

| | | | | |
|---|--|----------------|-------------------|---------------|
| Price (Euro) | 1,34 | | | |
| 52 weeks range | 4.84 / 1.28 | | | |
| Key Data | | | | |
| ISIN | DE000A0KFKB3 | | | |
| Bloomberg | E7S:GR | | | |
| Reporting standard | IFRS | | | |
| Market Cap (Euro million) | 43 | | | |
| Number of shares (million) | 32,4 | | | |
| Free Float | 12,1% | | | |
| Free Float Market Cap (Euro million) | 5 | | | |
| CAGR EBIT ('22 -'25e) | 20,6% | | | |
| Multiples | | | | |
| | 2022 | 2023e | 2024e | 2025e |
| Market Cap / Total revenues | 1,1 | 3,1 | 2,6 | 2,1 |
| PE-Ratio | -3,0 | -2,2 | -5,4 | 17,1 |
| Dividend Yield | 0,0% | 0,0% | 0,0% | 0,0% |
| Price-to-Book-Ratio | 0,18 | 0,19 | 0,20 | 0,20 |
| 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 | | | | |
| AGM | | | 7 June 2023 | |
| 1H 2023 report | | | 31 August 2023 | |
| SRC Forum Financials & Real Estate | | | 12 September 2023 | |
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ACCENTRO with a low 1Q trading level – first quarter results not decisive for the full year – no change of rating or target price

On 31 May, ACCENTRO published the 1Q 2023 quarterly report. As we already expected with our recent update from 19 May, the level of business activities was very low in an impaired environment of still high interest rates of around 4% for residential mortgage loans. The volume of mortgage loans came down almost 50% in only one year, from 1Q 2022 to 1Q 2023, according to the Association of German Pfandbrief Banks (vdp). The 1Q volume of mortgage loans was even again 4% below the low 4Q 2022 level.

With these sobering facts in mind, Accentro only delivered Euro 7m notarized sales with 12 sold units in the first three months of the year. The trade and privatization unit of Accentro delivered revenues of Euro 16.2m, after Euro 29.3m in the year before.

In contrast to the difficult trading environment and the resulting decline in volumes, the standing IAS 40 portfolio, which grew last year 9%, from Euro 331m to Euro 361m at year-end 2022 and now to almost Euro 363m at March 2023, delivered a significant 12.5% hike in rental income, from Euro 4.0m to Euro 4.5m.

The restructuring of the two corporate bonds translated into a hike in interest expenses from Euro 5.8m to Euro 8.8m. With somewhat higher other operating expenses of Euro 3.7m (1Q 2022: Euro 2.5m), the pre-tax profit fell from Euro -0.8m last year to now Euro -12.3m.

After our talks with the management, we expect gradually higher trading volumes in the second quarter and an improving business in the second half of the year. With a lack of more than 700 thousand residential units in Germany, the sqm prices for most rents in urban areas will further increase and make it more attractive for many households to think about buying their home. The first quarter numbers were quite low, but not decisive at all for the full year picture. The equity ratio remained at stable 29%, after 28% at year-end 2022. The liquid funds were down after the partial repayment of one of the bonds, from Euro 101m at year-end 2022 to now Euro 61m.

The sluggish 1Q numbers were in-line with our and management's expectation. The firm confirmed the full year guidance for group's total revenues in a range of Euro 100m to Euro 120m and an EBIT full year result of Euro 0m to Euro 2m.

As we do not overweight the meaning of the initial quarter for full year results, we do not change our Buy recommendation at this very low share price level below Euro 1.50. We also stick to our Euro 5.00 target price.

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 |
| 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, 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 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 € |

Please note:

The share price mentioned in this report is from 1 June 2023. ACCENTRO Real Estate AG mandated SRC Research for covering the share.

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