

ACCENTRO Real Estate AG

WKN: A0KFKB | ISIN: DE000A0KFKB3 | Bloomberg: A4Y GR

New real estate transaction completed

Transaction for 730 residential units: Accentro announced this morning a new real estate transaction for a total of 730 residential units. It involves the acquisition of 430 residential units totaling 27,000 m² in Saxony. This transaction will have a volume of approximately EUR 100m. In addition, according to company information, other residential portfolios could also be sold; however, no further details were provided on this. Accentro is thus continuing its strategy of implementing residential transactions in promising B and C locations. The transfer of benefits and burdens is expected to be completed before the end of the year. We have not yet included the transaction in our model.

The guidance for FY 2021e confirmed: The company reaffirmed its guidance for fiscal year 2021e with sales of EUR 170 to 200m. We estimate a value of EUR 184m and have thus positioned ourselves in the midpoint of the range. In terms of EBIT, Accentro aims to achieve a figure of between EUR 45 and 50m. Here we are somewhat more cautious with an estimate of EUR 41.6m for 2021e. However, we continue to expect further EBIT growth in subsequent years.

The highlights and outlook and target price: ACCENTRO, showed a strong privatisation in its business performance in H1/21, which reflected in its revenues. Additionally, the current market environment which consist short supply and scarcity in the housing sector, leads to increasing demand for residential estate. Also, housing shortage and structural need are the significant causes in growing the rent and price levels in the target markets. For example, a low homeownership in Germany of almost 50%, gives significant revenue potential. Therefore, the company illustrates that over next years, it could reach around EUR 500m for as a revenue for inventory properties. **Therefore, by restating our BUY recommendation, and keeping our target price unchanged at EUR 10.00, we confirm our investment case for ACCENTRO.**

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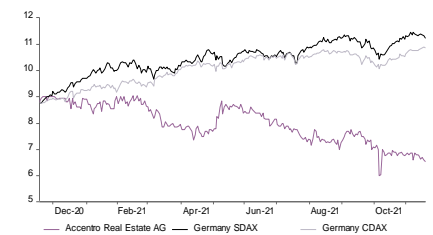
BUY

Before: BUY

Target price **EUR 10.00 (10.00)**
Share price* EUR 6.55 (+52%)

*last XETRA closing price

Initial	2021e	2022e	2023e
Sales	0.0	0.0	0.0
EBIT	0.0	0.0	0.0
EPS	0.0	0.0	0.0



Source: Factset

Basic share data

Number of shares (millions)	32.44	32.44
Free float (in %)	16.90%	16.90%
Market Cap (in EURm)	212.5	212.5
Trading volume (Ø)	6,066	6,066
High (Euro, 52 weeks)	9.2	9.2
Low (Euro, 52 weeks)	6.0	6.0

Shareholder structure

Brookline Real Estate	83.1%
Free float, others	16.9%

Company calendar

German equity forum	22-24.11.2021
Interim statement	30.11.2021

Analyst

Winfried Becker

Senior Equity Analyst

winfried.becker@fmr-research.de

+49 (0) 69 – 247 42 72 76

Dr. Mohamad Vaseghi

Equity Research Analyst

Contact

FMR Frankfurt Main Research AG
Kleiner Hirschgraben 10-12
60311 Frankfurt
Germany

+49 (0) 69 - 247 42 72 70

www.fmr-research.de

Analysis

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FY End: 31.12.; in Euro	CAGR (18-23e)	2018	2019	2020	2021e	2022e	2023e
Sales	1.8%	205.6	143.3	125.2	184.0	204.6	225.3
EBITDA	7.2%	33.4	29.3	7.4	37.8	42.5	47.3
Margin		16.3%	20.4%	5.9%	20.5%	20.8%	21.0%
EBIT	7.0%	32.9	39.8	34.8	41.6	43.8	46.0
Margin		16.0%	27.8%	27.8%	22.6%	21.4%	20.4%
Net result (before minorities)	6.6%	18.3	26.3	18.1	21.4	23.3	25.1
EPS	5.0%	0.60	0.81	0.51	0.65	0.71	0.76
Dividend per share		0.17	0.00	0.00	0.00	0.00	0.00
EV/Sales		2.55	3.78	6.61	4.48	4.07	3.71
EV/EBITDA		70.84	14.34	19.46	17.42	16.04	14.81
P/E		16.80	9.44	17.61	12.79	11.76	10.90
Net debt/EBITDA		6.46	10.03	68.90	14.54	13.14	11.86

Source: ACCENTRO, FMR

in EURm	IFRS	2018	2019	2020	2021e	2022e	2023e
Group sales		205.6	143.3	125.2	184.0	204.6	225.3
YoY growth		39.5%	-30.3%	-12.6%	46.9%	11.2%	10.1%
Revenues from sales of inventory property		194.0	129.5	112.4	165.0	185.0	205.0
Expenses from sales of inventory property		-160.9	-99.7	-92.8	-127.8	-142.8	-157.8
Capital gains from inventory property		33.1	29.8	19.6	37.2	42.2	47.2
as % of group sales		16.1%	20.8%	15.7%	20.2%	20.6%	21.0%
Letting revenues		8.8	10.3	10.4	16.0	16.4	16.9
Letting expenses		-2.7	-3.7	-5.5	-7.1	-7.3	-7.5
Net rental income		6.1	6.5	4.9	8.9	9.1	9.3
as % of group sales		3.0%	4.5%	3.9%	4.8%	4.5%	4.1%
Revenues from services		2.8	3.5	2.4	2.9	3.2	3.5
Expenses from services		-0.5	-1.1	-1.6	-1.6	-1.6	-1.6
Net service income		2.3	2.4	0.9	1.3	1.6	1.9
as % of group sales		1.1%	1.6%	0.7%	0.7%	0.8%	0.8%
Net income from companies accounted for using the equity method		0.0	1.2	0.1	0.3	0.3	0.3
Other operating income		1.7	1.2	1.7	1.8	1.8	1.8
Net service income		43.2	41.2	27.2	49.5	55.0	60.5
as % of group sales		21.0%	28.7%	21.7%	26.9%	26.9%	26.9%
Gain or loss on fair value adjustments of investment property		0.0	11.4	28.4	5.0	2.5	0.0
as % of group sales		0.0%	8.0%	22.7%	2.7%	1.2%	0.0%
Total payroll and benefit costs		-4.6	-5.8	-9.0	-5.5	-6.3	-7.0
as % of group sales		-2.2%	-4.1%	-7.2%	-3.0%	-3.1%	-3.1%
Depreciation and amortization of intangible assets and property, plant and equipment		-0.3	-0.7	-0.9	-0.9	-0.9	-0.9
as % of group sales		-0.2%	-0.5%	-0.7%	-0.5%	-0.4%	-0.4%
Impairments of inventories and accounts receivable		-0.2	-0.1	-0.1	-0.3	-0.3	-0.3
as % of group sales		-0.1%	-0.1%	-0.1%	-0.2%	-0.1%	-0.1%
Other operating expenses		-5.1	-6.1	-10.7	-6.2	-6.2	-6.2
as % of group sales		-2.5%	-4.2%	-8.6%	-3.4%	-3.0%	-2.7%
EBIT		32.9	39.8	34.8	41.6	43.8	46.0
as % of group sales		16.0%	27.8%	27.8%	22.6%	21.4%	20.4%
Other income from investments		0.04	0.04	0.04	0.03	0.03	0.03
as % of group sales		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Financial income		0.9	4.9	11.3	12.4	13.0	13.5
Financial expenses		-9.9	-12.2	-21.7	-25.5	-25.8	-26.1
Net interest income		-8.9	-7.4	-10.5	-13.1	-12.8	-12.6
as % of group sales		-4.3%	-5.1%	-8.4%	-7.1%	-6.2%	-5.6%
EBT		24.0	32.5	24.3	28.6	31.1	33.5
as % of group sales		11.7%	22.7%	19.4%	15.5%	15.2%	14.9%
Income taxes		-5.7	-6.2	-6.3	-7.1	-7.8	-8.4
as % of EBT		-23.7%	-19.1%	-25.7%	-25.0%	-25.0%	-25.0%
Consolidated income from continuing operations		18.3	26.3	18.1	21.4	23.3	25.1
as % of group sales		8.9%	18.4%	14.4%	11.7%	11.4%	11.2%
thereof attributable to non-controlling interests		0.1	-0.2	1.5	0.4	0.4	0.4
thereof attributable to shareholders of the parent company		18.2	26.5	16.6	21.1	22.9	24.7
Weighted average of outstanding shares (basic)		30.7	32.4	32.4	32.4	32.4	32.4
Earnings per share (weighted/basic, in EUR)		0.60	0.81	0.51	0.65	0.71	0.76
Dividends per share (in EUR)		0.17	0.00	0.00	0.00	0.00	0.00
Payout ratio (in %)		0.28	0.00	0.00	0.00	0.00	0.00

Source: ACCENTRO, FMR

Balance sheet

in EURm	IFRS	2018	2019	2020	2021e	2022e	2023e
Assets							
Non-current assets		81.1	102.5	311.3	343.0	350.6	358.2
as % of total assets		17.1%	17.7%	36.1%	34.3%	34.0%	33.7%
Goodwill		17.8	17.8	17.8	17.8	17.8	17.8
Owner-occupied properties and buildings		23.4	24.1	24.4	24.5	24.6	24.7
Plant and intangible assets		0.4	0.9	1.8	2.5	2.5	2.5
Investment properties		0.0	34.5	215.0	251.5	259.0	266.5
Non-current trade receivables		2.4	0.0	0.0	0.0	0.0	0.0
Advanced payments made for investment properties		0.0	0.0	2.8	8.5	8.5	8.5
Advance payments on corporate mergers		0.0	0.0	11.3	0.0	0.0	0.0
Non-current other receivables and other assets		28.8	14.8	25.1	25.1	25.1	25.1
Equity investments		4.2	5.6	5.7	5.7	5.7	5.7
Equity interests accounted for using the equity method		3.5	3.6	6.3	6.3	6.3	6.3
Deferred tax assets		0.7	1.3	1.1	1.1	1.1	1.1
Current assets		393.1	478.2	550.6	656.0	679.2	704.3
as % of total assets		82.9%	82.3%	63.9%	65.7%	66.0%	66.3%
Inventory properties		345.2	416.6	409.5	437.5	462.5	482.5
Contract assets		0.0	1.3	0.4	0.4	0.4	0.4
Trade receivables		18.6	10.6	51.8	51.8	51.8	51.8
Other receivables and other current assets		12.7	24.8	30.7	51.0	51.0	51.0
Current income tax receivables		1.1	0.9	1.7	1.9	1.9	1.9
Cash and cash equivalents		15.5	24.2	56.5	113.5	111.7	116.8
Total assets		474.2	580.8	862.0	999.1	1,029.9	1,062.5
Shareholders' equity and liabilities							
Shareholders' equity		199.1	220.8	247.1	268.5	291.8	317.0
as % of total equity and liabilities		42.0%	38.0%	28.7%	26.9%	28.3%	29.8%
Subscribed capital		32.4	32.4	32.4	32.4	32.4	32.4
Capital reserves		78.4	78.7	79.7	79.7	79.7	79.7
Retained earning		86.3	107.6	124.1	145.2	168.1	192.8
Attributable to parent company shareholders		197.1	218.7	236.2	257.2	280.1	304.9
Attributable to non-controlling interest		2.0	2.1	10.9	11.3	11.7	12.1
Total non-current liabilities		176.4	215.9	402.4	486.7	486.7	486.7
as % of total equity and liabilities		37.2%	37.2%	46.7%	48.7%	47.3%	45.8%
Provisions		0.0	0.0	0.0	0.0	0.0	0.0
Financial liabilities		76.8	114.5	148.1	132.7	132.7	132.7
Bonds		98.6	99.2	245.3	344.9	344.9	344.9
Deferred income tax liabilities		1.1	2.2	9.1	9.1	9.1	9.1
Current liabilities and provisions		98.7	144.0	212.4	243.8	251.3	258.8
as % of total equity and liabilities		20.8%	24.8%	24.6%	24.4%	24.4%	24.4%
Provisions		0.8	0.9	1.9	1.5	1.5	1.5
Financial liabilities		54.4	102.4	168.8	183.9	191.4	198.9
Bonds		1.6	1.6	3.4	1.2	1.2	1.2
Advanced payments received		7.0	7.0	9.2	25.9	25.9	25.9
Current income tax liabilities		13.3	12.9	6.0	6.7	6.7	6.7
Trade payables		4.8	6.2	7.1	7.9	7.9	7.9
Other liabilities		16.8	13.1	16.1	16.7	16.7	16.7
Total equity and liabilities		474.2	580.8	862.0	999.1	1,029.9	1,062.5

Source: ACCENTRO, FMR

Cash flow statement

in EURm	IFRS	2018	2019	2020	2021e	2022e	2023e
Consolidated income		18.3	26.3	18.1	21.4	23.3	25.1
Depreciation/amortization of non-current assets		0.3	0.7	0.9	0.9	0.9	0.9
At-equity earnings/net income from investments		0.0	-1.3	-0.1	0.0	0.0	0.0
Increase/decrease in provisions		-1.4	0.1	1.0	-0.4	0.0	0.0
Changes in the fair value of investment property		0.0	-11.4	-28.4	-5.0	-2.5	0.0
Other non-cash expenses/income		18.1	-7.8	5.6	0.7	0.0	0.0
Loss/gain from disposal of non-current assets		0.0	0.0	0.1	0.0	0.0	0.0
Increase/decrease in trade receivables and other assets that are not attributable to investing or financing activities		-18.1	10.4	-2.5	-3.6	0.0	0.0
Increase/decrease in trade payables and other liabilities that are not attributable to investing or financing activities		-9.6	-8.6	11.9	5.8	2.5	0.0
Cash received from distributions/sales of shares consolidated at equity		0.1	1.1	0.0	0.0	0.0	0.0
Other income tax payments		-8.3	-5.2	-7.3	0.6	0.0	0.0
Operating cash flow before de-/reinvestments in inventory properties		-0.6	4.4	-0.8	20.4	24.2	26.1
Cash investments in inventory properties (net after assumption of debt, some without cash effect)		-47.7	-80.1	-31.9	-28.0	-25.0	-20.0
Cash flow from operating activities		-48.3	-75.7	-32.7	-7.6	-0.8	6.1
Interest received		0.0	0.4	2.1	0.0	0.0	0.0
Payments received from the disposal of property, plant and equipment		0.0	0.0	0.0	0.0	0.0	0.0
Cash outflows for investments in intangible assets		-0.1	-0.1	-0.4	-0.7	0.0	0.0
Cash outflows for investments in property, plant and equipment		-23.6	-1.6	-1.9	-1.0	-1.0	-1.0
Advance payments made for company acquisitions		0.0	0.0	-11.3	11.3	0.0	0.0
Payments from disposals of financial assets		0.0	0.0	0.0	0.0	0.0	0.0
Cash outflows for investments in non-current assets		-9.7	-0.2	-2.6	0.0	0.0	0.0
Cash outflows for the purchase of investment property		0.0	0.0	-65.2	-42.2	-7.5	-7.5
Disbursements of loans granted		-17.9	-1.9	-75.9	0.0	0.0	0.0
Repayment of loans granted		0.0	5.8	55.5	0.0	0.0	0.0
Cash flow from investing activities		-51.3	2.4	-99.6	-32.6	-8.5	-8.5
Dividend payments to shareholders		-5.2	-5.2	0.0	0.0	0.0	0.0
Payments from issuing bonds and raising (financial) loans		164.1	127.5	349.2	97.1	7.5	7.5
Repayment of bonds and (financial) loans		-62.4	-34.2	-163.9	0.0	0.0	0.0
Interest paid and financing costs		-4.5	-7.1	-21.6	0.0	0.0	0.0
Payments made by shareholders		19.4	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities		111.4	81.0	163.7	97.1	7.5	7.5
Net change in cash and cash equivalents		11.8	7.8	31.4	56.9	-1.8	5.1
Increase/Decrease in cash and cash equivalents from investments in/disposal of fully consolidated companies		-3.9	-0.3	1.0	0.0	0.0	0.0
Change in restricted cash and cash equivalents/adjustments of cash and cash equivalents		1.1	1.2	0.0	0.0	0.0	0.0
Cash and cash equivalents at the beginning of the fiscal period		6.5	15.5	24.2	56.5	113.5	111.7
Cash and cash equivalents at the end of the fiscal period		15.5	24.2	56.5	113.5	111.7	116.8

Source: ACCENTRO, FMR

Declaration of liability (disclaimer) and mandatory details pursuant to Section 85 Securities Trading Act (WpHG), EU Market Abuse Regulation (EU Regulation No. 596/2014), Delegated Regulation 2016/958 and Delegated Regulation 2017/565 including details of possible conflicts of interest (disclosures), the author and the responsible supervisory authority

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2. Mandatory details

- a) First publication: 19.11.2021,
- b) Time conditions of expected updates: quarterly
- c) Supervisory authority: Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), Marie-Curie-Straße 24-28, 60439 Frankfurt am Main
- d) Previous analyses: No analysis was published in the 12 months before publication of this analysis that contains a recommendation for a specific investment decision which contradicts this analysis.
- e) The analysis was made available to the issuer, to the extent that is legally permissible, before publication and was not amended thereafter.
- f) All prices and price developments listed in the analysis are based on closing prices insofar as no contradictory details were provided about prices and price developments.

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 - (iii.) managed financial instruments of the issuer on a market by means of concluding purchase or sale agreements;
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(v.) is in possession of a net sales or purchase position which exceeds the threshold of 0.5% of the total issued share capital of the issuer;

(vi.) has concluded an agreement regarding the preparation of investment recommendations with the issuer.

(vii.) has other significant interests with regard to the company being analysed, for example clients with the company being analysed.

Company	Disclosure(s)
ACCENTRO Real Estate AG	-

Recommendation history over last 12 months:

Date	Recommendation	Share price at publication	Price target (EUR)
25.08.2020	BUY	9.25	11.00
26.08.2020	BUY	9.25	11.00
12.11.2020	BUY	8.80	11.00
18.11.2020	BUY	8.80	11.00
15.12.2020	BUY	8.80	12.50
05.01.2021	BUY	8.70	12.50
18.05.2021	BUY	8.50	12.50
02.06.2021	BUY	8.45	10.00
19.11.2021	BUY	6.55	10.00

4. Creation and distribution

a) Responsibility for creation and distribution

FMR Frankfurt Main Research AG

Registered office: Frankfurt am Main; Commercial Register No. HRB 113537, Frankfurt am Main district court; Chairman: Marcus Silbe

b) Issuers

Winfried Becker, Senior Equity Analyst; Dr. Mohamad Vaseghi, Equity Research Analyst

c) This study may only be used for the internal purposes of the addressee within the EEA or Switzerland.

5. Investment recommendation details

Investment recommendation details - stocks:

BUY: In our opinion, the stock will demonstrate an absolute price gain of at least 10 % in a 12-month period.

HOLD: In our opinion, the stock will not exceed or fall below an absolute price gain or loss of 10% in a 12-month period.

Sell: In our opinion, the stock will demonstrate an absolute price loss of at least 10 % in a 12-month period.

6. Sensitivity of the evaluation parameters

The figures from profit and loss calculations, cash flow statements and balance sheets which form the basis of the company evaluation are date-related estimates and therefore subject to risks. These may change at any time without prior notice. Regardless of the evaluation methods used, there are significant risks that the price goal/trend will not be achieved within the expected time frame. The risks include unforeseeable changes with regard to competition pressure, demand for the products of an issuer and the offer situation with respect to materials required for production as well as non-occurrence of the assumed development. Such deviations may be the result of changes relating to technology and changes relating to the economy, legal situation and exchange rates. No claim is made that this statement of evaluation methods and risk factors is complete.

7. Key sources of information

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8. Summary of the basis for evaluation

Individual issuers: Current and recognised evaluation methods (e.g. DCF method and Peer Group Analysis) are used for company analysis purposes. The DCF method calculates the value of the issuer based on the sum of the discounted cash flows, i.e. the cash value of the future cash flows of the issuer. The value is therefore determined on the basis of expected future cash flows and the applied discount rate. In Peer

Group Analysis, issuers listed on the stock exchange are evaluated by comparing ratios (e.g. price/profit ratio, Enterprise Value/turnover, Enterprise Value/EBITDA, Enterprise Value/EBIT). The comparability of the ratios is primarily determined with reference to the business activity and economic prospects.

9. Internal organisational and regulatory measures for the prevention or management of conflicts of interest

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The analysts of FMR Frankfurt Main Research AG do not receive any direct or indirect remuneration from the investment banking business of FMR Frankfurt Main Research AG.

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