

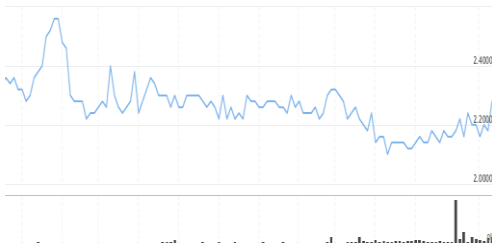
VRS (Valuation & Research Specialists)
Equity Research Team
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Share Price (10/01/2020)	€ 2.28
# of Shares (mn)	35.764593
Market Cap (in € mn)	81.54
Daily Volume (p)	41,322
Beta Co-efficient	0.46

Source: VRS Calculations, Reuters, Yahoo Finance, Bloomberg | Period as day/month/year.

Stock Price Performance & Transaction Volume

(Last 6 months, in € and in number of share units)



Note: Share price performance based on share price closes on Stock Exchange.
Period as day/month/year if applicable.

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BriQ PROPERTIES REIC

Listed on Athens Exchange - Greece

[Bloomberg Ticker: BRIQ:GA] [Reuters Ticker: BRIQr.AT]

Business Sector | Industry: Real Estate

Our View on BriQ Properties Real Estate Investment Company (*)

- **BriQ Properties** is a REIC established in 2016 that specializes in real estate assets, and operates mostly in Attica Region, Greece. BriQ was listed on Athens Exchange on July 31st, 2017. We highlight below our views on the Company along with selective data presented by the management during the Analyst Meeting of December 2019 (*).
- **Growth trajectory:** The Company has been investing in opportunities arising in Greek real estate market and has achieved significant growth. BriQ's revenue went up to € 1.317 million during the first half of 2019, materially higher versus prior year's first half revenue of 1.003 million, showing an increase of 31.31%. During the same period, Net Profit increased by 41.72% to € 1.104 million. In FY 2018, EBITDA rose by 183.29% to € 3.170 million, EBIT grew by 184.35% to € 3.162 million, and Net Profit increased by 206.28% to € 2.879 million.

What we like

- BriQ's management plans to further enhance investment diversification by rebalancing its real estate portfolio in equal weights. Currently, the Company's € 54.6 million (as of November 2019) portfolio of 21 properties is comprised mainly of Office Spaces & Mixed Use Buildings, Logistics Facilities, and Hotels. As of 30/06/2019, office spaces & mixed use properties represented 56% of the total portfolio value, followed by logistics facilities (22%) and hotels (16%).
- The Company had achieved a 98.5% occupancy rate as of August 2019, while the rental contracts had average duration of 8.9 years. Moreover, 95% of total rental contracts have been annually re-adjustable and connected to the Greek Consumer Price Index. In addition, in most lease agreements, in case of negative inflation, there was a clause in place that there would be no negative impact on rents.
- The Company's legal form (REIC – Real Estate Investment Company) allows for favorable taxation; REICs are subject to tax, the rate of which is set at 10% at the prevailing interest rate of the ECB Reference Rate plus 1%. This tax is calculated on the average of total investments, in excess of the available cash, at current prices, as reflected in the six-month investment statement.
- From the 28th of November to 12th of December 2019, the Company achieved full coverage of the share capital increase (via preemptive rights and private placement), raising €50 million in order to reduce debt, increase working capital and invest in new real estate assets. Free Float spiked from 21% to 46%.

What we anticipate

- Real estate property values upward trend will continue to be supported by the improving macroeconomic environment, resulting in an increase in the Company's total portfolio value.
- The management of the Company aims to achieve returns (yields) above 6.5% in the near future.

What we will monitor

- BriQ Properties will sooner or later sell some buildings in order generate capital gains.
- During 2019, the management announced their plans to use financial leverage through bank borrowing amounting to 30%-40% of the total portfolio value to increase liquidity, required to pursue new investments.

BriQ Properties Stock

- In 2019, BriQ Properties share price increased by 4.7%, from €2.14 at the beginning of year to €2.24, whereas the Athens General Index rose by 51.4%.
- The stock price spiked during the summer months of the year, mostly affected by the National Elections and the European Parliament Elections which improved expectations for stabilization and growth of the Greek economy. At the same time, the Company issued new debt to fuel growth, published improved Q1 2019 results and announced plans to increase its share capital. Shortly after, the stock price corrected and has remained relatively stable ever since.
- With a market cap of € 81.54 million, the historic price earnings ratio (P/E) 2018 stands at 28.32x while trailing P/E is 25.45x.

(*) VRS Research Team attended the company's presentation to the Hellenic Fund and Asset Management Association. The event was held on Wednesday December 4th, 2019, at the premises of Athens Exchange, Greece.

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DISCLOSURE CHECKLIST

Covered Company	Bloomberg	Reuters	Stock Price	Date	Disclosure
BriQ Properties REIC	BRIQ:GA	BRIQr.AT	€ 2.28	January 10, 2020	6

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7. VRS has produced a research report for this company within the past 12 months.

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