INITIATION OF COVERAGE

BriQ Properties

High yield, low risk; initiating with a Buy

High yield, diversified RE portfolio – BriQ Properties is one of the largest real estate investment companies in Greece featuring a €283m portfolio and annualized rental income of c€21m (following the completion of the transformational merger with ICI), translating to a c7.6% yield on income-generating assets. The portfolio is quite diversified across the logistics, offices, retail and other sectors, boasting top-notch tenants and almost full occupancy, with embedded inflation-indexed rents and a 5.5-year weighted average lease term.

Disciplined, income-focused strategy, bolstering the stock's defensive characteristics – Unlike peers with more aggressive capex cycles, BriQ follows a measured investment approach, with just a €14m capex plan through 2026e targeting logistics expansion, selective office redevelopments, and hotel upgrades. Although this translates into lower optionality from pipeline execution and development gains than the case for peers, it also de-risks the thesis allowing the continuation of a generous – and highly visible – shareholder return policy equivalent to 70-75% of FFO, corresponding to 7-9% dividend yield in 2025-27e, the highest in the Greek REIC sector.

Low-cost structure to underpin deleveraging and 4% NAV CAGR through to 2028e – BriQ's competitive advantage lies in its low-cost operating structure (operating costs <2% of GAV), the most efficient among Greek REICs, which supports higher EBITDA margins/cash flow and distributable income, while also underpinning NAV built-up (given the 25-30% FFO retention). We expect rental income to grow at c3% CAGR over 2024-27e thanks to inflation indexation clauses but have penciled in a c5% debasement in 2028 reflecting the impact of lease renegotiations upon expiration, which we expect will effectively lead rental income back to 2025e levels and adj. EBITDA to c€17.5m from 2028e onwards from c€18-18.5m over 2025-27e. That said, we understand that mgt is mulling divesting or repurposing some assets so as to capitalize on low acquisition costs, potentially reinvesting the related proceeds into higher-yielding properties (or topping up shareholder returns). In any case, we expect the disciplined capital allocation and inflation-linked lease structure to drive 4% NAV CAGR through 2028e, also supported by revaluation gains (-10bps yield shift assumed in 2025-26).

Valuation: 2-digit total return should drive narrowing of NAV discount – The stock has exhibited lower volatility than its peers, staying little-changed throughout 2023 and most of 2024 before staging a rally in Q4'24, driven by the completion of the ICI merger. Despite this move, the stock remains at 35% discount to 2025e NAV, wider than the average <30% discount for EU peers and similar to that of other Greek REICs. Although EU REICs have traded at c15% discount to NAV cross-cycle, we note that cases of total return (NAV growth + divis) in excess of 10% have historically been associated with NAV parity, assuming "normal" cost of equity levels. Against this background, we find the c14% average total return on offer by BriQ as palatable, with our €2.88 PT applying a 20% discount to 2025e NAV, at the low end of BriQ's peer group current valuation given the aforementioned merits of the thesis. We thus initiate coverage with a Buy.

Estimates					
EUR mn	2023	2024e PF	2025e	2026e	2027e
Gross rental income	9.1	20.5	21.8	22.4	22.5
EBITDA - adj.	6.9	16.8	18.0	18.4	18.5
Net profit - reported	14.1	17.8	15.6	16.6	13.5
NAV	108.6	151.5	161.8	170.6	174.9
EPS (EUR) - reported	0.39 €	0.44 €	0.35 €	0.37 €	0.30 €
DPS (EUR)	0.11 €	0.13 €	0.17 €	0.21 €	0.22 €

Valuation					
Year to end December	2023	2024e PF	2025e	2026e	2027e
P/E adj.	16.6x	9.3x	9.9x	8.9x	8.5x
Premium / (discount) to NAV	-36%	-42%	-35%	-38%	-40%
Dividend Yield (%)	5.7%	6.7%	7.4%	8.8%	9.2%
FFO Yield (%)	5.5%	10.3%	10.6%	11.7%	12.3%
ROE (reported)	9.9%	8.2%	5.4%	5.7%	4.6%

Recommendation	**BUY**
Prior Recommendation	**N/A**
Target Price	**€2.88**
Prior Target Price	**N/A**
Closing Price (12/02)	€2.35
Market Cap (mn)	€105.5
Expected Return	22.7%
Expected Dividend	7.4%
Expected Total Return	30.1%

BriQ Properties Share Price

Stock Data

Reuters RIC	BRIQr.AT
Bloomberg Code	BRIQ GA
52 Week High (adj.)	€2.38
52 Week Low (adj.)	€1.84
Abs. performance (1m)	9.3%
Abs. performance (YTD)	9.8%
Number of shares	44.9mn
Avg Trading Volume (qrt)	€86k
Est. 3yr adj. EPS CAGR	9.4%
Free Float	57%

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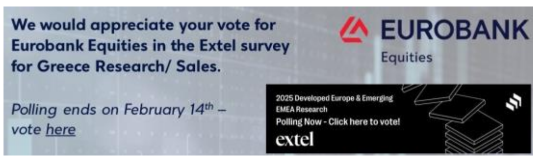
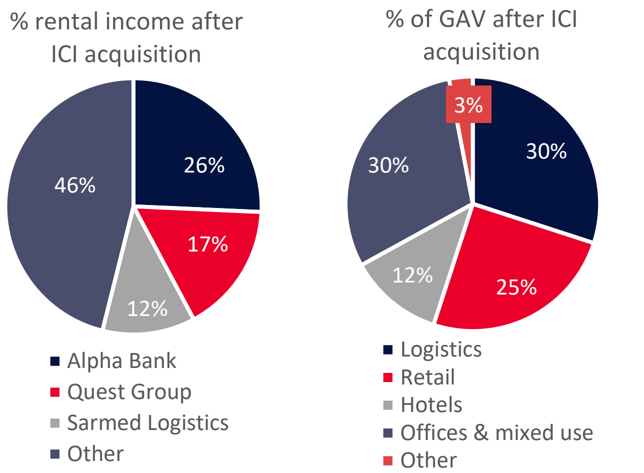
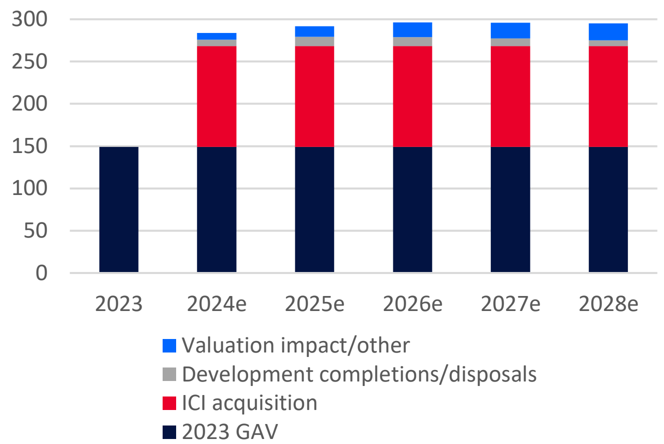


The thesis in 6 charts

Diverse tenant mix (% of annualized rental income)

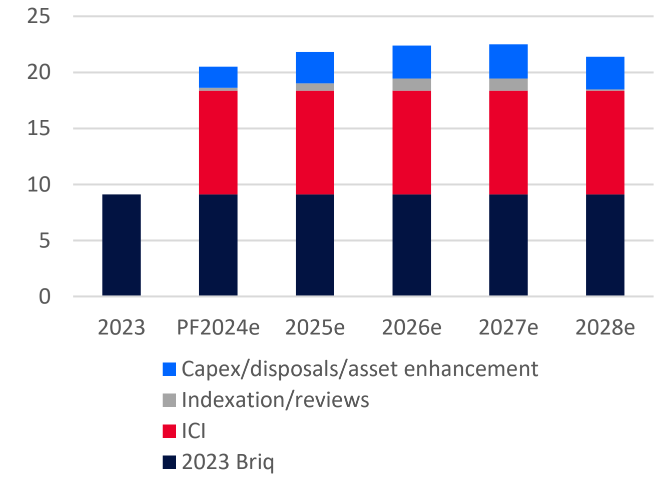


Business model primarily centered on disciplined capital allocation and income generation rather than aggressive expansion and revaluations; GAV to grow just slightly after the ICI acquisition

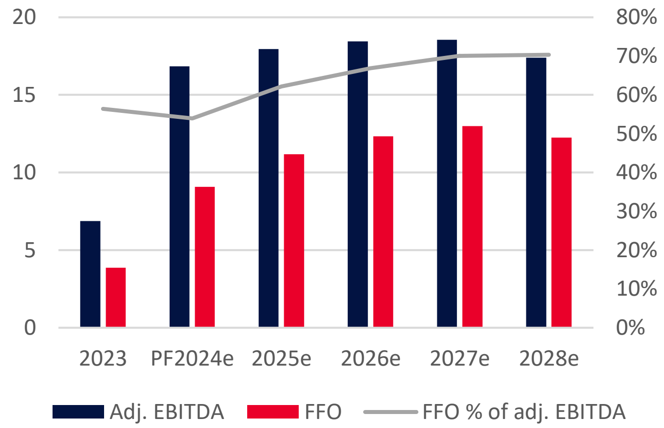


Source: Eurobank Equities Research, Company. Amounts in €m.

Rental income set to grow at c3% CAGR over 2024-27e, followed by debasement to 2025 levels in 2028e after expiring rent reviews, assuming no other asset recycling/monetization actions

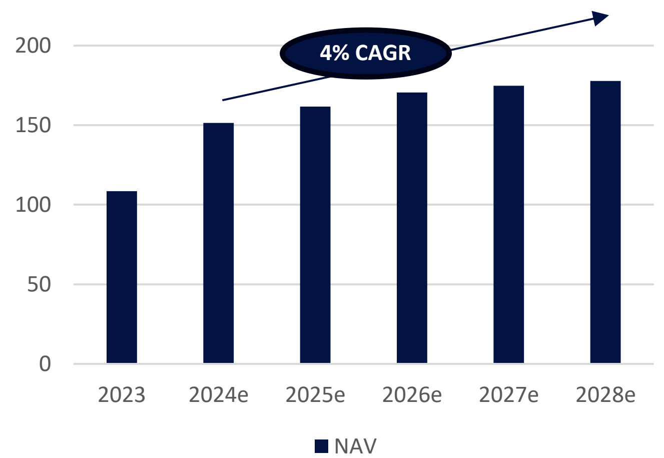


Cost efficient business model translates into high EBITDA margins and high FFO conversion; FFO near €11-13m in the coming years

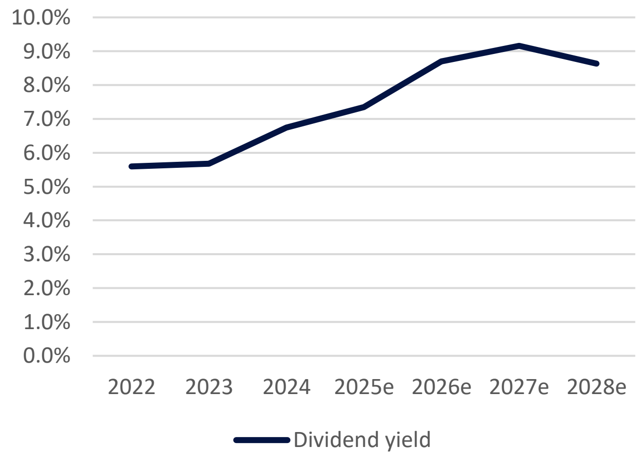


Source: Eurobank Equities Research, Company. Amounts in €m.

Falling leverage, stable income generation and 25-30% FFO retention to drive c4% NAV CAGR through to 2028e



… topped up by c7-9% annual dividend yield in the coming years



Source: Eurobank Equities Research, Company. Amounts in €m.

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Investment summary

One of the largest Greek REICs; >€280mn GAV Portfolio; doubling of rental income post the ICI acquisition

BriQ Properties is one of Greece's largest real estate investment companies, with a >€280mn GAV portfolio spanning 59 assets and 200k sqm. The company was founded in 2016 following the carve-out of real estate assets from Quest Holdings, starting with seven properties and an initial capital base of €2.9mn. After the spin-off, Quest Group no longer holds a stake, and BriQ has since operated as an independent REIC, steadily expanding its portfolio. The transformational acquisition of ICI in 2024 doubled BriQ's rental income, broadening its sector exposure and reinforcing its position in the Greek real estate market. Proforma for the merger with ICI, annualized rental income is set to reach €21mn in FY24e, reflecting a >7.5% rental yield on income-generating assets.

Diversified portfolio, inflation linked rents and 5.5-year average lease duration

BriQ's portfolio spans multiple asset classes, with logistics (30% of GAV), offices and mixed-use properties (30%), retail stores/bank branches (25%), hotels (12%), and other uses (3%), ensuring a balanced exposure to various segments of the real estate market. The portfolio features high occupancy (c99%), supported by blue-chip tenants (Alpha Bank, Quest Group, Sarmed Logistics, Hotel Brain), and is structured around medium-term leases (c5.5 years WAULT) with inflation-linked rents, offering protection against inflation. BriQ maintains a strategically concentrated portfolio in Greece, with Attica accounting for 68% of its total value post-ICI acquisition. Other cities of mainland Greece contribute 14% and 4%, respectively, while the remaining 18% is distributed across Greek islands.

Relatively limited investment plan given the disciplined capital allocation; 4% annual NAV growth through targeted initiatives and portfolio management

The acquisition of ICI has been a game changer for BriQ, significantly expanding its sector exposure and increasing its size. Unlike other Greek REICs with more aggressive capex cycles, BriQ follows a disciplined investment strategy, with a measured €14m investment plan through 2026e. The focus remains on targeted logistics expansion, selective office redevelopments, and hotel upgrades, ensuring capital is deployed efficiently and with a clear return-driven approach. Beyond organic growth, BriQ seeks to unlock further value through revaluations, selective disposals, and CPI-linked rental adjustments, supporting a 4% CAGR in NAV through 2028e.

c3% rental income CAGR through to 2027e, c€1.1m debasement in 2028e, assuming no other asset recycling/monetization actions

The combination of CPI indexation and contribution from assets in the pipeline is set to drive c3% CAGR in rental income over 2024-27e. Following that period, we see a c€1.1m net debasement in 2028e as a result of the assumed downward review of attractively priced Alpha Bank leases (expiring in end of 2027). That said, we note that on our understanding management is reassessing the ICI acquired portfolio, with plans to sell or repurpose certain assets by 2027, leveraging their low acquisition cost for potential capital gains. Proceeds from these transactions could either be distributed or reinvested in new assets to sustain rental income stability. However, as these plans are yet to become concrete, we have not factored this optionality into our estimates.

Lowest cost base among Greek REICs, operating expenses at a mere <2% of GAV

BriQ's key competitive advantage among its peers is its lean operating structure, which translates into the lowest cost base among Greek REICs. The company benefits from a streamlined workforce, an efficient outsourcing model, and disciplined expense management, keeping operational costs at just <2% of GAV—a figure well below that of peers. This cost efficiency supports higher EBITDA margins, stronger cash flow generation, and ultimately, greater distributable income. Given the already efficient cost structure, we expect just slightly positive operating leverage, with adj. EBITDA growing at 3.3% CAGR through to 2027e, normalizing back near 2025e levels from 2028 onwards post the aforementioned rental renegotiation.

Reasonable leverage; Net LTV to peak at 44% in 2024, retreating below 40% post 2026

Leverage remains at controlled levels, with net LTV set to peak at c44% in 2024e following the ICI transaction before gradually normalizing below 40% post-2026. While at the higher end of sector norms, this level of gearing is supported by BriQ's high-yielding portfolio, stable rental income visibility, and inflation-linked lease structure, which provides a natural hedge against interest rate fluctuations. With a prudent cash return policy and a rather limited investment pipeline, BriQ retains ample financial flexibility to fund its investment strategy while at the same time reducing leverage. Meanwhile, the anticipated monetary easing cycle is set to gradually lower funding costs, further strengthening balance sheet dynamics and enhancing cash flow resilience.

c60-70% FFO conversion; attractive dividend yield at 7-9%

BriQ maintains a strong cash flow generation profile, with FFO/EBITDA set to hover at c60-70%, ensuring robust dividend-paying capacity. The company follows a disciplined capital allocation strategy, with a 70-75% dividend payout ratio (% of FFO). In the absence of a significant capex plan in the coming years, we expect capital allocation to remain skewed towards cash returns (rather than the scaling-up of the portfolio), which, at current prices, corresponds to an attractive 7-9% dividend yield in 2025-27e, the highest in the Greek REIC sector. This combination of high cash flow conversion and a competitive yield reinforces BriQ's appeal as a resilient income-generating investment within the sector.

c4% NAV CAGR from rental growth, revaluation gains, falling leverage, and strategic asset disposals

BriQ's €283m GAV portfolio corresponds to an attractive gross rental yield of >7.5%, a comfortable spread of >3% vs financing costs. Although investments will not be a material driver of growth, we see scope for modest upward adjustments to the portfolio value driven by the inflation-linked structure of the leases and selective asset revaluations, particularly in logistics and high-demand office locations, which will serve as a driver of accounting returns and NAV growth. We also see the prudent capital allocation as driving NAV growth, given falling financial leverage after the 2024e peak and the 25-30% FFO retainment, allowing for modest reinvestment in targeted asset upgrades which could unlock higher rental yields and improve overall portfolio quality. Beyond organic drivers, revaluations could also provide further upside. Overall, our numbers envisage GAV expanding to c€296m by 2027e (from €284m in 2024e), with investments offsetting disposals, and revaluation gains adding €12m (corresponding to a 10bps yield decline in 2025-26e). We expect this to filter through to NAV growth of c4% per annum (CAGR) through to 2028e. We emphasize that NAV growth is a pivotal aspect of the investment thesis for Greek REICs, differentiating these from some EU peers, many of which are grappling with limited or negative property revaluations, resulting in more constrained NAV growth prospects.

2-digit total accounting return should lead to a narrowing of the NAV discount; our PT places BriQ at c20% discount to 2025e NAV

Taken together, the income (dividend) and capital appreciation (NAV growth) components add up to a total annual accounting return (TAR) in the low to mid-teens, quite a compelling proposition that sets BriQ apart from its EU peers, most of which offer TARs <10%. **We note that real estate stocks with a combined income and capital component (i.e. dividend yield and NAV growth) near a double-digit level have historically traded closer to NAV, assuming a "normal" cost of equity near 10%.** Our baseline valuation applies a 20% discount to 2025e NAV, at the low end of the discount on which BriQ's broad peer group is trading currently, given the better supply-demand dynamics in Greece, but a bit wider discount than the EU real estate companies' cross-cycle valuation. We come up with a PT of €2.88, which would imply a 2025e net income cap rate of c7.6%, still quite a compelling proposition. We have also cross-checked the aforementioned valuation with an EVA (Economic Value Added) model, which calculates the surplus value created on BriQ's existing investment pipeline (which is rather limited anyway) utilizing a WACC of 7.5%, average ROIC of 6.6% through to 2030e, and ROIC conservatively a bit lower than WACC in the long-run to reflect the capital-intensive nature of the industry and the company's income-driven nature and potentially limited reinvestment opportunities for high-return growth in the long-term.

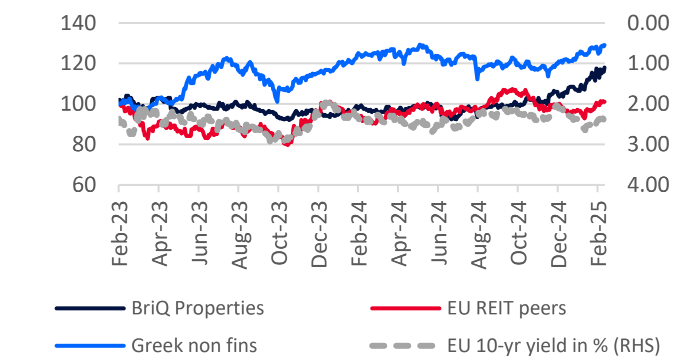
Share price performance and valuation

A. Stock price performance

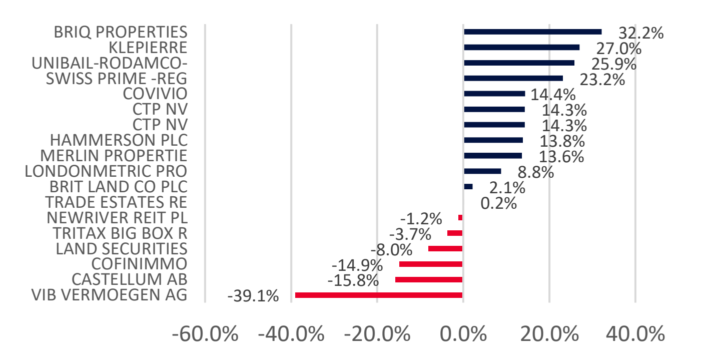
The stock has outperformed the EU real estate sector and Greek peers, powered by the merger with ICI and the stable cash returns profile

BriQ has exhibited significantly lower volatility over the past two years compared to both its Greek and broader EU peers. The stock remained largely unchanged throughout 2023 and most of 2024 before staging a rally in Q4'24, driven by the completion of its transaction with ICI. However, despite its relative outperformance within the sector, BriQ's returns have lagged behind the broader Greek non-financials index, which has delivered gains of over 30% in the same period. As we have highlighted in previous reports on REICs such as Premia and Trade Estates, the sector's underwhelming performance can be attributed to several factors. Chief among them is the higher-for-longer interest rate environment, which dampened investor appetite for interest-rate-sensitive assets like real estate stocks throughout 2023 and into early 2024. Additionally, tighter monetary conditions have led to weaker balance sheets across the sector, with higher financial costs weighing on profitability and FFO generation. As a result, REICs have faced increasing pressure on both earnings and valuations, contributing to their muted stock performance despite select company-specific catalysts.

BriQ performance vs peers, rebased



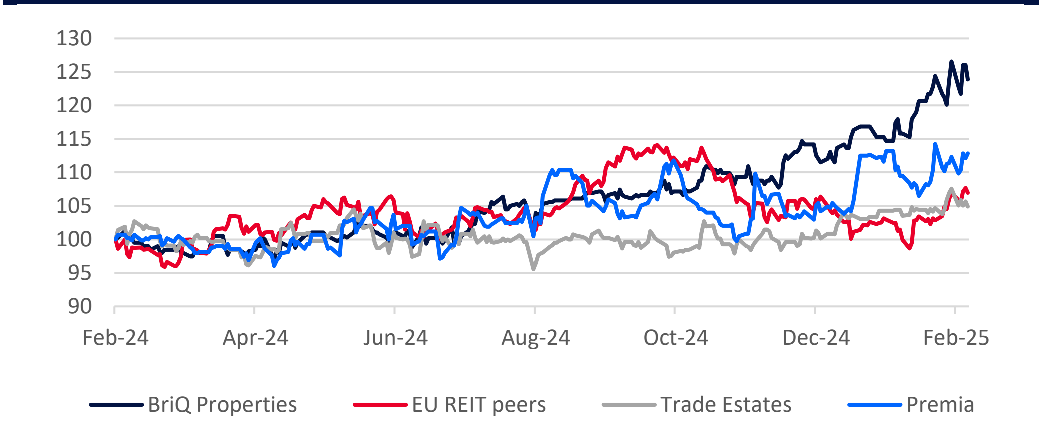
EU REITs return since start of 2024



Source: Eurobank Equities Research, Bloomberg.

The outperformance of BriQ vs its sector peers can be seen clearly from the chart below, which presents performance on a total return basis, i.e. including dividends. BriQ clearly stands out as an outperformer, fact which we attribute to its visible shareholder return profile and the value-accretive transaction with ICI (explained in detail in the sections that follow).

12m total return rebased



Source: Eurobank Equities Research, Bloomberg.

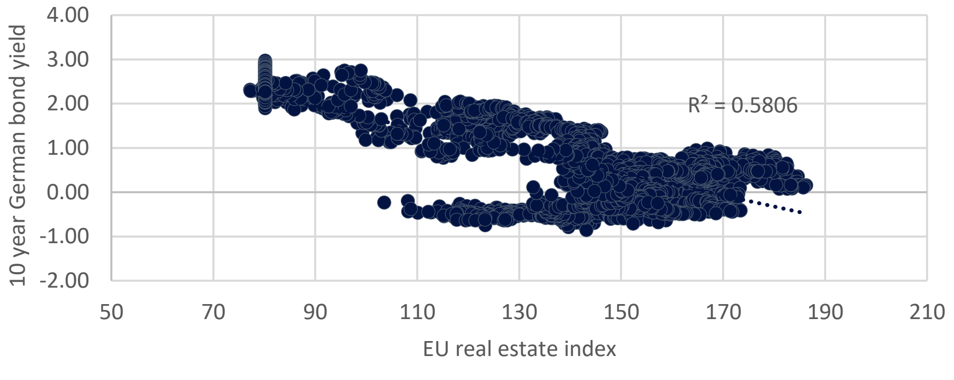
B. Valuation

Before we proceed with the valuation of BriQ, it would be useful to make a few comments about the valuation of real estate companies, which we reckon investors should have in mind. In general, real estate companies' valuations are affected by:

- **Sector/market exposure:** Listed real estate companies are quite diverse in terms of sector exposure, facing different dynamics when it comes to both demand and supply. For example, office companies (e.g. British Land) recently faced significant headwinds from the increase in supply (especially in the UK) in a period of subdued demand in the post-COVID period and limited deal activity. On the other hand, European retail (e.g. Klepierre) has also been challenged, but less so given still resilient consumer demand (and improving vacancy rates) as wage growth offset inflationary pressures and in-store retail sales recovered post reopening. Industrial assets in general have been better placed as leases are index-linked, although there is embedded revaluation risk given the almost record-low yields. In general, following a period of declining capital values, EU real estate dynamics seem to have stabilized, with prospects looking rosier in UK industrial (rising values in 2024) and EU retail. Offices continue to be challenged in most European countries while residential is less exposed to economic risks, and thus looks more defensive. In Greece's case, as mentioned in the relevant section, there is still room for yield compression across all subsegments, with capacity being scarce for prime assets.

- **Bond yields/leverage:** The real estate sector is correlated to (inverse) bond yields, given that it is considered a bond proxy producing a relatively visible recurring income. This is validated in the chart below, where we show the negative correlation of EU REIT index returns vs 10-year German govt yields. In essence, during periods of rising yields, real estate stocks tend to come under pressure. This is especially the case for high LTV stocks, given the higher debt levels and financing costs, as well as related refinancing risks. Headroom against LTV covenants is also an additional consideration related to interest rate movements and leverage.

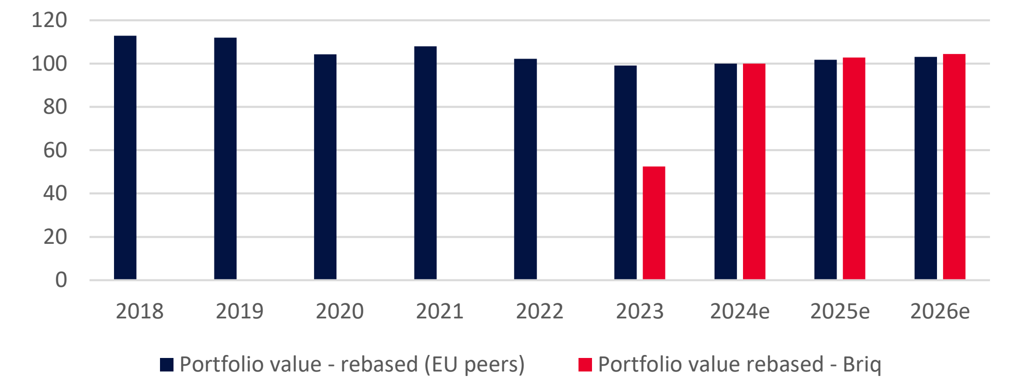
Correlation between EU real estate sector and bond yields



Source: Eurobank Equities Research, Company data, Bloomberg.

- **Prospect for revaluations/portfolio value evolution:** The relevant state of each subsegment is reflected in prospects for revaluations. Segments/companies where there is generalized asset value de-basing tend to be valued lower, usually at big discount to spot NAV as investors price in negative future earnings momentum and/or prospective dividend cuts. Indicatively, our European real estate universe has seen portfolio values decline by c11% over 2019-24e while facing a stable outlook through to 2026e, with trivial growth. As far as BriQ Properties is concerned, having grown organically its portfolio in previous years while also having scaled up its asset base through the ICI transaction, BriQ now faces a stable outlook in the coming years.

Rebased portfolio value EU Real Estate peers and BriQ Properties (2024 = 100)



Source: Eurobank Equities Research, Company data, Bloomberg.

Total return (NAV growth and dividends) reflecting both capital and income elements is the overriding driver of valuation

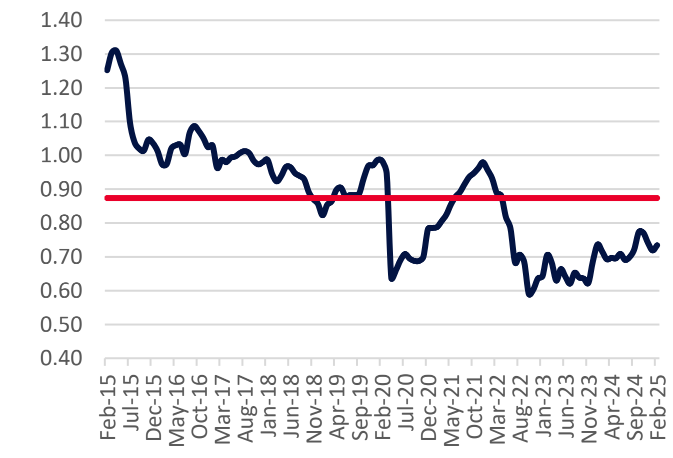
All the above factors are effectively drivers of future NAV, whose evolution is a key component of shareholder returns (the other being the dividend yield). In short, companies belonging to sectors with positive prospects for rental growth, enjoying low or comfortable leverage and offering the prospect of positive revaluations exhibit higher NAV growth potential. This element effectively reflects the capital component of prospective equity returns, which is further topped up by the income component, namely cash dividends. Viewed in combination, the higher the total accounting return is (NAV growth plus dividend yield) the higher the justified valuation (P/NAV) will be.

EU REITs have traded at c12-15% discount to NAV in the long-term on average

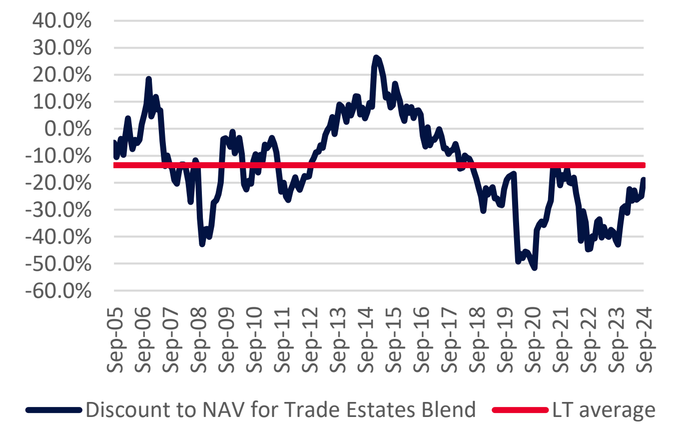
From a historical viewpoint, as displayed in the chart below (on the left-hand side), EU REITs have traded at c12-15% NAV discount across the cycle. A similar pattern has been followed by Greek real estate companies, which have also been valued at c10-15% average discount to NAV in the long-term. Across the EU sectors, besides healthcare, industrials and storage also seem to have attracted a higher valuation historically, having traded at a milder long-term discount to NAV (single-digit).

Using BriQ's current rental mix to calculate a blended valuation, we estimate the historic discount of a REIC with similar sector exposure to that of BriQ at <10% across the cycle. **Of note is that EU REITs have re-rated somewhat recently from c40% discount to NAV a year ago to <30% currently, on relief in the light of easing monetary policy, although they are still way far from a mid-cycle level.**

EU REITs price/book value



Blended discount to NAV reflecting BriQ's sector exposure (till Q3'24)

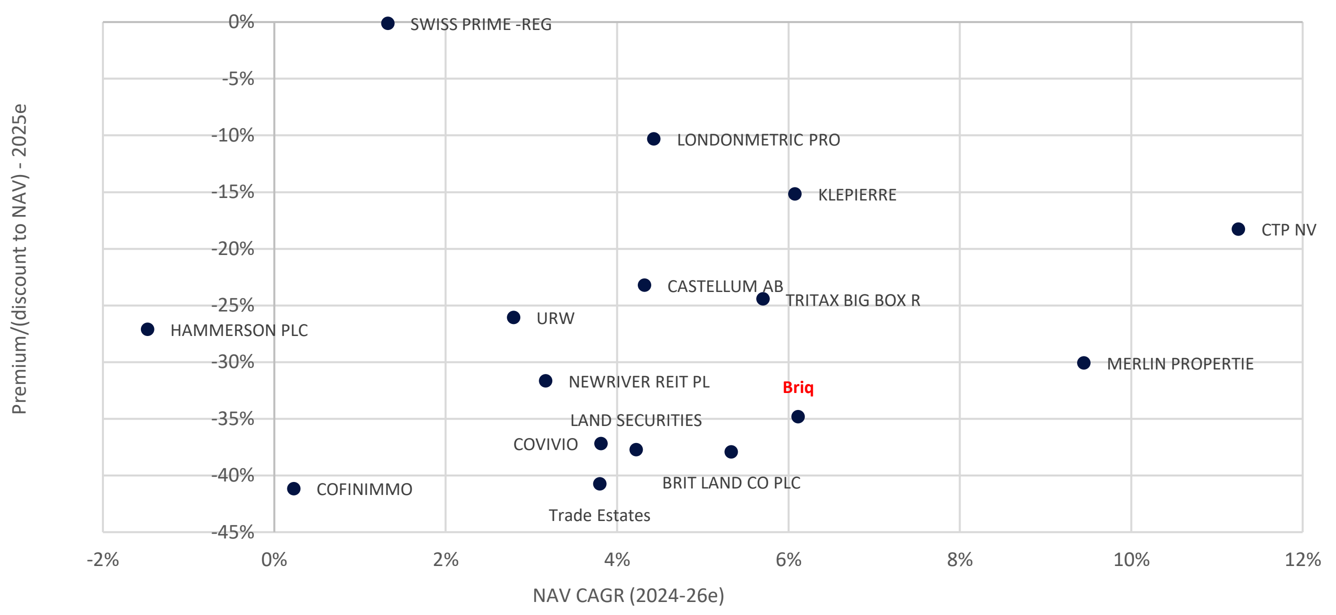


Source: Eurobank Equities Research, Bloomberg, EPRA.

In the graph below, we present the valuation compendium of BriQ's broad peer group (comprising companies with similar segment exposures), contrasting the discount to spot NAV against each company's NAV growth profile over the next 3 years. We note the following:

- NAV growth does seem to be rewarded somewhat by investors, with the companies that enjoy the strongest NAV growth profile trading at a relatively limited discount to NAV.
- Sector exposure seems less relevant than NAV growth. Indeed, among the companies trading at the smallest discount to NAV are Klepierre (shopping centers), CTP (Industrial/logistics), Castellum (office), Londonmetric (logistics/warehouses) and Tritax (big boxes).
- Leverage also plays a role, but this is more of a driver for LTVs >40%. In these cases, the high leverage seems to be a material headwind for valuation, largely explaining the low value attached to URW and Covivio (>30% discount to NAV).

Valuation compendium: NAV growth vs premium/(discount) to NAV (2025e)



Source: Eurobank Equities Research, Company data, Bloomberg.

Overall, NAV discounts depend on many factors, but we argue that the overriding driver of valuation is total accounting return for shareholders, namely NAV growth (stemming from revaluations and retained earnings) augmented by dividend growth. In that regard, optically high discounts on NAV may be an indication of idiosyncratic issues of a specific company such as the need for balance sheet repair rather than indicating a valuation dislocation.

With these in mind, in order to produce a value for BriQ Properties, we use a peer group valuation as per the comments above, while also cross-checking our valuation employing an EVA model. In particular:

Applying a 20% NAV discount for BriQ; Target Price set at €2.88

1. Peer group valuation:

We apply a c20% discount to 2025e NAV, which is at the low end of the broad peer group but consistent with the comments above, namely:

- BriQ's exposure in segments facing healthy demand/supply dynamics in Greece, namely logistics/industrials;
- Balance sheet with reasonable leverage (44% LTV) which is set to fall in the absence of a sizeable investment pipeline. With the entirety of debt at floating rates, the company is also well-positioned to benefit from a lower interest rate environment, translating into reduced financial costs and improved cash flow generation.
- A high-yielding portfolio that offers protection against potential further interest rate increases, with rental yield on income-producing assets >7%, indicating a comfortable

cushion against interest rate increases (in fact, for Greece it is reasonable to expect yield compression) and plenty of headroom (>3%) vs finance costs.

- **c4% NAV CAGR over 2024-28e, coupled with c7-9% dividend yield in 2025-28 (also underpinned by the consistent track record), coalescing to total annual accounting return near 14% on average in the coming years.**

Valuation			
€m unless otherwise stated	**Baseline**	**Bull**	**Bear**
2025e GAV	292		
- net debt / other adj.	-130		
2025e NAV	**162**	**162**	**162**
Assumed discount to NAV	20%	15%	25%
Equity valuation	**129**	**138**	**121**
Target Price (EUR per share)	**2.88 €**	**3.06 €**	**2.70 €**
Source: Eurobank Equities Research			

2. EVA valuation:

We have cross-checked the aforementioned valuation with an EVA (Economic Value Added) model, which calculates the surplus value created on BriQ's investments. This effectively takes into account: 1) total accounting returns, namely the change in book values stemming from revaluations (these are factored in near-term net income and ROIC/ROE); 2) it allows for the modeling of BriQ's profit stream through the entire investment cycle, while factoring in returns on investment from future projects. As per this framework (which is in essence a variation of a DCF), the extent of the spread between returns and WACC will determine the premium/discount to NAV at which a particular listed company ought to trade. Applying the spread to each period invested capital, summing up the present values of this stream, and adding the net result to NAV, we derive an estimate of the fair/intrinsic equity value.

The assumptions we utilize are a WACC of 7.5% and an average ROIC of c6.6% through to 2030e as per our model inputs (with rather limited revaluations embedded in our numbers). In the long-run, we have used a similar ROIC (i.e. less than WACC), given the structural constraints related to the broad real estate sector (property yield dynamics, financing costs etc.) and the company's own value creation profile which is more income-driven rather than expansion driven. The above result in an EVA-generated equity value near €2.88, i.e. 20% discount to NAV, in sync with our baseline estimated value using peer multiples.

EVA valuation							
€m unless otherwise stated	**2025e**	**2026e**	**2027e**	**2028e**	**2029e**	**2030e**	**TV**
Gross rental income	21.8	22.4	22.5	21.4	21.5	21.7	
Net Expenses/income (incl. revaluations)	1.3	1.0	-2.7	-2.8	-2.8	-4.0	
EBITDA	**23.1**	**23.4**	**19.8**	**18.6**	**18.7**	**17.7**	**17.8**
- tax	-1.2	-1.1	-1.1	-1.1	-1.1	-1.0	-1.1
NOPAT	**21.9**	**22.4**	**18.7**	**17.5**	**17.7**	**16.6**	**16.8**
Capital employed	280.8	285.3	284.8	283.9	282.9	281.9	252.9
ROCE	7.8%	7.8%	6.6%	6.2%	6.2%	5.9%	6.6%
WACC	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Spread	**0.3%**	**0.3%**	**-0.9%**	**-1.3%**	**-1.3%**	**-1.6%**	**-0.9%**
EVA per annum	0.8	1.0	-2.7	-3.8	-3.6	-4.6	-2.5
Terminal value							-33
Sum of EVA PV	-32.4						
NAV 2025e	161.8						
EVA fair value	**129.4**						
Per share	**€2.88**						
Source: Eurobank Equities Research							

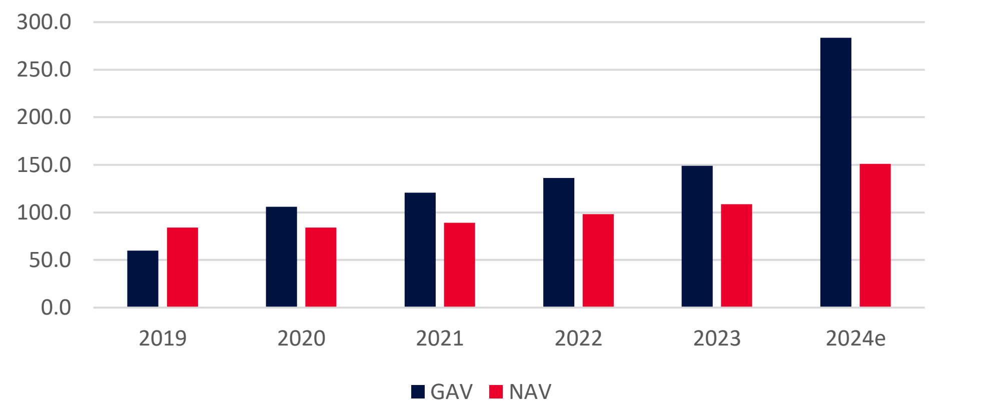
BriQ overview

1. In short…

BriQ is a REIC which has scaled up significantly since its inception, investing in properties linked to structurally attractive sectors

BriQ Properties has experienced rapid growth in the last few years, with its Gross Asset Value (GAV) increasing nearly fourfold since 2019. The company was established in 2016 as a subsidiary of Quest Holdings, through the contribution in kind of seven properties (and capital totaling €2.9mn). At that time, Quest Holdings shareholders received one BriQ share for each Quest share, and BriQ's shares began trading on the Athens stock exchange in 2017. Following a successful €50mn share capital increase in 2019 and the completion of the acquisition of Intercontinental International REIC (ICI) at the end of 2024, the company has seen its diversified portfolio increase to >€280m (of which €52.9mn from ICI acquired properties). The investment portfolio as of end 2024 consists of 59 properties, primarily located in the Attica region, with annualized rental of c€21mn and a weighted average leasing term (WALT) of c6 years. The portfolio spans across a range of sectors, including logistics, offices, hotels, retail and special use assets. For FY'23, BriQ's standalone gross rental income stood at c€9.1mn, translating into a 6.2% rental yield, but this is set to increase to €21.8m in 2025e post the merger with ICI.

GAV & NAV evolution in €mn



Source: Eurobank Equities Research, Company data.

Properties boasting c99% occupancy rate, underpinned by the diverse & high-quality tenant mix

BriQ strategically selects its properties to ensure strong returns on acquisition and potential capital appreciation over time, with a focus on the logistics, office, and hospitality sectors, where the management believes there is potential for greater returns. The high occupancy rate of around 99% validates the quality of these assets and reflects strong demand while underpinning stable rental income. BriQ also boasts a diverse tenant base, including market leaders and established local businesses such as Alpha Bank, Quest Group, and Leroy Merlin.

Long weighted lease maturity (c6 years) and inflation-linked rental escalations

BriQ's lease agreements are typically long-term in nature, while the weighted average lease term stands at c6years. On top of that, almost all leases are indexed to inflation (normally embedding extra CPI step-up or contractual rent step-ups), thus providing downside protection against inflation and offering cash flow visibility.

2. Acquisition of ICI

Acquisition of Intercontinental International REIC in 2024

BriQ announced the acquisition and absorption of Intercontinental International REIC (ICI) in early 2023. This acquisition consisted of four stages, as outlined below, and was wrapped up at the end of 2024.

The transaction

1st stage -	Transfer of 17 properties from ICI to BriQ for a total price of €60.6mn. The sale proceeds were used to repay loan obligations associated with these properties. The difference between the sale price and the repayment amount of the loan obligations was distributed to the shareholders of ICI through a capital reduction and the distribution of an interim dividend.
2nd stage -	BriQ and ICI distributed dividends from the profits of the 2023 fiscal year. Additionally, ICI distributed dividends from profits of previous fiscal years amounting to €18.6m as part of the distribution to its shareholders of proceeds related to the property sale to BriQ (after repaying the common bond loan issued by ICI in 2012).
3rd stage	BriQ acquired c27.0% ICI's share capital from Ajolico (main shareholder of ICI). The sale price was set at €9.4mn (15% discount/nav).
4th stage	Merger by absorption of ICI by BriQ, with an exchange ratio of 1.194, as derived from H1'24 financial statements. The number of common shares held by BriQ shareholders at the time of the merger remained unchanged.

Source: Eurobank Equities Research, Company data.

Overall, the acquisition of ICI will contribute 34 properties with fair value of c€118m and annual rental income of €10.4m

The first and third stages of the acquisition were fully financed through bank debt. After the completion of the transaction, BriQ has expanded its portfolio by 34 properties with a total fair value of €118mn, corresponding to an annual rental income contribution near €10.4mn. The strategic approach for the acquired portfolio involves retaining the majority of the properties for rental income, while selectively selling off assets with lower returns. Following the transaction with ICI, BriQ continues to actively monitor the Greek market for suitable investment opportunities to bolster its inorganic growth strategy.

3. Development pipeline

In terms of organic growth, BriQ is pursuing an investment plan of c€14mn for the 2024-2026 period, allocated to existing assets. In early 2024, the company had 3 projects designated for development as presented below.

Development pipeline				
Project	**Est. completion**	**Investment**	**Annual rental**	**Description**
Storage and Distribution Center in Aspropyrgos - 2nd building	Sep 2024	€14.3mn (including €3.7mn land cost already owned)	1.28mn	- Development of a second building of 19,236 sq.m. - Exp. Gross Return: 8.9%
Offices LEED-Gold Poseidonos 42, Kallithea	2025	€6.3mn (including €1.6mm land cost-already owned)	€0.5mn	- Development of an office building with an area of 2,393 sqm - Funded by RRF (50% of investment with 0.35% fixed interest cost) - Exp. Gross Return: 8.0%
Mr & Mrs White Paros	Completed in July 2024	€1.7mn	N/A	- Development of a new wing with 12 luxury suites - Renovation of the existing hotel complex, total capacity will increase to 61 rooms and suites
Source: Eurobank Equities Research, Company data.				

In an effort to enhance the energy efficiency of its portfolio, the company is considering a plan to allocate CapEx for green initiatives, such as photovoltaic systems and monitoring systems. In the long term, the company aims for the majority of its portfolio to feature green attributes, making the properties more sustainable, attracting reliable tenants, and ensuring stable income.

Targeting an average yield of over 7%, BriQ looks well-positioned within the Greek real estate market, which offers structural advantages over other EU regions due to a favorable supply-demand balance. Our numbers envisage GAV expanding from c€284m in 2024e to a bit lower than c€300m by 2026e, effectively anticipating mild revaluation gains to offset disposals, with the portfolio increasing broadly in sync with capex.

4. Business model and strategy

In more detail, BriQ's business model is predicated on the following:

- **Selective Growth:** BriQ has developed a business model centered around a strategic growth approach that prioritizes the acquisition of properties with strong fundamentals and attractive yields of over 7%. Focused primarily on the Greek market, the company selectively targets investment opportunities in sectors where it already holds a strong presence, particularly in logistics and hotel properties (which offer higher yields) or potential for capital appreciation. Additionally, BriQ undertakes smaller value-adding development projects that present scope for higher returns.
- **Asset Management:** Asset management is a basic component of BriQ's business model, ensuring long-term value creation and portfolio optimization. Beyond securing stable rental income, active asset management involves continuously monitoring the performance of individual properties, assessing market conditions, and making strategic decisions on asset repositioning or disposals. By regularly reviewing the portfolio, BriQ can identify underperforming or non-core assets and unlock capital through selective divestments, reinvesting proceeds into higher-yielding opportunities. This disciplined approach enhances overall portfolio quality, supports financial flexibility, and sustains strong returns.
- **Solid underlying assets:** Proactive asset management also ensures that properties remain competitive through upgrades, lease renegotiations, and sustainability initiatives, ultimately driving higher occupancy rates and rental growth. Besides this, the well-diversified mix across key sectors enhances resilience, reducing exposure to sector-specific risks while ensuring stable cash flows. Furthermore, long-term lease agreements with creditworthy tenants underpin predictable income streams, limiting vacancy risks and enhancing financial visibility. By focusing on prime locations and properties with strong fundamentals, the portfolio remains well-positioned for sustainable value appreciation,

even in fluctuating market conditions. This disciplined investment approach not only supports long-term capital growth but also reinforces BriQ's ability to generate consistent returns through cycles. Additionally, BriQ emphasizes ESG initiatives by gradually enhancing the energy efficiency of its properties, pursuing environmental certifications like LEED for new buildings, and integrating PV systems.

- **Financing:** BriQ retains a conservative capital structure, characterized by a prudent balance sheet, so as to be able to have enough flexibility to consider accretive asset acquisitions while continuing to distribute cash to shareholders. Post the merger with ICI, we estimate net LTV to hover a bit below 40% in 2026-27e, after a temporary spike to 44% in 2024, namely at the low end of EU peers' leverage.
- **Consistent Returns and shareholder focus:** BriQ remains committed to delivering strong and predictable returns to shareholders, underpinned by a disciplined financial strategy and prudent capital allocation. With a focused approach to revenue and profitability growth, the company prioritizes generating stable and growing cash flows, ensuring a sustainable dividend policy. Historically, BriQ has distributed the majority of its Funds From Operations (FFO) as dividends, maintaining a high net dividend yield and reinforcing its shareholder-centric approach. Following the acquisition of ICI, BriQ has kept a minimal investment pipeline, opting for selective opportunities that align with its strategy rather than engaging in capital-intensive development. This measured approach allows for consistent cash flow generation and limits balance sheet risk, supporting a reliable dividend payout.

The portfolio

1. Snapshot

Diverse and high yielding (>7%) portfolio, with growth optionality mainly through acquisitions and to a lesser extent through developments

Until 2023, BriQ and ICI maintained distinct real estate portfolios, with the former primarily focused on logistics and hospitality assets, and the latter having strong presence in retail and office/mixed-use properties. Indicatively:

- ✓ BriQ owned 25 income-generating properties with a total GAV of €148.9mn and GBA of 147.7k sqm. The company's asset mix was skewed towards logistics, which accounted for 51% of its total GAV and 69% of GBA, followed by offices at 25% of GAV and hospitality at 20% of GAV. BriQ's high occupancy rate of 99.5%, a WAULT of 6.5 years, and a rental yield of 7.4% reflected a portfolio with stable income generation and long-term tenant commitments.
- ✓ On the other hand, ICI had a larger portfolio of 34 properties, but with lower GAV (€119.4mn) and smaller GBA (52.9k sqm), reflecting a different asset mix. The company's portfolio was predominantly retail-focused, with 59% of its GAV and 58% of its GBA attributed to retail properties, while offices and mixed-use properties represented 33% of GAV. Unlike BriQ, ICI had a lower occupancy rate of 94.1% and a shorter WAULT of 4.4 years, and a higher rental yield of 9.1%, suggesting a portfolio with higher exposure to tenant turnover but with higher-yielding retail assets.

Portfolio

	BriQ	ICI	BriQ after merger
Number of properties	25	34	**59**
GAV (in €mn) (12/2023)	148.9	117.9	**283.0**
GBA (in th. sqm)	147.8	52.9	**200.7**
Annual rental (12/2024), €m	10.6	10.4	**21.0**
Gross Yield	7.4%	9.1%	**7.6%**
Occupancy	99.5%	94.1%	**98.6%**
WALT (12/2024)	6.5	4.4	**5.5**
% of leases linked to the CPI	99.9%	97.9%	**98.9%**

Source: Eurobank Equities Research, Company data

BriQ & ICI analysis per Type of Asset pre transaction, 31.12.2023

EURm unless otherwise stated	# of Properties	Fair Value	% of total	G.B.A (K sqm)	% of total
BriQ **					
Offices	11	37.6	25%	30.2	20%
Logistics	5	76.0	51%	102.0	69%
Hospitality	5	30.2	20%	13.5	9%
Other	4	3.7	2%	1.8	1%
Own used		1.4	1%	0.3	0%
Total	**25**	**148.9**	**100%**	**147.7**	**100%**
ICI					
Offices & mixed uses	10	39.0	33%	19.5	37%
Retail	22	70.9	59%	30.9	58%
Other / own used	2	7.8	7%	2.5	5%
Total	**34**	**119.4**	**100%**	**52.9**	**100%**

Source: Eurobank Equities Research, Company data

Following the acquisition of ICI, BriQ's portfolio expanded significantly, creating a larger, more diversified entity with 59 income-generating properties, a combined GAV of €283mn, and a GBA of 201k sqm. The transaction also led to a substantial increase in annual rental income, which is primed to reach c€20.5mn in 2024e on a pro-forma basis, more than doubling compared to pre-merger levels. The rental yield for the merged entity will remain compelling, at c7.5% in 2025e by our math. The composition of the portfolio post the merger reflects a more balanced sectoral exposure, with logistics continuing to be a dominant segment but at a relatively lower share, and retail assets gaining significant weight within the portfolio. Office exposure is now more evenly distributed, enhancing diversification. From an operational perspective, the post-merger entity benefits from an improved occupancy rate of c99%, while WAULT has retreated somewhat to c5.5 years.

Furthermore, as already mentioned, BriQ has a c€14m investment pipeline in 3 existing assets, which offer scope for mild growth in rental income.

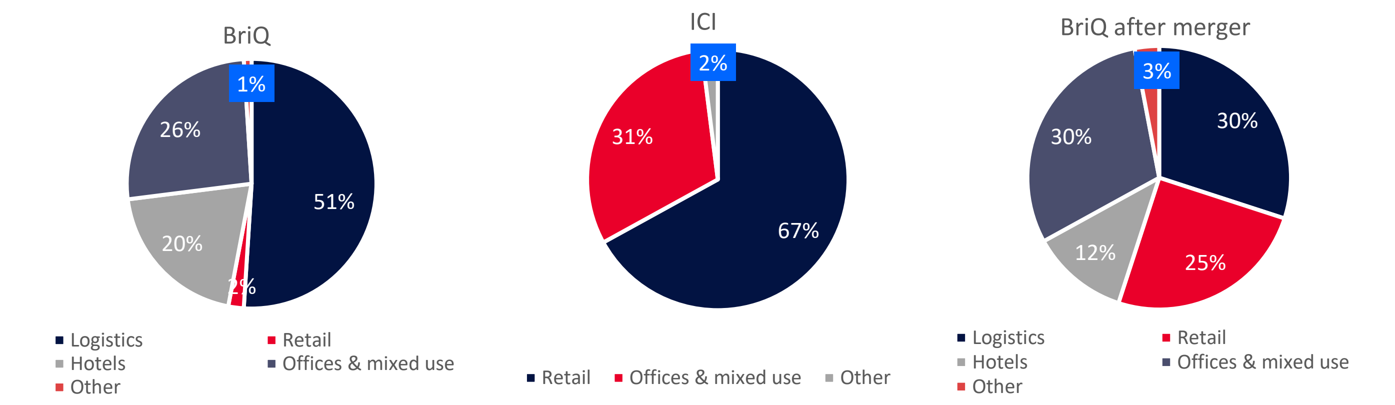
BriQ analysis per type of asset post merger

EURm unless otherwise stated	# of Properties	Fair Value (30.6.2024)	% of total	G.B.A (K sqm)	% of total	Annual rental *	Gross yield*
Offices & mixed uses	21	83.6	30%	48.2	24%	6.0	7.2%
Logistics	5	76.7	28%	102.0	51%	5.6	7.3%
Hospitality	5	33.0	12%	13.9	7%	2.1	6.5%
Retail	22	77.0	28%	33.7	17%	6.9	9.0%
Other / own used	6	5.1	2%	2.3	1%	0.3	6.0%
Capex		7.7	1%				
Total	**59**	**277**	**100%**	**200.0**	**100%**	**21**	**7.6%**

Source: Company, Eurobank Equities Research, *EE estimates

As illustrated in the diagram below, BriQ has traditionally focused on logistics, where the company anticipates greater potential for further yield compression. However, following the absorption of ICI, the portfolio has become more balanced, with the value spread across logistics (30%), office buildings (30%), retail and bank branches (25%), hotels (12%), and other uses (3%).

Asset breakdown per category based on GAV

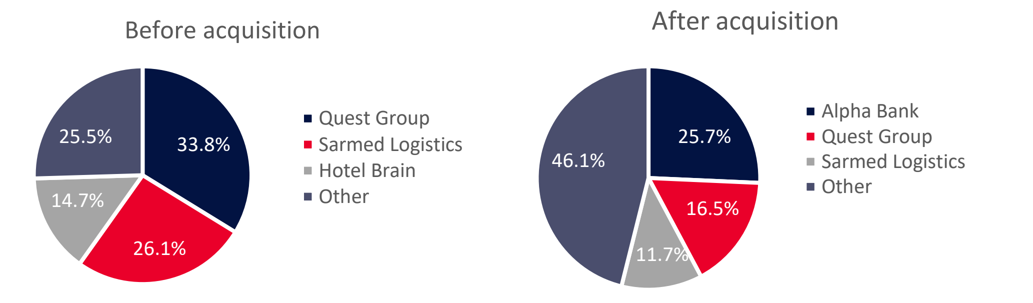


Source: Eurobank Equities Research, Company data.

Strong tenant mix

Regarding the tenant mix, as of FY'23, the top 3 tenants represented approximately 66.3% of total annualized revenue. However, after the acquisition of ICI, the tenant mix has become more diversified, with Alpha Bank being the top contributor at c26% of total annualized revenue, followed by Quest Group with 17% and Sarmed Logistics with c12%. Overall, the group has reduced its reliance on Quest Group, with BriQ's tenant mix now featuring a diverse range of industry leaders.

Tenant mix before and after acquisition of ICI

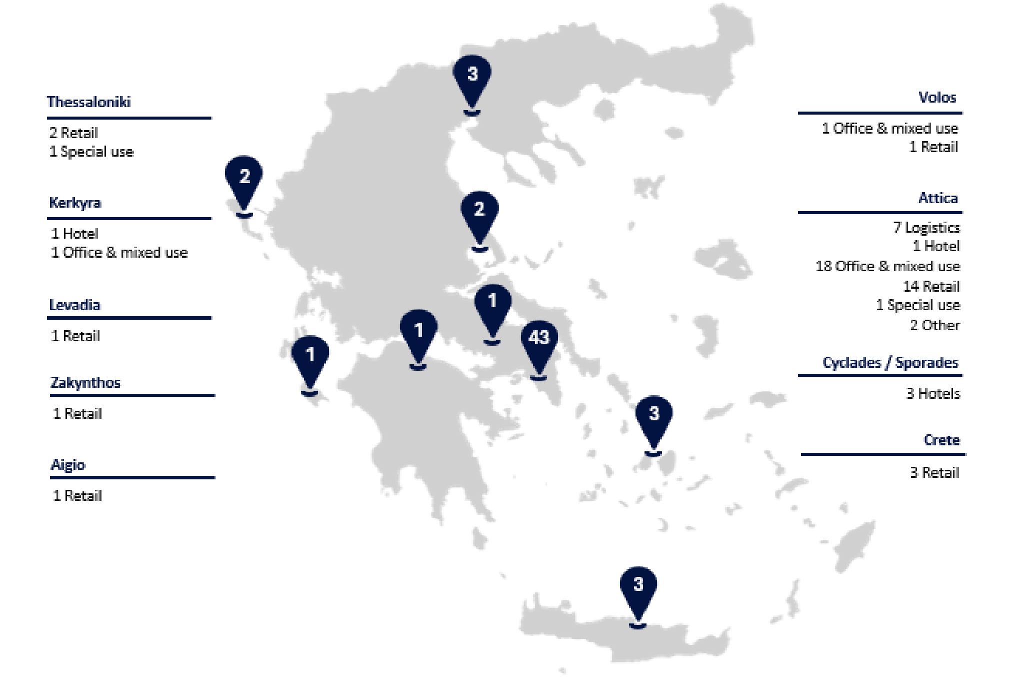


Source: Eurobank Equities Research, Company data.

BriQ's portfolio skewed to Attica region, which accounts for >68% of the value

BriQ maintains a strategically concentrated portfolio within the Greek market. Following the acquisition of ICI, the Attica region remains the dominant area in BriQ's portfolio, representing 91% of the GBA and >68% of the overall portfolio value. Other cities of mainland Greece (Thessaloniki, Volos etc.) contribute another 14% of GAV, while the remaining 18% of value is spread across other Greek islands (Crete, Kerkyra, Cyclades), illustrating BriQ's approach to diversifying within the Greek market.

Geographical Distribution after absorption



Source: Eurobank Equities Research, Company data.

2. Key operating assets in detail

a. Logistics

Logistics account for c27% of the portfolio's annual rental income

Logistics account for c30% of BriQ's portfolio based on fair value and c27% of rental income. This category includes quite sizeable and valuable assets, such as the warehouse buildings located in Mandra (80% participation in Sarmed warehouses SA) with a GBA of c59k and Aspropyrgos with a GBA of c25k. Notable tenants include Sarmed Logistics and Quest Group.

b. Hotels

Hotels make up c10% of BriQ's rental income

The hospitality properties portfolio consists of five hotels, representing c10% of BriQ's rental income and around 12% of its GAV. Among these properties we highlight the Plaza Hotel Skiathos, and a hotel located in Paros under the Mr & Mrs White brand, leased to Hotel Brain. The Paros hotel was part of the 2024 development plan, which involved the addition of a new wing with 12 luxury suites and the renovation of the existing hotel complex. The renovation and expansion were completed in July 2024.

c. Offices

Offices account for 29% of rental income

Offices and mixed-use properties account for c29% of rental income and 30% of GAV, with the majority of the assets naturally located in Athens. Among the largest assets in this category are an office building on Kifissias Avenue in Chalandri, currently leased to GSK & JP Morgan, and a bioclimatic office building in Maroussi, Attica, leased to Friesland Campina Hellas. In addition, BriQ owns an office building at 42 Posidonos Avenue in Kallithea, Attica, which is currently

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undergoing demolition. A new bioclimatic building is under construction at the site, with completion expected in 2025.

d. Retail

Retail assets, will contribute c€7mn of annual rental income, namely c33% of total Pro-Forma income

After the merger with ICI, retail assets will account for 25% of total GAV and 33% of rental income, with the portfolio spread across various locations in Greece. Some of the most notable properties include a retail store in Heraklion, Crete, leased to H&M and a retail store on Marathonos Avenue in Pikermi, leased to Hypermarkets Sklavenitis.

Key Assets

	Category	GBA (k sqm)	GAV (EURm)	Location	Tenants
Patima	Logistics	44.5	36.7	Aspropyrgos, Attica	Iron Mountain / Info Quest Technologies
Sarmed	Logistics	58.6	34.2	Mandra, Attica	Sarmed Logistics
266 Kifissias Av.	Offices	5.3	13.4	Chalandri, Attica	Glaxo Smith Kline & JP Morgan
25th August & Arkoleondos	Retail	3.6	13.2	Heracklion, Crete	Alpha Bank (Subleased to H&M)
18 N. Zekakou	Offices	3.6	8.6	Marousi, Attica	Friesland Campina Hellas
Mr & Mrs White Paros	4* Hotel	3.8	8.5	Paros, Kyklades	Hotel Brain
Plaza Hotel Skiathos	4* Hotel	3.8	8.4	Skiathos, Magnisia	Hotel Brain
Marathon Av.	Retail	4.4	8.2	Pikermi, Attica	Sklavenitis

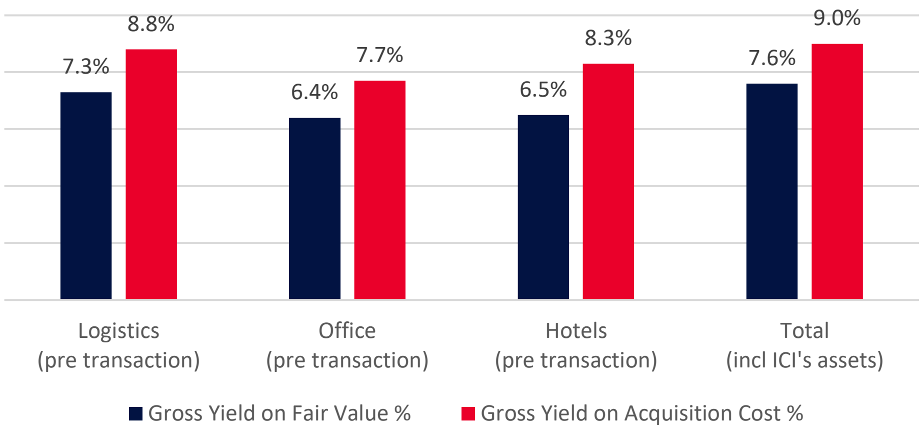
Source: Eurobank Equities, Company data

3. High-yielding portfolio

As illustrated below, even prior to the merger with ICI, BriQ consistently achieved high yields on acquisition cost, showcasing management's strong ability to identify undervalued assets. As displayed, yields on cost range from 7.7% for office properties to 8.8% for logistics, reflecting a disciplined and opportunistic investment approach. Factoring in the ICI-acquired portfolio, the blended average yield on cost will reach c9.0%. The latter is some 1.4pps higher than the corresponding fair value yield, highlighting the value creation embedded in BriQ's portfolio through strategic acquisitions and active asset management.

Across all segments, we see potential for yield compression, particularly in logistics, where BriQ holds substantial exposure. Logistics remains a high-return asset class with strong fundamentals, benefiting from structural demand drivers and limited supply, creating ample room for further narrowing of yields. Given the company's strategic positioning in this segment, BriQ is well-placed to capitalize on this trend, enhancing both asset valuations and overall portfolio returns.

Yields for BriQ's portfolio by segment



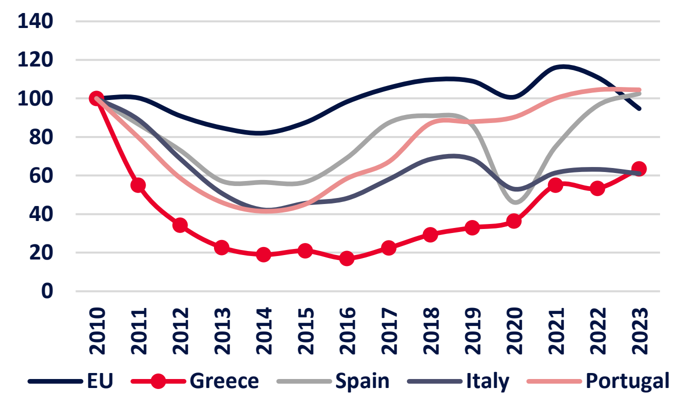
Source: Eurobank Equities Research, Company data.

Sector overview

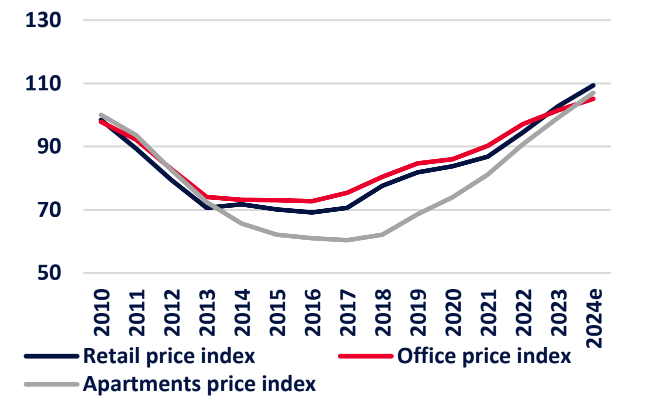
Greek real estate market remains in recovery mode

After a prolonged 10-year crisis, the Greek real estate market seems to have retraced its 2010 levels, at least in terms of property prices in major cities, buoyed by, strong tourism sector and the momentum from investments driven by the Recovery and Resilience Facility (RRF). That said, from a volume perspective, construction activity remains well below peak levels, despite the significant growth in recent years.

Building permits index evolution in Europe, by country (in € m)



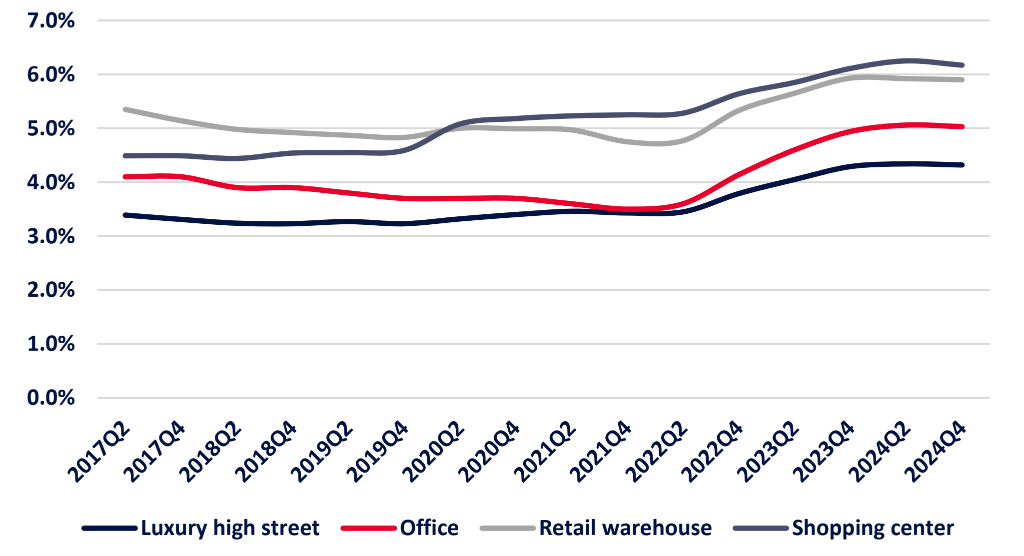
Real estate prices per category in Athens – Greece (index)



Source: Eurobank Equities Research, Elstat, Bank of Greece, Savills

From a pricing perspective, since 2022 the tighter monetary policy settings have pushed prime retail yields in Europe upwards, especially for the office sector, which had seen yields touch record lows. In the light of policy easing in the next few quarters, we believe it is reasonable to expect this momentum to reverse.

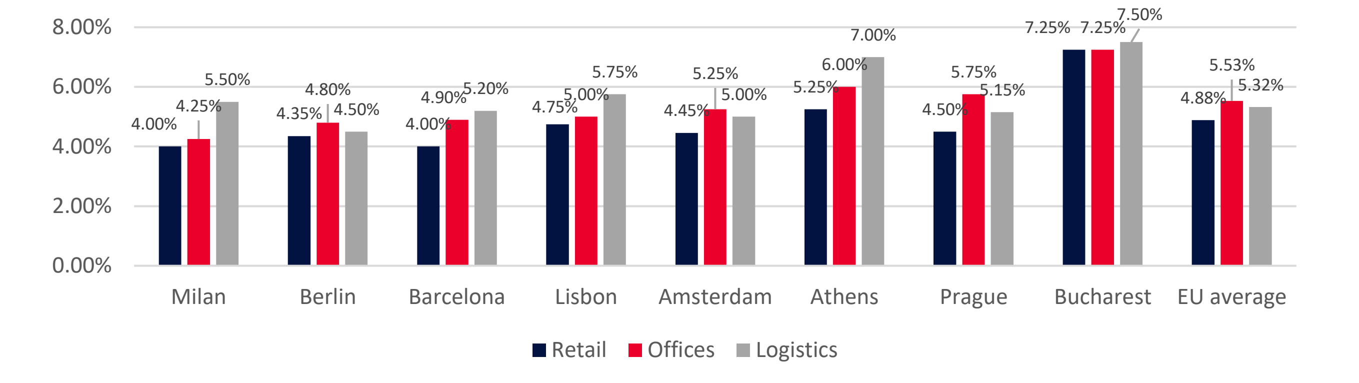
European prime average yields



Source: Eurobank Equities Research, Elstat, Bank of Greece, Savills

As for Greece, the situation is far better given the supply-demand dynamics and macro prospects of the country. This is even more so the case as yields remain materially above the European average. We exemplify this in the chart below (for the case of Athens and other EU cities), highlight scope for a narrowing of the relative yield gap, especially in the logistics sector.

Q3'24 Prime yields (%) - Athens' Retail and Office yields still above average; Logistics yields remain among highest in Europe



Source: Eurobank Equities Research, CW.

In what follows, we look in more detail into the dynamics within each real estate subsector.

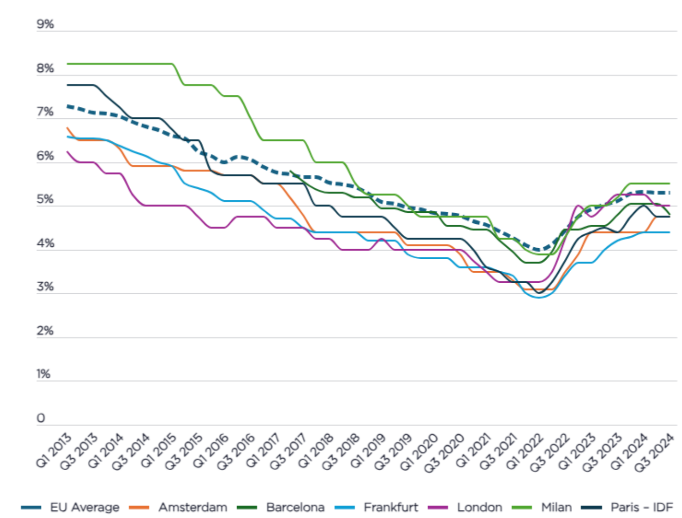
A. Logistics

In Europe, the logistics real estate market has undergone significant shifts, with the sector maintaining a strong investment share despite declining overall volumes. Following a period of yield compression, prime yields saw their first quarterly increase in Q2 2024 after two years of narrowing, with the EU average standing at c5.30%. Trends remain divergent across markets, with Barcelona and Stockholm seeing yield tightening, while Lisbon and Vienna experienced yield expansion. The structural underpinnings of the sector remain robust, with ESG considerations and power availability increasingly shaping investment decisions.

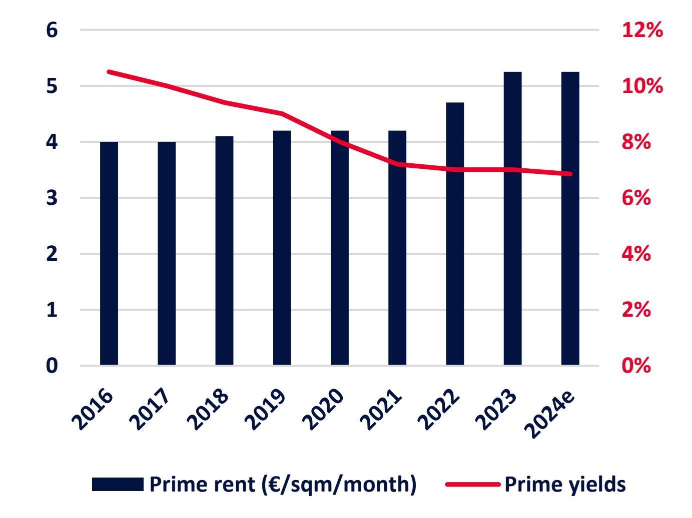
Greece's logistics market faces supply deficit amid surging demand; Yield gap signals scope for higher valuations

In Greece, the logistics sector continues to benefit from strong demand amid a persistent shortage of modern warehouse space. This has fueled the redevelopment of older industrial stock in urban areas, particularly for small to mid-sized occupiers. As a result, prime rents have been on an upward trajectory, reaching €5.25/sqm, while yields have been on a consistent downward trajectory, but remain attractive at 7.0%—significantly above the 5.5% European average, but below some Balkan cities like Bucharest. The market's supply constraints have led major players to actively secure land for new developments, further reinforcing the sector's ongoing transformation. This dynamic landscape reflects both the growing institutionalization of logistics real estate and continued investor confidence in Greece's long-term potential.

Europe logistics yields Q3'24



Logistics yields & rents evolution in Athens

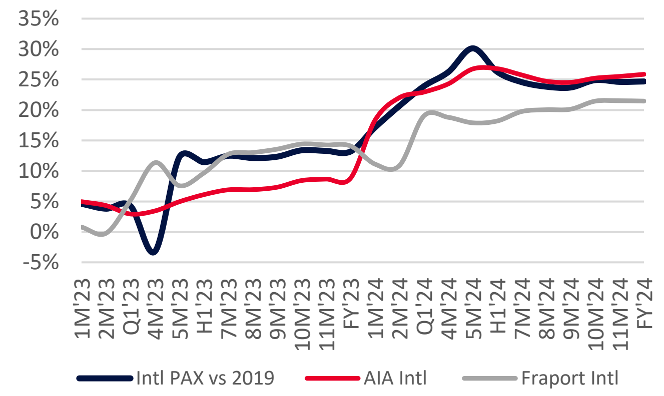


Source: Eurobank Equities Research, Savills, Cushman & Wakefield.

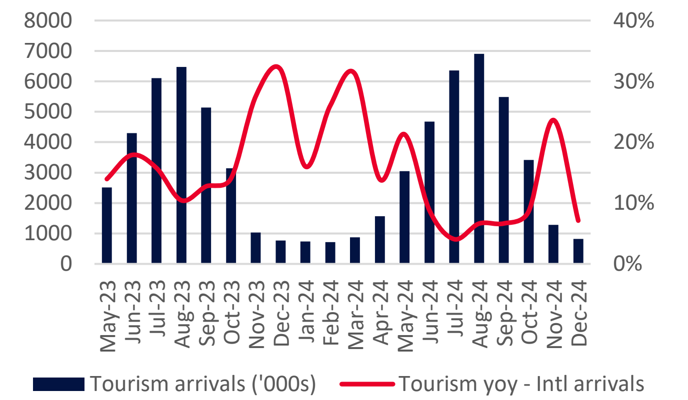
B. Hotels

Tourism remains a cornerstone of Greece's economic performance, with both arrivals and revenues surpassing pre-pandemic levels. The sector's growth is bolstered by strategic investments in infrastructure, such as upgraded hospitality facilities, which enhance the travel experience. The government's initiatives to diversify tourism offerings—such as eco-tourism, cultural tourism, and luxury travel—have been yielding results, targeting higher-spending visitors. Marketing campaigns focused on premium offerings further solidify Greece's position as a top-tier destination, ensuring the sector's continued contribution to GDP. Key pillar of growth for the tourism industry has been the emergence of Athens as a city break destination, especially as AIA accounts for 30% of international inbound tourism. The major expansion plan of the Athens International Airport, which is hoping to increase its capacity by more than 50% by 2034e (c14m more passengers annually), coupled with the new airport in Crete (to be completed in the next 2-3 years) bode well for further tourist growth (c2-3% annually in terms of traffic).

International traffic c25% above 2019 levels



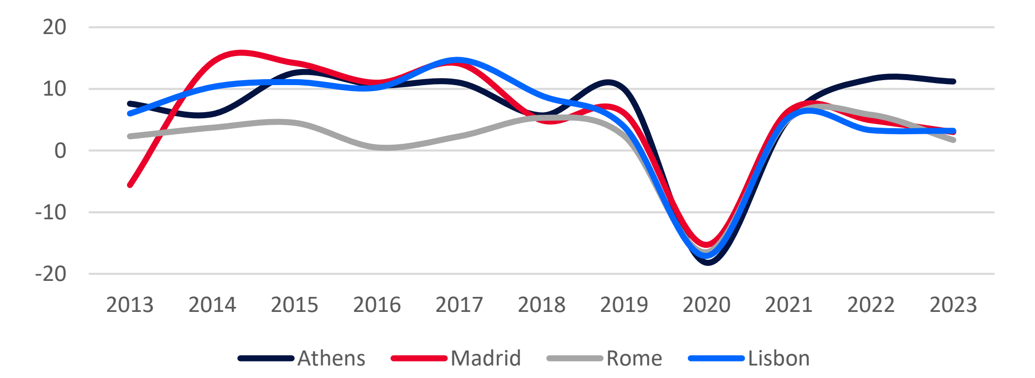
Yoy change in tourism arrivals



Source: BoG, Eurobank Equities Research.

From a pricing perspective, average daily rates (ADRs) remain on the rise, with plenty of scope for Greek destinations to close the gap vs other competitive countries. Indicatively, in Athens ADRs rose c9% in 2024, and, coupled with a >2pps increase in occupancy, resulted in RevPAR surging >11% yoy. Adding to the abovementioned positive dynamic is the extension of the tourism season, which helps limit seasonality, boosts occupancies in the winter season and adds to the value of hotel assets. The continued influx of leisure demand since 2015 has driven material increase in hotel asset values, with Athens hotels having enjoyed >6% CAGR over 2013-23, outstripping the growth registered in other similar EU destinations.

% change in hotel asset values, yoy



Source: Eurobank Equities Research, HVS.

We caveat that although demand dynamics remain robust, on the supply side there is quite significant pipeline set to come to the system, especially in Athens (c7% increase in capacity by early 2026), which could weigh on RevPAR and, along with it, on asset prices.

C. Office

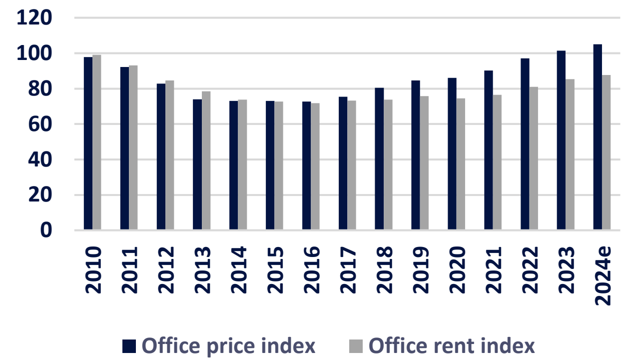
Demand for office quality spaces outstrips supply; yields set to tighten further

Offices had a significant rebound in Greece after the Covid period, witnessing increased demand for high-quality properties, with this trend seemingly unaffected by remote work dynamics, leading to a tight market for premium spaces. This tightness supports office rents and asset values, with room for further yield compression as domestic yields remain notably higher than those in other European markets. The preference for quality and sustainability is evident, with Grade A LEED-certified spaces dominating recent transactions. According to Cushman & Wakefield, nearly 230,000 sqm under construction is expected to be completed within the next two years, with an additional 232,000 sqm in the pipeline. This supply, around 45% of which involves the reconstruction of existing buildings, indicates a significant increase likely to affect pricing of older assets, but yields of new supply are likely to be tight.

Yields in Greece

6%-6.5%	Grade A Prime Locations
7%-7.5%	Grade B Prime Locations
8%-8.5%	Grade B Secondary Locations

Office price & rent index in Athens



Source: Eurobank Equities Research, Danos, Bank of Greece, Cushman & Wakefield, Savills.

D. Retail

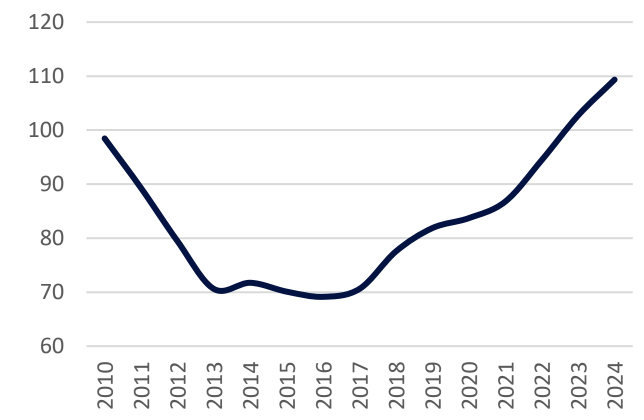
The Greek retail real estate sector remains structurally resilient, particularly in comparison to other European markets, due to historically low retail density and the still nascent phase of retail park development. Domestic prime retail yields have been on a downward trajectory since 2018, driven by a combination of high initial yield levels, country de-risking, and subdued development activity, but remain above the levels of other European countries. With Ellinikon being the only large-scale project currently in the pipeline, the market seems to remain undersupplied in terms of modern retail space. In particular, prime high-street retail yields are still above 5%, while shopping mall assets yield >7%, still offering a premium of approximately 50bps compared to cities with similar characteristics in the EU.

Consumer confidence index

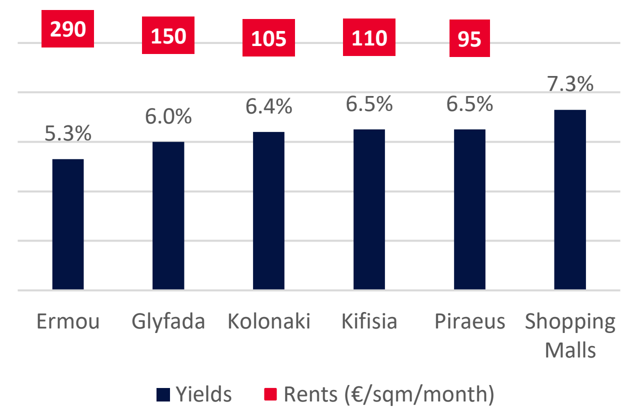
Retail Deposits back to 2011 levels (€m)

Source: Eurobank Equities Research, European Commission, Elstat

Retail assets price index, Athens (rebased to 2010)



Greece - Shopping Malls vs High Street Retail yields & rents, 2023



Source: Eurobank Equities Research, Cushman & Wakefield, Bank of Greece, Danos

E. Listed REICs

Greek REICs have significantly expanded their asset base in the last 5 years, doubling the appraised value of real estate assets and their revenues. This growth has been driven by new investments and revaluations in light of rising income and yield compression. Most REICs have diversified portfolios comprising logistics, hospitality, residential, and office assets, while being increasingly active in real estate development and asset enhancement due to limited ready-made quality properties. REICs tend to follow strict ESG guidelines, and some have issued "green" bonds for sustainable investments.

Below is a snapshot of some of the most liquid – from a stock perspective – listed Greek REICs.

Greek REICs snapshot

Name	9M 2024 GAV (€m)	GAV growth ytd (vs Dec'2023)	NAV 9M 2024 (€m)	NAV per share 9M 2024 (€)	Growth in NAV per share (ytd)	Discount to latest NAV
Noval Property*	609	7%	494	3.91 €	-2%	-34%
Trade Estates	498	4%	303	2.52 €	2%	-35%
Premia Properties	351	14%	166	1.93 €	14%	-32%
BriQ Properties **	284 **	nm	152 **	3.36 €	11%	-30%

Source: Eurobank Equities Research *H1'24 data ** 2024e, post acquisition of ICI

REIC framework background

REITs serve as an efficient platform for holding investment property

In the next few paragraphs, we briefly lay out a summary of the REIC framework in Greece. REICs are an investment instrument similar to real estate investment trusts (REITs) met in other international markets. In general, REITs enable developers to generate liquidity by selling income-generating assets while also offering investors the opportunity to invest in liquid real estate equity. REITs normally distribute a substantial part of their earnings in the form of dividends, are tax efficient and are considered less risky than other real estate investments since they are normally related with completed properties with regular income.

REICs in Greece are governed by a specific institutional/tax framework as well as stock market legislation, whose main points we summarize below:

In Greece, REICs enjoy tax benefits, must be listed within 2 years, and have a minimum 50% distribution policy

I. **Asset and legal requirements:**
   - A minimum of 80% of the asset base must be invested in real estate.
   - A single property must not exceed 25% of the REIC's investments
   - REICs must file an application for listing within 2 years from establishment with a possibility of additional 36 months extension.

II. **Distribution of profits and leverage:**
   - REICs must distribute at least 50% of their net profits. Capital gains from the sale of real estate do not need to be distributed
   - REICs may borrow up to 75% of their total assets
   - REICs have a minimum capital requirement of €25m (funds or contribution of real estate assets).

III. **Tax considerations:**
   - There is no capital gains tax, real estate transfer tax or dividend tax
   - REICs are burdened with an annual property tax (as is the case with all property owners) defined by the tax authorities based on the individual property characteristics (mostly the location), namely ENFIA tax.
   - REICs are exempt from income tax. The latter is substituted by a tax on investments and liquid assets, at a rate equal to 10% x (ECB rate + 1%). It is worth noting that the new proposed REIC framework looks poised to introduce a lower taxation range as % of GAV than the effective 0.4-0.5% embedded in our model, thus bolstering FFO.

REIT structures are in general a way property owners seek to unlock the value of the real estate

REIT structures are one of the ways that property owners seek to crystallize value. A typical REIT structure is one in which an operating company (OpCo) demerges property assets into a property company (REIT). The latter then leases the property back to the OpCo securing an income stream through the collection of the rents. The portfolio of assets in the REIT may be further enriched with new property injected into it either by the OpCo or by other investors. Given the mandatory IPO requirement, the REIC gets listed on a stock exchange resulting in the initial shareholder giving up part of its ownership share. The main rationale for the demerger is to unlock the value of the real estate: this is more properly reflected in a pure-play real estate company than in cases where the property is held within an operating company. Through the IPO process, the OpCo also seeks to bolster its financial flexibility by potentially using the related proceeds to reduce debt remaining with the OpCo.

The aforementioned high-level description of a typical REIT structure brings to the forefront the key benefit arising from a REIT spin-off, namely value crystallization. One extra reason for the latter is the fact that REITs have different optimal capital structures than operating companies, and on that basis, they can be eventually levered-up. Similarly, due to the steady income typically associated with a REIT, such a structure can lower the cost of capital for the REIT enabling it to pursue projects previously not meeting internal hurdle rates.

Financial overview

1. 9M'24: boosted by contribution of acquired ICI assets

9M'24 operating profitability improved significantly yoy thanks to the consolidation of the acquired assets

BriQ reported a 67% yoy increase in 9M 2024 revenues (which reached €11.2mn), largely due to the incorporation of 16 of ICI's assets acquired in January 2024 (with the 17th asset acquired in June 2024). Adjusted EBITDA (excluding revaluations and profits from property sales) rose by 90% yoy to €9.5mn, supported by positive operating leverage. The company benefited from paying real estate tax (ENFIA) only on assets owned as of January 1, 2024, before the acquisition of the ICI properties, and from lower administrative costs due to economies of scale (lower third-party fees and more efficient property management). This resulted in a 10-percentage point increase in the EBITDA margin yoy. Additionally, profits were influenced by higher pre-tax revaluation gains, which rose to €7.0mn (based on 30/6/2024 valuations) from €2.4mn in H1'23. The increase in debt to finance the acquisition of ICI's assets and rising interest rates led to higher financial expenses. Despite this, strong operational performance and asset appreciation drove net income up to €11.7mn, nearly doubling from €5.9mn in the previous year.

GAV increased by 51% compared to year end'23, reaching €225mn, driven by asset acquisitions from ICI and new developments. NAV also rose by approximately 7%, increasing from €109mn to €119mn (€3.28 per share), reflecting higher profitability, the impact of acquisitions, and revaluation gains, only partly offset by the increase in debt (€101mn from €34mn in FY'23) as a result of the scaling-up of the portfolio. The corresponding net LTV increased to 45.1%, up from 23.0% in FY'23.

9M'24 results			
Year to end Dec (€m unless otherwise stated)	**9M'24**	**9M'23**	**yoy**
Gross rents	11.2	6.7	67%
Adj. EBITDA	**9.5**	**5.0**	**90%**
EBITDA margin	**85%**	**75%**	
Pre-exceptional pre-tax profits	5.5	4.0	38%
Pre-tax profits	12.5	6.4	95%
Reported net profit	**11.7**	**5.9**	**98%**
FFO	**4.7**	**3.3**	**42%**
	9M'24	**FY'23**	**yoy**
GAV	**225.0**	**149.0**	**51%**
Net debt	101.0	34.2	195%
NAV	**116.2**	**108.6**	**7%**
NAV/share (EUR)	**3.28**	**3.07**	**7%**
Net LTV (incl. leases)	**45%**	**23%**	
Source: Company, Eurobank Equities Research			

2. Estimates

From a P&L perspective, BriQ's originally held assets generated an annualized income of c€9m in 2023, which, post the acquisition of ICI and the completion of key development projects, is set to rise materially to >€20m in 2024e. Among the key projects we flag Mr & Mrs White Paros, "KAD2 Aspropyrgos," and the office renovation at 1 Alamanas Street, Marousi, both delivered in Q4 2024. As a result, we estimate that pro forma 2024 rental income will reach €20.5m.

On the latter point, we note that our 2024 figures are presented on a pro-forma basis, assuming full-year consolidation of ICI's assets rather than a gradual integration based on the phased transaction timeline outlined earlier in our report. For informational purposes, we estimate that reported rental income for 2024—which reflects the actual timing of asset consolidation—will shape near €15m in 2024e.

Looking further out, pillars of revenue growth for the enlarged entity will be the following:

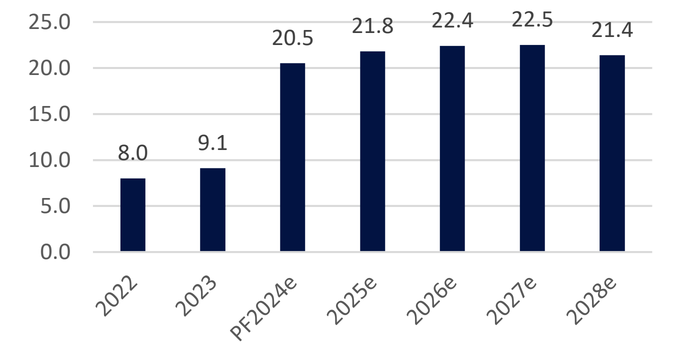
CPI indexation and contribution from investment pipeline to more than offset the impact from asset sales and downward rent reviews for part of the portfolio

- **CPI and Indexation:** Most of the annual rent adjustments are indexed with CPI plus 0%-1%, thereby providing protection against future inflation along with prospect for like-for-like revenue growth. Our numbers assume inflation of c2% in 2025-27e.
- **Reviews/expirations:** Considering the relatively short WALT of ICI's assets (at least compared to other Greek REICs) and the higher (vs market) yield profile of retail properties, we have factored in a downward revision for assets leased to Alpha Bank, as most lease agreements are set to expire in 2027. This is set to result in a c€1.1m net reduction in total rental income by 2028e. That said, we expect this effect to be offset by the CPI indexation for the rest of the portfolio.
- **Occupancy:** Average occupancy is very high at c99% and on that basis, we do not envisage occupancy gains in the future.
- **Asset enhancement:** mgt has penciled in c€1m investment through to 2026 for optimization projects, namely spending on existing assets so as to increase their value, attractiveness, functionality, and overall competitiveness in the market (e.g. improving digital infrastructure, adapting existing space etc.). Our numbers have assumed a mild income boost from asset enhancement initiatives by 2028e.
- **Portfolio acquisitions/developments:** BriQ proceeded to a substantial scaling-up of its portfolio in 2024, following the acquisition of ICI, bolstering its GAV by €119m. Looking ahead, the company has a rather small investment pipeline totaling c€12mn (plus €2m budgeted for asset enhancement), which includes the development of a second building of 19.2K sqm at the storage and distribution center in Aspropyrgos, the development of an office building with LEED-Gold certification in Kallithea, and the renovation and development of a new wing with 12 luxury suites at Mr & Mrs White Paros. Following the c€9-10m rental income boost from the aforementioned transaction, we model c€2mn incremental revenues from developments through to 2028e.
- **Disposals:** According to management, there will be selective asset disposals targeting properties with lower expected returns, aiming to further strengthen the company's leverage position. Any potential gains from these sales are likely to be returned to shareholders. Our estimates assume annual property disposals worth c€2m in the coming years, which will translate into a c€0.6m cumulative rental income reduction by 2028e.

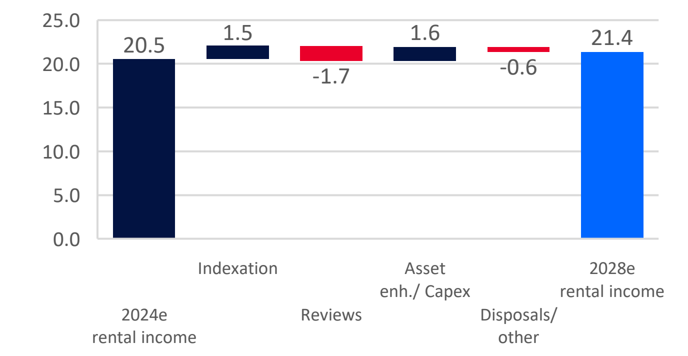
3% rental income CAGR through to 2027e, c5% debasement in 2028e

Following the consolidation of ICI, which will see gross rental income being rebased to c€20.5m in 2024e on a pro-forma basis, we model 6% growth in 2025e and 2.6% in 2026e, and marginal growth in 2027e. We expect a c-5% decline in 2028e, reflecting the rental reset on Alpha Bank leases, bringing income in line with prevailing market rates.

Rental Income evolution (€m)



Bridge of 2023-28e revenues (€m)

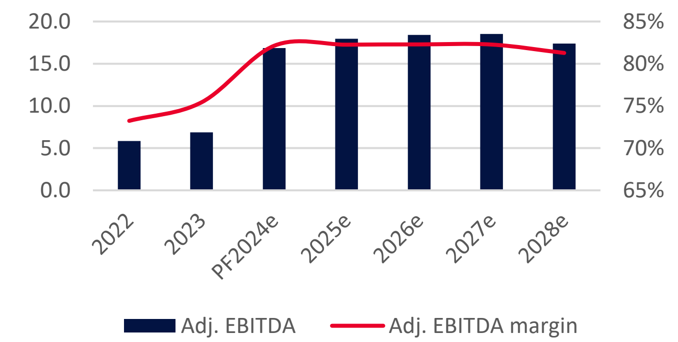


Source: Eurobank Equities Research, Company.
Note: PF2024e present BriQ's financial data as if ICI had been fully consolidated for the entire year.

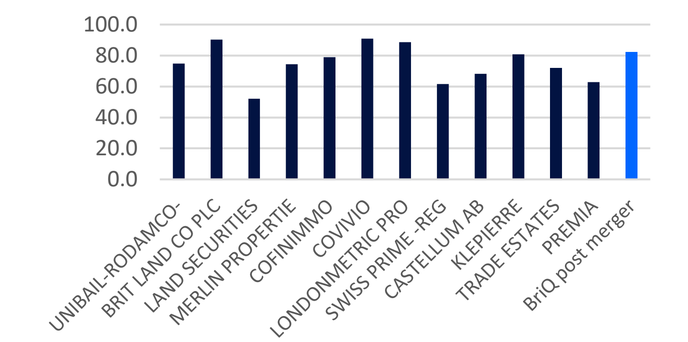
We expect a small uptick in profitability vs 2024e pro-forma levels, reflecting the rent indexation and limited portfolio additions

Moving on to the cost structure, we calculate property taxes (i.e. ENFIA) as a percentage of the Gross Asset Value (GAV), while gauging other direct investment property expenses as a percentage of revenues, having in mind that BriQ screens out as the most cost-efficient real estate company in Greece. Taking all these factors into account, we come up with Pro-Forma adj. EBITDA (excluding revaluations) of c€16.8mn in 2024 (from €6.9m in 2023 for the standalone BriQ in 2023), rising to c€18-19mn by 2027e. Post the aforementioned Alpha Bank rent review, we expect adj. EBITDA to stabilize at €17.4m in 2028e. We anticipate the resulting adjusted EBITDA margin to remain above 80% for the forecast period from 75% in 2023, propelled by scale benefits.

Adj.EBITDA in EURm (LHS) and Adj. EBITDA margin (RHS)



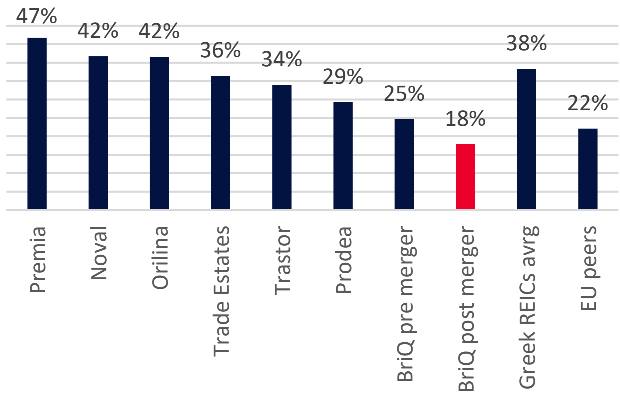
BriQ 's EBITDA Margin vs EU peers



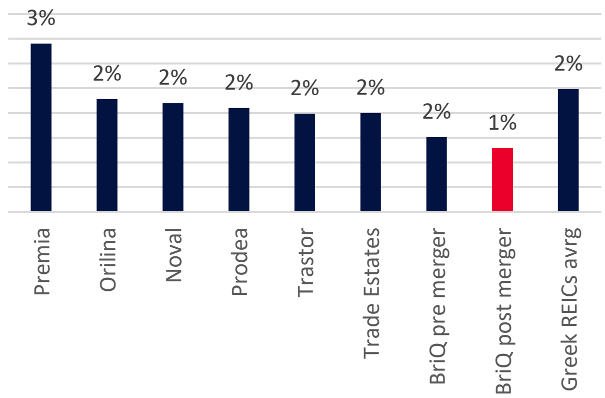
Source: Eurobank Equities Research, Company data.
Note: PF2024e present BriQ's financial data as if ICI had been fully consolidated for the entire year.

As mentioned above, BriQ's key competitive advantage is the lower cost base compared to other Greek REICS, with cost ratios more in sync with foreign peers with much larger scale. We attribute this to the small number of employees and the high use of outsourcing.

Opex/Rental income (2023) - BriQ vs Greek REICS vs EU peers



Opex/Investment properties, BriQ vs Greek REICS



Source: Eurobank Equities Research, Company data.

Modest revaluation gains and falling interest costs to act as tailwinds for the bottom line

Below the adj. EBITDA line, the key items are revaluation gains/profits from property sales and finance costs, as deprecation is trivial. Our estimates incorporate on average c€5m revaluations annually in 2025-26e (lower than the figure for other Greek REICS due to lower development activity) followed by €1m in the rest of the forecast period, underpinned by rental growth and a mild yield compression (c10bps cumulatively in 2025-26e). As far as finance costs are concerned, the average cost of debt for 2023 stood at c5.2%, but we expect the blended interest expense to fall to c4.3% by 2027, in view of the monetary loosening cycle. We expect the reduction in rates to benefit BriQ, as the bulk of the debt is on floating interest rates. Additionally, we understand that the company plans to raise c€10mn debt by 2025, partially funded through the Recovery and Resilience Facility (RRF), taking advantage of the low associated cost (<1%).

With these in mind, we forecast adjusted pre-tax profit of €13.9mn by 2027, representing a 3-year CAGR of 10% vs 2024e PF levels, driven by modest growth in rental income (as explained above), cost containment, and waning financial expenses. As far as taxation is concerned, we remind that REICs in Greece are exempt from income tax but are rather taxed on investments and liquid assets at a rate equal to 10% x (ECB rate + 1%). The effective tax rate for BriQ will be near 0.4-0.5% of GAV, by our math.

BriQ - P&L

EURm unless otherwise stated	2023	PF2024e	2025e	2026e	2027e	2028e
Revenues	**9.1**	**20.5**	**21.8**	**22.4**	**22.5**	**21.4**
Property related expenses	*-0.3*	*-0.6*	*-0.6*	*-0.6*	*-0.6*	*-0.6*
Personnel expenses	*-0.7*	*-1.1*	*-1.3*	*-1.3*	*-1.3*	*-1.3*
Property taxes	*-0.7*	*-1.4*	*-1.4*	*-1.4*	*-1.4*	*-1.4*
Other opex	*-0.6*	*-0.6*	*-0.6*	*-0.6*	*-0.6*	*-0.6*
Total opex	**-2.2**	**-3.7**	**-3.9**	**-3.9**	**-4.0**	**-4.0**
Adj. EBITDA	**6.9**	**16.8**	**18.0**	**18.4**	**18.5**	**17.4**
Depreciation	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2
Adj. EBIT	**6.8**	**16.7**	**17.8**	**18.3**	**18.4**	**17.2**
Financials	-1.4	-6.4	-5.6	-5.1	-4.5	-4.1
Adj. PBT	**5.4**	**10.3**	**12.2**	**13.2**	**13.9**	**13.1**
+ Fair value adj. / other	10.0	9.4	5.1	5.0	1.2	1.2
Reported PBT	**15.3**	**19.7**	**17.3**	**18.2**	**15.1**	**14.3**
- tax	-0.7	-1.4	-1.2	-1.1	-1.1	-1.1
- Income to non controlling interests	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5
Reported net income	**14.1**	**17.8**	**15.6**	**16.6**	**13.5**	**12.7**
Adj. net income excl. revaluations	**6.0**	**8.4**	**10.5**	**11.7**	**12.3**	**11.6**
FFO	3.9	9.1	11.2	12.3	13.0	12.2
FFO % of adj. EBITDA	56%	54%	62%	67%	70%	70%

Source: Company, Eurobank Equities Research. PF2024 present BriQ's financial data as if ICI had been fully consolidated for the entire year

EUROBANK Equities

3. Cash flow and dividends

Healthy leverage which is only set to decrease in the absence of a major investment pipeline program

Given that the transaction with ICI was gradually completed in stages throughout 2024, the year-end P&L and cash flow figures will not fully reflect the combined entity's operations for the entire year. As such, our analysis will focus primarily on projections starting from 2025, when the full effect of the integration of the ICI portfolio will be realized.

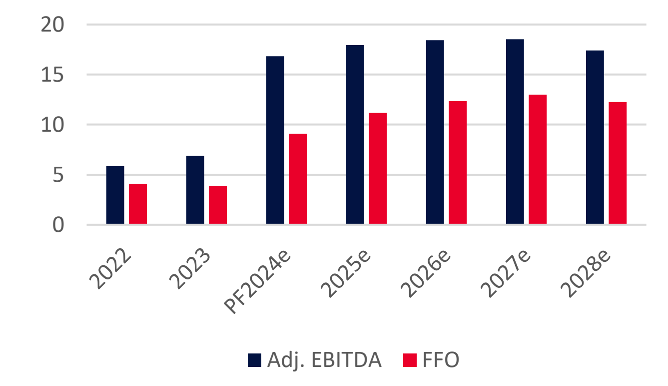
With this in mind, we estimate Funds from Operations (FFO) to increase to €11mn in 2025e, corresponding to approximately 60% of adjusted EBITDA, compared to €3.9mn in 2023 (for the stand-alone BriQ). Effectively, we expect the scale-up of the business as a result of the acquisition of ICI to be only partly offset by the higher net interest expenses (relative to the standalone entity). We anticipate that cash conversion (FFO/adjusted EBITDA) will stabilize in the 60-70% range from 2025 onwards, as the small retracement of adj. EBITDA in 2028 due to the assumed review of the expiring retail leases will be offset by the gradual decrease in net debt (from the peak LTV of c44% in 2024e).

On the investment front, we remind that the company plans to finance its capex for 2024-2026, estimated at €14mn, through a financing mix with a 60/40 debt-to-equity ratio, partially funded by the RRF (fixed interest rate of 0.35% for 50% of debt portion). Given the relatively low capex envelope, we anticipate a gradual decrease in net LTV to <40% post 2026e, with scope for this to settle even lower assuming higher monetization of retail properties than the one embedded in our numbers (c€2m disposals annually).

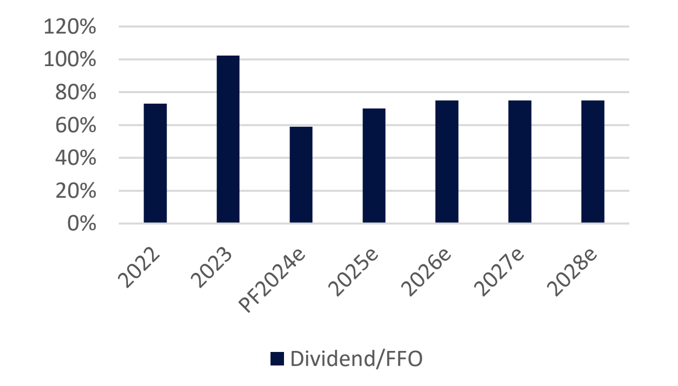
Balanced capital allocation, allowing for leverage reduction, generous cash returns and war chest for future investments

Given the moderate leverage and the healthy cash generation from the income-generating portfolio, the "enlarged" BriQ looks well placed to adopt a balanced capital allocation which will allow the reduction of leverage, the continuation of a generous cash return policy and the building of firepower for potential asset acquisition opportunities that would reinforce the long-term growth trajectory. With these in mind, we have penciled in a dividend payout ratio of 70-75% of FFO, in sync with management's target. This corresponds to an estimated dividend yield of c7% at the current price, set to increase to c8-9% in 2026-27e.

FCF Conversion (FFO/adj. EBITDA)

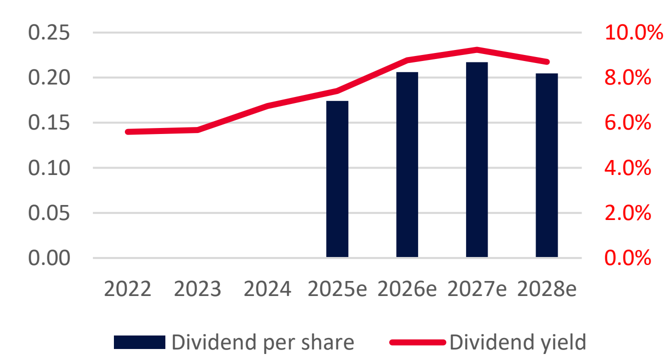


Dividend payout (dividend % of FFO)

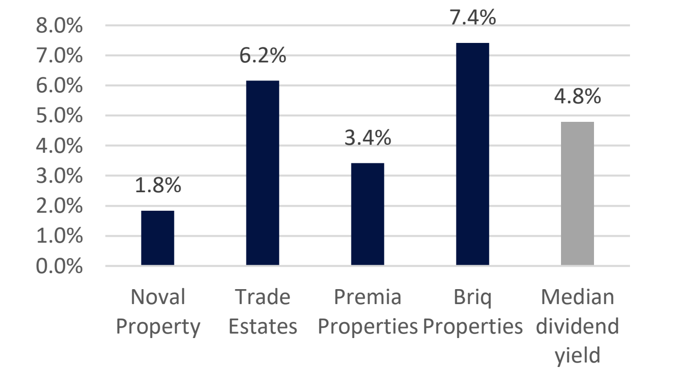


Source: Eurobank Equities Research, Company.

Dividend yield BriQ and dividend per share



Dividend yield Greek REICS 2025e



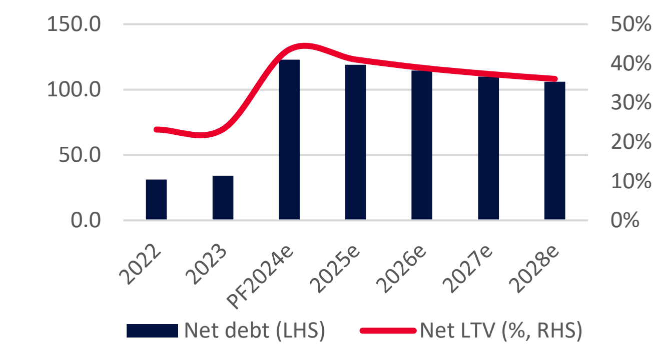
Source: Eurobank Equities Research, Company.

4. Balance Sheet

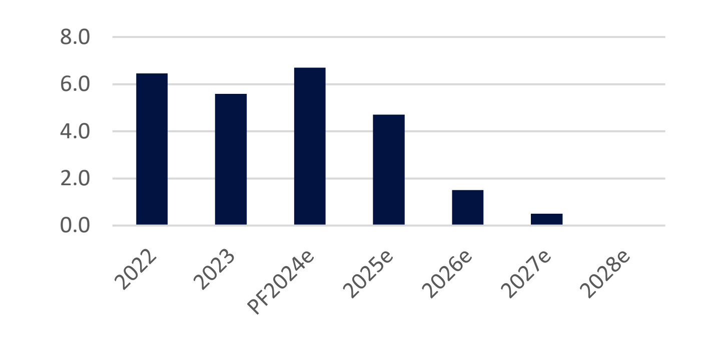
Net LTV to fall after the 2024e peak of 44% (the latter being the result of the ICI acquisition)

BriQ saw its net debt increase to c€101m as of H1’24, from €34m in Dec’23. The increase is mainly attributed to the acquisition of the ICI properties (first step of the transaction, with a cash consideration of €60.6mn), with cash returns also absorbing c€3.7m of liquidity in H1’24. We expect net debt to settle at €123m in FY24e, after the conclusion of the last step of the ICI transaction (cash consideration of €9.4mn for the 27% of ICI share capital) and assuming a capex envelope of approximately €7mn during the year. This will drive the net LTV ratio to a peak of 44% (vs company’s target for <40%), up from 23% in 2023. We remind that almost 100% of the debt carries a floating interest rate. As previously mentioned, in the absence of significant investments in the pipeline over 2025-27e (another c€6m penciled in our model), we see scope for a reduction in the net loan-to-value (LTV) ratio to <40% post 2026.

Net Debt and LTV Evolution (€m)



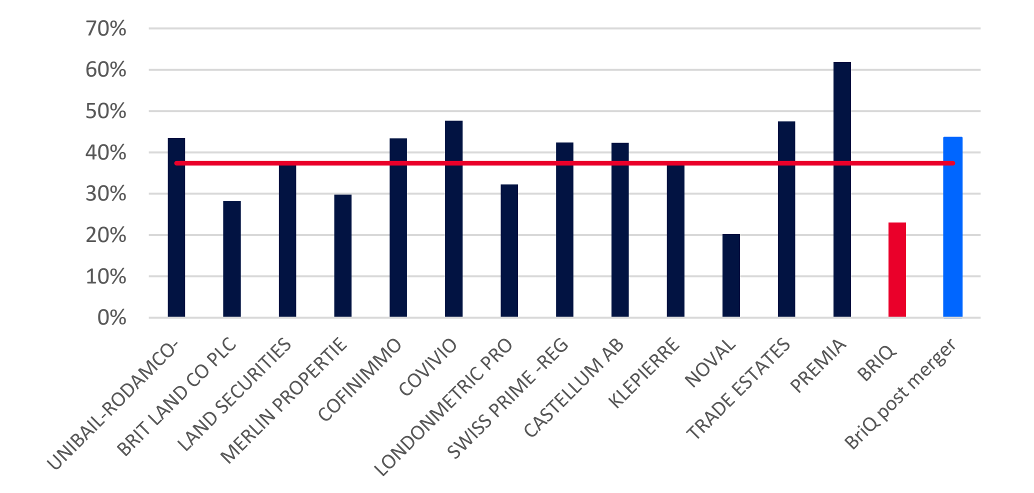
Organic CapEx (€m), excl. acquisitions



Source: Eurobank Equities Research, Company data.

With these factors considered, it appears that BriQ's post-acquisition LTV will be, at its peak, above the average European peer LTV (c40%), but with a clear path towards deleveraging in the absence of a material investment plan.

European and Greek peers Net LTV, 2024e

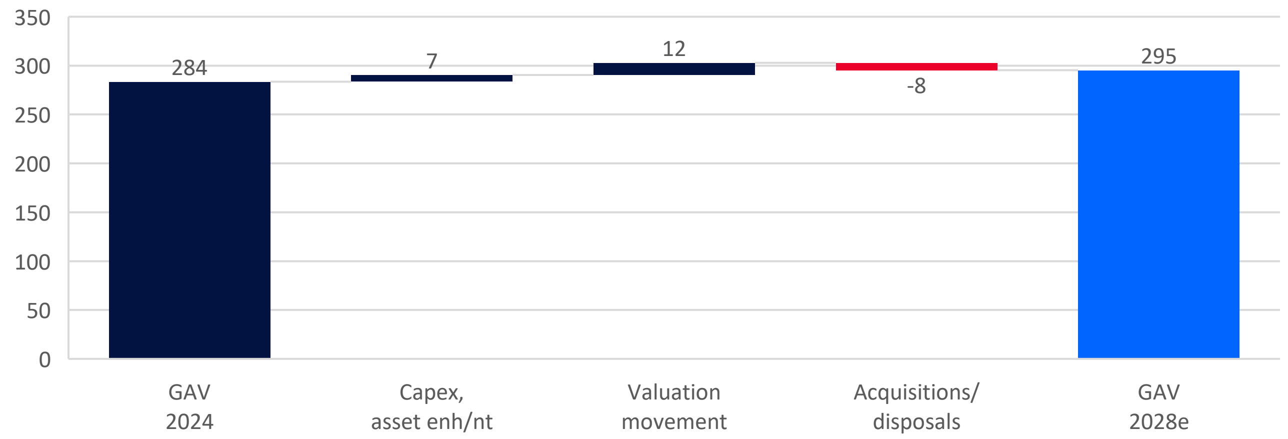


Source: Eurobank Equities Research, Bloomberg.

Post the scaling-up from the ICI deal, we model just 1% CAGR in GAV over 2024-28e

On the portfolio front, pro-forma for the ICI deal (c€119m effect), GAV is set to shape near €284m in 2024e, on our numbers, from €149m in 2023. Looking ahead, in the absence of significant investments, we model a c1% CAGR in GAV through to 2028e driven by c€7m capex/asset enhancement and c€12m revaluations partly offset by disposals (€8m).

Bridge of 2024e-28e GAV (€m)

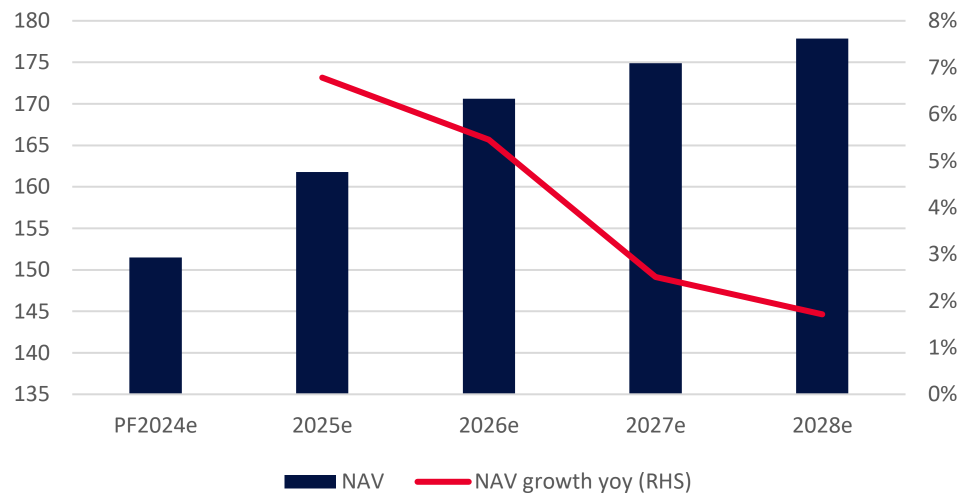


Source: Eurobank Equities Research.

We are eyeing c4% CAGR in NAV post 2024e

NAV increased c6% yoy in H1'24 to €115m, mainly as a result of c€7m valuation gains. We expect further significant growth in H2 in absolute terms, post the completion of the merger with ICI, driving NAV to c€152m on our estimates. Given the share exchange involved, we estimate NAV per share to land near €3.38 in 2024e, compared with €3.04 in FY'23. Looking further out, we model c4% CAGR in NAV through to 2028e, driven by c1% rental/EBITDA growth, the aforementioned modest valuation gains, but primarily by the healthy cash conversion which will drive down net debt given the 70-75% FFO payout penciled in in our model.

NAV progression in €m and % growth yoy



Source: Eurobank Equities Research.

EUROBANK Equities

Main assumptions and estimates

2024PF-28e: 1% CAGR in rental income, 1% CAGR in EBITDA, 1% in GAV, 4% in NAV

Using 2024PF figures as basis, we forecast a c1% 4-year CAGR (2024-28e) in BriQ's gross rental income stemming from CPI indexation (c2% inflation annually) and the addition of new assets from the investment pipeline (mostly in 2025e). We expect these to be offset by disposals and rental reviews for the AB expiring leases. The above will translate into c1% CAGR in adj. EBITDA in the same period. **With these in mind, it becomes clear that BriQ's thesis is mainly predicated on highly visible cash returns, in the absence of a capex program of material scale that would absorb cash generated.**

On the valuation front, as mentioned previously, we anticipate cumulative valuation gains of c€12m over 2025-28e. We expect these to be bolstered by asset enhancement initiatives and development completions offset by modest asset disposals. Consequently, we estimate that the portfolio value will approach €295mn in 2028e, some 4% higher than 2024e levels. **The corresponding gross yield will still be above 7% on our estimates, thus skewing the portfolio risk on the upside.**

Penciling in c60-70% FFO conversion (as % of EBITDA) and c70-75% dividend payout (% of FFO), we estimate NAV CAGR of c4% over the same period.

Main assumptions and estimates					
EURm unless otherwise stated	**PF2024e**	**2025e**	**2026e**	**2027e**	**2028e**
Operating assumptions					
Yield shift (bps)		-5 bps	-5 bps	0 bps	0 bps
Indexation		2.0%	2.0%	2.0%	1.5%
Reviews		0.0%	0.0%	-1.9%	-5.7%
New lettings/enhancement		0.0%	0.1%	0.2%	0.1%
Acquisitions/devt		4.3%	0.5%	0.3%	-0.8%
Gross rental growth		**6.4%**	**2.6%**	**0.5%**	**-5.0%**
Operating estimates					
Gross rents	**20.5**	**21.8**	**22.4**	**22.5**	**21.4**
Property operating expenses	-0.6	-0.6	-0.6	-0.6	-0.6
Net rental income	**18.6**	**19.8**	**20.4**	**20.5**	**19.3**
Adj. EBITDA	16.8	18.0	18.4	18.5	17.4
FFO	9.1	11.2	12.3	13.0	12.2
Conversion (% of EBITDA)	54%	62%	67%	70%	70%
Valuation assumptions					
Valuation impact (yield shift)	9	5	5	1	1
Asset enhancement	0	0	1	1	0
Acquisitions/disposals	119	-2	-2	-2	-2
Development completions/gain	7	5	1	0	0
Increase in Portfolio Value	**135**	**8**	**4**	**0**	**-1**
Valuation estimates					
GAV	283.6	291.8	296.3	296.0	295.2
NAV	151.5	161.8	170.6	174.9	177.9
Implied Gross rental yield	7.2%	7.5%	7.6%	7.6%	7.2%

Source: Company, Eurobank Equities Research

History, BoD & Shareholding structure

We provide a concise history of BriQ's major milestones, highlighting the consistent fulfillment of its commitments.

BriQ historical timeline

Source: Eurobank Equities Research, Company data.

Mr. Theodoros Fessas serves as the Chairman of the BoD. He is the founder and major shareholder of Quest Holdings, which is listed on the Athens Stock Exchange and operates in information technology, e-commerce, courier services, renewable energy, and air conditioning. He previously served as Chairman of SEV, is an honorary President of SEPE, and a board member of IOBE. He holds a degree in Mechanical-Electrical Engineering from the National Technical University of Athens and a Master's in Thermodynamics from the University of Birmingham.

Mrs. Anna Apostolidou holds the position of CEO since the company's founding in 2016. She served as a Non-Executive Member of the BoD of National Pangaea REIC from 2015 to 2016. From May 2003 to January 2015, she held senior executive roles at Lamda Development S.A., including CEO and Commercial Director. Prior to that, she worked in New York as an Investment Banker at Lazard LLC, founded ShipVertical, and was Director of Strategy and Development at Seacor Holdings. Earlier in her career, she worked at Barclays Bank in Athens and London. She holds a degree in Physics from the National and Kapodistrian University of Athens and an MSc in Finance from City University Business School in London.

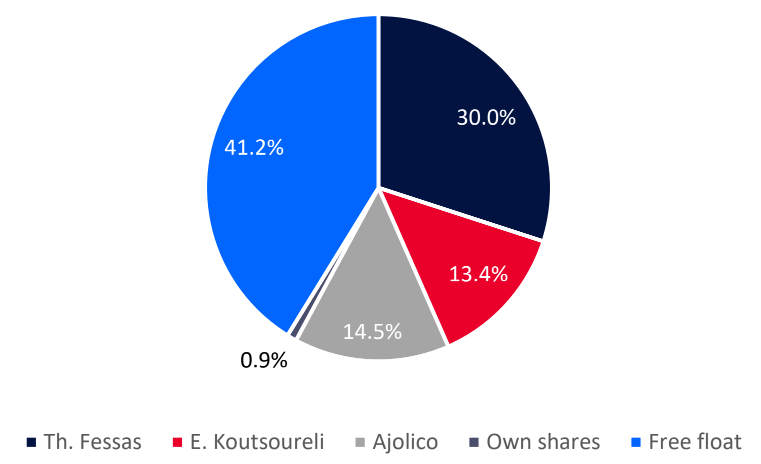
Mr. Apostolos Georgantzis is an Executive Board Member. He has been the CEO of Quest Holdings S.A. since late 2015 and the CEO of ACS SA since late 2003. He studied Mechanical Engineering at Imperial College of Science Technology and Medicine (UK), where he also completed his postgraduate studies, earning a BEng and MSc. He has worked in various roles as an executive, freelancer, and entrepreneur in the construction, investment, and IT sectors.

Mrs. Efi Koutsoureli serves as a Non-executive Board Member. She holds Business Administration and Economics degree from Deree College and became a founding member of Info-Quest in 1984. She has contributed significantly to the company's growth and transformation, holding various administrative roles and leading the Marketing Communications sector. Currently, she is the Corporate Affairs and Communication Manager for the group companies. In 2013, she chaired the Board Committee for CSR and Sustainable Development. Since 2015, she has been the Vice Chairperson of Quest Holdings and a board member of the group's companies, as well as various organizations and charitable foundations.

Mr. Chalikias serves as a Non-executive Board Member. He is the Chairman of Intercontinental International (ICI) and Chairman/CEO of Intercontinental Real Estate and Development (ICRED) since 1994. He is also a non-executive board member of BriQ Properties REIC. Additionally, he is the Chairman of Republic Bank of Chicago, which focuses on real estate financing. Mr. Halikias holds a degree in Business Administration and Marketing from DePaul University and has over 30 years of experience in banking and real estate sector.

Among the aforementioned executives, Mr. Th, Fessas holds c30.0% and Mrs. E. Koutsoureli 13.4% of the total share capital. As far as the rest of the shareholder structure is concerned, c14.5% is held by Ajolico and the remaining 41.2% by other investors, mostly retail investors.

Shareholding structure



Source: Eurobank Equities Research, Company data, BBG.

ESG Overview

Recognizing the increasing significance of ESG considerations for investors, we have expanded our analysis to include an overview of noteworthy findings derived from the company's ESG data. Our focus primarily centers on BriQ's approach to addressing environmental sustainability concerns, ethical responsibilities towards employees and suppliers, and adherence to best practices in corporate governance.

A. Environmental overview

BriQ Properties is committed to an environmentally friendly policy that aims to reduce its environmental footprint. The company is currently implementing a range of initiatives across its operations to achieve this goal. In the coming years, BriQ will focus on the following areas to ensure its buildings and facilities are more environmentally sustainable: acquiring green certifications, installing photovoltaic systems, improving energy efficiency, and adopting innovative digital solutions.

As part of these efforts:

- In October 2022, the company opened its new self-owned offices, covering approximately 260 square meters, on the 3rd floor of Mitropoleos 3, Syntagma Square. The renovation utilized environmentally friendly materials, energy-efficient double-glazed windows, and low-energy lighting. Additionally, the company has eliminated all single-use plastics in its offices.
- In March 2024, BriQ completed a gap analysis of its real estate portfolio, focusing on energy and carbon footprint, and made proposals for enhancing energy efficiency.
- The company is considering investments of €1.2m to reduce its carbon footprint by 13.52% (467.66 tnCO2eq).
- Development is underway for a LEED-GOLD certified office building of 2,393 sqm at 42 Poseidonos Ave, Kallithea, financed by the Recovery and Resilience Facility (RRF).
- Photovoltaic systems have been installed and are operational at Sarmed Warehouses SA (a subsidiary of BriQ) with a capacity of 899.25 kW since February 2024. Additionally, systems are being installed at the buildings located at 119 Kifissou Avenue and 65 Loutrou Street, with connection agreements signed with the Hellenic Electricity Distribution Network Operator (HEDNO).

Effective environmental management of properties is a key medium- to long-term objective, essential for ensuring sustainability and business continuity. Accordingly, the company implements measures to reduce the environmental footprint of its operations and business activities, in line with the new Climate Law No. 4936/2022, aiming for climate neutrality by 2050. The company is investing in "green" properties and upgrading existing ones, integrating new technologies and smart infrastructure features. Efforts are focused on preventing and controlling pollution, adopting measures for both existing and new properties in line with circular economy principles, and reducing waste through prevention, reduction, recycling, and reuse.

B. Social overview

BriQ is dedicated to social responsibility, adhering to a comprehensive code of business ethics that emphasizes values such as anti-discrimination, workplace health and safety, and quality assurance for suppliers and tenants/customers alike. The company promotes an environment of equal opportunity and prioritizes hiring skilled workers. Female employees constitute 56% of the workforce, with women making up the majority. In terms of employee development, the average training hours per employee were 10.8 in 2022, while training expenditures rose from €1,795 in 2022 to €1,885 in 2023.

The company offers its employees competitive salaries and a comprehensive benefits package, including medical coverage, company cars, and discounts on products and services. It ensures internal equity by assessing and rating job positions and aligns its compensation systems with market practices. Additionally, the Company supports work-life balance through flexible working hours, early Friday departures in summer, remote working options, and various corporate activities and gifts.

The company's financial, environmental, and social performance is influenced by its suppliers' practices. Therefore, suppliers are selected based on strict criteria and must comply with the company's Code of Ethical Conduct and relevant laws, ensuring sustainable development practices.

Social overview	2022	2023
% of females employees	56%	56%
% of males employees	44%	44%
Number of employees	9	9
Avg training hours per employee	10,8	13,1
Training expenditures in €	1,795	1,885

Source: Eurobank Equities Research

C. Corporate governance overview

As far as corporate governance in concerned, we have applied our own framework to assess adherence to best practices, as outlined in the Greek Code of Corporate Governance, as published in June 2021. Our analysis has concentrated on essential governance metrics that we consider important to investors, such as board composition and independence, executive compensation, and oversight through independent committees. It is worth mentioning that we have conducted a comparable analysis for all stocks within our coverage universe, enabling us to evaluate BriQ's relative positioning in comparison to other companies.

The KPIs we have used to measure performance in each broad category related to corporate governance are the following:

1. **BoD Structure**
   a. **BoD size:** Best practice suggests that the BoD should be made up of 7-15 members (3-15 stipulated under the Greek law). In the case of BriQ, the BoD consists of 8 members.
   b. **Chairman/CEO separation:** We consider best practice the separation of the two roles, in line with the corporate governance framework in the vast majority of OECD jurisdictions.
   c. **Term of BoD members (period of election):** we consider best practice cases where BoD members are submitted for election every 4 years or less (in sync with the Code).
   d. **Average tenure of BoD members:** we score more highly companies where directors serve on the board for an average period of 3 years or less. Although shorter average tenure may not be directly linked to operational performance, it does reinforce internal discipline and control while also minimizing the likelihood of director misconduct.
   e. **BoD diversity:** One of the main features of a diverse group of BoD members is gender representation, with the law suggesting that this should be 25% at minimum. In our analysis we give credit to companies that go a bit beyond this level (min 30%).
2. **Board Independence and System of Internal Controls**
   a. **% of non-executive members in the BoD:** A board of directors in which non-executive members constitute at least 60% is the best practice principle we assess.
   b. **% of independent directors in the BoD:** The most recent law for corporate governance suggests that independent directors should account for at least 1/3 of the members of the board. That said, the recommendation included in the Code calls for a minimum of 50% independent directors (e.g. Australia, UK, Sweden, Austria, France, Denmark, Netherlands, Portugal), something which would be in sync with the framework in other jurisdictions and which we also consider as best-practice.
   c. **Independent vice-chairman:** Credit is given to companies that have an independent Vice-Chairman who safeguards the independence of the board.
   d. **Independence of remuneration committee:** The Greek law was recently amended to not only make the existence of a remuneration committee mandatory but also to safeguard its independence (majority independent members), as a way of introducing

a mechanism for normative controls on management's pay. We credit companies where all members of the remuneration committee are independent.

3. **Alignment of Incentives**
   a. **Granularity on executive remuneration:** alignment of the various stakeholders' incentives is facilitated through a good level of disclosure regarding executive pay, e.g. how remuneration of executive directors is determined, balance between fixed and variable components, KPIs for executive bonus, other contractual arrangements (pensions, stock options, long-term incentive schemes etc.).
4. **Audit Firm Quality**
   a. **Big-6:** Our exercise rewards listed entities audited by Big-6 accounting firms.

We lay out a snapshot of our findings for BriQ in the table below. Overall, we do observe some deviations from key standards, such as the long-term tenure of the BoD and CEO (albeit typical for many Greek-listed corporations). On the other hand, we commend the separation of the CEO/Chairman roles and the high % of non-executive directors in the BoD, while being reassured by the engagement of a Big-6 company as auditor.

Overall, relative to the rest of our Greek universe, BriQ seems to stand at the higher end of the spectrum in terms of compliance with typical corporate governance performance indicators.

BriQ | Corporate Governance overview	
Board Structure	
Board Size	8
CEO/Chairman separation?	Yes
Board duration	4
Tenure of the CEO	Long-term
Average Tenure of BoD	Long-term
Female representation in the BoD	38%
Board Independence and system of internal controls	
% of non-executive directors on the BoD	75%
% of independent directors on the BoD	38%
Independent directors on compensation committee	100%
Independent Deputy Chair?	Yes
Alignment with minority shareholders	
Granularity on CEO max compensation	Yes
Criteria for CEO bonus	Yes
Quality of auditor	
Big 6?	Yes

Source: Eurobank Equities Research.

Group Financial Statements

EURmn					
P&L	**2023**	**PF2024e**	**2025e**	**2026e**	**2027e**
Gross rental income	**9.1**	**20.5**	**21.8**	**22.4**	**22.5**
Property expenses	-0.9	-1.9	-2.0	-2.0	-2.0
Net operating income (NOI)	**8.2**	**18.6**	**19.8**	**20.4**	**20.5**
% change	*16.3%*	*127.9%*	*6.6%*	*2.7%*	*0.6%*
NOI margin (%)	*89.6%*	*90.6%*	*90.8%*	*90.9%*	*90.9%*
EBITDA - adjusted	**6.9**	**16.8**	**18.0**	**18.4**	**18.5**
Financial income (expense)	-1.4	-6.4	-5.6	-5.1	-4.5
Revaluations/other income (net)	9.9	9.3	5.0	4.8	1.1
PBT - reported	**15.3**	**19.7**	**17.3**	**18.2**	**15.1**
Income tax	-0.7	-1.4	-1.2	-1.1	-1.1
Non-controlling interest	-0.5	-0.5	-0.5	-0.5	-0.5
Net Profit - reported	**14.1**	**17.8**	**15.6**	**16.6**	**13.5**
Adj. EPS (EUR)	**0.39**	**0.44**	**0.35**	**0.37**	**0.30**
DPS (EUR)	**0.11**	**0.13**	**0.17**	**0.21**	**0.22**
Cash Flow Statement	**2023**	**PF2024e**	**2025e**	**2026e**	**2027e**
Adj. EBITDA	6.9	16.8	18.0	18.4	18.5
Change in Working Capital	0.5	2.4	1.5	-0.1	0.0
Net Interest	-1.7	-6.4	-5.6	-5.1	-4.5
Tax	-0.5	-1.4	-1.2	-1.1	-1.1
Other	0.2	-0.3	-0.5	-0.5	-0.5
Operating Cash Flow	**5.3**	**11.1**	**12.2**	**11.7**	**12.5**
Capex	-5.6	-6.7	-4.7	-1.5	-0.5
Other investing	1.4	-74.8	1.7	2.0	2.0
Net Investing Cash Flow	**-4.2**	**-81.5**	**-3.0**	**0.5**	**1.5**
Dividends	-4.1	-4.0	-5.4	-7.8	-9.3
Other	0.0	-14.3	0.0	0.0	0.0
Net Debt (cash)	**34.3**	**122.9**	**119.1**	**114.7**	**110.0**
FFO (adj.)	**3.9**	**9.1**	**11.2**	**12.3**	**13.0**
Balance Sheet	**2023**	**PF2024e**	**2025e**	**2026e**	**2027e**
Investment property	147.5	280.6	285.1	294.9	294.6
Intangible Assets	0.0	0.0	0.0	0.0	0.0
Other Long-term assets	1.3	2.8	6.5	1.2	1.2
Non-current Assets	**148.8**	**283.5**	**291.6**	**296.1**	**295.8**
Trade Receivables	1.2	2.6	2.6	2.6	2.6
Other receivables	0.0	0.0	0.0	0.0	0.0
Cash & Equivalents	2.8	5.9	5.9	5.9	5.9
Current assets	**4.0**	**8.5**	**8.5**	**8.5**	**8.5**
Total Assets	**156.1**	**296.7**	**303.0**	**307.3**	**306.8**
Shareholder funds	108.6	151.5	161.8	170.6	174.9
Non-controlling interest	6.8	7.0	7.0	7.0	7.0
Total Equity	**115.4**	**158.5**	**168.8**	**177.6**	**181.9**
Long-term debt	35.2	126.9	123.1	118.7	114.0
Other long-term liabilities	1.8	1.5	1.5	1.5	1.5
Long Term Liabilities	**37.0**	**128.4**	**124.6**	**120.2**	**115.5**
Short-term debt	1.8	1.8	1.8	1.8	1.8
Trade Payables	1.4	6.5	6.5	6.5	6.5
Other current liabilities	0.4	1.4	1.2	1.1	1.1
Current liabilities	**3.7**	**9.7**	**9.5**	**9.4**	**9.4**
Equity & Liabilities	**156.1**	**296.7**	**303.0**	**307.3**	**306.8**
Key Financial Ratios	**2023**	**PF2024e**	**2025e**	**2026e**	**2027e**
P/E adj.	16.6x	9.3x	9.9x	8.9x	8.5x
Premium/ (discount) to NAV	-36%	-42%	-35%	-38%	-40%
EV/Adj. EBITDA	15.2x	12.5x	12.5x	11.9x	11.6x
EBIT/Interest expense	3.6x	2.6x	3.0x	3.4x	3.8x
Loan to Value (LTV)	23%	44%	41%	39%	37%
ROE	9.9%	8.2%	5.4%	5.7%	4.6%
Dividend yield	5.7%	6.7%	7.4%	8.8%	9.2%
Dividend Payout (% of FFO)	102%	59%	70%	75%	75%
NAV per share (€) excl. minorities	3.04 €	3.38 €	3.60 €	3.80 €	3.90 €

Source: Eurobank Equities Research

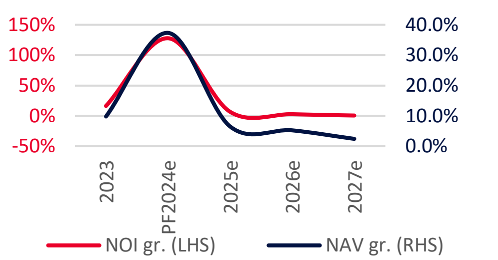
Company description

BriQ is one of the largest Greek REICs in GAV and rental income, with GAV at €284m and annualized rental income of c€21mn. This extensive portfolio comprises 59 properties of >200k sqm GBA, all located in Greece. The portfolio is quite diverse, consisting of assets in various segments, including logistics & warehouses (accounting for 30% of GAV), Offices (30%), Retail/bank branches (25%), Hotels (12%), and other (3%).

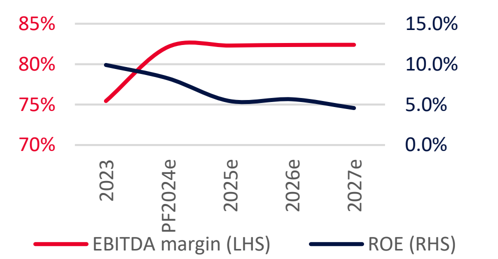
Risks and sensitivities

- **Macro:** A weaker macro environment could potentially impact rental growth for existing assets as well as occupancy rates and leasing prospects for the group's pipeline.
- **Property revaluations:** Property devaluations in case of a deterioration in the demand-supply dynamics in the real estate market would result in higher LTV ratios, thus leading to a weaker balance sheet, higher cost of capital and lower total accounting returns.
- **Higher-than-expected interest rates:** should interest rates settle above our assumptions, this would push interest costs higher while also increasing our cost of capital assumption, thus resulting in lower portfolio values.
- **Weaker pass-through of inflation into rentals:** Given inflation indexation in place for the bulk of rentals, we assume a full pass-through of headline inflation. Any indication that this pass-through is only partial following re-negotiation with tenants would result in weaker rent growth forecasts than currently embedded in our numbers.
- **Sensitivity:** We estimate that flexing our implicit yield assumption by 50bps would result in c€22m variation in the group's portfolio valuation, thus translating to a c13-14% impact to the group's NAV.

NAV and NOI growth



Profitability and returns



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12-month Rating History of BriQ Properties:

Date	Rating	Stock price	Target price
13/02/2025	Buy	€ 2.35	€ 2.88

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Stock Ratings	Coverage Universe		Investment Banking Clients		Other Material Investment Services Clients (MISC) - as of 15th Jan	
	Count	Total	Count	Total	Count	Total
Buy	28	76%	4	14%	12	46%
Hold	3	8%	0	0%	2	50%
Sell	0	0%	0	0%	0	0%
Restricted	1	3%	0	0%	1	100%
Under Review	1	3%	0	0%	1	100%
Not Rated	4	11%	0	0%	2	50%
Total	**37**	**100%**				

Coverage Universe: A summary of historic ratings for our coverage universe in the last 12 months is available here.

Analyst Stock Ratings:

Buy:	Based on a current 12-month view of total shareholder return (percentage change in share price to projected target price plus projected dividend yield), we recommend that investors buy the stock.
Hold:	We adopt a neutral view on the stock 12 months out and, on this time horizon, do not recommend either Buy or Sell.
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