

Price (Euro)	0,59			
52 weeks range	1.95 / 0.55			
Key Data				
ISIN	DE000A0KFKB3			
Bloomberg	E7S:GR			
Reporting standard	IFRS			
Market Cap (Euro million)	19			
Number of shares (million)	32,4			
Free Float	12,1%			
Free Float Market Cap (Euro million)	2			
CAGR EBIT ('22 -'25e)	13,7%			
Multiples	2022	2023e	2024e	2025e
Market Cap / Total revenues	0,5	1,4	1,0	0,8
PE-Ratio	-1,3	-0,2	-1,8	12,3
Dividend Yield	0,0%	0,0%	0,0%	0,0%
Price-to-Book-Ratio	0,08	0,13	0,14	0,14
Key Data per share (Euro)	2022	2023e	2024e	2025e
Earnings per share (EPS)	-0,45	-3,19	-0,33	0,05
Dividend per share (DPS)	0,00	0,00	0,00	0,00
Book Value per Share (BVPS)	7,64	4,44	4,11	4,16
Financial Data (Euro '000)	2022	2023e	2024e	2025e
Capital gains from property sales	38.210	13.576	19.974	23.136
Net rental income	5.023	8.282	9.180	9.709
Net service income	166	-532	1.443	1.610
Operating profit (EBIT)	8.539	-81.020	8.639	14.294
Net interest income	-18.614	-28.523	-23.281	-12.935
Pre-tax profit (EBT)	-8.759	-109.000	-14.020	2.115
Income taxes	-5.478	4.588	4.320	-354
Net profit after Minorities	-14.731	-103.542	-10.839	1.556
Shareholders' equity (Euro million)	248	144	133	135
Privatization Portfolio (Euro million)	285	275	221	234
RoE (after tax)	-5,8%	-52,8%	-7,8%	1,2%
Equity ratio	28,2%	19,6%	20,2%	20,4%
Main Shareholders				
Brookline Real Estate S.a.r.l.	83,1%			
Adler Real Estate AG	4,8%			
Financial calendar				
2023 annual report			End of April 2024	
1Q 2024 report			31 May 2024	
AGM			12 June 2024	
1H 2024 report			30 August 2024	
9M 2024 report			29 Nov 2024	
Analyst	Dipl.-Kfm. Stefan Scharff, CREA			
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Significant down-valuations bring the 2023 results into deep red and equity ratio probably below 20% – an IDW S6 expert opinion is needed – Target down to Euro 0.50 – more details to come with annual report

Last Friday, on 12 April, ACCENTRO published some prelim figures regarding the FY 2023. The P & L framework is strongly impaired not only by the prevailing sluggish transaction business, but also suffers from a negative net revaluation picture of Euro -50m to Euro -60m, after only a tiny Euro -2m in 2022.

This negative revaluation brings the full year numbers into deep red. Even without headwind from the revaluation side we already expected a negative EBIT, as there was no support coming from a recovery of residential transaction markets for private households and there was also no significant institutional package deal done last year for a commercial or residential property in the Accentro portfolio.

With the additional burden coming from the negative revaluation, the EBIT for 2023 will be in the high negative double digit million range, according to the company. In our view that might be probably between Euro -75m and Euro -90m. The restructuring of the debt side is a very challenging task without some significant huge sales and / or a tremendous upswing in the trading business with private households for selling apartments. The liquidity position went down from Euro 101m at year-end 2022 to only Euro 31m at September 2023. The two bonds from 2020 and 2021 (Euro 225m and Euro 100m) were restructured in December 2022 the first time and then again in November 2023 the second time, which meant a postponement of mandatory special redemptions and the deferral of interest payment scheduled for February 2024.

The situation becomes even more critical now, as the down-valuation of the property portfolio leads to a breach of net financial indebtedness limitations of the two bonds with the prolonged maturities until 2026 and 2029. That gives the bondholders the right of an early termination of the bond.

For this reason, the ACCENTRO management has to step into negotiations with bondholders to avoid such a very adverse scenario. Furthermore, for these upcoming negotiations the management will commission an IDW S6 expert opinion, which means to receive an independent expert opinion about survivability of ACCENTRO. In our opinion a haircut of the bondholder's outstanding debits or a debt-to equity swap and / or another kind of a significant equity capital hike is inevitable.

As the picture was already impaired with the weak half-year 2023 numbers, we brought down our rating to Hold on 5 September and set the target price to Euro 1.50. With the ongoing rough market climate and the further deteriorating picture given the very negative revaluation, cutting down the full year equity ratio probably below 20% (9M 2023: 26.4%, 2022: 28.2%), we bring down our target price now to only Euro 0.50. We expect more details to come with 2023 annual report by the end of April.

ACCENTRO Real Estate AG

Industry:	Real Estate	Management Board of ACCENTRO:
Sub-segment:	Residential	Jörg Neuß
Region:	Germany	CIO Dr. Gordon Geiser
Headquarter:	Berlin	
Foundation	2006	
Employees:	123	Supervisory Board of ACCENTRO:
		Axel Harloff
IR Contact:		Carsten Wolff
Thomas Eisenlohr		Natig Ganiyev
Eisenlohr@accentro.de		

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, but slumped to only Euro 38m as at the end of June 2023, and some purchases came after the reporting date (Euro 6m). 1H 2023 equity ratio remained more or less unchanged compared to to year-end 2022, at 28.4%. But LTV was up from 57.4% to 59.6%.

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 skiped the guidance of a slight profit at EBIT level on 29 August due to the rough market climate and the prevailing standstill in tranactions. The own investment portfolio of around 5,900 apartments is helpful in these rough seas but will not fully make it for the staff and operating costs in our view. The company has to sell non-core properties like Werdauer Weg and also should try to accelerate the speed of debt collection, as the withdrawal from the wrong takeover of DIM Holding AG in January 2021 seems to end in a big loss. The receivables and requested loan repayments are about Euro 17.6m, but it might happen, that ACCENTRO does not receive any substantial amount here or just a small single digit million amount. Another important point is the loan for Green Living GmbH in May 2022, at an amount of Euro 15m. The amount was in the books at year-end 2022 and is due since the 31 December 2022. This amount might have paid until the year-end 2023. Wait for more details in the 2023 annual report coming end of April.

The two bonds from 2020 and 2021 (Euro 225m and Euro 100m) were restructured in December 2022 the first time and then again in November 2023 the second time, which meant a postponement of mandatory special redemptions and the deferral of interest payment scheduled for February 2024.

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	74.146	95.338	115.475	
Expenses from sales of inventory properties	-99.661	-92.772	-125.056	-107.870	-60.570	-75.364	-92.339	
Capital gains from property sales	29.842	19.625	47.791	38.210	13.576	19.974	23.136	-11,8%
Letting revenues	10.261	10.351	17.069	17.875	19.125	20.532	21.635	
Letting expenses	-3.743	-5.496	-10.051	-12.852	-10.843	-11.352	-11.926	
Net rental income	6.518	4.855	7.018	5.023	8.282	9.180	9.709	17,9%
Revenues from services	3.510	2.434	2.830	1.272	470	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	-532	1.443	1.610	76,5%
Other operating income	1.207	1.699	1.269	900	2.420	1.469	1.654	
Gross profit or loss	39.930	27.050	58.025	44.299	23.746	32.066	36.109	-5,0%
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	-10.449	-9.878	-10.578	
Depreciation and amortisation	-731	-863	-1.434	-2.725	-4.785	-3.254	-3.212	
Impairments of inventories and accounts receivable	-123	-124	-1.799	-1.370	-2.125	-50	-80	
Other operating expenses	-6.079	-10.717	-18.359	-18.786	-85.452	-11.450	-12.450	
Earnings before interest and taxes (EBIT)	38.561	34.665	45.164	8.539	-81.020	8.639	14.294	13,7%
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	2.880	3.420	3.850	
Interest expenses	-12.207	-21.746	-25.365	-23.502	-31.403	-26.701	-16.785	
Net interest result	-7.353	-10.490	-20.515	-18.614	-28.523	-23.281	-12.935	
Profit/loss before taxes (EBT)	32.488	24.313	20.597	-8.759	-109.000	-14.020	2.115	
Income taxes	-6.189	-6.258	-7.470	-5.478	4.588	4.320	-354	
Consolidated income	26.299	18.055	13.127	-14.237	-104.412	-9.699	1.761	
Minorities	168	-1.488	-1.282	-494	870	-1.140	-205	
Net profit/loss after minorities	26.467	16.567	11.845	-14.731	-103.542	-10.839	1.556	
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	-3,19	-0,33	0,05	
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	144.164	133.325	134.881	-14,1%
Balance Sheet sum	580.757	861.987	929.466	877.126	736.786	659.423	659.753	
Equity Ratio	38,0%	28,7%	28,0%	28,2%	19,6%	20,2%	20,4%	
RoE (after tax)	12,6%	7,1%	4,7%	-5,8%	-52,8%	-7,8%	1,2%	
Privatisation Portfolio (Euro million)	389	418	360	285	275	221	234	
Book Value per share (Euro)	6,81	7,62	8,03	7,64	4,44	4,11	4,16	-15,4%

SRC Research

- Der Spezialist für Finanz- und Immobilienaktien -

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Rating chronicle:

Company	Date	Rating	former share price	former target
ACCENTRO	5 September 2023	Hold	1,75 €	1,50 €
ACCENTRO	2 June 2023	Buy	1,34 €	5,00 €
ACCENTRO	19 May 2023	Buy	1,51 €	5,00 €
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 €

Please note:

The share price mentioned in this report is from 15 April 2024. ACCENTRO Real Estate AG mandated SRC Research for covering the share.

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