

5 | July | 2022

■ **Price (Euro)** **3.74**  
52 weeks range 8.00 / 3.74

### ■ Key Data

ISIN	DE000A0KFKB3
Bloomberg	E7S:GR
Reporting standard	IFRS
Market Cap (Euro million)	121
Number of shares (million)	32.4
Free Float	12.1%
Free Float Market Cap (Euro million)	15
CAGR EBIT ('21 -'24e)	9.6%

■ Multiples	2021	2022e	2023e	2024e
Market Cap / Total revenues	2.5	2.7	2.4	2.1
<b>PE-Ratio</b>	<b>10.2</b>	<b>6.1</b>	<b>5.0</b>	<b>4.2</b>
Dividend Yield	0.0%	5.3%	8.0%	9.4%
<b>Price-to-Book-Ratio</b>	<b>0.47</b>	<b>0.43</b>	<b>0.41</b>	<b>0.38</b>

■ Key Data per share (Euro)	2021	2022e	2023e	2024e
<b>Earnings per share (EPS)</b>	<b>0.37</b>	<b>0.61</b>	<b>0.75</b>	<b>0.89</b>
Dividend per share (DPS)	0.00	0.20	0.30	0.35
<b>Book Value per Share (BVPS)</b>	<b>8.03</b>	<b>8.65</b>	<b>9.20</b>	<b>9.79</b>

■ Financial Data (Euro '000)	2021	2022e	2023e	2024e
Capital gains from property sales	47,791	44,757	51,068	58,213
Net rental income	7,018	8,693	10,877	12,867
Net service income	1,946	4,772	8,158	9,985
<b>Operating profit (EBIT)</b>	<b>45,164</b>	<b>46,401</b>	<b>55,882</b>	<b>65,122</b>
Net interest income	-20,515	-17,060	-19,933	-22,397
<b>Pre-tax profit (EBT)</b>	<b>20,597</b>	<b>29,843</b>	<b>36,492</b>	<b>43,347</b>
Income taxes	-7,470	-8,356	-10,218	-12,137
<b>Net profit after Minorities</b>	<b>11,845</b>	<b>19,900</b>	<b>24,241</b>	<b>28,857</b>
Shareholders' equity (Euro million)	862	929	1,022	1,074
<b>Privatization Portfolio (Euro million)</b>	<b>360</b>	<b>420</b>	<b>465</b>	<b>522</b>
<b>RoE (after tax)</b>	<b>4.7%</b>	<b>7.4%</b>	<b>8.4%</b>	<b>9.4%</b>
Equity ratio	28.0%	27.4%	27.8%	28.2%

### ■ Main Shareholders

Brookline Real Estate S.a.r.l.	83.1%
Adler Real Estate AG	4.8%

### ■ Financial calendar

AGM	31 August 2022
1H 2022 report	31 August 2022
<b>SRC Forum Financials &amp; Real Estate</b>	<b>13 September 2022</b>

### ■ Analysts

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**ACCENTRO acquires about 700 units close to existing cluster and sells small portfolio – Target down to Euro 10.00 due to increased market risk level and the higher interest rates – Buy rating affirmed**

Yesterday, the company reported the acquisition of 682 residential units for the firm's investment portfolio, representing an expansion of the portfolio of about 20% to now about 4,300 units. The acquired objects are located in east of Germany, between the cities of Halle and Magdeburg, and thus close to the about 3.000 objects acquired in 2020 and 2021, offering some further potential for synergies. The acquired portfolio has a total lettable space of about 39k sqm and currently has a vacancy rate of about 27%. Thus, the object still offers significant value-add potential and we believe, that the firm can realize that in the coming quarters and years. While the firm has not given any further details about the acquisition, our estimate regarding the purchase price is in a low-mid double digit million range with an attractive rental yield, that should even be further increased in the coming years.

At the same time, the firm has announced that a small portfolio with 28 units located in Rostock was sold to the same investor. No further details were given regarding that transaction either, however our estimate here is a middle-upper single digit million range.

**While the overall market has gotten more challenging in the recent months, as described in our last update, we believe that the firm can still continue to deliver good numbers and grow the business. We see yesterday's news as another step that confirms our estimates. Nevertheless, the overall market risk and the rising interest rate environment have also an impact on our valuation for ACCENTRO and reduces our fair value per share to about Euro 10.00, which also becomes our new target price for the share. The current very low share price level of less than 4.00 Euros still offers a high upside and is currently burdened by the overall market and also the upcoming refinancing of the 2020/23 bond, which is currently trading significantly below par. Here, we expect that the company is currently working on a plan and expect that some news could be released in that regard within the current quarter, that could give the share some momentum back as well. Buy rating confirmed.**

## ACCENTRO Real Estate AG

<b>Industry:</b>	Real Estate	<b>Management Board of ACCENTRO:</b>
<b>Sub-segment:</b>	Residential	Lars Schriewer
<b>Region:</b>	Germany	
<b>Headquarter:</b>	Berlin	
<b>Foundation</b>	2006	
<b>Employees:</b>	101	<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 is currently building 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 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 almost Euro 410m at FY 2020. At year-end 2020, about 5,200 units are on the firm's balance sheet after the firm made some significant acquisitions in the second half of last year. Furthermore, the strong sales cooperations with investors and developers offer the company further potential for a rise in revenues in the coming years. With regards to the 2020 results, the company had to record some one-off effects, due to which the company slightly missed the 2020 guidance. The financial position of the company shows an equity ratio of 27.8% and a LTV of 52.8% at 1Q 2022.

For the current year 2022, the company guided another hike in revenues and EBIT, as revenues are expected to be in a range between Euro 200m and Euro 220m and EBIT is to grow to a range of Euro 45m to Euro 50m.

	FY 2018	FY 2019	FY 2020	FY 2021
<b>Apartments sold (units)</b>	<b>440</b>	<b>463</b>	<b>420</b>	<b>761</b>
thereof Berlin	68%	59%	65%	75%
thereof Rest of Germany	32%	41%	35%	25%
thereof Owner Occupiers	32%	41%	49%	40%
thereof Buy-to-Let	68%	59%	51%	60%
<b>Transaction value (m €)</b>	<b>79.2</b>	<b>109.8</b>	<b>118.7</b>	<b>246.5</b>

Source: Company Data, SRC Research

ACCENTRO Real Estate AG 31/12 IFRS ('000)	2019	2020	2021	2022e	2023e	2024e	CAGR '21 - '24e
Revenues from sales of inventory properties	129,503	112,397	172,847	183,569	203,762	226,175	
Expenses from sales of inventory properties	-99,661	-92,772	-125,056	-138,812	-152,693	-167,963	
<b>Capital gains from property sales</b>	<b>29,842</b>	<b>19,625</b>	<b>47,791</b>	<b>44,757</b>	<b>51,068</b>	<b>58,213</b>	<b>5.1%</b>
Letting revenues	10,261	10,351	17,069	20,653	24,991	29,239	
Letting expenses	-3,743	-5,496	-10,051	-11,961	-14,114	-16,372	
<b>Net rental income</b>	<b>6,518</b>	<b>4,855</b>	<b>7,018</b>	<b>8,693</b>	<b>10,877</b>	<b>12,867</b>	<b>16.4%</b>
Revenues from services	3,510	2,434	2,830	8,213	9,856	11,827	
Expenses from services	-1,147	-1,563	-884	-3,441	-1,698	-1,842	
<b>Net service income</b>	<b>2,363</b>	<b>871</b>	<b>1,946</b>	<b>4,772</b>	<b>8,158</b>	<b>9,985</b>	<b>50.5%</b>
Other operating income	1,207	1,699	1,269	2,587	3,189	3,577	
<b>Gross profit or loss</b>	<b>39,930</b>	<b>27,050</b>	<b>58,025</b>	<b>60,809</b>	<b>73,292</b>	<b>84,642</b>	<b>9.9%</b>
<b>Net revaluation result</b>	<b>11,399</b>	<b>28,367</b>	<b>18,988</b>	<b>12,587</b>	<b>9,334</b>	<b>6,583</b>	
Total payroll and benefit costs	-5,835	-9,048	-10,257	-12,344	-12,473	-13,057	
Depreciation and amortisation	-731	-863	-1,434	-1,588	-1,624	-1,774	
Impairments of inventories and accounts receivable	-123	-124	-1,799	-167	-200	-237	
Other operating expenses	-6,079	-10,717	-18,359	-12,896	-12,447	-11,035	
<b>Earnings before interest and taxes (EBIT)</b>	<b>38,561</b>	<b>34,665</b>	<b>45,164</b>	<b>46,401</b>	<b>55,882</b>	<b>65,122</b>	<b>9.6%</b>
Net income from associates	1,244	102	388	455	511	567	
Other income from investments	36	36	60	47	32	55	
Equity Investments and equity interest accounted for using the equity methc	0	0	-4,500	0	0	0	
Interest income	4,854	11,256	4,850	3,254	2,581	3,477	
Interest expenses	-12,207	-21,746	-25,365	-20,314	-22,514	-25,874	
<b>Net interest income</b>	<b>-7,353</b>	<b>-10,490</b>	<b>-20,515</b>	<b>-17,060</b>	<b>-19,933</b>	<b>-22,397</b>	
<b>Profit/loss before taxes (EBT)</b>	<b>32,488</b>	<b>24,313</b>	<b>20,597</b>	<b>29,843</b>	<b>36,492</b>	<b>43,347</b>	<b>20.4%</b>
Income taxes	-6,189	-6,258	-7,470	-8,356	-10,218	-12,137	
<b>Consolidated income</b>	<b>26,299</b>	<b>18,055</b>	<b>13,127</b>	<b>21,487</b>	<b>26,274</b>	<b>31,211</b>	<b>24.2%</b>
Minorities	168	-1,488	-1,282	-1,587	-2,033	-2,354	
<b>Net profit/loss after minorities</b>	<b>26,467</b>	<b>16,567</b>	<b>11,845</b>	<b>19,900</b>	<b>24,241</b>	<b>28,857</b>	<b>24.9%</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>Earnings per share (EPS)</b>	<b>0.81</b>	<b>0.51</b>	<b>0.37</b>	<b>0.61</b>	<b>0.75</b>	<b>0.89</b>	
<b>Dividend per share (DPS)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.20</b>	<b>0.30</b>	<b>0.35</b>	
<b>Shareholders' Equity</b>	<b>220,811</b>	<b>247,101</b>	<b>260,637</b>	<b>280,537</b>	<b>298,290</b>	<b>317,416</b>	<b>5.1%</b>
<b>Balance Sheet sum</b>	<b>580,757</b>	<b>861,987</b>	<b>929,466</b>	<b>1,022,413</b>	<b>1,073,533</b>	<b>1,127,210</b>	
<b>Equity Ratio</b>	<b>38.0%</b>	<b>28.7%</b>	<b>28.0%</b>	<b>27.4%</b>	<b>27.8%</b>	<b>28.2%</b>	
<b>RoE (after tax)</b>	<b>12.6%</b>	<b>7.1%</b>	<b>4.7%</b>	<b>7.4%</b>	<b>8.4%</b>	<b>9.4%</b>	<b>19.1%</b>
<b>Privatisation Portfolio (Euro million)</b>	<b>389</b>	<b>418</b>	<b>360</b>	<b>420</b>	<b>465</b>	<b>522</b>	
<b>Book Value per share (Euro)</b>	<b>6.81</b>	<b>7.62</b>	<b>8.03</b>	<b>8.65</b>	<b>9.20</b>	<b>9.79</b>	<b>5.1%</b>

## SRC Research

### - Der Spezialist für Finanz- und Immobilienaktien -

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#### Rating chronicle:

Company	Date	Rating	former share price	former target
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 €
ACCENTRO	2 June 2021	Buy	8.45 €	11.50 €

#### Please note:

The share price mentioned in this report is from 4 July 2022. ACCENTRO Real Estate AG mandated SRC Research for covering the share.

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