

Price (Euro) **1,51**
52 weeks range 4.86 / 1.30

Key Data

ISIN DE000A0KFKB3
Bloomberg E7S:GR
Reporting standard IFRS
Market Cap (Euro million) 49
Number of shares (million) 32,4
Free Float 12,1%
Free Float Market Cap (Euro million) 6
CAGR EBIT ('22-'25e) 20,6%

Multiples	2022	2023e	2024e	2025e
Market Cap / Total revenues	1,3	3,5	2,9	2,4
PE-Ratio	-3,3	-2,5	-6,1	19,3
Dividend Yield	0,0%	0,0%	0,0%	0,0%
Price-to-Book-Ratio	0,20	0,21	0,22	0,22

Key Data per share (Euro)	2022	2023e	2024e	2025e
Earnings per share (EPS)	-0,45	-0,61	-0,25	0,08
Dividend per share (DPS)	0,00	0,00	0,00	0,00
Book Value per Share (BVPS)	7,64	7,03	6,78	6,86

Financial Data (Euro '000)	2022	2023e	2024e	2025e
Capital gains from property sales	38.210	13.905	16.967	20.333
Net rental income	5.023	8.022	8.719	9.347
Net service income	166	875	1.443	1.610
Operating profit (EBIT)	8.539	1.223	11.485	18.034
Net interest income	-18.614	-27.496	-23.281	-14.695
Pre-tax profit (EBT)	-8.759	-25.730	-11.174	4.095
Income taxes	-5.478	6.578	4.320	-210
Net profit after Minorities	-14.731	-19.810	-7.993	2.535
Shareholders' equity (Euro million)	248	228	220	222
Privatization Portfolio (Euro million)	285	275	221	234
RoE (after tax)	-5,8%	-8,3%	-3,6%	1,1%
Equity ratio	28,2%	28,9%	31,7%	31,8%

Main Shareholders

Brookline Real Estate S.a.r.l. 83,1%
Adler Real Estate AG 4,8%

Financial calendar

1Q 2023 report 31 May 2023
AGM 7 June 2023
1H 2023 report 31 August 2023
SRC Forum Financials & Real Estate 12 September 2023

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ACCENTRO reaches reduced guidance for FY 2022, a weak second half of 2022 might be followed by a weak 1H 2023 – we expect an improving business for the second half of the year – share price is far below NAV

ACCENTRO disclosed the FY 2022 report on 28 April and reached the reduced guidance, which was given in November, as top-line revenues came in at Euro 165m, -14% compared to 2021. The revised guidance was a range of Euro 160m to Euro 170m, after the initial Euro 200m to Euro 220m range. The EBIT also reached with Euro 8.5m the revised guidance of Euro 8m to Euro 10m. **After the first half of last year was quite decent with a 28% hike in top-line, the fully changed interest rate environment with a quadrupling 10 years interest rate for mortgage loans from 1.0% to almost 4% and the sluggish economy close to recession in the aftermath of the outbreak of the war in Ukraine, fully changed the scene for the firm and for the entire industry. Block deals are difficult for pension funds and family offices as the refinancing conditions worsened significantly. And also the demand from private households, which seek to buy a home for their own or for investment reasons, was clearly dampened with these new (quite shocking) high interest rates and the additional demand from many mortgage banks to put in more equity into the new loans.** The revenues from sales of inventory properties declined more than 14%, from Euro 193m to Euro 165m. Looking at the fourth quarter stand-alone (which is normally very strong), there was a big slump of -76%, from Euro 64.4m to only tiny Euro 15.4m. We expect a low level of trading to repeat in the first and second quarter of 2023 and hope for a gradual recovery in the second half of the year, as German inflation rates might come down a bit (despite a steep hike in German wages of 5% to 6%), that support a more unconstrained interest rate policy of ECB. A better economic climate would allow for better results from trading, which still stand for the lion's share of ACCENTRO's bottom line. The privatization portfolio has still a remarkable size of Euro 285m (2021: Euro 360m) and there were almost no down-valuations (Euro -0.2m after Zero in 2021), which speaks for the superior quality of the asset base. The second stream of income is the own residential portfolio (IAS 40 portfolio) to receive a steady rental income stream. The IAS 40 real estate portfolio grew last year by 9%, from Euro 331m to over Euro 361m, as ACCENTRO acquired portfolios in Saxony-Anhalt for Euro 27.5m. The rental income increased in 2022 by almost 5%, from Euro 17.1m to Euro 17.9m and might further quickly grow in coming years, as parts of the IAS 40 portfolio have a significant vacancy (East II and East III with a Euro 122m size and a 35% vacancy rate) that open the opportunity for a quick acceleration of rental income. The IAS 40 portfolio was also stable in value with a little Euro -1.8m down-valuation, after a Euro 19.0m up-valuation in the year before. The third stream of income are revenues from services, as ACCENTRO helps third parties in marketing and selling their properties and has some very attractive partnerships as with ImmoScout 24. This line of business also suffered from the cloudy climate and revenues from services halved to Euro 1.3m.

The most important point for the equity story is the successful restructuring and prolongations of the 2020/2023 bond (Euro 250m) and the 2021/2026 bond in December 2022 (Euro 100m). Both were extended for three years, each. And the surcharge in coupon, 2 percentage points at each, is quite moderate. The market climate might remain tough, what translated into a cautious guidance for top-line of only Euro 100m to Euro 120m and an EBIT of only Euro 0m to Euro 2m. The share lost 30% after the successful bonds restructuring and is now very far below the Euro 10 NAV per share. The privatization portfolio still offers great chances and the IAS 40 portfolio has some remarkable upside potential in rents. We bring down our target price to Euro 5.00 with the prevailing rough climate, but maintain our Buy at these very low levels as Accentro has a good marketing power that is now perhaps needed more than ever before.

ACCENTRO Real Estate AG

Industry:	Real Estate	Management Board of ACCENTRO:
Sub-segment:	Residential	CEO Lars Schriewer
Region:	Germany	CIO Dr. Gordon Geiser (since 10 February 2023)
Headquarter:	Berlin	
Foundation	2006	
Employees:	123	Supervisory Board of ACCENTRO:
		Axel Harloff
IR Contact:		Carsten Wolff
Thomas Eisenlohr		Natig Ganiyev
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ACCENTRO Real Estate AG is a leading company for privatization of residential properties in economically strong regions in Germany, as well as for the marketing and sales for property investors and project developers. Furthermore, the company has buildup an investment portfolio for the own book. The company's strongest focus is on the city of Berlin, but has recently expanded into growth markets such as the Leipzig area or Hamburg and North Rhine Westphalia.

Accentro GmbH was founded in 1999 and in 2011 became a subsidiary of Estavis AG, which was formed in 2006 and was renamed to ACCENTRO Real Estate AG in 2015. The firm has a focus on the German residential market since more than 15 years. Over the recent years ACCENTRO managed to build up a strong track record. Since 2009, more than 18,000 apartments with a volume of with a volume of more than Euro 1.8bn have been sold and the inventory portfolio has significantly been expanded from Euro 155m book value in 2015 to Euro 285m at FY 2022. At year-end 2022, about 5,900 units are on the firm's balance sheet after the firm made some significant acquisitions in the last years. Furthermore, the strong sales cooperations with investors and developers offer the company further potential for a rise in revenues in the coming years. The financial position of the company shows an unchanged equity ratio of 28.2% and a LTV of 57.4% at year-end 2022 (2021: 54.9%). The cash position remained quite stable at Euro 100.8m at year-end 2022, after Euro 121.5m in the year before. Keep in mind that the outstanding receivables in the amount of approx. Euro 20m from DIM Holding AG due to the rescission of the acquisition of that company and from the purchase price not yet repaid were significantly reduced after the balance sheet date and will foster the cash position in 2023. As at 31 March this outstanding receivables in this case were reduced to now "only" Euro 11.5m.

For last fiscal year 2022, the company revised the full-year guidance in November 2022 and delivered on this guidance with the publication of the FY 2022 annual report on 28 April. The top-line revenues were at Euro 165m in the given range (Euro 160m to Euro 170m) and the EBIT came in at Euro 8.5m, also in the given Euro 8m to Euro 10m range. For 2023 the management takes a more cautious stance in the new 2023 guidance, given the high interest rate environment and the sluggish German economy, which is close to a recession. The demand for new mortgage loans was down about 50% in December 2022 and we also expect a very low level of privatization business and no great portfolio sale transactions to come at least for the first half of 2023. ACCENTRO expects a Euro 100m to Euro 120m range for top-line revenues and a Euro 0m to Euro 2m EBIT result, which is realistic in our view. The 1Q 2023 report is to be published soon at 31 May.

Source: Company Data, SRC Research

ACCENTRO Real Estate AG 31/12 IFRS ('000)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR '22 - '25e
Revenues from sales of inventory properties	129.503	112.397	172.847	146.080	81.475	114.331	124.545	
Expenses from sales of inventory properties	-99.661	-92.772	-125.056	-107.870	-67.570	-97.364	-104.212	
Capital gains from property sales	29.842	19.625	47.791	38.210	13.905	16.967	20.333	-14,6%
Letting revenues	10.261	10.351	17.069	17.875	19.125	20.120	21.202	
Letting expenses	-3.743	-5.496	-10.051	-12.852	-11.103	-11.401	-11.855	
Net rental income	6.518	4.855	7.018	5.023	8.022	8.719	9.347	16,8%
Revenues from services	3.510	2.434	2.830	1.272	1.877	2.874	3.220	
Expenses from services	-1.147	-1.563	-884	-1.106	-1.002	-1.431	-1.610	
Net service income	2.363	871	1.946	166	875	1.443	1.610	76,5%
Other operating income	1.207	1.699	1.269	900	142	1.469	1.654	
Gross profit or loss	39.930	27.050	58.025	44.299	22.944	28.598	32.944	-7,1%
Net revaluation result	11.399	28.367	18.988	-1.793	-1.955	1.205	4.505	
Total payroll and benefit costs	-5.835	-9.048	-10.257	-11.086	-10.245	-9.878	-10.578	
Depreciation and amortisation	-731	-863	-1.434	-2.725	-2.850	-2.955	-3.212	
Impairments of inventories and accounts receivable	-123	-124	-1.799	-1.370	-587	-50	-80	
Other operating expenses	-6.079	-10.717	-18.359	-18.786	-6.084	-5.435	-5.545	
Earnings before interest and taxes (EBIT)	38.561	34.665	45.164	8.539	1.223	11.485	18.034	20,6%
Net income from associates	1.244	102	388	1.242	511	567	688	
Other income from investments	36	36	60	74	32	55	68	
Equity Investments and equity interest accounted for using the equity method	0	0	-4.500	0	0	0	0	
Interest income	4.854	11.256	4.850	4.888	2.650	3.420	3.850	
Interest expenses	-12.207	-21.746	-25.365	-23.502	-30.146	-26.701	-18.545	
Net interest result	-7.353	-10.490	-20.515	-18.614	-27.496	-23.281	-14.695	
Profit/loss before taxes (EBT)	32.488	24.313	20.597	-8.759	-25.730	-11.174	4.095	
Income taxes	-6.189	-6.258	-7.470	-5.478	6.578	4.320	-210	
Consolidated income	26.299	18.055	13.127	-14.237	-19.152	-6.853	3.885	
Minorities	168	-1.488	-1.282	-494	-658	-1.140	-1.350	
Net profit/loss after minorities	26.467	16.567	11.845	-14.731	-19.810	-7.993	2.535	
Number of shares ('000)	32.438	32.438	32.438	32.438	32.438	32.438	32.438	
Earnings per share (EPS)	0,81	0,51	0,37	-0,45	-0,61	-0,25	0,08	
Dividend per share (DPS)	0,00	0,00	0,00	0,00	0,00	0,00	0,00	
Shareholders' Equity	220.811	247.101	260.637	247.706	227.896	219.903	222.438	-2,7%
Balance Sheet sum	580.757	861.987	929.466	877.126	789.413	694.684	700.241	
Equity Ratio	38,0%	28,7%	28,0%	28,2%	28,9%	31,7%	31,8%	
RoE (after tax)	12,6%	7,1%	4,7%	-5,8%	-8,3%	-3,6%	1,1%	
Privatisation Portfolio (Euro million)	389	418	360	285	275	221	234	
Book Value per share (Euro)	6,81	7,62	8,03	7,64	7,03	6,78	6,86	-4,2%

SRC Research

- Der Spezialist für Finanz- und Immobilienaktien -

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Rating chronicle:

Company	Date	Rating	former share price	former target
ACCENTRO	19 December 2022	Buy	2,26 €	7,00 €
ACCENTRO	1 September 2022	Buy	3,60 €	10,00 €
ACCENTRO	5 July 2022	Buy	3,74 €	10,00 €
ACCENTRO	31 May 2022	Buy	4,20 €	12,00 €
ACCENTRO	9 May 2022	Buy	4,40 €	12,00 €
ACCENTRO	6 Dezember 2021	Buy	6,70 €	14,00 €
ACCENTRO	30 November 2021	Buy	6,30 €	14,00 €
ACCENTRO	10 November 2021	Buy	6,85 €	14,00 €
ACCENTRO	8 October 2021	Buy	6,05 €	12,00 €

Please note:

The share price mentioned in this report is from 18 May 2023. ACCENTRO Real Estate AG mandated SRC Research for covering the share.

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