasury shares. The authorisation may be exercised in whole or in part, once or repeatedly, for one or more than one purpose, by the Company or by companies dependent on it or majority-owned by it, or by third parties acting on their behalf or on behalf of the Company.

At the Management Board's discretion, and with the prior approval of the Supervisory Board, shares may be purchased through the stock exchange or based on a public offering directed to all shareholders or a public invitation to all shareholders to submit offers to sell.

The volume of the public offering directed to all shareholders or the public invitation to all shareholders to submit offers to sell may be restricted. Insofar as the volume of the offered shares exceeds the planned repurchase volume in the case of a public offering or a public invitation to submit offers to sell, the acquisition can take place proportionate to the shares subscribed to or offered in each case; to this extent, the shareholders' right to offer their shares proportionate to the percentage of shares that they hold is disapplied. A preferential acceptance of smaller numbers up to 100 offered shares per shareholder can be stipulated, as can commercial rounding to avoid arithmetic fractions of shares. To this extent, any further right of the shareholders to tender shares is disapplied. The public offering directed to all shareholders or the public invitation to all shareholders to submit offers to sell may stipulate further conditions.

The Management Board is authorised, with the prior approval of the Supervisory Board, to use the treasury shares acquired on the basis of this authorisation for any legal purpose, in particular the following:

(i) The shares may be redeemed, and such redemption or its execution shall not require another resolution of the General Shareholders' Meeting. They may also be redeemed in a simplified procedure without reducing capital by adjusting the pro-rata share of the remaining no-par value shares in the Company's share capital. If they are redeemed in a simplified procedure, the Management Board is authorised to adjust the number of no-par value shares in the Articles of Association.

(ii) The shares may also be sold in a way other than through the stock exchange or based on an offering directed to all shareholders if the purchase price payable in cash is not significantly lower than the stock market price of equivalent shares already listed. The number of shares sold in this manner disapplying pre-emptive rights may not exceed 10% of the share capital, neither at the time this authorisation becomes effective nor at the time it is exercised. Other shares that are issued or sold during the term of this authorisation while disapplying pre-emptive rights in direct or corresponding application of section 186 (3) sentence 4 AktG are to be counted toward this upper limit of 10% of the share capital.

Shares that are issued to service option rights and/or conversion rights or conversion obligations from bonds with warrants and/or convertible bonds and/or profit participation rights are also to be counted towards this limit if such bonds or profit participation rights are issued during the term of this authorisation while disapplying pre-emptive rights in corresponding application of section 186 (3) sentence 4 AktG.

(iii) The shares may be sold in return for contributions in kind, in particular in connection with business combinations, for the purpose of acquiring companies, parts of companies, equity interests in companies or other assets, or claims for acquiring other assets including receivables in respect of the Company.

(iv) The shares may be used to implement a scrip dividend in which shares of the Company are used (including partially and alternatively) to fulfil shareholder dividend claims.

(v) The shares may be used to fulfil subscription and exchange rights on the basis of the exercise of conversion and/or option rights or the fulfilment of conversion obligations arising from convertible bonds and/or bonds with warrants issued by the Company or one of the Group companies wholly owned by DIC Asset AG (now: Branicks Group AG) either directly or indirectly.

As at 31 December 2023, the Company held no treasury shares. It has not made use of the authorisation described above.

## e. Capital reserves

The capital reserves amounted to EUR 914,800 thousand at the reporting date (previous year: EUR 912,716 thousand). It contains the premium from the issuance of shares. The year-on-year rise results from the capital increase carried out in connection with the scrip dividend in April 2023.

## f. Hedging reserve

The reserve contained the effects of hedge accounting recognised directly in equity.

## g. Reserve for financial instruments classified as at fair value through other comprehensive income

The reserve contains the measurement effect from the investments accounted for at fair value, which are reported as financial instruments classified at fair value through other comprehensive income.

## h. Retained earnings

The reconciliation of the consolidated annual resuslts for the year and other comprehensive income with consolidated annual results is shown in the following table:

| in EUR thousand | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Retained earnings beginning of the period | 186,593 | 144,380 |
| Consolidated annual results | – 70,699 | 42,858 |
| Dividend payment | – 62,364 | – 61,396 |
| Profit attributable to non-controlling interests | 4,739 | – 11,834 |
| Change of non-controlling interest[1] | – 4,508 | 72,585 |
| | | |
| **Consolidated retained earnings** | **53,761** | **186,593** |
| of which profits/losses from the income statement | 3,298 | 63,535 |
| of which profits from other comprehensive income | 50,463 | 50,473 |

[1] Compare text under explanations for balance sheet no. 27i.

The dividend payment for 2022 and 2021 amounted to EUR 0.75 and EUR 0.75 per share, respectively.

## i. Non-controlling interests

The treatment of transactions relating to non-controlling interests, particularly the prior-year contribution in kind to VIB Vermögen AG was changed to reflect the prevailing opinion in the literature. As a result, the share held by minority shareholders decreased by EUR 72.6 million in the previous year, while the equity attributable to the Group's shareholders increased accordingly. This change in the accounting treatment is not material for the presentation of the net assets, financial position and results of operations of the Branicks Group and could also have been recognised in the current account, but has been made retrospectively for reasons of clarity and transparency. There was no impact on the income statement or earnings per share.

In the 2023 financial year, shares in VIB Vermögen AG were acquired from minorities for EUR 10,200 thousand. This results in a reduction in non-controlling interests of EUR 9,185 thousand. The equity interest held in VIB Vermögen AG increased to 68.75%.

## 28. Interest-bearing loans and borrowings

| in EUR thousand | 31.12.2023 Carrying amount | 31.12.2023 Fair value | 31.12.2022 Carrying amount | 31.12.2022 Fair value [1] |
|---|---|---|---|---|
| **Long-term (> 1 year) interest-bearing loans and borrowings** | | | | |
| Variable-rate loans and borrowings | 304,207 | 306,168 | 666,308 | 667,883 |
| Fixed-rate loans and borrowings | 2,011,916 | 1,698,347 | 2,031,285 | 1,657,899 |
| | **2,316,123** | **2,004,515** | **2,697,593** | **2,325,782** |
| | | | | |
| **Short-term (< 1 year) interest-bearing loans and borrowings** | | | | |
| Variable-rate loans and borrowings | 330,790 | 331,467 | 81,648 | 82,461 |
| Fixed-rate loans and borrowings | 327,278 | 316,578 | 359,196 | 348,761 |
| | **658,068** | **648,045** | **440,844** | **431,222** |
| | | | | |
| **Total** | **2,974,191** | **2,652,560** | **3,138,437** | **2,757,004** |

[1] Prior-year fair value amounts as at 31 December 2022 restated.

The fair values of the fixed-rate loans and borrowings are based on discounted cash flows calculated using interest rates taken from the yield curve as at 31 December 2023. The fair values of the financial instruments were determined applying risk premiums on a case-by-case basis.

The maturities of the variable-rate and fixed-rate loans and borrowings are structured as follows:

| in EUR thousand | 31.12.2023 Total variable-rate loans and borrowings | 31.12.2023 Total fixed-rate loans and borrowings | 31.12.2023 Weighted interest rate (fixed-rate loans and borrowings) | 31.12.2022 Total variable-rate loans and borrowings | 31.12.2022 Total fixed-rate loans and borrowings | 31.12.2022 Weighted interest rate (fixed-rate loans and borrowings) |
|---|---|---|---|---|---|---|
| < 1 year | 330,790 | 327,278 | 1.42 % | 81,648 | 359,196 | 3.02 % |
| 1 – 5 years | 209,831 | 1,388,879 | 1.71 % | 655,880 | 1,191,437 | 1.82 % |
| > 5 years | 94,376 | 623,037 | 3.76 % | 10,428 | 839,948 | 1.39 % |
| **Total** | **634,997** | **2,339,194** | | **747,956** | **2,390,581** | |

Interest rates on the variable-rate loans and borrowings were adjusted regularly. Interest-rate adjustment dates are based on the 1-, 3- or 6-month Euribor rate plus an average margin. An average interest rate of 6.69% (previous year: 4.45%) is used for the variable-rate loans and borrowings, which include the bridging loan, while an average interest rate of around 2.31% (previous year: 1.74%) is used for the fixed-rate loans and borrowings.

The bond issued in September 2021 with a nominal volume of EUR 400 million was quoted at 38.0% at year-end 2023. The bond issued in October 2018 with a nominal volume of EUR 150 million was repaid on schedule on 2 October 2023.

The interest-bearing loans and borrowings were secured by land charges – with two exceptions: EUR 394,654 thousand for our corporate bonds (previous year: EUR 542,199 thousand) and EUR 820,987 thousand in current liabilities and promissory note loans (previous year: EUR 1,011,565 thousand).

## 29. Derivatives

At the reporting date, no (previous year: two) derivative financial instruments were held:

| in EUR thousand | 31.12.2023 Notional amount | 31.12.2023 Fair value | 31.12.2022 Notional amount | 31.12.2022 Fair value |
|---|---|---|---|---|
| **Liabilities** | | | | |
| Interest rate hedges (swaps) | 0 | 0 | 75 | 1 |
| Interest rate hedges (swaption) | 0 | 0 | 380,000 | 13,509 |

As a matter of principle, contracts for derivative financial instruments are concluded only with major banks to keep credit risks as low as possible.

In the previous year, positive fair values of EUR 20 thousand after deduction of deferred taxes were recognised in equity. The interest-rate hedging agreements in the previous year had remaining terms of between two and six months. The hedging reserve includes the effects of changes in value of a derivative for future cash flows that expired in financial year 2021 in the amount of EUR – 675 thousand (previous year: EUR – 810 thousand) and EUR +1,029 thousand for the swaption that expired in financial year 2023.

| in EUR thousand | 31.12.2023 Notional amount | 31.12.2023 Fair value | 31.12.2022 Notional amount | 31.12.2022 Fair value |
|---|---|---|---|---|
| Term ≤ 1 year | 0 | 0 | 380,075 | 13,510 |
| Term > 1 year | 0 | 0 | 0 | 0 |

This had the following effects in the financial year:

| in EUR thousand | 31.12.2023 Notional amount | Carrying amount | Change in value | Balance sheet item |
|---|---|---|---|---|
| **Type of hedge** | | | | |
| Interest rate hedges (Swaps) | 75 | 0 | 1 | Derivatives |
| Interest rate hedges (Swaption) | 380,000 | 0 | 13,509 | Derivatives |

In the previous year, the hedge had the following effects:

| in EUR thousand | 31.12.2022 Notional amount | Carrying amount | Change in value | Balance sheet item |
|---|---|---|---|---|
| **Type of hedge** | | | | |
| Interest rate hedges (Swaps) | 75 | 1 | 4 | Derivatives |
| Interest rate hedges (Swaption) | 380,000 | 13,509 | 13,509 | Derivatives |

The effective changes in value from the hedges are recognised in the related items in other comprehensive income and cumulatively in equity. The swaption expired in the 2023 financial year. The change in value existing since the hedging relationship has been in place was recognised in the hedging reserve and amounts to EUR 1,029 thousand as of the 2023 balance sheet date. Since no hedging relationship existed as of the previous year's balance sheet date, the change in value was recognised directly through profit or loss (EUR 2,909 thousand).

The following effects result from the hedged items:

| in EUR thousand | Carrying amount | Balance sheet item | Change in value in the current financial year | Cumulative change in value |
|---|---|---|---|---|
| **Type of hedged item** | | | | |
| Loans | 75 | Interest-bearing loans and borrowings | 0 | 0 |

A loan for EUR 380,000 thousand was raised in the financial year for an interest rate hedge for a nominal volume of EUR 380,000 thousand to establish the hedging relationship. The interest rate hedge was then allowed to expire by means of cash settlement and the corresponding change in value was shown in the hedging reserve.

In the previous year, the hedged items had the following effects:

| in EUR thousand | Carrying amount | Balance sheet item | Change in value in the financial year | Cumulative change in value |
|---|---|---|---|---|
| **Type of hedged item** | | | | |
| Loans | 75 | Interest-bearing loans and borrowings | 0 | 0 |

As in the previous year, no ineffectiveness from hedges were recognised that would have to be shown in the income statement in the 2023 financial year.

## 30. Pension provisions

The provisions for pensions include the commitments for defined benefit post-retirement benefits under a company pension scheme for eligible persons and their surviving dependants. The pension obligations are based on individual contractual pension commitments. The beneficiaries are generally entitled to a fixed retirement and disability pension depending on their length of service upon reaching the retirement age of 63. No other benefits are provided for after the end of their employment relationship. Pensions are tied to an inflation index. There are no plan assets as defined in IAS 19.

The total amount shown in the balance sheet from the Group's obligation under retirement benefit plans of EUR 3,070 thousand (previous year: EUR 3,192 thousand) corresponds to the projected benefit obligation.

The actuarial target value of the pension obligation to be determined using the projected unit credit method is the present value of the defined benefit obligation (DBO), which corresponds to the present value of the benefit entitlements that have accrued on the measurement date and are therefore attributable to prior reporting periods.

The present value of the defined benefit obligation changed as follows:

| in EUR thousand | 2023 | 2022 |
|---|---|---|
| As at 01 January (previous year 01.04.) | 3,192 | 3,496 |
| Newly earned benefit entitlements | 0 | 649 |
| Interest expense | – 34 | 45 |
| Pensions paid | – 121 | – 115 |
| Actuarial gains/losses | | |
| – due to changes in demographic assumptions | 0 | 0 |
| – due to changes in financial assumptions | 5 | – 1,149 |
| – due to experience adjustments | 28 | 266 |
| **As at 31 December** | **3,070** | **3,192** |

Calculated actuarial assumptions:

| | 2023 | 2022 |
|---|---|---|
| Discount rate | 3.40 % – 3.59 % | 3.42 % – 3.57 % |
| Pension trend | 2.00 % – 2.50 % | 1.75 % – 2.00 % |

The revised 2018 G reference tables by Klaus Heubeck were used as mortality tables.

The salary trend was set at 0.0%, as was staff turnover probability.

A quantitative sensitivity analysis of the key assumptions as at 31 December 2023 shows the following results:

- A one percentage point increase in the discount rate results in a EUR 384 thousand decrease of the DBO and a EUR 125 thousand increase in interest expense. A one percentage point decrease in the discount rate results in a EUR 479 thousand increase of the DBO and a EUR 93 thousand decrease in interest expense.
- A one percentage point increase in pension growth results in a EUR 380 thousand increase of the DBO and a EUR 126 thousand increase in interest expense. A one percentage point decrease in pension growth results in a EUR 319 thousand decrease of the DBO and a EUR 101 thousand increase in interest expense.

The above sensitivity analysis was performed using a method that extrapolates the effect of realistic changes in key assumptions on the defined benefit obligation as of the end of the reporting period.

The following amounts are expected to be paid out in the next few years under the defined benefit obligation:

| in EUR thousand | 2023 | 2022 |
|---|---|---|
| Within the next 12 months | 120 | 118 |
| Between 2 and 5 years | 613 | 510 |
| Between 5 and 10 years | 197 | 986 |
| More than 10 years | 2,140 | 1,578 |
| **Anticipated payouts** | **3,070** | **3,192** |

The average term of the defined benefit obligation at the end of the reporting period is 7 years (previous year: 7).

## 31. Other non-current financial liabilities

The lease liabilities are composed of the following items:

| in EUR thousand | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Non-current lease liabilities | 24,856 | 1,033 |
| Current lease liabilities | 4,463 | 2,635 |
| **Total lease liabilities** | **29,319** | **3,668** |

There were no significant lease liabilities for short-term leases or low-value leases which have not been included.

The short-term lease liabilities are reported under the “Other liabilities” item.

The total outflow of funds from leases for financial year 2023 amounted to EUR 3,579 thousand (previous year: EUR 2,900 thousand). This includes principal payments of EUR 3,084 thousand (previous year: EUR 2,786 thousand) and interest payments of EUR 495 thousand (previous year: EUR 116 thousand).

The following table shows the maturity analysis for the lease liabilities. The amounts shown are the undiscounted lease payments rather than the present values of the lease liabilities carried in the balance sheet.

| in EUR thousand | 31.12.2023 | 31.12.2022 |
|---|---|---|
| < 1 year | 4,571 | 2,686 |
| 1 – 5 years | 15,209 | 1,074 |
| > 5 years | 16,632 | 0 |
| **Total** | **36,412** | **3,760** |

At the reporting date, there were no material leases which had been entered into but had not yet begun.

## 32. Trade payables

Of the trade payables amounting to EUR 6,380 thousand (previous year: EUR 4,870 thousand), EUR 801 thousand (previous year: EUR 648 thousand) results from deferred service charges and from the use of services. They are due within one year.

## 33. Income tax payable

| in EUR thousand | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Trade tax | 23,693 | 24,361 |
| Corporation tax | 3,265 | 9,177 |
| **Total** | **26,958** | **33,538** |

## 34. Other liabilities

| in EUR thousand | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Invoices outstanding | 29,402 | 25,162 |
| Deposits | 5,111 | 5,066 |
| Bonuses | 4,801 | 6,774 |
| Current lease liabilities | 4,463 | 2,635 |
| Building cost subsidies received | 3,899 | 4,286 |
| Advance rent payments received | 2,839 | 4,000 |
| Holiday pay und other personnel-related expenses | 1,948 | 2,467 |
| Security deposits | 1,616 | 4,007 |
| Value added tax | 940 | 11,727 |
| Supervisory Board remuneration | 898 | 902 |
| Auditing costs | 707 | 630 |
| Tax consultancy fees | 451 | 469 |
| Share-based payment | 244 | 74 |
| Other | 5,249 | 5,372 |
| **Total** | **62,568** | **73,571** |

The invoices outstanding include the expert fees for the annual property valuations, consultancy costs, other services and service charges, among others.

The Group has agreed performance-related remuneration agreements with the members of the Management Board in the form of a share-based payment model. At the end of 2023, the current and former members of the Management Board held options on 720,000 (previous year: 700,000) phantom stocks of the Company. These options may not be exercised by members of the Management Board until they have been a member of the Branicks Board for three to five years. The Company as at 31 December 2023 measured the fair value at EUR 0.00 and EUR 1.81 for Sonja Wärntges, at EUR 0.00 and EUR 1.51 for Johannes von Mutius, at EUR 0.84 for Torsten Doyen and at EUR 0.84 for Christian Fritzsche. The Black-Scholes option pricing model is used for the measurement.

The material parameters for the valuation model are: the share price at the reporting date of EUR 3.38 (previous year: EUR 7.62); the exercise price of EUR 14.00 for the options held by Sonja Wärntges, Johannes von Mutius, Torsten Doyen and Christian Fritzsche; the standard deviation from the expected share price return of 73.12% (previous year: 39.18%); the annual term-related risk-free interest rate of 2.87% (previous year: 2.87%); and an additional value-enhancing factor of between 1 and 3 depending on the share price. Volatility as measured by the standard deviation from the expected share price returns is based on statistical analyses of the daily share prices over the last year.

The fair value of all options granted to the current members of the Management Board amounted to EUR 194 thousand at the reporting date (previous year: EUR 74 thousand). The corresponding liability for the stock option was increased by EUR 120 thousand in the 2023 financial year (previous year: income from reversal in the amount of EUR 637 thousand).

The liabilities arising from Supervisory Board remuneration are liabilities to members of the Supervisory Board. They constitute liabilities to related parties as defined by IAS 24.9. The breakdown of the remuneration in accordance with the criteria set out in IAS 24.9 is provided in the section entitled “Legal transactions with related parties” on → page 165 et seq. For information on individual members, see the details on Supervisory Board remuneration in the remuneration report.

## 35. Supplementary disclosures on financial instruments

Due to the short terms of cash and cash equivalents, trade receivables and payables and other current receivables and liabilities, it is assumed that the fair value corresponds to the carrying amount in each case.

The fair value of financial instruments traded on an active market is based on the quoted market price at the reporting date. The fair value of financial instruments not traded on an active market, such as over-the-counter derivatives, is determined using a valuation technique (discounted cash flow measurement or option pricing model) with the use of observable market data. The fair value of the financial liabilities is calculated as the present value of expected future cash flows. They are discounted on the basis of the interest rates applicable at the reporting date.

The following table presents the carrying amounts, measurement and the fair values of the individual financial assets and financial liabilities for each class of financial instrument and reconciles them to the corresponding line items in the balance sheet. The IFRS 9 measurement categories relevant for the Group are: Financial assets at fair value through OCI (FVOCI), Financial assets at fair value through profit or loss (FVTPL), Financial assets measured at amortised cost (FAAC), and Financial liabilities measured at amortised cost (FLAC).

There are no prices quoted on an active market for the unlisted shares in DIC Opportunistic GmbH held by the Group and for the equity investments acquired in the course of the GEG acquisition. Their fair value is based on the indirectly held real estate and equity investments. Changes in fair value at the end of the reporting period amounted to EUR –3,385 thousand (previous year: –12,339 thousand). Please refer to → page 136 et seq. for the valuation of real estate assets.

| in EUR thousand | IFRS 9 measurement category | Carrying amount 31.12.2023 | Measurement in acc. with IFRS 9 | | | Fair Value 31.12.2023 |
|---|---|---|---|---|---|---|
| | | | Amortised cost | Fair value through profit or loss | Fair value through other comprehensive income | |
| **Assets** | | | | | | |
| Other investments | FVOCI | 67,536 | | | 67,536 | 67,536 |
| | | | | | | |
| Other investments | FVTPL | 31,500 | | 31,500 | | 31,500 |
| | | | | | | |
| Other loans | FAAC | 114,547 | 114,547 | | | 114,547 |
| Receivables from sale of investment property | FAAC | 4,289 | 4,289 | | | 4,289 |
| Trade receivables | FAAC | 22,559 | 22,559 | | | 22,559 |
| Receivables from related parties | FAAC | 19,559 | 19,559 | | | 19,559 |
| Other receivables | FAAC | 119,056 | 119,056 | | | 119,056 |
| Other assets | FAAC | 17,387 | 17,387 | | | 17,387 |
| Cash and cash equivalents | FAAC | 345,550 | 345,550 | | | 345,550 |
| **Total** | **FAAC** | **642,947** | **642,947** | | | **642,947** |
| | | | | | | |
| **Liabilities** | | | | | | |
| Corporate bond - non current | FLAC | 394,654 | 394,654 | | | 152,000 |
| Non-current interest-bearing loans and borrowings | FLAC | 1,921,469 | 1,921,469 | | | 1,852,515 |
| Current loans and borrowings | FLAC | 618,917 | 618,917 | | | 615,202 |
| Trade payables | FLAC | 6,380 | 6,380 | | | 6,380 |
| Related party liabilities | FLAC | 6,649 | 6,649 | | | 6,649 |
| Other liabilities[1] | FLAC | 58,105 | 58,105 | | | 58,105 |
| Liabilities related to financial investments held for sale | FLAC | 39,151 | 39,151 | | | 32,843 |
| **Total** | **FLAC** | **3,045,325** | **3,045,325** | | | **2,723,694** |

[1] Without current lease liabilities.

The figures for the previous year are as follows:

| in EUR thousand | IFRS 9 measurement category | Carrying amount 31.12.2022 | Measurement in acc. with IFRS 9 | | | Fair Value 31.12.2022 |
|---|---|---|---|---|---|---|
| | | | Amortised cost | Fair value through profit or loss | Fair value through other comprehensive income | |
| **Assets** | | | | | | |
| Other investments | FVOCI | 72,163 | | | 72,163 | 72,163 |
| | | | | | | |
| Other investments | FVTPL | 30,386 | | 30,386 | | 30,386 |
| Derivatives | FVTPL | 13,509 | | 13,509 | | 13,509 |
| **Total** | **FVTPL** | **43,895** | | **43,895** | | **43,895** |
| | | | | | | |
| Derivatives | n/a | 1 | | | 1 | 1 |
| | | | | | | |
| Other loans | FAAC | 106,872 | 106,872 | | | 106,872 |
| Receivables from sale of investment property | FAAC | 100 | 100 | | | 100 |
| Trade receivables | FAAC | 28,831 | 28,831 | | | 28,831 |
| Receivables from related parties | FAAC | 16,210 | 16,210 | | | 16,210 |
| Other receivables | FAAC | 87,037 | 87,037 | | | 87,037 |
| Other assets | FAAC | 18,701 | 18,701 | | | 18,701 |
| Cash and cash equivalents | FAAC | 188,404 | 188,404 | | | 188,404 |
| **Total** | **FAAC** | **446,155** | **446,155** | | | **446,155** |
| | | | | | | |
| **Liabilities** | | | | | | |
| | | | | | | |
| Corporate bond | FLAC | 392,790 | 392,790 | | | 230,000 |
| Non-current interest-bearing loans and borrowings [1] | FLAC | 2,304,803 | 2,304,803 | | | 2,095,782 |
| Corporate bond - current | FLAC | 149,409 | 149,409 | | | 148,575 |
| Current loans and borrowings [1] | FLAC | 252,759 | 252,759 | | | 252,880 |
| Trade payables | FLAC | 4,870 | 4,870 | | | 4,870 |
| Related party liabilities | FLAC | 19,160 | 19,160 | | | 19,160 |
| Other liabilities [2] | FLAC | 70,936 | 70,936 | | | 70,936 |
| Liabilities related to financial investments held for sale | FLAC | 38,676 | 38,676 | | | 29,767 |
| **Total** | **FLAC** | **3,233,403** | **3,233,403** | | | **2,851,970** |

[1] Prior-year fair value amounts as at 31 December 2022 restated.
[2] Without current lease liabilities.

Interest income and interest expense for each category are as follows:

| | Interest income | | Interest expense | |
|---|---|---|---|---|
| in EUR thousand | 2023 | 2022 | 2023 | 2022 |
| Financial assets measured at amortised cost (FAAC) | 17,878 | 10,522 | | |
| Financial liabilities measured at amortised cost (FLAC) | | | – 107,664 | – 68,763 |

Financial instruments recognised at fair value are divided into several measurement levels in accordance with IFRS 7/9. These are financial instruments that

Level 1: are measured at current market prices in an active market for identical financial instruments,

Level 2: are measured at current market prices in an active market for comparable financial instruments or with valuation models whose significant inputs are based on observable market data, or

Level 3: are measured using inputs not based on observable market prices.

As at 31 December 2023, the division into measurement levels is as follows:

| in EUR thousand | Fair Value 31.12.2023 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Assets at fair value – recognised in other comprehensive income** | | | | |
| Equity investment | 67,536 | | | 67,536 |
| **Assets at fair value – recognised through profit or loss** | | | | |
| Equity investment | 31,500 | | | 31,500 |

The figures for the previous year are as follows:

| in EUR thousand | Fair Value 31.12.2022 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Assets at fair value – recognised in other comprehensive income** | | | | |
| Equity investment | 72,163 | | | 72,163 |
| **Assets at fair value – recognised through profit or loss** | | | | |
| Equity investment | 30,386 | | | 30,386 |

Changes in Level 3 financial instruments are as follows:

| in EUR thousand | 2023 | 2022 |
|---|---|---|
| 01.01. | 102,549 | 92,951 |
| Addition | 0 | 1,299 |
| Measurement gains/losses | – 3,385 | 8,478 |
| Disposals | – 128 | – 179 |
| 31.12. | 99,036 | 102,549 |

Net gains and losses on financial instruments are as follows:

| in EUR thousand | 2023 | 2022 |
|---|---|---|
| Financial assets measured at fair value through other comprehensive income (FVOCI) – equity instruments | – 2,163 | – 15,137 |
| Financial assets measured at fair value through profit and loss (FVtPL) – debt instruments | 1,242 | – 491 |
| Financial assets measured at amortised cost (FAAC) | 229 | 1,144 |

The net gains and losses consist of the changes in the fair value of financial assets recognised through other comprehensive income (equity instruments, FVOCI), as well as expenses and income for expected credit losses (previous year: impairments) from the financial assets measured at amortised cost (FAAC).

# Statement of cash flows disclosures

The cash and cash equivalents shown in the statement of cash flows correspond to the cash and cash equivalents shown on the balance sheet, i.e. cash at hand and bank balances that can be made available within three months.

The non-cash changes in financial liabilities in the statement of cash flows are largely attributable to unpaid interest and amortisation.

| | 01.01.2023 | Cash | Non-cash | | | 31.12.2023 |
|---|---|---|---|---|---|---|
| in EUR thousand | | | Reclassifications | Changes in the basis of consolidation | Interest / Other | |
| Corporate Bond | 542,199 | – 150,000 | | | 2,455 | 394,654 |
| Long-term interest-bearing loans and borrowings | 2,304,803 | 210,489 | – 587,183 | 0 | – 6,640 | 1,921,469 |
| Current interest-bearing loans and borrowings | 252,759 | – 221,124 | 587,183 | 0 | 99 | 618,917 |
| Liabilities in accordance with IFRS 5 | 38,676 | | | | 475 | 39,151 |
| **Total** | **3,138,437** | **– 160,635** | **0** | **0** | **– 3,611** | **2,974,191** |

| | 01.01.2022 | Cash | Non-cash | | | 31.12.2022 |
|---|---|---|---|---|---|---|
| in EUR thousand | | | Reclassifications | Changes in the basis of consolidation | Interest / Other | |
| Corporate Bond | 719,080 | – 180,000 | | | 3,119 | 542,199 |
| Long-term interest-bearing loans and borrowings | 1,333,313 | 439,601 | – 175,888 | 707,235 | 542 | 2,304,803 |
| Current interest-bearing loans and borrowings | 115,733 | – 98,108 | 175,888 | 59,861 | – 615 | 252,759 |
| Liabilities in accordance with IFRS 5 | 39,266 | | | | – 590 | 38,676 |
| **Total** | **2,207,392** | **161,493** | **0** | **767,096** | **2,456** | **3,138,437** |

# Segment reporting

The segment report is structured in line with IFRS 8 Operating Segments, following the management approach. Since the 2019 financial year, our reporting has been focused on two pillars: the Commercial Portfolio segment, which comprises our own property portfolio, and the Institutional Business segment, in which we are consolidating our property management services for institutional investors.

Decisions by the Management Board on the allocation of resources to the segments and their earnings capacity are based primarily on the operational and financial key performance indicators presented.

The FFO contribution of the Commercial Portfolio segment fell by 42% to EUR 43.5 million (previous year: EUR 75.4 million). The increase in rental income was not sufficient to compensate for the net interest result, which was negatively impacted by the bridge financing costs. Assets under management decreased to EUR 3,641.6 million due to sales (previous year: EUR 4,451.9 million).

The lower transaction volume compared to the previous year and the associated lower transaction-related real estate management fees are the main reasons for the segment's reduced FFO contribution. The segment's FFO margin (FFO in relation to real estate management fees and the share of the profit or loss of associates) was approximately 32%. Assets under management fell by just under 7% to EUR 9,582.1 million at the reporting date (previous year: EUR 10,254.4 million).

**Segment Reporting**

| in EUR million | 2023 Commercial Portfolio | 2023 Institutional Business | 2023 Total | 2022 Commercial Portfolio | 2022 Institutional Business | 2022 Total |
|---|---|---|---|---|---|---|
| **Key earnings figures** | | | | | | |
| Gross rental income (GRI) | 188.3 | | 188.3 | 176.0 | | 176.0 |
| Net rental income (NRI) | 164.6 | | 164.6 | 152.5 | | 152.5 |
| Profits on property disposals* | 8.2 | | 8.2 | 12.7 | | 12.7 |
| Real estate management fees | | 50.9 | 50.9 | | 88.4 | 88.4 |
| Share of the profit or loss of associates | 3.2 | 3.2 | 6.4 | 12.6 | 6.3 | 18.9 |
| Net other income | 1.8 | – 0.1 | 1.7 | 2.7 | – 0.4 | 2.3 |
| Net interest result | – 91.9 | – 0.9 | – 92.8 | – 57.0 | – 3.6 | – 60.6 |
| Operational expenditure (OPEX) | – 23.9 | – 43.4 | – 67.3 | – 29.3 | – 51.2 | – 80.5 |
| – of which admin costs | – 9.9 | – 17.3 | – 27.2 | – 18.7 | – 19.2 | – 37.9 |
| – of which personnel costs | – 14.0 | – 26.1 | – 40.1 | – 10.6 | – 32.0 | – 42.6 |
| Other adjustments | 7.0 | 1.2 | 8.2 | 13.0 | 0.3 | 13.3 |
| | | | | | | |
| **Funds from Operations (FFO)** | **60.8** | **10.9** | **71.7** | **94.5** | **39.8** | **134.3** |
| Non-controlling interest | – 17.3 | – 2.5 | – 19.8 | – 19.1 | – 1.0 | – 20.1 |
| Funds from Operations (excluding non-controlling interest) | 43.5 | 8.4 | 51.9 | 75.4 | 38.8 | 114.2 |
| Funds from Operations II (FFO II) | 69.0 | 10.9 | 79.9 | 107.2 | 39.8 | 147.0 |
| Funds from Operations II (including profit on disposals, excluding non-controlling) | 51.0 | 8.4 | 59.4 | 88.1 | 38.8 | 126.9 |
| | | | | | | |
| EBITDA | 154.0 | 10.6 | 164.6 | 151.3 | 43.1 | 194.4 |
| EBIT | 2.0 | 6.5 | 8.5 | 88.9 | 31.6 | 120.5 |
| | | | | | | |
| **Segment assets**[1] | | | | | | |
| Number of properties | 168 | 183 | 351 | 207 | 153 | 360 |
| Assets under Management (AuM) in EUR million | 3,641.6 | 9,582.1 | 13,223.7 | 4,451.9 | 10,254.2 | 14,706.1 |
| Rental space in sqm | 1,735,938 | 2,873,470 | 4,609,408 | 2,103,500 | 2,691,100 | 4,794,600 |

[1] Not proportionate/based on 100 %, incl. project developments and repositioning properties.

**Reconciliation between the market value in 2023 and the carrying amount of investment properties**

| in EUR million | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Market value, AuM, total | 13,224 | 14,706 |
| less Institutional Business | 9,582 | 10,254 |
| Market value Commercial Portfolio | 3,642 | 4,452 |
| less fair value adjustment | 143 | 343 |
| less IFRS 5 properties | 100 | 436 |
| **Total** | **3,399** | **3,673** |

# Leases

The Group is the lessor in a large number of operating leases (tenancy agreements) of different types for investment property owned by the Group. Most of the leases have a term of between five and ten years. They contain a market rent review clause in case the lessee exercises its option to extend the lease. The lessee is not granted the option to acquire the property at the end of the lease term.

At the reporting date, investment properties with a carrying amount of EUR 3,398,556 thousand (previous year: EUR 3,673,250 thousand) were let under operating leases. With regard to the required disclosures on accumulated depreciation and depreciation costs for the period, please see the information in note 14 “Investment property”.

Branicks will receive the following future minimum lease payments from existing leases with third parties:

| in EUR thousand | 31.12.2023 | 31.12.2022 |
|---|---|---|
| < 1 year | 169,386 | 194,174 |
| 1 – 5 years | 493,726 | 591,716 |
| 5 years | 169,461 | 285,478 |
| **Total** | **832,573** | **1,071,368** |

The minimum lease payments include net rental income to be collected up until the agreed lease expiry date or the earliest possible date of termination by the lessee (tenant), regardless of whether notice of termination or non-renewal of a lease is actually expected.

In 2023, the Group recognised contingent rents of EUR 4,577 thousand (previous year: EUR 6,797 thousand).

With regard to the gross rental income recognised by the Group from investment property in 2023, please refer to note 1. Maintenance expenses included in other property-related expenses were as follows:

| in EUR thousand | 2023 | 2022 |
|---|---|---|
| Properties with which rental income is generated | 4,376 | 1,589 |
| Properties which are vacant | 0 | 3 |

The Group has entered into several lease agreements as lessee. The lease agreements primarily concern leased vehicles and the rental of office premises. A lease for the offices began on 1 April 2014 and ends on 31 March 2024. Contracts for leased vehicles have a standard term of three years. Extension options with a term of five years are in place for leases.

# Reporting on risk management

The Group is exposed to various financial risks, such as credit risk, liquidity risk and market risk, in connection with its operating activities, and managing these financial risks is integral to the Group's business strategy. The associated corporate policies are stipulated by the Management Board.

Details concerning the risk management system and business risks are presented in the Company's combined management report in the section entitled "Risk management" on → page 73 et seq.. The following supplementary disclosures on individual risks are made in accordance with IFRS 7:

## Credit risk

Credit risk is defined as the risk that a business partner may not be able to meet obligations on time, resulting in a financial loss or a decline in the value of the assets serving as collateral. To reduce the risk of a loss from non-performance, the Group aims to only enter into business relationships with creditworthy counterparties or, if appropriate, request that collateral be furnished. The Group is exposed to credit risk as part of its operating activities (in particular from trade receivables and receivables from related parties) as well as risks as part of its financing activities, including its deposits with banks and financial institutions.

Receivables from tenants are due from a large number of tenants spread across various industries. Credit risk is assessed and controlled by regularly conducting credit rating analyses when new leases or extensions are signed as well as proactively managing accounts receivable. Leases are only signed with counterparties with excellent credit standing. Credit ratings are analysed and updated on each reporting date. To this end, the available credit information is reviewed for significant deterioration. Contractual partners without any record of late payments are assigned to Risk Level I. Delayed payments or non-payment of outstanding receivables are generally considered to increase credit risk significantly and in some cases are already subject to litigation (Risk Level II). Receivables that appear uncollectible, e.g. because insolvency proceedings have been opened, are classified in the highest risk level (Risk Level III). This principle can be refuted if reliable and justifiable information indicates in individual cases that credit risk has not increased. Based on the relevant risk level assignment, loss allowances are recognised in the amount of the expected credit loss.

Receivables from related parties exist mainly in the form of loans granted. The creditworthiness of these contractual partners is monitored continuously. Due to the existing collateral and the assets of the contractual partners, the expected credit losses in this context are regarded as insignificant. In the case of financing activities, the Group is exposed to credit risk arising from the non-performance of contractual agreements on the part of its contractual partners. This applies in particular to bank balances. The credit risk of these contractual partners is subject to regular monitoring. To minimise risk, the Group enters into transactions only with counterparties that have a high credit rating or are members of a deposit protection fund.

In addition, the Group is exposed to credit risk resulting from financial guarantees furnished by the Group to banks or other contractual partners. The Group's maximum risk corresponds to the amount the Group would have to pay if the guarantee was called in. As at 31 December 2023, there were guarantees amounting to EUR 55,054 thousand (previous year: EUR 69,782 thousand). The share attributable to Branicks as at the reporting date amounts to EUR 32,576 thousand (previous year: EUR 37,704 thousand) (see disclosures on contingent liabilities).

Based on the risk classifications, the carrying amounts per risk level are as follows:

| in EUR thousand | 2023 | | | |
|---|---|---|---|---|
| | Trade receivables | Loans to related parties | Receivables from related parties | Cash and cash equivalents |
| Risk level I | 19,886 | 114,547 | 19,559 | 345,550 |
| Risk level II | 2,673 | – | – | – |
| Risk level III | – | – | – | – |
| **Total** | **22,559** | **114,547** | **19,559** | **345,550** |

Impairment losses on trade receivables changed as follows:

| in EUR thousand | 2023 | 2022 |
|---|---|---|
| As at 1 January | 5,371 | 5,820 |
| Additions | 1,560 | 1,947 |
| Use | – 1,113 | – 1,593 |
| Reversal | – 1,331 | – 803 |
| **As at 31 December** | **4,487** | **5,371** |

The change in impairment losses is attributable to the ongoing measurement of receivables. Additions relate mainly to additions to Level 2.

For all other assets subject to the impairment model according to IFRS 9.5.5, there were no material expected credit losses.

The maximum credit risk is equal to the carrying amounts of the financial assets recognised in the balance sheet.

A concentration risk could arise in cases where individual tenants generate more than 10% of the Group's rental income. Since no tenant has a share exceeding 10% of total volume, the Group is not exposed to significant credit risk. The top ten tenants generate some 29% of total annual rental income. These tenants are all renowned tenants with mostly excellent credit standing, primarily from the automotive industry, from the public sector, logistics and banks.

## Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its contractual financial obligations. The Group manages liquidity risk by holding reserves, by maintaining credit lines at banks and by continually monitoring forecast and actual cash flows as well as matching the maturity profiles of financial assets and liabilities. The aim of this liquidity planning is to ensure that unforeseeable needs can be met alongside planned financing requirements.

The maturities scheduled for 2024 as of the reporting date, which primarily consist of the remaining EUR 200 million from the bridging loan and EUR 225 million in promissory note loans, were not completely covered by firmly agreed financing or sales proceeds as of the reporting date. In negotiations with the lenders, we reached an agreement to extend the maturities based on the business plan for the years 2024 to 2026. This restructuring of maturities was confirmed in court on 26 March 2024 as part of StaRUG proceedings to extend the maturities of the promissory note loans. Further information is provided in the sections entitled "Basis of preparation" → page 116 and in the "Events after the reporting period" section → page 168.

Among other factors, demands are placed on the Group's liquidity by obligations from contractually agreed interest and principal payments for non-derivative financial liabilities. Liquidity risk may arise, for example, if loans which have been earmarked for renewal cannot be extended, if delays arise in sales activities or if capital requirements for new financing are larger than expected.

An additional fundamental risk arises from loan agreements in which covenants are agreed, e.g. debt-service coverage ratio (DSCR), interest coverage ratio (ISCR), WALT or LTV. Covenant violations, which occur when defined thresholds are exceeded, can, for example, necessitate unscheduled repayments or the furnishing of collateral for the amount required to comply with the covenant.

Compliance with covenants is monitored on an ongoing basis and included in the Group's quarterly reporting to management. All covenants were met in the 2023 financial year. We expect no covenant violations in 2024.

Cash and cash equivalents totalling EUR 345,550 thousand (previous year: EUR 188,404 thousand) are available to cover liquidity requirements. Furthermore, the Group has credit lines and guarantee facilities unutilised to date in the total amount of EUR 57,158 thousand (previous year: EUR 73,769 thousand). The Group expects to be able to fulfil its other obligations from operating cash flows.

In the interest of minimising risk concentration, new financing and refinancing deals for real estate portfolios are spread across several banks in some cases, thus reducing the respective exposure per bank. At the reporting date, the maximum counterparty risk with a single counterparty stands at EUR 526 million (previous year: EUR 190 million).

The financial liabilities arising over the next few years from the liabilities existing at the reporting date including estimated interest payments are shown below. These are undiscounted gross amounts including estimated interest payments.

| in EUR thousand | 2024 | 2025 to 2028 | 2029 and after |
|---|---|---|---|
| Non-derivative financial liabilities | | | |
| Non-current interest-bearing loans and borrowings | 67,887 | 1,881,708 | 777,442 |
| Current interest-bearing loans and borrowings[1] | 679,265 | | |
| Trade payables | 6,380 | | |
| Related party liabilities | 6,649 | | |
| Other liabilities | 60,269 | | |
| **Total** | **820,450** | **1,881,708** | **777,442** |

[1] Incl. liabilities – properties held for sale.

The figures for the previous year are as follows:

| in EUR thousand | 2023 | 2024 to 2027 | 2028 and after |
|---|---|---|---|
| Non-derivative financial liabilities | | | |
| Non-current interest-bearing loans and borrowings | 42,218 | 1,952,109 | 886,048 |
| Current interest-bearing loans and borrowings | 455,734 | | |
| Trade payables | 4,870 | | |
| Related party liabilities | 19,160 | | |
| Other liabilities | 64,118 | | |
| **Total** | **586,100** | **1,952,109** | **886,048** |

## Market risk

Market risk is the risk that market prices, such as interest rates, may change and thus affect the Group's income or the value of the financial instruments it holds. The aim of market risk management is to manage and control the risk within acceptable bandwidths, and to optimise returns as much as possible.

Interest rate risk arises as a result of market-driven fluctuations in interest rates or margins on new borrowings and renewals of loans. The Group is exposed to interest rate risk because Group companies raise funds at fixed and variable interest rates. This risk is managed by the Group through a balanced portfolio of fixed-rate and variable-rate loans. Interest rate swaps, mainly payer swaps, are also arranged additionally for this purpose if appropriate. As at the 31 December 2023 reporting date, the Group had no interest rate derivatives (previous year: two).

The following table shows the notional amounts and remaining terms of derivatives at the end of the reporting period.

| in EUR thousand | 2023 | | 2022 | |
|---|---|---|---|---|
| | Notional amount | Fair value | Notional amount | Fair value |
| Term ≤ 1 year | 0 | 0 | 380,075 | 13,510 |
| Term 1-5 years | 0 | 0 | 0 | 0 |
| Term > 5 year | 0 | 0 | 0 | 0 |

As at 31 December 2023, 79% (previous year: 76%) of the Group's loans and borrowings carried a fixed interest rate or were hedged against interest rate fluctuations and thus matched the cash flows from rents. This means that the impact of fluctuations in market interest rates is foreseeable in the medium term.

For the purpose of optimising its net interest result, the Group maintained 21% (previous year: 24%) of financial debt at variable interest rates in financial year 2023.

In accordance with IFRS 7, interest rate risk is presented using sensitivity analyses. These show the effects of changes in market interest rates on interest payments, interest income and expense, other earnings items and, in the case of derivatives in a hedging relationship, the effects on the hedging reserve in equity and the fair value of these derivatives. The sensitivity analyses are based on the assumption that changes in market interest rates of non-derivative financial instruments carrying fixed interest rates only affect earnings if these are measured at fair value. As a result, fixed-rate financial instruments carried at amortised cost are not subject to interest rate risk as defined in IFRS 7. Sensitivity analyses are therefore only conducted for variable-rate financial liabilities. For variable-rate financial debt, it is assumed that the amount of the outstanding liability at the end of the reporting period was outstanding for the full year. An increase or decrease of the market interest rate by 100 basis points would have had the following effect on earnings income and equity at the reporting date after taking deferred taxes into consideration:

| in EUR thousand | 2023 | | 2022 | |
|---|---|---|---|---|
| | +100 Bp | −100 Bp | +100 Bp | −100 Bp |
| Effect on earnings from variable-rate loans and borrowings | 4,698 | −4,698 | 7,094 | −6,831 |
| Effect on earnings from swaption | 0 | 0 | 21,365 | −12,601 |
| Hedge effect on equity | 0 | 0 | 0 | 0 |

The interest rate risk of the Group's financial assets and financial liabilities is described in the section entitled "Liquidity risk".

# Contingent liabilities and other financial obligations

## Contingent liabilities

The Branicks Group has provided the following sureties and guarantees:

| Type of collateral | Beneficiary | Purpose | Amount in EUR thousand | Branicks Group share in EUR thou-sand |
|---|---|---|---|---|
| Directly enforceable guarantee | Thoma Aufzüge GmbH | Claims from the MT Porta construction project | 30 | 12 |
| Directly enforceable guarantee | Union Investment Real Estate GmbH | Warranty bond for MT Porta | 2,750 | 1,100 |
| Payment bond | BAM Deutschland AG | MT WINX construction project | 7,088 | 2,835 |
| Payment bond | ED.Züblin AG | MT Panorama construction project | 595 | 238 |
| Payment bond | BAM Deutschland AG | MT WINX construction project | 14,000 | 5,600 |
| Payment bond | BAM Deutschland AG | MT WINX construction project | 7,000 | 2,800 |
| Rent guarantee | Ideal Lebensversicherung | Rent guarantee for a subsidiary's commercial property | 34 | 34 |
| Rent guarantee | Global Tower Projekt GmbH & Co. KG | Rent guarantee Global Tower | 1,272 | 1,272 |
| Directly enforceable guarantee | Union Investment Real Estate GmbH | Fulfilment of all payment obligations and obligations to pay damages by the seller in accordance with the MT Porta purchase agreement | 5,000 | 2,000 |
| Warranty bond | PATRIZIA WohnInvest Kapitalverwaltungsgesellschaft mbH | Acceptance of MT Patio construction project | 1,000 | 400 |
| Guarantee | BNP Paribas + Hansainvest Hanseatische Investment GmbH | Disposal of shares in connection with a club deal | 16,000 | 16,000 |
| Rent guarantee | Triuva Kapitalverwaltungsgesellschaft mbH | Rent guarantee for a subsidiary's rental property | 285 | 285 |
| Rent guarantee | Harmann Wendelstadt | Rent guarantee for a subsidiary's rental property | 12 | 12 |

Currently, there is no discernible risk of Branicks being held liable for the contingent liabilities it has assumed, because the financial situation of the relevant companies indicates that they will settle the underlying liabilities.

## Financial obligations

With regard to existing investment obligations for measures on portfolio properties, please refer to our explanations in the section entitled "Investment property" → page 119.

# Capital management

The paramount objective of capital management is to ensure that the Group retains its ability to repay its debts and the financial stability to support its business activities in the future.

The capital structure is managed in accordance with economic and regulatory provisions. In this process, we aim to achieve a balanced maturity structure for outstanding liabilities.

Branicks is able to manage its capital structure through dividends and/or capital increases or by changes to its financing. Branicks strives to maintain a capital structure that is in line with the business risk. Branicks is subject to the minimum capital requirements for stock corporations. Compliance with these requirements is monitored.

The equity ratio is used as an important parameter vis-à-vis investors, analysts and banks.

| in EUR thousand | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Equity | 1,527,139 | 1,664,101 |
| Total assets | 4,846,174 | 5,180,270 |
| Reported equity ratio | 31.5 % | 32.1 % |

The reported equity ratio decreased by 0.6 percentage points year-on-year. This is primarily due to the loss for the period and the distribution made for 2022.

# Related party disclosures

## Entities and individuals classified as related parties

Related parties include the 19 (previous year: 19) associated companies accounted for using the equity method (see the section entitled “Consolidation”).

Due to their significant influence, the following entities and individuals are classified as related parties:

- Deutsche Immobilien Chancen AG & Co. KGaA
- Group companies of Deutsche Immobilien Chancen AG & Co. KGaA
- Deutsche Immobilien Chancen Beteiligungs AG
- DIC Grund- und Beteiligungs GmbH
- DIC Capital Partners (Europe) GmbH
- DICP Capital SE
- Prof. Dr. Gerhard Schmidt

Additional related parties are the Supervisory Board, the Management Board and close relatives of these individuals.

The Company has prepared a dependent company report outlining its relations with affiliated companies. This report lists all legal transactions conducted by the Company or its subsidiaries with affiliates, or at the request of or in the interest of one of these companies, over the past financial year, as well as all other measures the Company took or failed to take at the request of or in the interest of these companies over the past financial year.

The report concludes with the following statement:

“We hereby declare that, based on the circumstances known to us at the time when the transactions were entered into, our company received or paid appropriate consideration for each transaction. We took no actions at the request of or on behalf of the controlling company.”

An overview of legal transactions and relations with related parties is shown as follows.

## Legal transactions with related parties

### Deutsche Immobilien Chancen AG & Co. KGaA and its group entities

There is an overlap of personnel in the Supervisory Boards of Branicks Group AG, Deutsche Immobilien Chancen AG & Co. KGaA (“DIC AG & Co. KGaA”) and DIC Beteiligungs AG in that Prof. Dr. Gerhard Schmidt is also indirectly a significant limited shareholder in DIC AG & Co. KGaA. In addition, Prof. Dr. Gerhard Schmidt is also the indirect majority shareholder of its sole general partner, DIC Beteiligungs AG.

The Company currently provides general services related to accounting, finance and management control for a total of 17 entities in which DIC AG & Co. KGaA has a direct or indirect equity interest. Remuneration of EUR 249 thousand (previous year: EUR 225 thousand) was paid by the fully consolidated companies of the DIC AG & Co. KGaA Group for the provision of these services in 2023.

Branicks Group AG has provided a loan to DIC AG & Co. KGaA with an indefinite term and a notice period of 12 months effective at the end of a quarter. This loan agreement was contributed to DIC Finance Verwaltungs GmbH & Co. KG as of 1 April 2022, making it the new provider of that loan. An interest rate of 3% above the 3-month Euribor to be paid in arrears, has been agreed. As collateral for taking out the loan, DIC AG & Co. KGaA in accordance with an addendum dated 21 December 2015 had granted a lien on ordinary shares of TTL Real Estate GmbH in the amount of EUR 222 thousand (22% of the ordinary shares). As at 31 December 2023, EUR 18,736 thousand of this credit line had been utilised (previous year: EUR 17,593 thousand). Under an agreement dated 23 December 2021, a portion of the loan receivable in the amount of EUR 3,068 thousand was assigned and transferred to a subsidiary, which then contributed it to the capital reserve of DIC Opportunistic GmbH. For the money made available, Branicks Group AG received interest income in the amount of EUR 1,143 thousand in the reporting year (previous year: EUR 782 thousand). The loan is shown under non-current loan and borrowings in the balance sheet.

Furthermore, there is a sublease between DIC AG & Co. KGaA and Branicks Group AG in relation to the office space formerly used by Branicks Group AG at the Frankfurt location, as DIC AG & Co. KGaA acts as the general tenant of the former rented Frankfurt Group headquarters. The sublease has a term until 31 March 2024. The amount of the rent is based on the space actually occupied by Branicks Group AG and is charged on at the same price per square metre that is a component of the general rental agreement of DIC AG & Co. KGaA. For 2023, rent paid to DIC AG & Co. KGaA amounted to EUR 1,532 thousand (previous year: EUR 1,552 thousand).

### DIC Opportunistic GmbH

DIC Opportunistic GmbH holds a 7.5% interest in DIC Hamburg Portfolio GmbH and in DIC HI Portfolio GmbH & Co. KG; Branicks Group AG holds the remaining 92.5% of the shares. DIC Opportunistic GmbH would generally be willing to sell this interest. However, since Branicks Group AG is interested in maintaining this structure to avoid any influence by a third party or triggering property transfer tax, it pays an annual financial compensation of 5% of the purchase cost for the shares (EUR 285 thousand).

### MainTor GmbH

In an agreement dated 12 December 2011, DIC OF REIT 1 GmbH (a wholly-owned subsidiary of Branicks Group AG) granted DIC MainTor Porta GmbH a loan to finance the corresponding construction stage of our project development. The loan has an interest rate of 7.25% p.a. Repayment is expected by the end of 2026. In accordance with the addendum to the loan agreement dated 18 December 2014, a special repayment of EUR 20 million was agreed. As at the reporting date, this loan amounted to EUR 62,952 thousand including accrued interest (previous year: EUR 58,641 thousand). Total interest income of EUR 4,311 thousand (previous year: EUR 3,999 thousand) was recognised in the 2023 financial year. In addition, a collateral promise agreement was concluded on 19 December 2014. The collateral promise turned this liability into a joint and several obligation of DIC MainTor Porta GmbH and MainTor GmbH. The existing receivable from the sale of the shares in DIC MainTor WinX GmbH by MainTor GmbH was pledged as collateral in an addendum to the loan agreement dated 30 August 2021.

### DIC MainTor Zweite Beteiligungs GmbH & Co. KG

Branicks Group AG entered into a loan agreement with DIC MainTor Zweite Beteiligungs GmbH & Co. KG with effect from 4 July 2008 for the purpose of financing the working capital of the borrower. The loan carries annual interest of 7.25%. The claims arising from the loan were secured by providing the lender with a first-priority pledge over the rights and claims from the shares in the capital of DIC MainTor Erste Beteiligungs GmbH. Addenda 1 through 12 extended the term of the loan, most recently to 31 December 2024 by way of Addendum 12. On 1 April 2022, Branicks Group AG contributed this loan to DIC Finance Verwaltungs GmbH & Co. KG. As at 31 December 2023, the loan balance was EUR 32,859 thousand (previous year: EUR 30,638 thousand). For the money made available, Branicks Group AG and DIC Finance Verwaltung GmbH & Co. KG, respectively, received interest income in the amount of EUR 2,221 thousand in the reporting period (previous year: EUR 2,071 thousand).

### DIC Office Balance I, DIC Office Balance II, DIC Office Balance III, DIC Office Balance IV, DIC Office Balance V, DIC Office Balance VI, GEG Public Infrastructure IV and DIC Retail Balance I

As a result of an agency agreement regarding asset and property management, the Group generated income from real estate management fees of EUR 1,465 thousand (2022: EUR 1,400 thousand) for services provided to the DIC Office Balance I fund, of EUR 3,535 thousand (2022: EUR 2,437 thousand) for services provided to the DIC Office Balance II fund, of EUR 1,897 thousand (2022: 1,783 thousand) for services provided to DIC Office Balance III, of EUR 1,525 thousand (2022: EUR 1,529 thousand) for services provided to DIC Office Balance IV, of EUR 1,723 thousand (2022: EUR 4,740 thousand) for services provided to DIC Office Balance V, of EUR 906 thousand (2022: EUR 895 thousand) for services provided to DIC Office Balance VI, of EUR 464 thousand (2022: EUR 0 thousand) for services provided to GEG Public Infrastructure IV, and of EUR 1,974 thousand (2022: EUR 1,389 thousand) for services provided to DIC Retail Balance I.

### DIC Capital Partners (Europe) GmbH

Under the existing service agreements ("Asset Management Agreements") the DICP investees are to pay the following compensation to DIC Beteiligungs AG, as in the previous year:

- Disposition fee (corresponds to a sales commission): 1.5% of the sales price after transaction costs if no outside broker is involved, and 0.5% of the sales price after transaction costs if an outside broker is involved
- Development fee: for project development services up to initial leasing: dependent on expenses or market-rate compensation
- Accounting fee: for accounting, finance and financial control services, between EUR 20 thousand and 35 thousand per company p.a.
- Arrangement fee: for services in connection with new financing or renewals of existing financing

In 2023 and 2022, the following compensation was paid to DIC Beteiligungs AG, in which DICP directly holds 7.5% of the share capital (excluding applicable value added tax):

| Recipient of service (amounts in EUR thousand) | | Base Management fee | Disposition fee | IT/ Development fee | Accounting Fee | Arrangement fee | Total |
|---|---|---|---|---|---|---|---|
| MainTor GmbH | 2023 | 0 | 0 | 0 | 54 | 0 | 54 |
| | 2022 | 0 | 0 | 0 | 60 | 0 | 60 |

### Transactions with executives

There extent of transactions with executives and their close relatives was insignificant.

### Management remuneration

The remuneration of key management personnel in the Group, which is subject to disclosure requirements under IAS 24.17, encompasses the remuneration paid to the current and former Management Board and the Supervisory Board.

The members of the Management Board received remuneration as follows:

| in EUR thousand | 2023 | 2022 |
|---|---|---|
| Short-term benefits | 4,038 | 3,751 |
| Share-based payment | 120 | – 637 |
| **Total** | **4,158** | **3,114** |

The members of the Supervisory Board received remuneration as follows:

| in EUR thousand | 2023 | 2022 |
|---|---|---|
| Short-term benefits | 790 | 803 |
| **Total** | **790** | **803** |

The Chairman of the Company's Supervisory Board, Prof. Dr. Gerhard Schmidt, is a partner in the law firm of Weil, Gotshal & Manges LLP. This law firm received fees for legal consultancy services in the amount of EUR 647 thousand for financial year 2023.

### Shareholder structure

Deutsche Immobilien Chancen AG & Co. KGaA, Frankfurt am Main, holds a direct and indirect equity interest of 34.3% in the capital of Branicks Group AG, subject to a pooling agreement. The Company has received the voting rights announcements pursuant to section 20 AktG.

# Other disclosures

## Announcements pursuant to section 160 AktG

The existing announcements pursuant to section 21 (1) WpHG concerning direct and indirect equity investments in the issued capital of Branicks Group AG are listed in appendix 3 to the notes → page 177 et seq.

## Events after the reporting period

The maturities scheduled for 2024 as of the reporting date, which primarily consist of the remaining EUR 200 million from the bridging loan and EUR 225 million in promissory note loans, were not completely covered by firmly agreed financing or sales proceeds as of the reporting date. After negotiations with our lenders, which were successfully concluded in Q1/2024, we were able to reach an agreement to extend the maturities. The agreed restructuring of the promissory note loans' maturities was confirmed in court on 26 March 2024 as part of StaRUG proceedings to extend the maturities of the promissory note loans. The extension ist based on comprehensive corporate planning for the years 2024 to 2026 that includes various measures to raise liquidity, the plausibility and feasibility of which were examined and confirmed by an independent consulting firm as part of an Independent Business Review (IBR) and also convinced the court as part of the StaRUG proceedings. The bridging loan was also renegotiated in parallel with the StaRUG proceedings. The result of restructuring the financial liabilities following the immediate repayment of EUR 40 million of the bridging loan is to extend the maturity date of the remaining EUR 160 million to 31 December 2024 and the maturity date of EUR 225 million in promissory note loans to 30 June 2025. The Company has already begun to implement its corporate planning.

In February 2024, the transfer of possession, benefits and associated risks for one property acquired in 2022 for the Commercial Portfolio segment with a volume of around EUR 53 million took place. Also in February 2024, the transfer of possession, benefits and associated risks for one property sold in the reporting period from the Institutional Business segment with a volume of around EUR 50 million took place.

In March 2024, the transfer of possession, benefits and associated risks for eight properties sold in the reporting period from the Commercial Portfolio segment with a volume of around EUR 13 million took place.

## German Corporate Governance Code

The declaration regarding the German Corporate Governance Code pursuant to section 161 AktG has been submitted and has been made permanently available to shareholders on the website → https://branicks.com/en/ir/corporate-covernance/declaration-of-compliance/.

## Supervisory Board

The Supervisory Board comprised the following persons as of the reporting date of 31 December 2023:

- Dr. Angela Geerling (Chairwoman since April 13, 2024), Portfolio Manager at Schroders Real Estate Asset Management GmbH, Munich
- Prof. Dr. Gerhard Schmidt (Chairman until April 13, 2024), Attorney, Glattbach
- Michael Zahn (Vice Chairman), former Chief Executive Officer of Deutsche Wohnen SE, Potsdam
- Prof. Dr. Ulrich Reuter, President of the Association of Bavarian Savings Banks, Kleinostheim
- Eberhard Vetter, Head of Capital Investments at RAG-Stiftung, Nauheim
- René Zahnd, Chief Executive Officer of Swiss Prime Site AG, Bern

With the exception of Prof. Dr. Ulrich Reuter, whose term of office ended on 31 December 2023, all of the persons mentioned above were also members of the Supervisory Board when this report was published on 30 April 2024.

The members of the Supervisory Board also serve on the following supervisory boards and control bodies:

## Membership in additional supervisory boards and control bodies:

### Dr. Angela Geerling

(first elected to the Supervisory Board: 2022; elected until: 2027)

- EKF Finanz Frankfurt GmbH, Hofheim Wallau: Member of the Supervisory Board (until 31 December 2023)

### Prof. Dr. Gerhard Schmidt

(first elected to the Supervisory Board: 2002; elected until: 2027)

- Deutsche Immobilien Chancen Beteiligungs AG, Frankfurt am Main: Chairman of the Supervisory Board[1]
- Deutsche Immobilien Chancen AG & Co. KGaA, Frankfurt am Main: Chairman of the Supervisory Board[1]
- DICP Erste Family Office Beteiligungsgesellschaft mbH & Co. KGaA, Munich: Chairman of the Supervisory Board[1]
- DICP Asset Management Beteiligungsgesellschaft mbH & Co. KGaA, Munich: Chairman of the Supervisory Board[1]
- TTL Beteiligungs- und Grundbesitz AG, Munich: Chairman of the Supervisory Board[1,2]
- VIB Vermögen AG, Neuburg a. d. Donau: Chairman of the Supervisory Board[2]
- DICP Capital SE, Munich: Chairman of the Board of Directors/ Managing Director
- BBI Bürgerliches Brauhaus Immobilien AG[2]

### Michael Zahn

(first elected to the Supervisory Board: 2002; elected until: 2027)

- Cofinimmo S.A., Brussels, Belgium: Independent Director on the Board of Directors[2]
- WBV Weisenburger Bau + Verwaltung GmbH, Karlsruhe: Chairman of the Advisory Board
- Füchse Berlin Handball GmbH, Berlin: Member of the Advisory Board

### Prof. Dr. Ulrich Reuter

(first elected to the Supervisory Board: 2015; elected until: 31 December 2023)

- Landesbank Berlin AG, Berlin: Member of the Supervisory Board
- Landesbank Berlin Holding AG, Berlin: Member of the Supervisory Board
- Versicherungskammer Bayern, insurance institution incorporated under public law, Munich: Chairman of the Board of Directors (until 31 December 2023)
- Landesbausparkasse Süd, institution incorporated under public law, Stuttgart/Munich: Vice Chairman of the Board of Directors and Chairman of the Risk Committee (until 31 December2023)
- Deka Bank Deutsche Girozentrale, institution incorporated under public law, Frankfurt: Member of the Board of Directors and member of the Audit Committee
- FinanzInformatik GmbH & Co. KG, Frankfurt: Member of the Supervisory Board (until 31 December 2023)

### Eberhard Vetter

(first elected to the Supervisory Board: 2018; elected until: 2027)

- Scope SE & Co. KGaA, Berlin: Member of the Supervisory Board
- RSGB SE, Essen: Member of the Board of Directors
- KINEO Finance AG, Basel, Switzerland: Member of the Board of Directors
- Vertical Topco S.à.r.l, Luxembourg, Luxembourg: Member of the Supervisory Board
- HQ Capital (Deutschland) GmbH, Bad Homburg: Member of the Advisory Board

### René Zahnd

(first elected to the Supervisory Board: 2018; elected until: 2027)

- Jelmoli AG, Zürich, Switzerland: President of the Board of Directors[3]
- Swiss Prime Site Finance AG, Zug, Switzerland: President of the Board of Directors[3]
- Swiss Prime Site Immobilien AG, Zürich, Switzerland: President of the Board of Directors[3]
- Swiss Prime Site Management AG, Zug, Switzerland: President of the Board of Directors[3]
- Zimmermann Vins SA, Carouge, Switzerland: President of the Board of Directors[3]

[1] Membership as defined in section 100 (2) sentence 2 AktG
[2] Listed
[3] Group companies of Swiss Prime Site

### Management Board

The Management Board comprises the following persons at the time of the report's publication in April 2024:

- Sonja Wärntges (Chairwoman),
  Chief Executive Officer (CEO), graduate economist, Frankfurt am Main
  Sonja Wärntges is a member of the corporate/supervisory bodies
  of the following companies:
  - DIC Real Estate Investments GmbH & Co. KGaA, Frankfurt am Main: Chairwoman of the Supervisory Board
  - Fraport AG, Frankfurt am Main: Member of the Supervisory Board
  - VIB Vermögen AG, Neuburg an der Donau: Member of the Supervisory Board
  - BBI Bürgerliches Brauhaus Immobilien AG, Ingolstadt: Member of the Supervisory Board

- Torsten Doyen,
  Chief Institutional Business Officer (CIBO), graduate real estate economist and banking economist, Frankfurt am Main

- Christian Fritzsche,
  Chief Operating Officer (COO), business graduate, Dreieich

- Johannes von Mutius,
  Chief Investment Officer (CIO), business graduate, Königstein im Taunus
  Johannes von Mutius is a member of the corporate/supervisory bodies
  of the following companies:
  - DIC Real Estate Investments GmbH & Co. KGaA, Frankfurt am Main: Member of the Supervisory Board
  - VIB Vermögen AG, Neuburg an der Donau: Member of the Supervisory Board (since 6 February 2023)
  - BBI Bürgerliches Brauhaus Immobilien AG, Ingolstadt: Member of the Supervisory Board (since 14 February 2024)

# Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the group management report, which is combined with the management report of Branicks Group AG, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Frankfurt am Main, 29 April 2024

The Management Board

Sonja Wärntges Torsten Doyen Christian Fritzsche Johannes von Mutius

# Appendices to the notes



Appendix 1 to the notes to the consolidated financial statements

## List of consolidated subsidiaries

| Name and registered office of company | Interest (%)[1] |
|---|---|
| BCP Düsseldorf Holding GmbH & Co. KG, Frankfurt am Main | 100.0 |
| BCP Verwaltungs GmbH, Frankfurt am Main | 100.0 |
| BRANICKS Institutional GmbH, Frankfurt am Main (formerly GEG German Estate Group GmbH) | 100.0 |
| BRANICKS Institutional Investment Advisory GmbH, Frankfurt am Main (formerly GEG German Estate Group GmbH) | 100.0 |
| BRANICKS Institutional Portfolio Advisory GmbH, Frankfurt am Main (formerly GEG Portfolio Advisory GmbH) | 100.0 |
| BRANICKS Institutional Property Management GmbH, Frankfurt am Main (formerly DIC FB Property Management GmbH) | 100.0 |
| BRANICKS Institutional Real Estate Management GmbH, Frankfurt am Main (formerly GEG Real Estate Management GmbH) | 100.0 |
| BRANICKS Onsite GmbH, Frankfurt am Main (formerly DIC Onsite GmbH) | 100.0 |
| Diamond BVO GmbH, Frankfurt am Main | 100.0 |
| Diamond Holding 1 GmbH & Co. KG, Frankfurt am Main | 100.0 |
| Diamond Verwaltungs GmbH, Frankfurt am Main | 100.0 |
| DIC 25 Betriebsvorrichtungs GmbH, Frankfurt am Main | 100.0 |
| DIC 25 Objekt Bremen GmbH, Frankfurt am Main | 100.0 |
| DIC 25 Objekt Chemnitz GmbH & Co. KG, Frankfurt am Main | 100.0 |
| DIC 25 Portfolio GmbH, Frankfurt am Main | 100.0 |
| DIC 26 Erfurt GmbH, Frankfurt am Main | 100.0 |
| DIC 26 Frankfurt Taunusstraße GmbH, Frankfurt am Main | 100.0 |
| DIC 26 Portfolio GmbH, Frankfurt am Main | 100.0 |
| DIC 26 Wiesbaden GmbH, Frankfurt am Main | 100.0 |
| DIC 27 Portfolio GmbH & Co. KG, Frankfurt am Main | 100.0 |
| DIC AP Objekt 2 GmbH, Frankfurt am Main | 100.0 |
| DIC AP Objekt 3 GmbH, Frankfurt am Main | 100.0 |
| DIC AP Objekt 6 GmbH, Frankfurt am Main | 100.0 |
| DIC AP Objekt 7 GmbH, Frankfurt am Main | 100.0 |
| DIC AP Objekt 8 GmbH, Frankfurt am Main | 100.0 |
| DIC AP Objekt 9 GmbH, Frankfurt am Main | 100.0 |
| DIC AP Objekt Augustaanlage GmbH, Frankfurt am Main | 100.0 |

[1] Interest equals the share of voting rights.

| Name and registered office of company | Interest (%)[1] |
|---|---|
| DIC AP Objekt Coblitzweg GmbH, Frankfurt am Main | 100.0 |
| DIC AP Objekt Düsseldorf GmbH, Frankfurt am Main | 100.0 |
| DIC AP Objekt Hans-Thoma-Straße GmbH & Co. KG, Frankfurt am Main | 100.0 |
| DIC AP Objekt Insterburger Str. 5 GmbH, Frankfurt am Main | 100.0 |
| DIC AP Objekt Insterburger Str. 7 GmbH, Frankfurt am Main | 100.0 |
| DIC AP Objekt Königsberger Str. 29 GmbH, Frankfurt am Main | 100.0 |
| DIC AP Portfolio GmbH, Frankfurt am Main | 100.0 |
| DIC Asset AP GmbH, Frankfurt am Main | 100.0 |
| DIC Asset Beteiligungs GmbH, Frankfurt am Main | 100.0 |
| DIC Asset DP GmbH, Frankfurt am Main | 100.0 |
| DIC Asset OP GmbH, Frankfurt am Main | 100.0 |
| DIC Asset Portfolio GmbH & Co. KG, Frankfurt am Main | 100.0 |
| DIC Berlin Portfolio Objekt Bundesallee GmbH, Frankfurt am Main | 100.0 |
| DIC DP Mönchengladbach Stresemannstraße GmbH, Frankfurt am Main | 100.0 |
| DIC DP Objekt 1 GmbH & Co. KG, Frankfurt am Main | 100.0 |
| DIC DP Objekt 2 GmbH, Frankfurt am Main | 100.0 |
| DIC DP Portfolio GmbH, Frankfurt am Main | 100.0 |
| DIC Finance Management GmbH & Co. KG, Frankfurt am Main | 100.0 |
| DIC Finance Verwaltungs GmbH & Co. KG, Frankfurt am Main | 100.0 |
| DIC Fund Balance 1. Beteiligungs GbR, Frankfurt am Main | 100.0 |
| DIC Fund Balance 2. Beteiligungs GbR, Frankfurt am Main | 100.0 |
| DIC Fund Balance GmbH, Frankfurt am Main | 100.0 |
| DIC High Street Balance GmbH, Frankfurt am Main | 100.0 |
| DIC Main Palais GmbH, Frankfurt am Main | 100.0 |
| DIC MainTor Real Estate 1 GmbH, Frankfurt am Main | 100.0 |
| DIC Metropolregion Rhein-Main, Frankfurt am Main | 100.0 |
| DIC Objekt Alsbach GmbH, Frankfurt am Main | 100.0 |
| DIC Objekt Berlin Taubenstraße GmbH & Co. KG, Frankfurt am Main | 100.0 |
| DIC Objekt Bremen GmbH, Frankfurt am Main | 100.0 |
| DIC Objekt Bremen Grazer Straße GmbH, Frankfurt am Main | 100.0 |
| DIC Objekt Duisburg Stadtfenster GmbH, Frankfurt am Main | 100.0 |

| Name and registered office of company | Interest (%)[1] |
|---|---|
| DIC Objekt Düsseldorf Schwannstraße GmbH, Frankfurt am Main | 100.0 |
| DIC Objekt Eschborn Frankfurter Straße GmbH, Frankfurt am Main | 100.0 |
| DIC Objekt Halle BV GmbH, Frankfurt am Main | 100.0 |
| DIC Objekt Halle GmbH & Co. KG, Frankfurt am Main | 100.0 |
| DIC Objekt Hannover Podbie GmbH, Frankfurt am Main | 100.0 |
| DIC Objekt Hemsbach GmbH, Frankfurt am Main | 100.0 |
| DIC Objekt Karlsruhe Bahnhofsplatz GmbH, Frankfurt am Main | 100.0 |
| DIC Objekt Köln Butzweilerhof GmbH, Frankfurt am Main | 100.0 |
| DIC Objekt Köln MBC GmbH, Frankfurt am Main | 100.0 |
| DIC Objekt Kronberg GmbH, Frankfurt am Main | 100.0 |
| DIC Objekt Leinfelden-Echterdingen GmbH, Frankfurt am Main | 100.0 |
| DIC Objekt Mettmann GmbH, Frankfurt am Main | 100.0 |
| DIC Objekt München Beteiligungs GmbH, Frankfurt am Main | 100.0 |
| DIC Objekt München Campus GmbH, Frankfurt am Main | 100.0 |
| DIC Objekt Offenbach Kaiserleistraße GmbH, Frankfurt am Main | 100.0 |
| DIC Objekt Stadthaus Offenbach GmbH, Frankfurt am Main | 100.0 |
| DIC Objekt Stockstadt GmbH, Frankfurt am Main | 100.0 |
| DIC Objekt Velbert GmbH, Frankfurt am Main | 100.0 |
| DIC Objekt Zeppelinheim GmbH, Frankfurt am Main | 100.0 |
| DIC OF REIT 1 GmbH, Frankfurt am Main | 100.0 |
| DIC Office Balance I GmbH, Frankfurt am Main | 100.0 |
| DIC Office Balance II GmbH, Frankfurt am Main | 100.0 |
| DIC Office Balance III GmbH, Frankfurt am Main | 100.0 |
| DIC Office Balance IV GmbH, Frankfurt am Main | 100.0 |
| DIC OP Objekt 1 GmbH, Frankfurt am Main | 100.0 |
| DIC OP Objekt 2 GmbH, Frankfurt am Main | 100.0 |
| DIC OP Objekt 3 GmbH, Frankfurt am Main | 100.0 |
| DIC OP Objekt 4 GmbH, Frankfurt am Main | 100.0 |
| DIC OP Objekt Düsseldorf GmbH, Frankfurt am Main | 100.0 |

[1] Interest equals the share of voting rights.

| Name and registered office of company | Interest (%)[1] |
|---|---|
| DIC OP Objekt Leverkusen GmbH, Frankfurt am Main | 100.0 |
| DIC OP Objekt Marl GmbH, Frankfurt am Main | 100.0 |
| DIC OP Portfolio GmbH, Frankfurt am Main | 100.0 |
| DIC Projekt Berlin Taubenstraße GmbH, Frankfurt am Main | 100.0 |
| DIC Real Estate Investments Beteiligungs GmbH, Frankfurt am Main | 100.0 |
| DIC Real Estate Investments GmbH & Co. KGaA, Frankfurt am Main | 100.0 |
| DIC Retail Balance I Beteiligungs GmbH, Frankfurt am Main | 100.0 |
| DIC Retail Balance I Funding GmbH, Frankfurt am Main | 100.0 |
| DIC Retail Balance I GmbH, Frankfurt am Main | 100.0 |
| DIC RMN-Portfolio GmbH, Frankfurt am Main | 100.0 |
| DIC RP Objekt 1 GmbH, Frankfurt am Main | 100.0 |
| DIC RP Objekt 2 GmbH, Frankfurt am Main | 100.0 |
| DIC RP Objekt Bochum GmbH, Frankfurt am Main | 100.0 |
| DIC RP Objekt Essen GmbH, Frankfurt am Main | 100.0 |
| DIC Ruhr Portfolio GmbH, Frankfurt am Main | 100.0 |
| DIC VP Objekt Köln ECR GmbH, Frankfurt am Main | 100.0 |
| DIC VP Objekt Köln SILO GmbH, Frankfurt am Main | 100.0 |
| DIC VP Objekt Moers GmbH, Frankfurt am Main | 100.0 |
| DIC VP Objekt Neubrandenburg GmbH, Frankfurt am Main | 100.0 |
| DIC VP Objekt Saalfeld GmbH, Frankfurt am Main | 100.0 |
| DIC VP Portfolio GmbH, Frankfurt am Main | 100.0 |
| Dolphin Beteiligungs GbR, Frankfurt am Main | 100.0 |
| GEG Betriebsvorrichtungs GmbH, Frankfurt am Main | 100.0 |
| GEG Emittent GmbH & Co. KG, Frankfurt am Main | 100.0 |
| GEG Emittent Verwaltungs GmbH, Frankfurt am Main | 100.0 |
| GEG HA Holding GmbH & Co. KG, Frankfurt am Main | 100.0 |
| GEG HA Verwaltungs GmbH, Frankfurt am Main | 100.0 |
| GEG Infinity Verwaltungs GmbH, Frankurt am Main | 100.0 |
| GEG Merlion FF & E GmbH, Frankfurt am Main | 100.0 |
| GEG Merlion GmbH, Frankfurt am Main | 100.0 |

[1] Interest equals the share of voting rights.

| Name and registered office of company | Interest (%)[1] |
|---|---|
| GEG Real Estate Beteiligungs- und Verwaltungs GmbH, Frankfurt am Main | 100.0 |
| GEG Real Estate Fund Management GmbH, Frankfurt am Main | 100.0 |
| GEG Real Estate Fund Management VK GmbH, Frankfurt am Main | 100.0 |
| GEG Sapporobogen Holding GmbH & Co. KG, Frankfurt am Main | 100.0 |
| GEG Triforum BVO GmbH, Frankfurt am Main | 100.0 |
| GEG Triforum FinCo. GmbH & Co. KG, Frankfurt am Main | 100.0 |
| GEG Triforum Holding GmbH & Co. KG, Frankfurt am Main | 100.0 |
| GEG Triforum Verwaltungs GmbH, Frankfurt am Main | 100.0 |
| GEG UT Fondsverwaltung GmbH, Frankfurt am Main | 100.0 |
| GEG Verwaltungs GmbH, Frankfurt am Main | 100.0 |
| Global Tower GmbH & Co. KG, Frankfurt am Main | 100.0 |
| Global Tower Verwaltungs GmbH, Frankfurt am Main | 100.0 |
| HCC Dortmund Holding GmbH & Co. KG, Frankfurt am Main | 100.0 |
| OB III Verwaltungs GmbH, Frankfurt am Main | 100.0 |
| BRANICKS Institutional Fund Advisory GmbH & Co. KG, Frankfurt am Main (formerly DIC Fund Advisory GmbH & Co. KG) | 100.0 |
| GEG Riverpark GmbH & Co. KG, Frankfurt am Main | 100.0 |
| DIC Frankfurt Objekt 3 GmbH, Frankfurt am Main | 99.4 |
| DIC Zeil Portfolio GmbH, Frankfurt am Main | 99.4 |
| Gewerbepark Langenfeld West 3 GmbH & Co. KG, Frankfurt am Main | 99.2 |
| DIC Management Holding GmbH, Frankfurt am Main | 94.9 |
| DIC Objekt Leverkusen GmbH, Frankfurt am Main | 94.9 |
| German Estate Group GmbH, Frankfurt am Main | 94.9 |
| DIC Objektsteuerung GmbH, Frankfurt am Main | 94.8 |
| DIC Hamburg Objekt 1 GmbH, Frankfurt am Main | 92.5 |
| DIC Hamburg Objekt 5 GmbH, Frankfurt am Main | 92.5 |
| DIC Hamburg Objekt Großmannstrasse GmbH, Frankfurt am Main | 92.5 |
| DIC Hamburg Objekt Marckmannstraße GmbH, Frankfurt am Main | 92.5 |
| DIC Hamburg Portfolio GmbH, Frankfurt am Main | 92.5 |
| DIC HI Beteiligungs GmbH, Frankfurt am Main | 92.5 |

| Name and registered office of company | Interest (%)[1] |
|---|---|
| DIC HI Objekt 10 GmbH, Frankfurt am Main | 92.5 |
| DIC HI Objekt 11 GmbH, Frankfurt am Main | 92.5 |
| DIC HI Objekt 12 GmbH, Frankfurt am Main | 92.5 |
| DIC HI Objekt 13 GmbH, Frankfurt am Main | 92.5 |
| DIC HI Objekt 14 GmbH, Frankfurt am Main | 92.5 |
| DIC HI Objekt 15 GmbH, Frankfurt am Main | 92.5 |
| DIC HI Objekt 2 GmbH & Co. KG, Frankfurt am Main | 92.5 |
| DIC HI Objekt 4 GmbH, Frankfurt am Main | 92.5 |
| DIC HI Objekt 5 GmbH, Frankfurt am Main | 92.5 |
| DIC HI Objekt 6 GmbH & Co. KG, Frankfurt am Main | 92.5 |
| DIC HI Objekt 7 GmbH, Frankfurt am Main | 92.5 |
| DIC HI Objekt 9 GmbH, Frankfurt am Main | 92.5 |
| DIC HI Objekt Frankfurt Theodor-Heuss-Allee GmbH, Frankfurt am Main | 92.5 |
| DIC HI Objekt Hamburg Kurt-Schumacher-Allee GmbH, Frankfurt am Main | 92.5 |
| DIC HI Objekt Köln GmbH, Frankfurt am Main | 92.5 |
| DIC HI Objekt Neu-Isenburg GmbH, Frankfurt am Main | 92.5 |
| DIC HI Portfolio GmbH & Co. KG, Frankfurt am Main | 92.5 |
| Deutsche Immobilien Chancen Objektbeteiligungs GmbH, Frankfurt am Main | 90.0 |
| GEG Offenbach Unite GmbH & Co. geschl. Inv. KG, Frankfurt am Main | 80.5 |
| DIC Objekt Langenhagen GmbH, Frankfurt am Main | 78.9 |
| VIB Objekt Filderstadt GmbH, Frankfurt am Main | 78.9 |
| VIB Objekt Gottmadingen GmbH, Frankfurt am Main | 78.9 |
| VIB Objekt Halle Weststraße GmbH, Frankfurt am Main | 78.9 |
| VIB Objekt Langenselbold GmbH, Frankfurt am Main | 78.9 |
| VIB Objekt Mannheim GmbH, Frankfurt am Main | 78.9 |
| VIB Objekt Ratingen GmbH, Frankfurt am Main | 78.9 |
| BK Immobilien Verwaltung GmbH, Neuburg an der Donau | 68.8 |
| KIP Verwaltung GmbH, Neuburg an der Donau | 68.8 |
| Merkur GmbH, Neuburg an der Donau | 68.8 |
| UFH Verwaltung GmbH, Neuburg an der Donau | 68.8 |
| VIB Finance Management GmbH, Neuburg an der Donau | 68.8 |

[1] Interest equals the share of voting rights.

| Name and registered office of company | Interest (%)[1] |
|---|---|
| VIB Fund Balance GmbH, Neuburg an der Donau | 68.8 |
| VIB Fund Management GmbH, Neuburg an der Donau | 68.8 |
| VIB Immobilien Verwaltungs GmbH, Neuburg an der Donau | 68.8 |
| VIB Vermögen AG, Neuburg an der Donau | 68.8 |
| VIMA Grundverkehr GmbH, Neuburg an der Donau | 68.8 |
| IPF 1 GmbH, Neuburg an der Donau | 68.8 |
| IPF 2 GmbH, Neuburg an der Donau | 68.8 |
| BBI Bürgerliches Brauhaus Immobilien AG, Ingolstadt | 68.8 |
| VST Immobilien GmbH, Neuburg an der Donau | 68.8 |
| ISG Infrastrukturelle Gewerbeimmobilien GmbH, Ingolstadt | 68.8 |
| Interpark Immobilien GmbH, Neuburg an der Donau | 68.8 |
| VIPA Immobilien GmbH, Neuburg an der Donau | 68.8 |
| VSI GmbH, Neuburg an der Donau | 68.8 |
| IVM Verwaltung GmbH, Neuburg an der Donau | 68.8 |

Appendix 2 to the notes to the consolidated financial statements

## Indirect and direct holdings of up to 50%

| Name and registered office of company | Interest (%)[1] |
|---|---|
| GEG Public Infastructure IV[9] | 78.5 |
| DIC MainTor Palazzi GmbH, Frankfurt am Main | 40.0 |
| DIC MainTor Panorama GmbH, Frankfurt am Main | 40.0 |
| DIC MainTor Patio GmbH, Frankfurt am Main | 40.0 |
| DIC MainTor Porta GmbH, Frankfurt am Main | 40.0 |
| DIC MainTor Verwaltungs GmbH, Frankfurt am Main | 40.0 |
| DIC MainTor Zweite Beteiligungs GmbH & Co. KG, Frankfurt am Main | 40.0 |
| MainTor GmbH, Frankfurt am Main | 40.0 |
| GEG Equity Participation Fund I | 34.0 |
| KHI Immobilien GmbH, Neuburg an der Donau | 41.7 |
| Realogis Holding GmbH, Munich | 25.0 |
| BHB Brauholding Bayern-Mitte AG | 34.2 |
| DIC Office Balance VI, Frankfurt am Main[2] | 22.4 |
| DIC BW Portfolio GmbH, Frankfurt am Main | 20.0 |
| DIC Development GmbH, Frankfurt am Main | 20.0 |
| DIC GMG GmbH, Frankfurt am Main | 20.0 |
| DIC Opportunistic GmbH, Frankfurt am Main[3] | 20.0 |
| WACO Beteiligungs GmbH, Frankfurt am Main | 20.0 |
| Riverpark Frankfurt GmbH & Co. KG, Frankfurt am Main | 10.0 |
| Riverpark Frankfurt Verwaltungs GmbH, Frankfurt am Main | 10.0 |
| DIC Office Balance I, Frankfurt am Main[4] | 8.1 |
| GEG Sapporobogen GmbH & Co. geschlossene Investment KG, Frankfurt am Main | 5.2 |
| Dritte DV I GmbH & Co. KG, Frankfurt am Main | 5.1 |

[1] Interest equals the share of voting rights.
[2] 27,8 % share of voting rights.
[3] 0,0 % share of voting rights.
[4] 12,5 % share of voting rights.
[5] 8,3 % share of voting rights.
[6] 5,9 % share of voting rights.
[7] 6,8 % share of voting rights.
[8] 5,6 % share of voting rights.

| Name and registered office of company | Interest (%)[1] |
|---|---|
| Dritte Kassel GmbH & Co. KG, Frankfurt am Main | 5.1 |
| Erste Bremen GmbH & Co. KG, Frankfurt am Main | 5.1 |
| Erste Stuttgart GmbH & Co. KG, Frankfurt am Main | 5.1 |
| Fünfte DV I GmbH & Co. KG, Frankfurt am Main | 5.1 |
| GEG HCC Dortmund GmbH & Co. KG, Frankfurt am Main | 5.1 |
| GEG Objekt München SCS, Luxembourg | 5.1 |
| Gemini I Boersencenter GmbH, Frankfurt am Main | 5.1 |
| Gemini II Bronce GmbH, Frankfurt am Main | 5.1 |
| Gemini III Titan GmbH, Frankfurt am Main | 5.1 |
| MRM Eschborn GmbH & Co. KG, Frankfurt am Main | 5.1 |
| OB III Bonn GmbH & Co. KG, Frankfurt am Main | 5.1 |
| OB III Frankfurt GmbH & Co. KG, Frankfurt am Main | 5.1 |
| OB III Hannover GmbH & Co. KG, Frankfurt am Main | 5.1 |
| OB III Koblenz GmbH & Co. KG, Frankfurt am Main | 5.1 |
| OB III München GmbH & Co. KG, Frankfurt am Main | 5.1 |
| OB III Nürnberg GmbH & Co. KG, Frankfurt am Main | 5.1 |
| OB IV Düsseldorf GmbH & Co. KG, Frankfurt am Main | 5.1 |
| OB IV München GmbH & Co. KG, Frankfurt am Main | 5.1 |
| OB V Hamburg GmbH & Co. KG, Frankfurt am Main | 5.1 |
| OB V München GmbH & Co. KG, Frankfurt am Main | 5.1 |
| Passing Holdco S. à. R. l, Luxembourg | 5.1 |
| RB I Objekt Berlin GmbH & Co. KG, Frankfurt am Main | 5.1 |
| RB I Objekt Hamburg Bergedorf GmbH & Co. KG, Frankfurt am Main | 5.1 |
| RB I Objekt Hamburg Harburg GmbH & Co. KG, Frankfurt am Main | 5.1 |
| Vierte DV I GmbH & Co. KG, Frankfurt am Main | 5.1 |

| Name and registered office of company | Interest (%)[1] |
|---|---|
| Zweite Düsseldorf GmbH & Co. KG, Frankfurt am Main | 5.1 |
| Zweite DV I GmbH & Co. KG, Frankfurt am Main | 5.1 |
| Zweite Erfurt GmbH & Co. KG, Frankfurt am Main | 5.1 |
| DIC Office Balance II, Frankfurt am Main[3] | 4.6 |
| DIC Retail Balance I, Frankfurt am Main[5] | 3.9 |
| DIC Office Balance III, Frankfurt am Main[6] | 1.6 |
| DIC Office Balance IV, Frankfurt am Main[7] | 1.5 |
| DIC Office Balance V, Frankfurt am Main[8] | 0.5 |

1 Interest equals the share of voting rights.
2 27,8 % share of voting rights.
3 0,0 % share of voting rights.
4 12,5 % share of voting rights.
5 8,3 % share of voting rights.
6 5,9 % share of voting rights.
7 6,8 % share of voting rights.
8 5,6 % share of voting rights.

Appendix 3 Announcements on voting rights

## Announcements on voting rights

Disclosures pursuant to section 160 (1) no. 8 AktG

Section 160 (1) no. 8 AktG requires disclosures to be made regarding equity investments of which the Company was informed pursuant to section 21 (1) or (1a) WpHG (as amended until 2 January 2018) or pursuant to section 33 (1) or (2) WpHG (as amended from 3 January 2018). The following disclosures were taken from the most recent notification received from a person or entity required to make an announcement of their voting rights. The most recent change in the total number of voting rights has been effective since 26 April 2023.

a. Fidelity Securities Fund, Boston, Massachusetts, United States of America, informed us pursuant to section 21 (1) WpHG that on 5 May 2023 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 2.99% (2,495,462 voting rights) as of this date.

b. Goldman Sachs Group, Inc., United States of America, informed us pursuant to section 21 (1) WpHG that on 25 May 2023 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 0.54% (453,223 voting rights) as of this date.

c. Goldman Sachs Group, Inc., United States of America, informed us pursuant to section 21 (1) WpHG that on 29 May 2023 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 0.02% (17,172 voting rights) as of this date.

d. FMR LLC, Wilmington, Delaware, United States of America, informed us by way of a voluntary group voting rights notification where the threshold is met at subsidiary level pursuant to section 33 (1) WpHG that on 1 June 2023 its share of voting rights in DIC Asset AG, Frankfurt am Main, amounted to 5.33% (4,455,186 voting rights). All of these voting rights are attributable to FMR LLC pursuant to section 34 WpHG. The name of the shareholder holding at least 3% of the voting rights is: Fidelity Management & Research Company LLC.

e. Goldman Sachs Group, Inc., United States of America, informed us pursuant to section 21 (1) WpHG that on 31 May 2023 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 0.38% (313,797 voting rights) as of this date.

f. Goldman Sachs Group, Inc., United States of America, informed us pursuant to section 21 (1) WpHG that on 1 June 2023 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 0.15% (121,795 voting rights) as of this date.

g. Goldman Sachs Group, Inc., United States of America, informed us pursuant to section 21 (1) WpHG that on 2 June 2023 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 0.50% (416,153 voting rights) as of this date.

h. FMR LLC, Wilmington, Delaware, United States of America, informed us pursuant to section 33 (1) WpHG that on 5 June 2023 its share of voting rights in DIC Asset AG, Frankfurt am Main, amounted to 4.82% (4,027,518 voting rights). All of these voting rights are attributable to FMR LLC pursuant to section 34 WpHG. The name of the shareholder holding at least 3% of the voting rights is: Fidelity Management & Research Company LLC.

i. FMR LLC, Wilmington, Delaware, United States of America, informed us pursuant to section 33 (1) WpHG that on 6 June 2023 its share of voting rights in DIC Asset AG, Frankfurt am Main, amounted to 4.63% (3,873,184 voting rights). All of these voting rights are attributable to FMR LLC pursuant to section 34 WpHG. The name of the shareholder holding at least 3% of the voting rights is: Fidelity Management & Research Company LLC.

j. Goldman Sachs Group, Inc., United States of America, informed us pursuant to section 21 (1) WpHG that on 8 June 2023 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 0.33% (278,949 voting rights) as of this date.

k. Goldman Sachs Group, Inc., United States of America, informed us pursuant to section 21 (1) WpHG that on 15 June 2023 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 0.67% (560,343 voting rights) as of this date.

l. Goldman Sachs Group, Inc., United States of America, informed us pursuant to section 21 (1) WpHG that on 22 June 2023 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 0.87% (724,086 voting rights) as of this date.

m. Goldman Sachs Group, Inc., United States of America, informed us pursuant to section 21 (1) WpHG that on 23 June 2023 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 0.44% (369,284 voting rights) as of this date.

n. Goldman Sachs Group, Inc., United States of America, informed us pursuant to section 21 (1) WpHG that on 5 July 2023 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 0.32% (263,767 voting rights) as of this date.

o. Goldman Sachs Group, Inc., United States of America, informed us pursuant to section 21 (1) WpHG that on 10 July 2023 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 0.56% (466,501 voting rights) as of this date.

p. Goldman Sachs Group, Inc., United States of America, informed us pursuant to section 21 (1) WpHG that on 11 July 2023 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 0.35% (288,911 voting rights) as of this date.

q. Goldman Sachs Group, Inc., United States of America, informed us pursuant to section 21 (1) WpHG that on 14 July 2023 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 0.48% (397,721 voting rights) as of this date.

r. Goldman Sachs Group, Inc., United States of America, informed us pursuant to section 21 (1) WpHG that on 27 July 2023 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 0.39% (328,575 voting rights) as of this date.

s. FMR LLC, Wilmington, Delaware, United States of America, informed us pursuant to section 21 (1) WpHG that on 9 August 2023 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 2.97% (2,481,749 voting rights) as of this date.

t. Goldman Sachs Group, Inc., United States of America, informed us pursuant to section 21 (1) WpHG that on 16 August 2023 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 0.73% (606,139 voting rights) as of this date.

u. Goldman Sachs Group, Inc., United States of America, informed us pursuant to section 21 (1) WpHG that on 17 August 2023 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 0.45% (375,748 voting rights) as of this date.

v. Goldman Sachs Group, Inc., United States of America, informed us pursuant to section 21 (1) WpHG that on 21 August 2023 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 0.70% (582,284 voting rights) as of this date.

w. Goldman Sachs Group, Inc., United States of America, informed us pursuant to section 21 (1) WpHG that on 24 August 2023 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 2.32% (1,939,806 voting rights) as of this date.

x. Goldman Sachs Group, Inc., United States of America, informed us pursuant to section 21 (1) WpHG that on 25 August 2023 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 0.30% (248,219 voting rights) as of this date.

y. Goldman Sachs Group, Inc., United States of America, informed us pursuant to section 21 (1) WpHG that on 21 September 2023 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 0.63% (525,489 voting rights) as of this date.

z. Goldman Sachs Group, Inc., United States of America, informed us pursuant to section 21 (1) WpHG that on 22 September 2023 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 0.32% (263,986 voting rights) as of this date.

aa. FMR LLC, Wilmington, Delaware, United States of America, informed us pursuant to section 33 (1) WpHG that on 7 November 2023 its share of voting rights in Branicks Group AG, Frankfurt am Main, amounted to 3.07% (2,563,742 voting rights). All of these voting rights are attributable to FMR LLC pursuant to section 34 WpHG.

bb. FMR LLC, Wilmington, Delaware, United States of America, informed us pursuant to section 21 (1) WpHG that on 13 November 2023 its share of voting rights in Branicks Group AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 2.92% (2,441,912 voting rights) as of this date.

cc. FMR LLC, Wilmington, Delaware, United States of America, informed us pursuant to section 33 (1) WpHG that on 15 November 2023 its share of voting rights in Branicks Group AG, Frankfurt am Main, amounted to 3.02% (2,525,010 voting rights). All of these voting rights are attributable to FMR LLC pursuant to section 34 WpHG. The name of the shareholder holding at least 3% of the voting rights is: Fidelity Management & Research Company LLC.

dd. FMR LLC, Wilmington, Delaware, United States of America, informed us pursuant to section 21 (1) WpHG that on 30 November 2023 its share of voting rights in Branicks Group AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 2.91% (2,427,790 voting rights) as of this date.

ee. Goldman Sachs Group, Inc., United States of America, informed us by way of a voluntary group voting rights notification where the threshold is met at subsidiary level pursuant to section 21 (1) WpHG that on 14 December 2023 its share of voting rights in Branicks Group AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 0.16% (132,304 voting rights) as of this date.

Note: This is a convenience translation of the German original. Solely the original text in the German language is authoritative.

# Independent auditor’s report

To Branicks Group AG (formerly DIC Asset AG), Frankfurt am Main

**Report on the audit of the consolidated financial statements and of the combined management report**

## Audit opinions

We have audited the consolidated financial statements of Branicks Group AG (formerly DIC Asset AG, Frankfurt am Main and its subsidiaries (the group), which comprise the consolidated balance sheet as at 31 December 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January 2023 to 31 December 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In addition, we have audited the combined management report (report on the position of the company and of the group) of Branicks Group AG (formerly DIC Asset AG) for the financial year from 1 January 2023 to 31 December 2023. In accordance with the German legal requirements, we have not audited the content of those parts of the combined management report listed in the section “OTHER INFORMATION”.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the group as at 31 December 2023 and of its financial performance for the financial year from 1 January 2023 to 31 December 2023 and
- the accompanying combined management report as a whole provides an appropriate view of the group’s position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those parts of the combined management report listed in section “OTHER INFORMATION”.

Pursuant to § 322 (3), sentence 1 HGB (German Commercial Code), we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

## Basis for the audit opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as “EU Audit Regulation”) and in compliance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements and of the combined management report” section of our auditor’s report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements.

In addition, in accordance with Article 10 (2) letter f) of the EU Audit Regulation, we declare that we have not provided any non-audit services prohibited under Article 5 (1) of the EU Audit Regulation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

## Material uncertainty related to the ability of the group to continue as a going concern

We refer to the statements in section "Basis of preparation" of the notes to the consolidated financial statements and in section "Financial risks", sub-section "Financing risk" in the Report on expected developments, risks and opportunities" of the combined management report, in which the executive directors describe that the continued existence of the company and the group is jeopardised if – contrary to the expectations of the executive directors – the business and liquidity plan submitted as part of the StaRUG process cannot be implemented and no alternative sources of financing can be secured. As set out in the statements, these events and conditions indicate the existence of a material uncertainty that may cast significant doubt on the ability of the company and the group to continue as a going concern and represents a going concern risk within the meaning of § 322 (2) sentence 3 HGB.

In accordance with Article 10 (2) (c) (ii) EU-Audit Regulation, we summarise our audit response to this risk as follows:

With the assistance of our specialists from the Restructuring Division, we assessed the independent business review of the business and liquidity plan dated 22 March 2024 as prepared by an external expert of the executive directors and evaluated the expert's professional qualifications and objectivity.

We also performed our own assessment of the business and liquidity plan of the executive directors and evaluated whether the assumptions made therein were reasonable and, whether the planned measures were properly derived on the basis of these assumptions. We examined the realisability of the measures and assessed whether they are sufficiently probable and feasible. In addition, we analysed their impact on the future liquidity situation. We also discussed the measures and the status of implementation of the business and liquidity plan with the executive directors, the supervisory board and the external expert.

With the support of our legal experts, we have also satisfied ourselves that the effects of the measures of the StaRUG proceedings have become legally binding.

We do not express a separate opinion on this matter.

Our audit opinions on the consolidated financial statements and on the combined management report have not been modified in this regard.

## Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January 2023 to 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In addition to the matter described in section "Material uncertainty related to the ability of the group to continue as a going concern", we have identified the following matters as key audit matters to be disclosed in our audit opinion:

1. Measurement of investment properties
2. Impairment of goodwill

### 1. Measurement of investment properties

#### Matter
Branicks Group AG disclosed investment properties amounting to EUR 3.398,6 in the consolidated financial statements as at 31 December 2023. Investment property is initially recognised at cost, including incidental costs, in accordance with IAS 40 in conjunction with IAS 16. Subsequently, investment property is measured at cost less accumulated depreciation, impairment losses and reversals of impairment losses. If there are specific external or internal indications of impairment, an impairment test must be carried out on the balance sheet date. New real estate appraisals prepared annually by appropriate appraisers specialising in the real estate sector are used for the impairment test.

An impairment loss is recognised if the recoverable amount falls below the carrying amount. The carrying amounts of investment properties are reviewed annually for impairment in accordance with IAS 36. According to IAS 36.18, the recoverable amount is the higher of the fair value less costs to sell and the value in use. Due to estimation uncertainties and existing scope for discretion, there is a risk for the consolidated financial statements that the carrying amounts of investment property are not covered by the respective recoverable amounts in accordance with IAS 36.6.

The determination of the respective fair values of the investment properties in accordance with IFRS 13 is carried out on the basis of the discounted cash flow method by the external appraisers commissioned by Branicks Group AG. These are Level 3 valuations within the meaning of IFRS 13, which are based on significant input factors that are not observable on the market. The forecast of future cash surpluses from rental income and operating, maintenance and administrative costs, as well as the derivation of the capitalisation rate, involves significant discretionary decisions and estimates.

A particularly important audit matter exists on the basis of the significance of the investment properties for the consolidated financial statements of Branicks Group AG in terms of their value and the considerable uncertainties associated with their measurement.

Branicks Group AG's disclosures on the measurement of investment properties are included in section 14. "Investment property" of the notes to the consolidated financial statements.

### Auditor's response

During our audit, we obtained evidence of the professional and technical qualifications of the external appraisers commissioned by Branicks Group AG as well as of their independence.

We obtained an understanding of the selection and application of the methods, significant assumptions and data on which the valuation by the external appraisers commissioned by Branicks Group AG was based and examined these appraisals on a test basis with regard to the appropriateness, consistency and correct implementation of the valuation method as well as the accuracy of the input factors (leased space and rental income). In addition, we traced the forecast values and parameters incorporated in the valuation (rental income, future vacancy rates, management, maintenance and administration costs and interest rates used) and satisfied ourselves of the appropriateness of the discretionary decisions and estimates.

We had the management board and the external appraisers commissioned by Branicks Group AG explain the assumptions contained in the forecasts regarding the future development of the properties, compared these with published industry expectations and analyses and verified that they were taken into account in the valuation.

We performed the audit of the aforementioned points on the basis of a selection of properties made from a risk perspective.

In carrying out the audit, we consulted internal specialists in the field of property valuation.

## 2. Impairment of goodwill

### Matter

As at 31 December 2023, the company reports goodwill of EUR 190.2 million in the consolidated financial statements.

Goodwill is subjected to an impairment test by the company at least once a year as at 31 December, irrespective of the occasion, and additionally if there are indications of impairment, in order to determine a possible need recognising an impairment loss. The company performed the annual impairment test in the financial year 2022.

The impairment test is performed at the level of the Institutional Business cash-generating unit to which the goodwill is fully allocated. In the impairment test, the carrying amount of the respective cash-generating unit is compared to the corresponding recoverable amount. The recoverable amount is the higher of the value in use and the fair value less costs to sell. The value in use is determined using the discounted cash flow method. The group's approved budget is the basis for determining future cash flows. Future cash flows beyond the detailed budget period are extrapolated using the long-term growth rate. Expectations about future market developments and assumptions about the development of macroeconomic factors are also taken into account. Discounting is carried out using the weighted average cost of capital of the cash-generating unit.

The determination of the value in use depends to a large extent on the management board's assessment of the future cash inflows of the cash-generating unit, the discount rate used, the growth rate and other assumptions, and is therefore subject to considerable uncertainty. Against this background, as well as the uncertainty of the forecast of business and earnings development triggered in particular by the Ukraine war, the recoverability of goodwill was of particular importance in the context of our audit.

Branicks Group AG disclosures on goodwill are included in the "Subsidiaries", "Associates", "Goodwill" and "Impairment" sections under "Significant accounting policies" and "13. Goodwill" in the notes to the consolidated balance sheet.

### Auditor's response

During our audit, we obtained an understanding of the company's budgeting process and assessed its appropriateness. We performed an analysis of the planning in the past, comparing the planning of the last years with the actual results and analysing deviations. In doing so, with the involvement of our valuation specialists, we traced the methodical procedure for carrying out the impairment tests as well as the calculation and examined the mathematical correctness of the calculation and the model used.

We discussed the approved budgeting of the group and the current forecast for the financial years 2024 to 2026 inclusive as well as the assumed long-term growth rate with the managing board. In particular, we assessed the appropriate consideration of the effects of the energy crisis triggered by the Ukraine war in the planning calculations. We verified the assumptions underlying the budgeting and the assumed growth rates by comparing them with past developments and current industry-specific market expectations. Furthermore, we critically examined the discount rate used on the basis of the average cost of capital of a peer group.

## Other Information

The executive directors or the supervisory board are responsible for the other information. The other information comprises:

- the corporate governance statement referred to in the section "Corporate governance statement" of the combined management report
- the information contained in the section "Non-financial performance indicators" of the combined management report with the exception of the section "Green Bond - Impact Reporting"
- the disclosures extraneous to the combined management report. These include „Fundamental information about the group"
- the separately published remuneration report according to § 162 AktG, to which reference is made in section "Other disclosures" of the combined management report
- the other parts of the annual report except for the audited consolidated financial statements and combined management report as well as our auditor's report.

Our audit opinions on the consolidated financial statements and combined management report do not cover the other information and, accordingly, we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, evaluate whether the other information

- is materially inconsistent with the consolidated financial statements, the combined management report or with our knowledge obtained in the audit or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there has been a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the executive directors and the supervisory board for the consolidated financial statements and the combined management report

The executive directors are responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e. fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the group's position and is, in all material respects, consistent with the consolidated financial statements in all material respects, complies with the German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for the overseeing the group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

## Auditor's responsibilities for the audit of the consolidated financial statements and of the combined management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- conclude on the appropriateness of the executive directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor’s report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the group to cease to be able to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e (1) HGB.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group in order to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the audit of the group audit. We remain solely responsible for our audit opinions.

- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the group’s position it provides.

- perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control system that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter.

## Other legal and regulatory requirements

**Report on the assurance on the electronic rendering of the consolidated financial statements and the combined management report in accordance with § 317 (3a) HGB**

## Assurance opinion

We have performed assurance work in accordance with § 317 (3a) HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the combined management report (hereinafter the "ESEF documents") contained in the electronic file "Branicks_Group_AG_KA_2023_12_31.zip" and prepared for publication purposes complies in all material respects with the requirements of § 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from 1 January 2023 to 31 December 2023 contained in the "Report on Consolidated financial statements of the consolidated financial statements and of the combined management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

## Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the combined management report contained in the file identified above in accordance with § 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 (3a) HGB (IDW AuS 410 (06.2022)). Our responsibility in accordance therewith is further described in the "Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm has applied the requirements of the IDW Quality Management Standards, which implement the IAASB's International Standards on Quality Management.

## Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the company are responsible for the preparation of the ESEF documents with the electronic renderings of the consolidated financial statements and the combined management report in accordance with § 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 (1) sentence 4 No. 2 HGB.

In addition, the executive directors of the company are responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of § 328 (1) HGB for the electronic reporting format.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

## Auditor's Responsibilities for the Assurance Work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of § 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of § 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this electronic file.
- evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited combined management report.
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, enables an appro-priate and complete machine-readable XBRL copy of the XHTML rendering.

## Further information pursuant to article 10 of the EU Audit Regulation

We were elected as group auditor by the general shareholders' meeting on 30 March 2023. We were engaged by the Chairman of the supervisory board on 12 December 2023. We have been the group auditor of Branicks Group AG (formerly DIC Asset AG) without interruption since the financial year 2022.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

## Other matter — use of the auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the assured ESEF documents. The consolidated financial statements and the combined management report converted to the ESEF format — including the versions to be published in the Federal Gazette – are merely electronic renderings of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents provided in electronic form.

## German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Christoph Hyckel.

Hamburg, 29 April 2024

BDO AG
Wirtschaftsprüfungsgesellschaft

| | |
|---|---|
| sgd. Härle | sgd. Hyckel |
| Wirtschaftsprüfer | Wirtschaftsprüfer |
| (German Public Auditor) | (German Public Auditor) |

# Overview

# Key figures in accordance with EPRA

Branicks Group AG periodically supplements its reporting in accordance with International Financial Reporting Standards (IFRSs) with the best practice recommendations of the European Public Real Estate Association (EPRA).

As in the previous years, we are reporting EPRA net tangible assets (EPRA NTA), EPRA net reinstatement value (EPRA NRV), EPRA net disposal value (EPRA NDV) and EPRA earnings for our Group. We are also reporting EPRA net initial yield (normal and 'topped up'), the EPRA vacancy rate and EPRA cost ratio (including and excluding direct vacancy costs) for our Commercial Portfolio. In this report we are also showing for the first time the EPRA LTV key figure.

The EPRA guidelines of February 2022 recommend that association members use these indicators for reporting periods starting on or after 1 January 2020 (1 January 2022 for EPRA LTV).

## Overview of EPRA key figures

| in EUR million | 31.12.2023 | 31.12.2022 |
|---|---|---|
| EPRA-Net Reinstatement Value (EPRA-NRV)[1] | 1,408.4 | 1,742.1 |
| EPRA-Net Tangible Assets (EPRA-NTA)[1] | 994.0 | 1,269.2 |
| EPRA-Net Disposal Value (EPRA-NDV)[1] | 1,337.8 | 1,661.1 |
| EPRA net initial yield (in %)[2] | 4.2 | 3.9 |
| EPRA "topped up" net initial yield (in %)[2] | 4.2 | 4.0 |
| EPRA vacancy rate (in %)[2] | 5.3 | 4.3 |

| in EUR million | 2023 | 2022 |
|---|---|---|
| EPRA earnings | 85.9 | 118.8 |
| EPRA cost ratio incl. direct vacancy costs (in %)[3] | 20.7 | 19.3 |
| EPRA cost ratio excl. direct vacancy costs (in %)[3] | 17.6 | 17.7 |

1 Previous year as of December 31, 2022 amount adjusted.
2 Calculated for the Commercial Portfolio only.
3 Calculated for the Commercial Portfolio only, without project developments and repositioning.

## EPRA net reinstatement value

The EPRA net reinstatement value (EPRA NRV) key performance indicator represents the intrinsic value of a company after adjusting for fair value adjustments and the fair value of financial instruments. As at 31 December 2022, EPRA NRV fell by around 19% to EUR 1,408.4 million (previous year: EUR 1,742.1 million). This decrease is mainly attributable to lower equity and lower hidden reserves in investment property as at 31 December 2023.

| in EUR million | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Equity attributtle to Group shareholders[1] | 1,044.7 | 1,176.1 |
| plus hidden reserves on investment properties[2] | 184.3 | 353.1 |
| plus/less fair value of financial instruments | 0.0 | – 2.9 |
| plus real estate transfer tax | 179.4 | 215.8 |
| **EPRA-Net Reinstatement Value (EPRA-NRV)[1]** | **1,408.4** | **1,742.1** |
| Number of shares (thousand) | 83,566 | 83,152 |
| EPRA-NRV per share in EUR[1, 3] | 16.85 | 20.95 |

1 Prior-year amounts as at 31 December 2022 restated.
2 Excl. non-controlling interests.
3 Based on 83,565,510 shares (previous year: 83,152,366 shares).

## EPRA net disposal value

The EPRA Net Disposal Value (EPRA-NDV) key performance indicator represents the intrinsic value of a company after adjusting for total deferred taxes on fair value adjustments to investment properties, the goodwill recognised in the balance sheet and the fair value adjustment for fixed-rate liabilities. As at 31 December 2023, EPRA NDV fell by around 20% to EUR 1,337.8 million (previous year: EUR 1,666.1 million). This decrease is mainly attributable to lower equity and lower hidden reserves in investment property as at 31 December 2023.

| in EUR million | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Equity attributtle to Group shareholders [1] | 1,044.7 | 1,176.1 |
| plus hidden reserves on investment properties [2] | 184.3 | 353.1 |
| less 100% deferred tax on fair value adjustments on investment properties | – 22.6 | – 54.3 |
| less recognised goodwill | – 190.2 | – 190.2 |
| plus fair value adjustment of fixed-rate liabilities [1] | 321.6 | 381.4 |
| **EPRA-Net Disposal Value (EPRA-NDV)[1]** | **1,337.8** | **1,666.1** |
| Number of shares (thousand) | 83,566 | 83,152 |
| EPRA-NDV per share in EUR [1, 3] | 16.01 | 20.04 |

[1] Prior-year amounts as at 31 December 2022 restated.
[2] Excl. non-controlling interests.
[3] Based on 83,565,510 shares (previous year: 83,152,366 shares).

## EPRA net tangible assets

The EPRA net tangible assets (EPRA NTA) key performance indicator represents the intrinsic value of a company after adjusting proportionally for deferred taxes on fair value adjustments to investment properties, the fair value of financial instruments and all intangible assets. As at 31 December 2023, EPRA NTA contracted by around 22% to EUR 994.0 million (previous year: EUR 1,269.1 million). The decrease reflects the approximately 22% lower equity attributable to Group shareholders and the lower hidden reserves in investment property compared to the previous year's reporting date.

| in EUR million | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Equity attributtle to Group shareholders [1] | 1,044.7 | 1,176.1 |
| plus hidden reserves on investment properties [2] | 184.3 | 353.1 |
| less 50% deferred tax on fair value adjustments on investment properties | – 11.3 | – 27.1 |
| plus/less fair value of financial instruments | 0.0 | – 2.9 |
| less recognised goodwill | – 190.2 | – 190.2 |
| less intangible assets | – 33.5 | – 39.8 |
| **EPRA-Net Tangible Assets (EPRA-NTA)[1]** | **994.0** | **1,269.2** |
| Number of shares (thousand) | 83,566 | 83,152 |
| EPRA-NTA per share in EUR [1, 3] | 11.89 | 15.26 |

[1] Prior-year amounts as at 31 December 2022 restated.
[2] Excl. non-controlling interests.
[3] Based on 83,565,510 shares (previous year: 83,152,366 shares).

## EPRA net initial yield

The EPRA net initial yield compares annualised rental income (excluding non-allocable property expenses) with the market value of the real estate portfolio at the reporting date; the 'topped up' calculation includes notional rents in respect of unexpired rent-free periods.

| in EUR million | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Annualised gross rental income at the reporting date[1] | 177.4 | 201.6 |
| less non-allocable operating expenses | –17.6 | –18.3 |
| **Annualised net rental income at the reporting date (A)** | **159.8** | **183.3** |
| plus estimated rent for current rent-free periods | 1.7 | 2.1 |
| **Topped up annualised net rental income at the reporting date (B)** | **161.5** | **185.4** |
| | | |
| Investment property in the Commercial Portfolio segment | 3,641.6 | 4,451.9 |
| Estimated incidental acquisition costs on real estate portfolio | 182.1 | 222.6 |
| **Commercial Portfolio (gross) (C)** | **3,823.7** | **4,674.5** |
| | | |
| **EPRA net initial yield (in %) (A/C)** | **4.2%** | **3.9%** |
| **EPRA topped-up net initial yield (in %) (B/C)** | **4.2%** | **4.0%** |

[1] Without warehousing, without rent-free periods.

## EPRA vacancy rate

The EPRA vacancy rate compares market rents for vacant spaces with the market rent for the total portfolio space (at the respective reporting date).

| in EUR million | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Estimated rent for vacant space (A) | 8.7 | 8.2 |
| Estimated rent for the entire portfolio (B) | 164.1 | 192.2 |
| **EPRA vacancy rate[1] (in %) (A/B)** | **5.3%** | **4.3%** |

[1] Reported for the Commercial Portfolio only, without project developments and repositioning.

## EPRA earnings

| in EUR thousand | 2023 | 2022 |
|---|---|---|
| IFRS profit | –65,960 | 31,024 |
| | | |
| **EPRA adjustments** | | |
| Market value change or depreciation of investment property | 130,458 | 63,129 |
| Profit/loss on disposal of investment property | –8,184 | –12,697 |
| Tax on disposal of investment property | 1,295 | 2,010 |
| Amortisation of intangible assets and depreciation of right-of-use assets in acc. with IFRS 16 | 25,567 | 10,753 |
| Other non-recurring effects | 8,160 | 13,235 |
| Deferred taxes in connection with EPRA adjustments | –684 | –484 |
| Contributions from Co-Investments (project developments and sales) | 0 | 0 |
| Non-controlling interests | –4,739 | 11,834 |
| | | |
| **EPRA earnings** | **85,913** | **118,804** |
| **EPRA earnings per share** | **1.03** | **1.44** |

## EPRA cost ratios

The EPRA cost ratio compares the sum of the proportional operating and administrative expenses of the Commercial Portfolio with gross rental income during the reporting period – both including and excluding direct vacancy costs.

| in EUR million | 2023 | 2022 |
|---|---|---|
| Operating expenses | 41.5 | 36.8 |
| less ground rents | – 0.2 | – 0.3 |
| less exceptionals | – 2.9 | – 3.1 |
| **EPRA costs incl. direct vacancy costs (A)** | **38.4** | **33.4** |
| less direct vacancy costs | – 5.8 | – 2.8 |
| **EPRA costs excl. direct vacancy costs (B)** | **32.6** | **30.6** |
| | | |
| Gross rental income less ground rents | 188.1 | 176.0 |
| exceptionals relating object management | – 2.9 | – 3.1 |
| **Gross rental income (C)** | **185.2** | **172.9** |
| | | |
| **EPRA cost ratio incl. direct vacancy costs (in %) (A/C)** | **20.7 %** | **19.3 %** |
| **EPRA cost ratio excl. direct vacancy costs (in %) (B/C)** | **17.6 %** | **17.7 %** |

## EPRA LTV

The new EPRA LTV key fire serves to improve the comparability of leverage ratio data in the real estate sector. In deviation from Branicks' presentation, EPRA LTV also includes a disclosure after deducting minority interests.

| in EUR million | Consolidated | Less minority interests | After minority interests |
|---|---|---|---|
| **Include:** | | | |
| Long-term interest-bearing loans and borrowings | 1,906.8 | −288.8 | 1,618.0 |
| Short-term interest-bearing loans and borrowings | 618.9 | −12.6 | 606.3 |
| Liabilities related to non-current assets held for sale | 39.2 | 0 | 39.2 |
| Liabilities to related parties | 6.6 | 0 | 6.6 |
| Net payables | 0 | 0 | 0 |
| Corporate bonds | 394.7 | 0 | 394.7 |
| **Exclude:** | | | |
| Cash and cash equivalents | −345.6 | 74.4 | −271.2 |
| **Net debt (a)** | **2,620.6** | | **2.,393.6** |
| | | | |
| **Include:** | | | |
| Investment properties at fair value | 3,541.1 | −540.3 | 3,000.8 |
| Non-current assets held for sale | 100.5 | −4.1 | 96.4 |
| Goodwill | 190.2 | 0 | 190.2 |
| Service agreements | 45.3 | 0 | 45.3 |
| Net receivables | 49.0 | −25.3 | 23.7 |
| Carrying amount of loans/receivables due to related parties | 134.1 | − 0.4 | 133.7 |
| Fair value of investments (indirect property) | 345.8 | 0 | 345.8 |
| **Total property value (b)** | **4,406.0** | | **3,835.9** |
| | | | |
| **EPRA LTV (a/b)** | **59.5%** | | **62.4%** |

# Quarterly overview

**Key financial figures**

| in EUR million | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 |
|---|---|---|---|---|
| Gross rental income | 50.4 | 46.5 | 45.9 | 45.4 |
| Net rental income | 44.0 | 41.0 | 40.8 | 38.9 |
| Real estate management fees | 10.5 | 11.3 | 11.5 | 17.6 |
| Proceeds from sales of property | 356.4 | 0.0 | 115.3 | 86.9 |
| Profits from sales of property | 8.2 | 0.0 | 0.0 | 0.0 |
| Share of the profit or loss of associates | 0.9 | 1.9 | 1.7 | 1.9 |
| Funds from Operations excluding non-controlling interest (FFO) | 19.4 | 3.0 | 10.7 | 18.8 |
| EBITDA | 47.0 | 37.7 | 36.9 | 42.9 |
| EBIT | 28.6 | – 4.2 | 18.9 | – 34.9 |
| EPRA earnings | 20.2 | 18.8 | 13.9 | 33.0 |
| Profit/loss of the period | 2.2 | – 18.8 | – 4.4 | – 49.7 |
| Cash flow from operating activities | 6.1 | 57.9 | 2.3 | 30.8 |

**Balance sheet figures**

| in EUR million | 31.03.2023 | 30.06.2023 | 30.09.2023 | 31.12.2023 |
|---|---|---|---|---|
| Loan To Value (LTV) in %[1] | 57.3 % | 57.6 % | 56.9 % | 60.1 % |
| Investment property | 3,673.3 | 3,529.8 | 3,546.0 | 3,398.6 |
| Total assets | 5,327.9 | 5,222.0 | 4,967.1 | 4,846.2 |

**Key figures**

| per sheed in EUR | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 |
|---|---|---|---|---|
| FFO (excluding non-controlling interest) | 0.16 | 0.11 | 0.13 | 0.22 |
| EPRA earnings | 0.24 | 0.23 | 0.16 | 0.40 |
| Earnings | 0.00 | – 0.18 | – 0.08 | – 0.53 |

[1] Adjusted for warehousing.

# Five-year overview

**Key financial figures**

| in EUR million | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Gross rental income | 101.9 | 100.7 | 108.4 | 176.0 | 188.3 |
| Net rental income | 87.9 | 82.2 | 91.2 | 152.5 | 164.6 |
| Real estate management fees | 62.9 | 79.7 | 101.2 | 88.4 | 50.9 |
| Proceeds from sales of property | 176.0 | 116.3 | 139.3 | 51.5 | 558.6 |
| Profits from sales of property | 40.5 | 32.0 | 23.8 | 12.7 | 8.2 |
| Share of the profit or loss of associates | 18.3 | 11.4 | 6.5 | 18.9 | 6.4 |
| Funds from Operations excluding non-controlling interest (FFO) | 95.0 | 96.5 | 107.2 | 114.2 | 51.9 |
| EBITDA | 164.5 | 156.3 | 165.1 | 194.4 | 164.5 |
| EBIT | 130.2 | 117.6 | 122.1 | 120.5 | 8.5 |
| Profit/loss | 80.7 | 73.1 | 58.4 | 42.9 | – 70.7 |
| Cash flow from operating activities | 64.8 | 67.4 | 43.4 | 158.9 | 97.1 |

**Balance sheet figures**

| in EUR million | 31.12.2019 | 31.12.2020 | 31.12.2021 | 31.12.2022 | 31.12.2023 |
|---|---|---|---|---|---|
| Investment property | 1,623.0 | 1,600.0 | 1,756.7 | 3,673.3 | 3,398.6 |
| Net Asset Value [1] | 1,244.2 | 1,409.9 | 1,509.8 | 1,593.5 | 1,298.4 |
| Total assets | 2,657.4 | 2,724.2 | 3,493.7 | 5,180.3 | 4,846.2 |
| Equity | 968.8 | 1,108.4 | 1,134.0 | 1,664.1 | 1,527.1 |
| Liabilities | 1,688.7 | 1,615.7 | 2,359.7 | 3,516.2 | 3,319.1 |

**Key figures**

| per share in EUR | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| FFO (excluding non-controlling interest) | 1.32 | 1.22 | 1.32 | 1.38 | 0.62 |
| EPRA earnings | 1.17 | 1.07 | 1.18 | 1.44 | 1.03 |
| Net Asset Value [1] | 17.23 | 17.49 | 18.44 | 19.16 | 15.54 |
| Dividend [2] | 0.66 | 0.70 | 0.75 | 0.75 | 0.00 |

[1] Previous year as of December 31, 2022 amount adjusted.
[2] Proposed dividend.

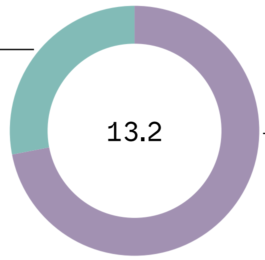
# Portfolio overview

## Assets under management

in EUR billion

Commercial Portfolio **3.6**
(proprietary portfolio)

- 168 properties
- Directly held portfolio
- Recurring rental income from Core/Core Plus and Value-add assets
- Medium to long-term investment horizon
- Sales at appropriate time




**9.6** Institutional Business
(third-party business)

- 183 properties
- Investment vehicles for institutional investors
- Income from structuring and managing these vehicles
- Core real estate in major cities and economically strong regions

## Portfolio By segments

| | | Commercial Portfolio | Institutional Business | Total |
|---|---|---|---|---|
| Number of properties | 2023 | 168 | 183 | 351 |
| | 2022 | 207 | 153 | 360 |
| Market value in EUR million | 2023 | 3,641.6 | 9,582.1 | 13,223.7 |
| | 2022 | 4,451.9 | 10,254.2 | 14,706.1 |
| Rental space in sqm | 2023 | 1,735,900 | 2,873,500 | 4,609,408 |
| | 2022 | 2,103,500 | 2,691,100 | 4,794,600 |

## Portfolio by regions[1]

| | | North | East | Central | West | South | Total |
|---|---|---|---|---|---|---|---|
| Number of properties | 2023 | 38 | 34 | 63 | 80 | 136 | 351 |
| | 2022 | 37 | 36 | 64 | 80 | 143 | 360 |
| Market value in EUR million | 2023 | 941.6 | 1,521.9 | 3,966.6 | 3,124.1 | 3,669.5 | 13,223.7 |
| | 2022 | 960.5 | 1,674.1 | 4,735.8 | 3,214.8 | 4,120.9 | 14,706.1 |
| Portfolio proportion in % by market value | 2023 | 7% | 11% | 30% | 24% | 28% | 100% |
| | 2022 | 7% | 11% | 32% | 22% | 28% | 100% |
| Annualised rental income in EUR million | 2023 | 50.1 | 63.5 | 174.4 | 157.6 | 171.5 | 617.1 |
| | 2022 | 47.4 | 63.6 | 179.5 | 151.4 | 173.5 | 615.4 |
| Average rent in EUR per sqm | 2023 | 9.62 | 13.11 | 16.80 | 10.39 | 9.09 | 11.31 |
| | 2022 | 9.49 | 11.78 | 16.93 | 10.20 | 8.38 | 10.86 |
| Weighted average lease term in years | 2023 | 5.8 | 7.2 | 7.1 | 5.5 | 5.6 | 6.2 |
| | 2022 | 6.0 | 8.1 | 7.8 | 5.9 | 6.0 | 6.7 |
| Gross rental yield | 2023 | 5.3% | 4.2% | 4.4% | 5.0% | 4.9% | 4.7% |
| | 2022 | 4.9% | 3.8% | 3.8% | 4.7% | 4.4% | 4.2% |

[1] Figures excluding developments and warehousing, except for number of properties and market value; figures including third-party properties, except for average rent, weighted average lease term and gross rental yield.

## Top 20 assets in the Commercial Portfolio[1]

| | Location | Address | Rental space (thsd. sqm) | EPRA vacancy rate | Annualised rental income (EUR million) | Market value (EUR million) | WALT (years) |
|---|---|---|---|---|---|---|---|
| 1 | Kösching | Zeppelinstraße 33 | 115.2 | 0.0% | 9.0 | 219.5 | 6.7 |
| 2 | Erding (project development) | Landshuter Straße | n/a | n/a | n/a | 115.1 | n/a |
| 3 | Düsseldorf | Werdener Str. 4 | 29.7 | 9.9% | 6.5 | 113.5 | 3.7 |
| 4 | Berlin | Taubenstr. 7–9 | 10.1 | 0.0% | 5.0 | 102.0 | 3.0 |
| 5 | Kösching | Einsteinstraße 6 | 54.7 | 0.0% | 4.0 | 90.3 | 1.8 |
| 6 | Offenbach | Berliner Straße 300 | 14.0 | 0.0% | 3.6 | 80.7 | 9.5 |
| 7 | Regensburg | Osterhofener Straße 8–19 | 38.6 | 2.6% | 4.9 | 77.0 | 3.0 |
| 8 | Leinfelden-Echterdingen | Fasanenweg 9 | 11.5 | 0.0% | 2.7 | 77.0 | 3.2 |
| 9 | Halle | Neustädter Passage 17 a–d | 30.7 | 1.3% | 4.4 | 70.5 | 6.1 |
| 10 | Frankfurt | Insterburger Str. 7a | 14.3 | 7.5% | 6.3 | 69.2 | 1.7 |
| 11 | Eschborn | Frankfurter Str. | 9.3 | 0.0% | 3.0 | 67.4 | 4.6 |
| 12 | Cologne | Mercedes-Allee 1 | 23.4 | 0.0% | –[2] | 62.5 | 3.9 |
| 13 | Munich | Georg-Brauchle-Ring 56, 58 | 9.2 | 1.3% | 2.8 | 60.7 | 2.7 |
| 14 | Hamburg | Marckmannstr. 129a–e | 23.4 | 0.0% | 2.8 | 60.3 | 8.0 |
| 15 | Frankfurt | Kaiserstr. 62–64 | 9.4 | 5.4% | 2.3 | 54.5 | 9.4 |
| 16 | Leverkusen | Horst-Henning-Platz 1 | 13.4 | 0.0% | 2.4 | 53.6 | 11.2 |
| 17 | Bremen | Papenstr. 5 | 24.7 | 0.0% | 1.8 | 53.1 | 3.2 |
| 18 | Duisburg | Steinsche Gasse 26 | 12.6 | 0.0% | 2.4 | 51.7 | 14.2 |
| 19 | Frankfurt | Königsberger Str. 29 | 12.7 | 20.2% | 2.1 | 49.9 | 7.0 |
| 20 | Wiesbaden | Gustav-Stresemann-Ring 12–16 | 26.1 | 37.3% | 2.8 | 49.8 | 3.7 |
| **Top 20 properties** | | | **483.0** | **4.6%** | **68.8** | **1,578.3** | **5.1** |
| **Other properties** | | | **1,252.9** | **5.7%** | **110.3** | **2,063.3** | **4.8** |
| **Total** | | | **1,735.9** | **5.3%** | **179.1** | **3,641.6** | **4.9** |

[1] Top 20 list without non-strategic properties and properties earmarked for future development activities.
[2] Undisclosed information for reasons of competition.

# Glossary

**Adjusted NAV (adjusted net asset value)**
Adjusted NAV is calculated as NAV plus the economic value of the Institutional Business division that was determined in an external valuation at year-end and is not included in full in the consolidated balance sheet. Adjusted NAV therefore serves as an indicator of the value of the entire group including all income pillars.

**Acquisition volume**
The total of the purchase prices for acquired real estate (with notarisation) within a reporting period.

**Annualised rent**
Rental income of a property at a specific date based on current rent, extrapolated to the full year.

**Asset management**
Value-orientated operation and/or optimisation of properties through letting management, repositioning or modernisation.

**Asset management/property management/development fees**
The fees for asset management and property management services as well as services for development activities are closely correlated with the amount of assets under management and as a general rule are largely derived from this.

**Assets under management**
At Branicks Group AG, the term assets under management refers to all managed real estate assets from the Commercial Portfolio and Institutional Business divisions that are included here at the most recently determined market value in each case.

**Measurement at cost**
When measuring an asset at cost, measurement includes recognising the historical cost incurred for producing or acquiring the asset. The carrying amount of depreciable assets is reduced by depreciation and, if required, by impairment charges. Also referred to as “at cost accounting”.

**Gross rental income**
Corresponds to the contractually agreed rent, plus/minus the rental incentives to be distributed over the lease agreement in accordance with IFRSs from investment rent and rent-free periods.

**Gross rental yield**
Ratio of contractually agreed gross rent to the most recently determined market value of the real estate.

**Cash flow**
Figure that shows the flow of cash during a given period, making a distinction between cash flow from operating, investing and financing activities.

**$CO_2$**
Carbon dioxide is a chemical compound of carbon and oxygen and is one of the main and best-known greenhouse gases. It is produced in particular during the combustion of fuels containing carbon, such as fossil energy carriers like coal, natural gas or crude oil.

**Commercial Portfolio**
The Commercial Portfolio represents the existing portfolio of Branicks Group AG including the direct real estate investments (“investment properties”). Properties in this portfolio are reported under “Investment property”. Income from managing its own real estate portfolio and optimising its value are combined in the “Commercial Portfolio” division.

**Core real estate**
Properties let on long-term leases to tenants with outstanding credit ratings in the best locations are described as “core real estate”.

**Corporate governance**
Rules for sound, responsible business management aimed at running a company in line with values and standards in the interest of its investors and other stakeholders. The annual Declaration of Compliance to the German Corporate Governance Code provides a tool to assess corporate governance.

**Derivative financial instruments**
Derivative financial instruments, or derivatives, are reciprocal contracts, whose price determination is generally based on the trend of a market-dependent underlying security (e.g. shares or interest rates). At Branicks Group AG, these are used exclusively to hedge interest rate risks.

**Designated sponsor**
The term “designated sponsor” is used for stock brokers who are active in Deutsche Börse’s Xetra trading system, and who in their role as special market players ensure that the shares of a given issuer retain the necessary liquidity.

**EBIT**
At Branicks Group AG, earnings before interest and taxes, including the share of the profit or loss from associates.

**EBITDA**
At Branicks Group AG, earnings before interest and other financing activities, excluding depreciation and amortisation, including the share of the profit or loss from associates.

**EPRA earnings**
EPRA earnings are a measure for the sustained and continuous performance by a real estate portfolio and are comparable with the calculation of funds from operations (FFO), although they differ in the way deferred taxes are considered, among other things. When calculating EPRA earnings, all non-recurring or non-cash income components are eliminated. These include valuation effects/depreciation and amortisation and the result of the sale of properties and project developments.

**EPRA NDV (net disposal value)**
EPRA NDV represents the intrinsic value of a company after adjusting for goodwill recognised in the balance sheet and the fair value adjustment for fixed-rate liabilities.

**EPRA NRV (net reinstatement value)**
EPRA NRV represents the intrinsic value of a company after adjusting for deferred taxes on fair value adjustments to investment properties and the fair value of financial instruments.

**EPRA NTA (net tangible assets)**
EPRA NTA represents the intrinsic value of a company after adjusting for deferred taxes on fair value adjustments to investment properties, the fair value of financial instruments and all intangible assets.

**Equity method**
Consolidation and measurement method in the consolidated financial statements based on the share of updated equity and earnings. Branicks Group AG reports its shares in associates using this method.

**Share of the profit or loss of associates**
Covers the earnings of Branicks Group AG's equity investments calculated in accordance with the equity method. These investments are essentially co-investments by Branicks Group AG in the investment vehicles of the Institutional Business division, and other investments. The share of the profit or loss of associates includes, among others, income from the management of real estate as well as profits on sales and dividends, calculated proportionately in each case.

**ESG**
ESG stands for Environmental, Social and Governance, i.e. environmental and social issues in a company's area of responsibility as well as sustainability-related corporate governance.

**Fair value**
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.

**Fee**
Payment for services to third parties or payment obligation as a result of using third-party services. In the Institutional Business division Branicks Group AG makes a distinction between fees for asset management, property management and development activities, as well as transaction and performance fees.

**FFO (funds from operations)**
Operating income from property management, before depreciation, tax, profits from sales and project developments as well as other non-recurring or non-cash income components. At Branicks Group AG, this key figure is calculated before taxes and after deducting minorities.

**Financial covenants**
Financial covenants are conditions stipulated by financial institutions when granting loans. They are linked to the achievement of financial key figures (e.g. interest coverage ratio [ICR], and debt service coverage ratio [DSCR]) during the term.

**Goodwill**
Goodwill arises from the recognition of acquisitions in the acquiror's balance sheet as a residual figure when the purchase price used to acquire the acquiree cannot be fully divided among the sum of the fair values of all of the acquiree's assets. Unrecognised intangible assets of the acquiree are reflected in goodwill. In accordance with IFRSs, the goodwill recognised must be tested for impairment on an annual basis.

**Green bond**
A "green bond" is a fixed-rate security where the use of funds is exclusively earmarked for activities that contribute to the reduction or avoidance of climate risks.

**Green Bond Framework**
Branicks Group AG's Green Bond Framework complies with the globally established Green Bond Principles and enables bond issues with funds used for green purposes that are also in line with the United Nations Sustainable Development Goals 9 and 11. To assess the framework, a second-party opinion was obtained, which is publicly available.

**Green Bond Principles**
The Green Bond Principles (GBP) of the International Capital Market Association (ICMA) are a globally established standard for assessing green bond issues. They provide recommendations and categories for the use of funds raised and for subsequent reporting.

**Green building**
Branicks Group AG's Green Bond Framework defines buildings meeting the highest energy efficiency standards as "green buildings". In doing so, Branicks follows established market definitions and references minimum certification levels like "LEED Gold", "BREEAM Very Good" or "DGNB Gold", among others.

**Hedge (cash flow hedge, fair value hedge)**
Agreement of a contract to safeguard and compensate for the exposure to financial risk.

**IFRSs (International Financial Reporting Standards)**
IFRSs have been applicable to listed companies in the EU since 1 January 2005. They are intended to facilitate worldwide comparability of publicly traded companies. The focus is on providing information that is easy to understand and fair, not on the protection of creditors and risk-related matters.

**Impairment test**
Obligatory periodic comparison under IFRSs of fair values and carrying amounts and the assessment of potential signs of a sustained impairment in the value of assets.

**Institutional Business**
The Institutional Business reporting segment combines all income from real estate management services and income from associated companies (particularly in connection with co-investments).

**Investment properties**
Investment properties are investments in land and/or buildings that are held for the purposes of earning income from rents and leases, and/or for capital appreciation. They are reported as "Investment property" in accordance with the International Financial Reporting Standards (IAS 40). Branicks Group AG measures investment properties at depreciated cost in accordance with IAS 40.56.

**Like-for-like rental income**
Like-for-like rental income is rental income from properties in a portfolio that were continuously in the portfolio between two reporting dates. Changes due to portfolio additions and disposals are therefore not included here. When comparing periods, this figure shows the organic component of the change in rental income from letting activity, among other aspects (mainly due to the reduction of vacancies, higher rents for new leases and indexations).

**Market capitalisation**
Total market value of a company listed on the stock exchange, resulting from the share price multiplied by the number of shares issued at a specific date.

**NAV (net asset value)**
Represents the intrinsic value of a company. The net assets are calculated as the fair value of the assets less liabilities.

**Non-recourse financing**
Financing at property or portfolio level, whereby recourse to other assets within the scope of the group is excluded. In the case of non-recourse financing, lenders tailor their lending to the property or the portfolio, as well as the cash flow from the rental income.

**Operating leases**
Term used in the context of International Financial Reporting Standards. It refers to a periodic lease without transfer of title to the leased asset for the agreed period of use. The recognised right-of-use asset (e.g. for operating and office equipment) is offset by a corresponding liability on the liabilities side.

**Operating expenses**
Combined personnel and administrative expenses.

**Prime Standard**
Segment of the Frankfurt Stock Exchange with the greatest relevance and degree of regulation, as well as the highest level of transparency.

**Property management**
Complete property servicing by own efforts or by management of commercial, infrastructure and technical service providers.

**Redevelopment**
Redevelopment is any type of measure to develop property that is already in use. The development activities of Branicks Group AG relate exclusively to such portfolio developments. In the case of logistics properties, there is also project development for newly constructed properties via the subsidiary VIB Vermögen AG.

**Refurbishment**
Generally, structural changes to a building aimed at improving a building's quality and/or fixtures and fittings.

**ESG-linked promissory note**
Promissory note loan placed with capital market investors where the funds raised can be used for general corporate purposes. However, linking the financing conditions to ESG criteria (in the case of Branicks with the percentage of green buildings in its proprietary portfolio on certain key dates) creates an additional incentive for issuers to push ahead with green projects.

**Peak rent**
The peak rent is the highest possible rent that could be expected in the market for a prime quality, suitably equipped office unit in the best location.

**Stakeholder**
Stakeholder is the term generally used for people or groups having different requirements or interests in a corporate process or result, business sector or project. A distinction can also be made between internal stakeholders (employees, owners) and external stakeholders (business partners, tenants, service providers, the general public).

**Transaction and performance fees**
Transaction and performance fees include fees for acquisitions and sales, for the set-up of investment products and for the exceeding of defined profitability hurdles through successful real estate management.

**Value in use**
Present value of future cash flows to be earned through the use of an asset. In contrast to the fair value, which is based on sales and markets, the value in use reflects the specific value of the continued use of an asset from the point of view of the company.

**Proceeds from sales of property**
Pro-rata income from sales of investment property after transfer of ownership.

**Disposal volume**
The total of the sales prices for the sold real estate (with notarisation) within a reporting period.

**Letting performance/volume**
Rental space for which rental agreements for new tenancies or renewals have been concluded for a given period. The letting performance is reported as of a specific date.

**Loan to value (LTV)**
Ratio of total net financial debt (including liabilities to related parties) to the sum of the market value of the Commercial Portfolio, the market value of other investments, goodwill and other intangible assets in connection with the acquisition of companies, loans to associates and receivables from related parties. Branicks Group AG also reports loan to value without the short-term effects of bridge financing in connection with warehousing.

**VIB Vermögen AG**
Branicks Group AG acquired a controlling majority interest in the real estate property holder and project developer VIB Vermögen AG ("VIB") in 2022. Within the Branicks group, VIB specialises in the high-potential business of logistics properties.

**Warehousing**
Securing real estate to form the start-up portfolios for new vehicles to be launched, or to contribute the properties to existing investment products at a later time by acquiring them and adding them to the Commercial Portfolio. Warehousing properties are accounted for as "non-current assets held for sale".

**Interest coverage ratio (ICR)**
Ratio of EBITDA to net interest result during a specific period; also called interest cover ratio.

**Interest rate swap**
In the case of interest rate swaps, cash flows from fixed and variable interest-bearing loans are swapped between counterparties. This can be used, for example, to ensure a certain interest rate and thereby minimise risks from interest rate rises.

# Legal notes

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**Forward-looking statements**
This annual report contains statements that refer to future developments. Such statements constitute assessments that have been taken in the light of the information available. Should the assumptions on which they are based not prove accurate, or should – as specified in the section entitled Risk Report – risks occur, the actual results may differ from those anticipated.

**Note:**
This report is published in German (original version) and English (non-binding translation).

For computational reasons, rounding differences from the exact mathematical values (monetary amounts (EUR thousand), percentages (%), etc.) may occur in tables and cross-references.