

<b>Price (Euro)</b>	<b>1,75</b>			
52 weeks range	3.40 / 1.28			
<b>Key Data</b>				
ISIN	DE000A0KFKB3			
Bloomberg	E7S:GR			
Reporting standard	IFRS			
Market Cap (Euro million)	57			
Number of shares (million)	32,4			
Free Float	12,1%			
Free Float Market Cap (Euro million)	7			
CAGR EBIT ('22 -'25e)	13,7%			
<b>Multiples</b>				
	<b>2022</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>
Market Cap / Total revenues	1,5	4,2	2,8	2,5
PE-Ratio	<b>-3,9</b>	<b>-1,5</b>	<b>-5,2</b>	<b>36,5</b>
Dividend Yield	0,0%	0,0%	0,0%	0,0%
Price-to-Book-Ratio	<b>0,23</b>	<b>0,27</b>	<b>0,29</b>	<b>0,28</b>
<b>Key Data per share (Euro)</b>				
	<b>2022</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>
Earnings per share (EPS)	<b>-0,45</b>	<b>-1,19</b>	<b>-0,33</b>	<b>0,05</b>
Dividend per share (DPS)	0,00	0,00	0,00	0,00
Book Value per Share (BVPS)	<b>7,64</b>	<b>6,45</b>	<b>6,11</b>	<b>6,16</b>
<b>Financial Data (Euro '000)</b>				
	<b>2022</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>
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
<b>Operating profit (EBIT)</b>	<b>8.539</b>	<b>-12.980</b>	<b>8.639</b>	<b>14.294</b>
Net interest income	-18.614	-28.523	-23.281	-12.935
<b>Pre-tax profit (EBT)</b>	<b>-8.759</b>	<b>-40.960</b>	<b>-14.020</b>	<b>2.115</b>
Income taxes	-5.478	1.450	4.320	-354
<b>Net profit after Minorities</b>	<b>-14.731</b>	<b>-38.640</b>	<b>-10.839</b>	<b>1.556</b>
Shareholders' equity (Euro million)	248	209	198	200
<b>Privatization Portfolio (Euro million)</b>	<b>285</b>	<b>275</b>	<b>221</b>	<b>234</b>
RoE (after tax)	<b>-5,8%</b>	<b>-16,9%</b>	<b>-5,3%</b>	<b>0,8%</b>
Equity ratio	28,2%	27,1%	28,7%	28,9%
<b>Main Shareholders</b>				
Brookline Real Estate S.a.r.l.	83,1%			
Adler Real Estate AG	4,8%			
<b>Financial calendar</b>				
<b>SRC Forum Financials &amp; Real Estate</b>		<b>12 September 2023</b>		
9M 2023 report		30 November 2023		
<b>Analyst</b>				
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### Business severely jeopardized by the standstill in transactions and liquidity down -62% to only Euro 38m – Shinhan and Nox proposal depends on the agreement of the bondholders - rating and TP down

Last week, on 31 August, ACCENTRO published the 1H 2023 report. As we already expected with our last update from 2 June, the level of business activities was very low in a severely jeopardized overall environment of still high interest rates of around 4% for residential mortgage loans. Already two days ago, on 29 August, ACCENTRO reported that due to the unpredictable business environment and the current standstill in transactions, it is currently not possible for the management board to provide a reliable forecast for the current year. The forecast is therefore temporarily suspended. In 1H 2023, sales figures from the privatization business in particular fell well short of expectations. Consolidated sales for the first half of the year amounted to only Euro 36.1m, which is a significant -61% slump compared with the previous year (Euro 93.5m). As a result, group sales will not reach the company's forecast of Euro 100m to Euro 120m in fiscal 2023, which is why operating profit in terms of EBIT will also fall short of the full year guidance (Euro 0m to Euro 2m). This development is due to a sharp rise in interest rates, which has led to a standstill in the residential real estate investment market. CBRE reports that transaction volumes in the German real estate investment market fell by just over 50% in 1H 2023 for commercial properties and even by as much as more than 80% for residential properties compared to 1H 2022. This is underlined by the fact that the volume of investment reached the lowest level of sales in a first half-year since 2011. At least the rental revenues in 1H 2023 increased by 17% to Euro 9.1m compared to 1H 2022 (Euro 7.8m) due to rental increases and portfolio expansion.

**All in all, EBIT made a negative swing from Euro 9.0m to Euro -9.4m and even more we are concerned about the shrinking liquidity position, going down 62% from Euro 101m at year-end 2022 to now only Euro 38m at the end of June. Keep in mind, that the firm made some smaller purchases for the trading portfolio in the amount of Euro 6m, which brings down liquidity to Euro 32m. The question of all questions is, how much of this Euro 32m is really free as excess capital and how much is tied up in daughter companies or blocked with some obligations. At the moment we would assume that just around 30% of this Euro 32m are really available, which means a range of Euro 9m to Euro 12m. With at least Euro 5m operating costs per quarter and a prevailing sluggish sentiment, the hike in rentals from the own portfolio will not make it to keep the firm above water for more than three or four quarters. Also keep in mind that the Euro 40m next payment of the 2026 bond is due until the end of the year. To make it up for this payment, a sale of commercial property Werdauer Weg (Euro 102m at year-end 2022) would be very helpful, freeing up capital of Euro 30m to Euro 35m, if sold for at least Euro 80m in the current sluggish market.**

On 20 July Accentro announced, that Korean Shinhan AIM Structured Trust No. 5 and Berlin-based Nox Capital are interested to take over 75% of the Brookline shares in ACCENTRO, as these are pledged as a collateral for a loan, that Shinhan gave to Brookline and which is behind schedule. **Shinhan and Nox are willing to support ACCENTRO with additional equity or equity like amounts in a magnitude of a double digit million range and to support a partly repayment of the outstanding Euro 225m bond, if the bondholders agree to skip the change of control clause and accept a change in the schedule for the guaranteed payments. That is not an easy decision for the bondholders, who accepted a restructuring just nine months ago, in December, but the odds could be better at the moment. With a deteriorating risk profile, we reduce our rating from Buy to Hold. We also sharply bring down our target price from Euro 5.00 to Euro 1.50.**

## ACCENTRO Real Estate AG

<b>Industry:</b>	Real Estate	<b>Management Board of ACCENTRO:</b>
<b>Sub-segment:</b>	Residential	Jörg Neuß
<b>Region:</b>	Germany	CIO Dr. Gordon Geiser
<b>Headquarter:</b>	Berlin	
<b>Foundation</b>	2006	
<b>Employees:</b>	123	<b>Supervisory Board of ACCENTRO:</b>
		Axel Harloff
<b>IR Contact:</b>		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 build up 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 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 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 skipped the guidance of a slight profit at EBIT level on 29 August due to the rough market climate and the prevailing standstill in transactions. 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 almost Euro 16m at year-end 2022 and is due since the 31 December 2022. This amount might come until the end of the year and would be helpful to serve the appointed Euro 40m next amortisation payment in December 2023 for the Euro 225m outstanding 2026 corporate bond.

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	
<b>Capital gains from property sales</b>	<b>29.842</b>	<b>19.625</b>	<b>47.791</b>	<b>38.210</b>	<b>13.576</b>	<b>19.974</b>	<b>23.136</b>	<b>-11,8%</b>
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	
<b>Net rental income</b>	<b>6.518</b>	<b>4.855</b>	<b>7.018</b>	<b>5.023</b>	<b>8.282</b>	<b>9.180</b>	<b>9.709</b>	<b>17,9%</b>
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	
<b>Net service income</b>	<b>2.363</b>	<b>871</b>	<b>1.946</b>	<b>166</b>	<b>-532</b>	<b>1.443</b>	<b>1.610</b>	<b>76,5%</b>
Other operating income	1.207	1.699	1.269	900	2.420	1.469	1.654	
<b>Gross profit or loss</b>	<b>39.930</b>	<b>27.050</b>	<b>58.025</b>	<b>44.299</b>	<b>23.746</b>	<b>32.066</b>	<b>36.109</b>	<b>-5,0%</b>
<b>Net revaluation result</b>	<b>11.399</b>	<b>28.367</b>	<b>18.988</b>	<b>-1.793</b>	<b>-1.955</b>	<b>1.205</b>	<b>4.505</b>	
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	-17.412	-11.450	-12.450	
<b>Earnings before interest and taxes (EBIT)</b>	<b>38.561</b>	<b>34.665</b>	<b>45.164</b>	<b>8.539</b>	<b>-12.980</b>	<b>8.639</b>	<b>14.294</b>	<b>13,7%</b>
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	
<b>Net interest result</b>	<b>-7.353</b>	<b>-10.490</b>	<b>-20.515</b>	<b>-18.614</b>	<b>-28.523</b>	<b>-23.281</b>	<b>-12.935</b>	
<b>Profit/loss before taxes (EBT)</b>	<b>32.488</b>	<b>24.313</b>	<b>20.597</b>	<b>-8.759</b>	<b>-40.960</b>	<b>-14.020</b>	<b>2.115</b>	
Income taxes	-6.189	-6.258	-7.470	-5.478	1.450	4.320	-354	
<b>Consolidated income</b>	<b>26.299</b>	<b>18.055</b>	<b>13.127</b>	<b>-14.237</b>	<b>-39.510</b>	<b>-9.699</b>	<b>1.761</b>	
Minorities	168	-1.488	-1.282	-494	870	-1.140	-205	
<b>Net profit/loss after minorities</b>	<b>26.467</b>	<b>16.567</b>	<b>11.845</b>	<b>-14.731</b>	<b>-38.640</b>	<b>-10.839</b>	<b>1.556</b>	
<b>Number of shares ('000)</b>	<b>32.438</b>	<b>32.438</b>	<b>32.438</b>	<b>32.438</b>	<b>32.438</b>	<b>32.438</b>	<b>32.438</b>	
<b>Earnings per share (EPS)</b>	<b>0,81</b>	<b>0,51</b>	<b>0,37</b>	<b>-0,45</b>	<b>-1,19</b>	<b>-0,33</b>	<b>0,05</b>	
<b>Dividend per share (DPS)</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	
<b>Shareholders' Equity</b>	<b>220.811</b>	<b>247.101</b>	<b>260.637</b>	<b>247.706</b>	<b>209.066</b>	<b>198.227</b>	<b>199.783</b>	<b>-5,2%</b>
<b>Balance Sheet sum</b>	<b>580.757</b>	<b>861.987</b>	<b>929.466</b>	<b>877.126</b>	<b>771.871</b>	<b>690.824</b>	<b>691.170</b>	
<b>Equity Ratio</b>	<b>38,0%</b>	<b>28,7%</b>	<b>28,0%</b>	<b>28,2%</b>	<b>27,1%</b>	<b>28,7%</b>	<b>28,9%</b>	
<b>RoE (after tax)</b>	<b>12,6%</b>	<b>7,1%</b>	<b>4,7%</b>	<b>-5,8%</b>	<b>-16,9%</b>	<b>-5,3%</b>	<b>0,8%</b>	
<b>Privatisation Portfolio (Euro million)</b>	<b>389</b>	<b>418</b>	<b>360</b>	<b>285</b>	<b>275</b>	<b>221</b>	<b>234</b>	
<b>Book Value per share (Euro)</b>	<b>6,81</b>	<b>7,62</b>	<b>8,03</b>	<b>7,64</b>	<b>6,45</b>	<b>6,11</b>	<b>6,16</b>	<b>-6,6%</b>

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Company	Date	Rating	former share price	former target
<b>Rating chronicle:</b>				
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 €
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 €
ACCENTRO	1 September 2021	Buy	7,00 €	12,00 €
ACCENTRO	5 August 2021	Buy	7,40 €	12,00 €

### Please note:

The share price mentioned in this report is from 4 September 2023. ACCENTRO Real Estate AG mandated SRC Research for covering the share.

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