mwb research

CGRE AG

Germany | Real Estate | MCap EUR 63.0m

24 September 2024

UPDATE

Becoming a major player on the German real estate market; BUY

BUY (BUY)

Target price	**EUR 15.00** (15.00)
Current price	EUR 10.50
Up/downside	42.9%

ResearchHub

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What's it all about?

Since initiating coverage in July, CGRE AG ("CGRE") has made notable progress, emerging as a significant player in the stock market after a reverse merger. Key developments include a successful capital increase of 4m shares, acquisition of a major stake in five real estate projects, and leadership changes, including the appointment of former EU Commissioner Günther H. Oettinger as Supervisory Board Chairman. At its August AGM, CGRE outlined its new strategy focusing on optimizing and acquiring real estate projects between EUR 20-100m with existing permits and financing, aiming for quicker returns. The company seeks to capitalize on the recovering German real estate market, which has improved after a downturn, leveraging its expertise to offer shareholders strong returns. We maintain our BUY rating with an unchanged PT of EUR 15.00 offering significant upside potential.

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CGRE AG

Germany | Real Estate | MCap EUR 63.0m | EV EUR 64.3m

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Becoming a major player on the German real estate market; BUY

Transformation in progress Since our initiation in July, CGRE AG ("CGRE") has made significant strides in developing its business model. CGRE, formerly known as L-Konzept Holding AG, is a relatively new player in on the stock exchange, created through a complex reverse merger transaction. As part of this reverse merger, CGRE has implemented several key measures including

- a successful capital increase, during which CGRE issued 4m new shares,
- the acquisition of an indirect 89.9% stake in 5 real estate projects from Gröner Group AG through a contribution in kind and
- intensive leadership changes, among other things with former EU Commissioner Günther H. Oettinger elected as the new Chairman of the Supervisory Board.

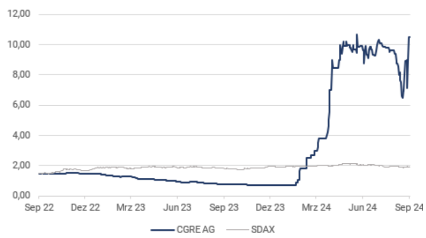
Shifting gears At the AGM held in late August, CGRE outlined its future strategy, focusing on four key areas: optimization, reorganization, reallocation, and acquisition. The company is shifting its focus to target specific types of real estate projects, specifically those sized between EUR 20-100m, with existing building permits and secured financing. This approach aims to achieve rapid transaction and/or leasing successes. By acquiring existing projects, CGRE benefits from reduced risks and shorter payback periods, typically ranging from 15 to 18 months, compared to the up to five years required for greenfield projects.

Restart of the German real estate market CGRE aims to capitalize on the cyclical restart of the real estate industry, which has been recovering from a downturn caused by sharp interest rate increases in 2021. The sector appears to have passed its cyclical low point, supported by persistent high demand for housing and gradually improving financing conditions. The company leverages its extensive know-how and unique resources from the Christoph Gröner Group to navigate the market effectively.

Conclusion CGRE has positioned itself as an agile player in the German real estate market, focusing on optimizing its portfolio and capitalizing on market recovery. With its strategic emphasis on de-risked projects and shorter payback periods, the company aims to deliver value to its shareholders in the evolving real estate landscape. Hence, for investors, CGRE presents a unique *-continued-*

CGRE AG	2021	2022	2023	2024E	2025E	2026E
Sales	4.8	1.1	0.8	15.3	23.7	18.8
Growth yoy	9.4%	-76.7%	-32.2%	1,904.5%	55.7%	-21.0%
EBITDA	-0.5	0.2	0.1	14.5	19.0	17.0
EBIT	-0.5	0.1	0.1	14.5	19.0	17.0
Net profit	-0.2	0.2	-0.4	1.9	5.2	3.3
Net debt (net cash)	1.9	0.3	1.3	323.0	317.0	315.0
Net debt/EBITDA	-4.1x	1.6x	14.5x	22.3x	16.7x	18.5x
EPS reported	-0.10	0.11	-0.18	0.31	0.87	0.55
DPS	0.00	0.00	0.00	0.00	0.00	0.00
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross profit margin	2.5%	32.7%	44.5%	116.0%	118.0%	116.0%
EBITDA margin	-9.8%	18.4%	11.8%	94.9%	79.8%	90.7%
EBIT margin	-11.3%	12.0%	11.0%	94.9%	79.8%	90.7%
ROCE	-12.5%	4.1%	2.3%	3.6%	4.7%	4.2%
EV/Sales	13.5x	56.4x	84.5x	25.3x	16.0x	20.1x
EV/EBITDA	-138.2x	306.6x	718.1x	26.7x	20.0x	22.2x
EV/EBIT	-119.3x	470.0x	765.6x	26.7x	20.0x	22.2x
PER	-109.7x	91.3x	-56.9x	33.5x	12.1x	19.0x

Source: Company data, mwb research



Source: Company data, mwb research

High/low 52 weeks	10.90 / 0.69
Price/Book Ratio	16.1x

Ticker / Symbols

ISIN	DE000A0N3EU3
WKN	A0N3EU
Bloomberg	LKB:GR

Changes in estimates

		Sales	EBIT	EPS
2024E	old	15.3	14.5	0.31
	Δ	0.0%	0.0%	0.0%
2025E	old	23.7	19.0	0.87
	Δ	0.0%	0.0%	0.0%
2026E	old	18.8	17.0	0.55
	Δ	0.0%	0.0%	0.0%

Key share data

Number of shares: (in m pcs)	6.00
Book value per share: (in EUR)	0.65
Ø trading vol.: (12 months)	2,364

Major shareholders

Trimax Luxemburg	37.0%
Trimax Germany GmbH	16.2%
CG Commercial Asset GmbH	29.7%
Free Float	4.7%

Company description

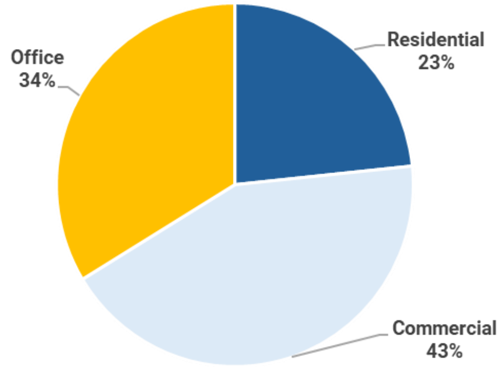
CGRE AG, formerly known as L-Konzept Holding AG, is a Germany-based real estate company. The Company focuses on residential and commercial properties in German big urban centers and surrounding areas. Its focus is on the establishment, acquisition, financing of or majority holding in companies in the real estate industry.

opportunity to benefit from high returns in the recovering real estate market. The company offers investment options both in CGRE itself and in individual project companies. We therefore reiterate our BUY rating with an unchanged PT of EUR 15.00, offering a decent upside potential of 43%.

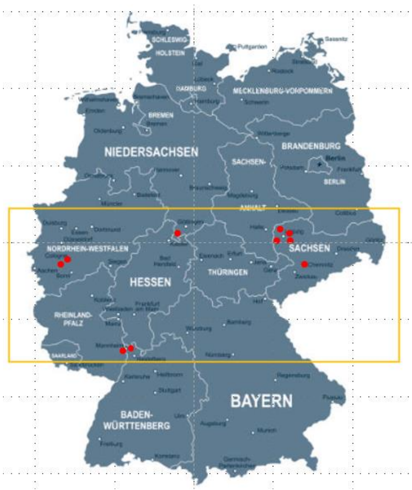
Investment case in charts

Products & Services

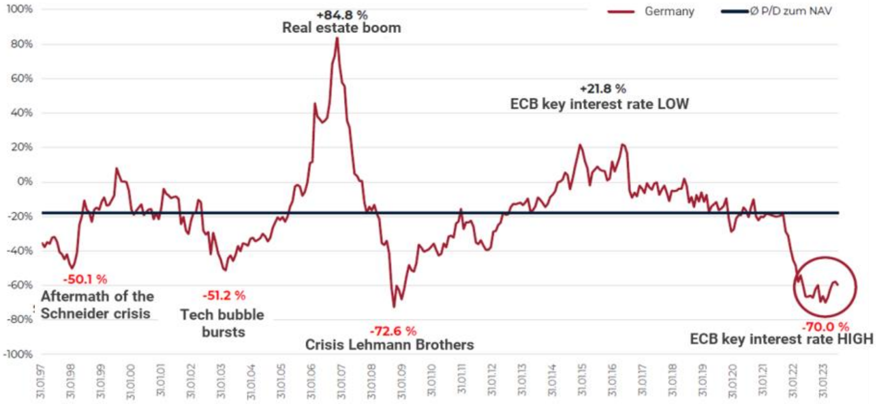
Sales split by asset class in %



Regional exposure

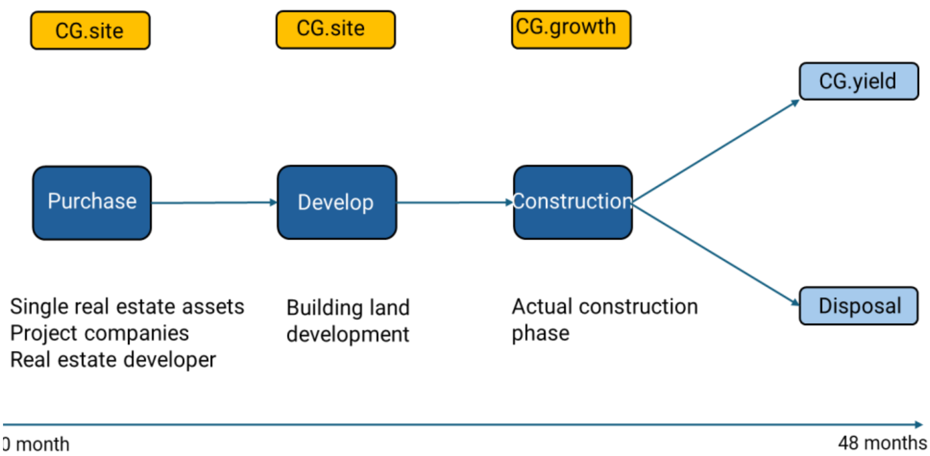


Valuation discount to NAV comparable to the Great Financial Crisis

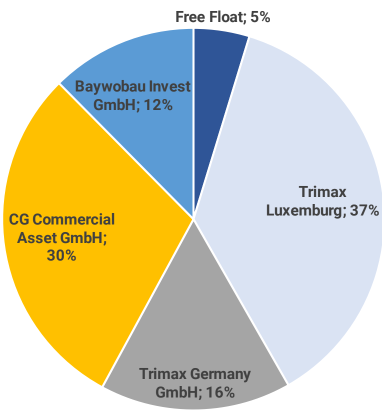


Unternehmen	Hamborner	Aroundtown SA	Branicks Group AG	Deutsche Wohnen	Grand City Properties	LEG Immobilien	TAG Immobilien
Nutzungsarten	Diversifiziert	Industrie / Büro	Industrie / Büro	Wohnen	Wohnen	Wohnen	Wohnen
P/D zu NAV	41,0 %	-76,3 %	-76,9 %	-60,4 %	-67,4 %	-57,7 %	-47,8 %

Value chain



Shareholders



Source: Company data; mwb research

SWOT analysis

Strengths

- Seasoned management team, both on the operating and governance level
- Access to decades of accumulated expertise
- Availability to different sources of funding
- Two pillar strategy (portfolio management and property development activities) provides a more balance cash flow profile

Weaknesses

- Relatively high LTV at properties on the book
- Equity story not yet known to capital market participants

Opportunities

- German real estate market at historic lows
- Interest rate reversal at sight

Threats

- Highly regulated environment
- Dependence from external factors such as moving interest rates
- Long cyclical up- and downswings

DCF Model

The DCF model results in a **fair value of EUR 15.05 per share**:

Top-line growth: We expect CGRE AG to grow revenues at a CAGR of 8.4% between 2024E and 2031E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from 3.6% in 2024E to 5.9% in 2031E.

WACC. Starting point is a historical equity beta of 1.00. Unlevering and correcting for mean reversion yields an asset beta of 1.01. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 10.4%. With pre-tax cost of borrowing at 5.0%, a tax rate of 25.0% and target debt/equity of 0.5 this results in a long-term WACC of 8.2%.

DCF (EURm) (except per share data and beta)	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Terminal value
NOPAT after interests	0.6	3.9	2.0	0.9	2.7	4.5	6.0	7.2	
Depreciation & amortization	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in working capital	2.7	1.1	-1.2	-0.0	-0.0	-0.0	-0.0	-0.0	
Chg. in long-term provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Capex	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Cash flow	3.4	5.0	0.8	0.9	2.7	4.5	6.0	7.2	118.3
Present value	3.3	4.4	0.6	0.6	1.8	2.8	3.4	3.7	66.9
WACC	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	8.2%

DCF per share derived from	
Total present value	87.4
Mid-year adj. total present value	91.5
Net debt / cash at start of year	1.3
Financial assets	0.1
Provisions and off b/s debt	na
Equity value	90.3
No. of shares outstanding	6.0
Discounted cash flow / share	**15.05**
upside/(downside)	**43.3%**
Share price	**10.50**

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2024E-2031E)	8.4%
Terminal value growth (2031E - infinity)	2.0%
Terminal year ROCE	5.9%
Terminal year WACC	8.2%

Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	25.0%
Equity beta	1.00
Unlevered beta (industry or company)	1.01
Target debt / equity	0.5
Relevered beta	1.40
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	10.4%

Sensitivity analysis DCF

Change in WACC (%-points) \ Long term growth	1.0%	1.5%	2.0%	2.5%	3.0%
2.0%	10.0	10.5	11.0	11.5	12.1
1.0%	11.5	12.1	12.7	13.5	14.3
0.0%	13.3	14.1	15.0	16.1	17.4
-1.0%	15.8	17.0	18.3	20.0	22.1
-2.0%	19.3	21.0	23.2	26.0	29.7

Share of present value	
2024E-2027E	10.3%
2028E-2031E	13.3%
terminal value	76.5%

Source: mwb research

FCF Yield Model

Due to the fact that companies rarely bear sufficient resemblance to peers in terms of geographical exposure, size or competitive strength and in order to adjust for the pitfalls of weak long-term visibility, an Adjusted Free Cash Flow analysis (Adjusted FCF) has been conducted.

The adjusted Free Cash Flow Yield results in a fair value between EUR 16.04 per share based on 2024E and EUR 24.29 per share on 2028E estimates.

The main driver of this model is the level of return available to a controlling investor, influenced by the cost of that investors' capital (opportunity costs) and the purchase price – in this case the enterprise value of the company. Here, the adjusted FCF yield is used as a proxy for the required return and is defined as EBITDA less minority interest, taxes and investments required to maintain existing assets (maintenance capex).

FCF yield in EURm	2024E	2025E	2026E	2027E	2028E
EBT	**2.0**	**5.5**	**3.5**	**2.6**	**4.6**
- Maintenance capex	0.0	0.0	0.0	0.0	0.0
- Minorities	-0.1	-0.2	-0.2	-0.1	-0.2
- tax expenses	0.2	0.6	0.4	0.3	0.5
= Adjusted FCF	**1.9**	**5.2**	**3.3**	**2.5**	**4.3**
Actual Market Cap	**63.0**	**63.0**	**63.0**	**63.0**	**63.0**
+ Net debt (cash)	323.0	317.0	315.0	312.6	308.5
+ Pension provisions	0.0	0.0	0.0	0.0	0.0
+ Off B/S financing	0.0	0.0	0.0	0.0	0.0
- Financial assets	392.4	392.4	392.4	392.4	392.4
- Acc. dividend payments	0.0	0.0	0.0	0.0	0.0
EV Reconciliations	-69.3	-75.4	-77.4	-79.7	-83.8
= Actual EV'	**-6.3**	**-12.4**	**-14.4**	**-16.7**	**-20.8**
Adjusted FCF yield	**-29.8%**	**-42.1%**	**-23.1%**	**-14.9%**	**-20.8%**
base hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%
ESG adjustment	0.0%	0.0%	0.0%	0.0%	0.0%
adjusted hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%
Fair EV	**26.9**	**74.5**	**47.4**	**35.7**	**61.9**
- EV Reconciliations	-69.3	-75.4	-77.4	-79.7	-83.8
Fair Market Cap	**96.2**	**149.9**	**124.8**	**115.4**	**145.7**
No. of shares (million)	6.0	6.0	6.0	6.0	6.0
Fair value per share in EUR	**16.04**	**24.98**	**20.80**	**19.23**	**24.29**
Premium (-) / discount (+)	**52.7%**	**137.9%**	**98.1%**	**83.2%**	**131.3%**

Sensitivity analysis FV

Adjusted hurdle rate	5.0%	17.8	29.9	24.0	21.6	28.4
	6.0%	16.8	27.0	22.1	20.2	26.0
	7.0%	**16.0**	**25.0**	**20.8**	**19.2**	**24.3**
	8.0%	15.5	23.4	19.8	18.5	23.0
	9.0%	15.0	22.2	19.0	17.9	22.0

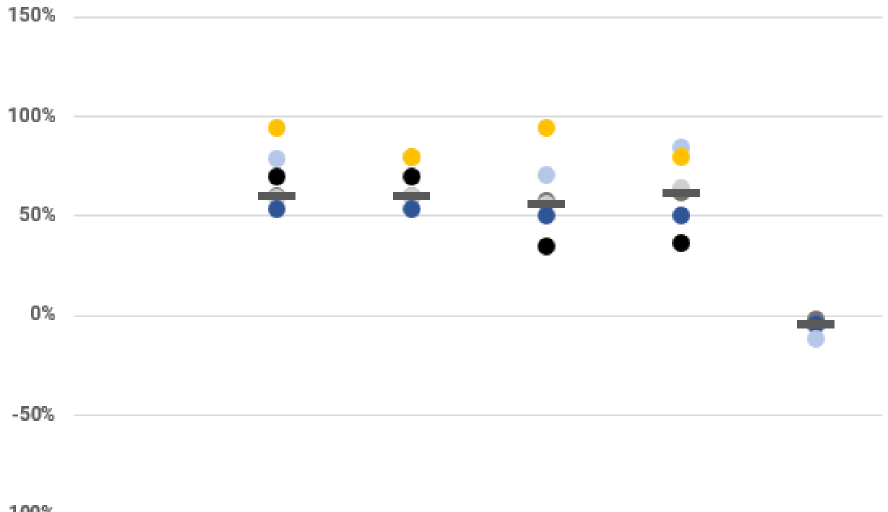
Source: Company data; mwb research

Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 7.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments might be applicable. A high score indicates high awareness for environmental, social or governance issues and thus might lower the overall risk an investment in the company might carry. A low score on the contrary might increase the risk of an investment and might therefore trigger a higher required hurdle rate.**

Peer group analysis

A peer group or comparable company ("comps") analysis is a methodology that calculates a company's relative value — how much it should be worth based on how it compares to other similar companies. Given that **CGRE AG** differs quite significantly in terms of size, focus, financial health and growth trajectory, we regard our peer group analysis merely as a support for other valuation methods. The peer group of CGRE AG consists of the stocks displayed n the below. As of 24 September 2024 the median market cap of the peer group was EUR 4,197.6, compared to EUR 63.0m for CGRE AG. In the period under review, the peer group was less profitable than CGRE AG. The expectations for sales growth are lower for the peer group than for CGRE AG.

Peer Group – Key data



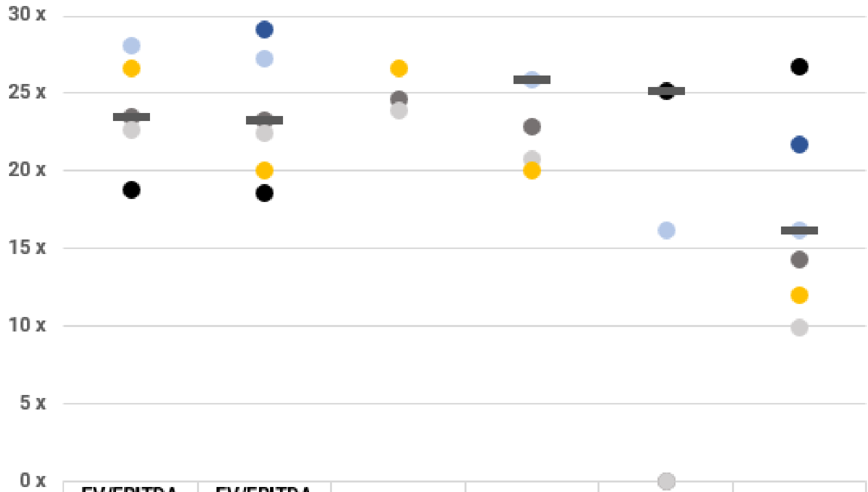
24-Sep-24	Market Cap (EURm)	EBITDA margin 2024	EBITDA margin 2025	EBIT margin 2024	EBIT margin 2025	Sales CAGR 2023-2026
● Hamborner REIT AG	539	70,4%	70,3%	35,4%	36,5%	-4,0%
● Aroundtown SA	4.198	60,3%	60,7%	57,6%	61,9%	-1,7%
● Grand City Properties SA	2.236	60,0%	60,0%	56,7%	64,8%	-4,7%
● Deutsche Wohnen SE	9.907	53,9%	54,2%	50,3%	50,8%	-3,8%
● Vonovia SE	26.158	79,4%	80,4%	70,6%	84,7%	-11,5%
● CGRE AG	63	94,9%	79,8%	94,9%	79,8%	191,1%
– Peer Group Median	4.198	60,3%	60,7%	56,7%	61,9%	-4,0%

Source: Factset, mwb research

Comparable company analysis operates under the assumption that similar companies will have similar valuation multiples. We use the following multiples: EV/EBITDA 2024, EV/EBITDA 2025, EV/EBIT 2024, EV/EBIT 2025, P/E 2024 and P/E 2025.

Applying these to CGRE AG results in a range of fair values from EUR 3.02 to EUR 27.97.

Peer Group – Multiples and valuation



24-Sep-24	EV/EBITDA 2024	EV/EBITDA 2025	EV/EBIT 2024	EV/EBIT 2025	P/E 2024	P/E 2025
Hamborner REIT AG	18,8x	18,6x	37,3x	35,8x	25,2x	26,8x
Aroundtown SA	23,6x	23,3x	24,7x	22,9x	0,0x	14,3x
Grand City Properties SA	22,7x	22,4x	24,0x	20,8x	0,0x	10,0x
Deutsche Wohnen SE	30,0x	29,2x	32,1x	31,1x	224,5x	21,8x
Vonovia SE	28,1x	27,3x	31,6x	25,9x	16,2x	16,3x
CGRE AG	26,7x	20,0x	26,7x	20,0x	33,5x	12,1x
Peer Group Median	23,6x	23,3x	31,6x	25,9x	25,2x	16,3x
Fair Value (EUR)	3,02	19,91	22,32	27,97	7,92	14,14

Source: Factset, mwb research

The following gives a brief summary about the peers used in our comparable company analysis:

Hamborner REIT AG is a real estate investment trust (REIT). The company consists of real estate properties in cities across Germany. The firm focuses on retail space, as well as on specialist stores and office and medical centres, apartments, and parking spaces, & among others.

Aroundtown SA is a Luxembourg-based specialist real estate investment group, with a focus on value-add income generating properties primarily in the German markets. The group covers commercial and residential real estate assets that benefit from strong fundamentals and growth prospects. Whereas the commercial properties are held directly by Aroundtown and its subsidiaries. The company operates in Germany, Netherlands, United Kingdom, Belgium, and other countries, out of which the majority of the revenue is generated from the German markets

Grand City Properties SA is a real estate company. It is a specialist real estate company focused on buying, re-developing, optimizing, repositioning, investing and managing value-add opportunities in the German real estate market. The company is also involved in asset and property management activities along with the real estate value chain. Its portfolio is mainly located in Berlin, North Rhine Westphalia, Dresden, Leipzig, Halle, Nuremberg, Munich, Mannheim, Frankfurt, Bremen, and Hamburg.

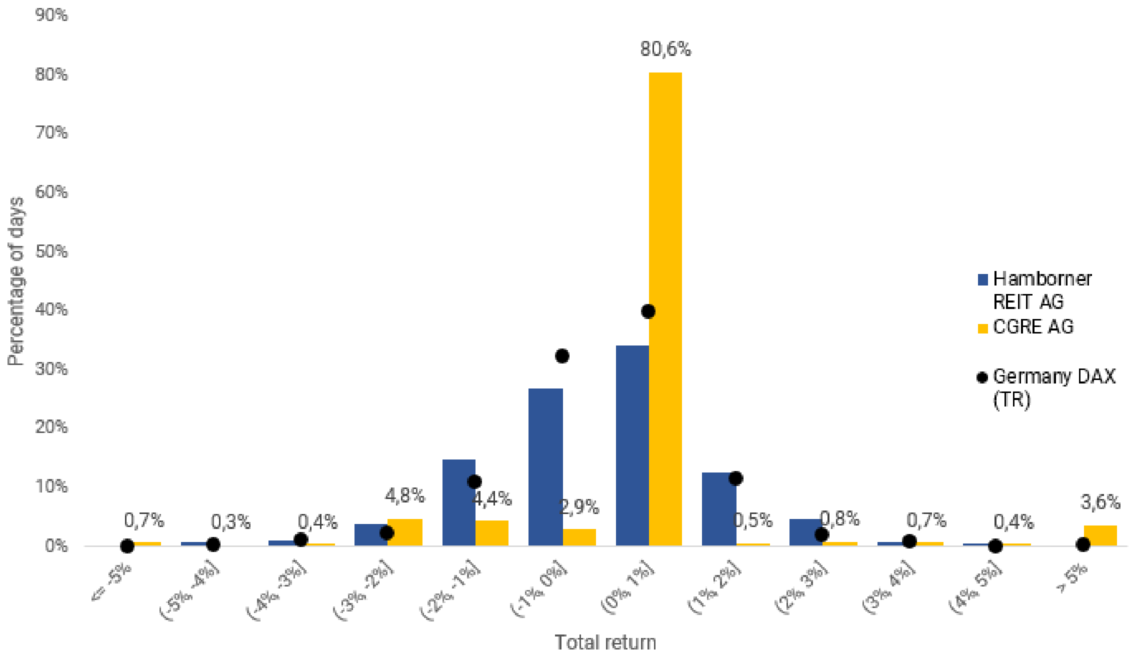
Deutsche Wohnen SE is a holding company that manages a collection of residential real estate properties in Germany. The company operates in five segments: Rental; Value-add; Recurring Sales; Development and Care.

Vonovia SE is a residential real estate company based out of Germany. Vonovia owns and manages a multitude of residential units in many German cities and regions. The company makes long-term investments in the maintenance, modernization, and senior-friendly conversion of its properties. In addition to conducting property management, it handles financing, service, and coordination tasks. Furthermore, it is responsible for the control and monitoring systems as well as risk management. Operations are split into three units: rental, extension, and sales. Outside of extension and rental services, Vonovia's sales activities include managing its portfolio and real estate sales from any of its subportfolios.

Risk

The chart displays the distribution of daily returns of CGRE AG over the last 3 years, compared to the same distribution for Hamborner REIT AG. We have also included the distribution for the index Germany DAX (TR). The distribution gives a better understanding of risk than measures like volatility, which assume that log returns are normally distributed. In reality, they are skewed (down moves are larger) and have fat tails (large moves occur more often than predicted). Also, volatility treats up and down moves the same, while investors are more worried about down moves. For CGRE AG, the worst day during the past 3 years was 26/06/2024 with a share price decline of -9.3%. The best day was 20/02/2024 when the share price increased by 52.8%.

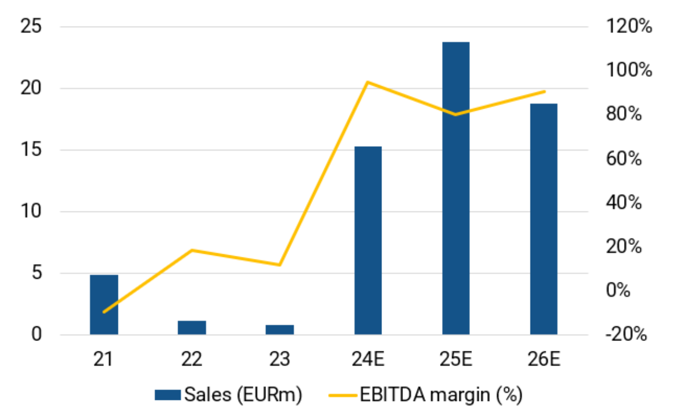
Risk – Daily Returns Distribution (trailing 3 years)



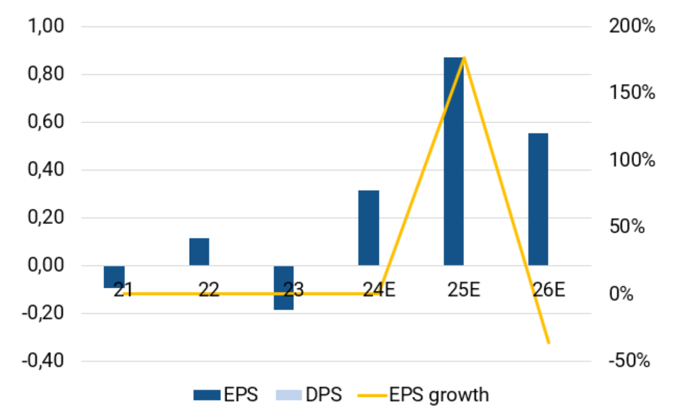
Source: AlphaSense, mwb research

Financials in six charts

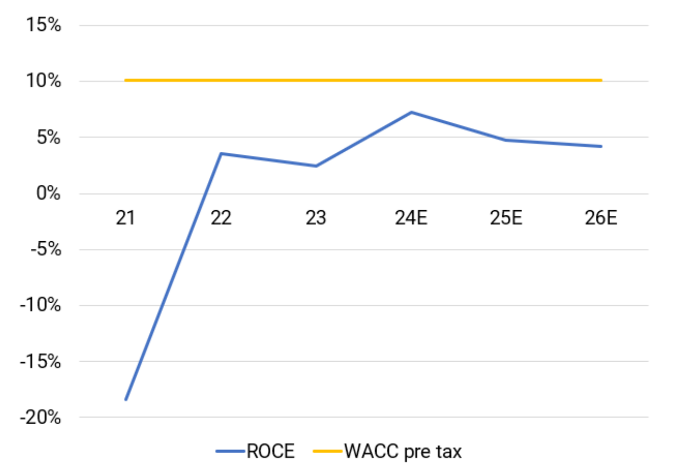
Sales vs. EBITDA margin development



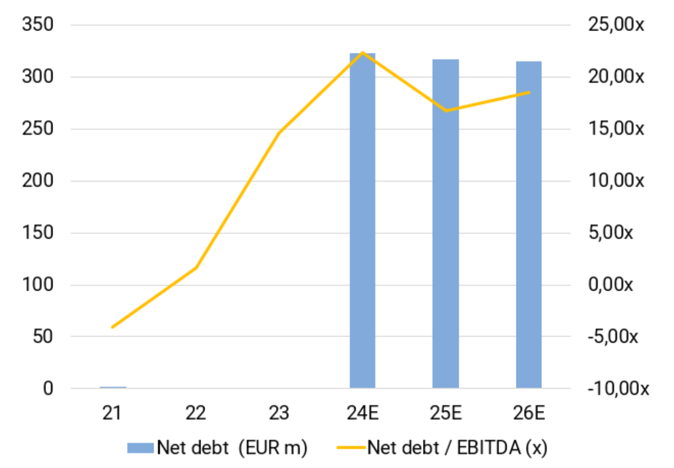
EPS, DPS in EUR & yoy EPS growth



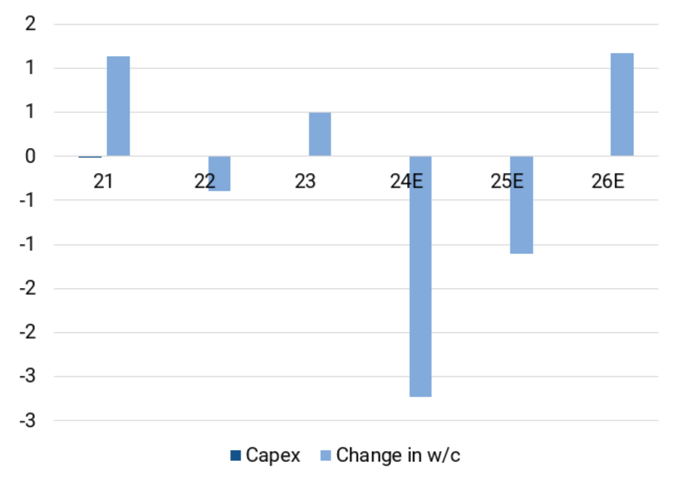
ROCE vs. WACC (pre tax)



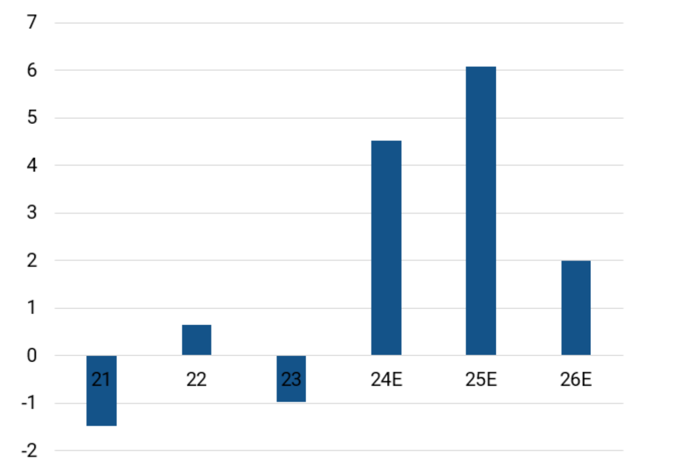
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; mwb research

Appendix

The **Cologneo Campus** project in Cologne, Germany, consisting of several buildings located at Deutz-Mülheimer Str. 115-119. The project, planned for completion in Q4 2027, will offer 9,194 m² of leasable space for offices, art studios, and commercial use.The campus is situated in the Mülheim district, north of Cologne's city center. The existing buildings have been renovated while preserving their heritage status. The project incorporates a sustainable energy concept, utilizing photovoltaic systems.

The site benefits from excellent connectivity, with the Cologne Trade Fair, Köln Messe/Deutz ICE train station, and major highways nearby. The city center and main train station are just 10 minutes away, while Cologne-Bonn Airport is a 20-minute drive. The project offers a mix of office spaces, studios, workshops, and storage areas. Current annual net cold rent is EUR 880K, with potential to reach EUR 1.2m when fully leased. The development is part of a larger urban regeneration effort in the area, transforming it into a significant urban district in Cologne.

Deutz-Mülheimer Str. 115-119
51063 Köln

Object type	Commercial property
Leasable area	9,194 m²
Net annual rent	EUR 1,194,575

The **Dudenstraße I** project in Mannheim is a mixed-use development set for completion in Q4 2024. Offering 19,940 m² of rentable space, including 14,238 m² for offices, 3,657 m² for university use, and 2,045 m² for storage, along with 147 parking spaces, it presents an attractive investment opportunity. Currently, 38% of the space is leased, generating an annual net rent of EUR 1.3m and an potential of EUR 3m, with main tenants including a university and two office tenants holding leases until 2033 and 2034. The property's potential is further highlighted by 11,166 m² of vacant office space, which could generate an additional annual rent of EUR 1.7m.

Located in an area developing as a technology, production, and research hub, the property benefits from proximity to key facilities and excellent transport links. The building has been renovated to improve accessibility and appearance, with energy efficiency meeting KFW55 standards. The property offers a blend of stable income from existing leases, significant upside potential from vacant space, and a strategic location in a growing district.

Dudenstraße 44
68167 Mannheim

Object type	Residential / Comm.
Leasable area	19,941 m²
Net annual rent	EUR 3,043,099

The **Dudenstraße II** project in Mannheim is an attractive office development set. Offering 9,937 m² of rentable space, including 8,999 m² for offices and 757 m² for storage, along with 193 parking spaces, it presents a compelling investment opportunity. Currently, 73% of the space is leased, generating an annual net rent of EUR 1.16m. The property's upside is highlighted by 2,144 m² of vacant office space and 37 unoccupied parking spots, which could generate an additional annual rent of EUR 400K.

Located in the Neckarstadt-Ost district, an emerging technology, production, and research hub, the property benefits from proximity to key facilities like the University Hospital and excellent transport links. The seven-story building with four interconnected complexes has been renovated to improve energy efficiency, meeting KFW55 standards. With its blend of stable income from existing leases, potential for increased occupancy, and strategic location, Dudenstraße II offers investors a promising asset in a growing urban area of Mannheim.

Dudenstraße 46
68167 Mannheim

Object type	Commercial property
Leasable area	9,937 m ²
Net annual rent	EUR 1,157,066

The **Mariannen-Campus Nord** project in Leipzig is an attractive mixed-use development set for completion in Q2 2025. Offering 13,525 m² of rentable space, including 6,434 m² for offices, 3,475 m² for retail, 1,716 m² for storage, and 1,900 m² of open space, along with 202 parking spaces, it presents a compelling investment opportunity. Currently, 97% of the space is leased, generating an annual net rent of EUR 1.25m, with potential for EUR 1.3m when fully occupied. The property's upside is highlighted by 62 unoccupied parking spots, which could generate additional annual rent.

Adenauerallee 3
04347 Leipzig

Object type	Commercial property
Leasable area	13.525 m²
Net annual rent	EUR 1,251,126

Located in the Schönefeld district, an emerging technology and business hub, the property benefits from proximity to key facilities like Leipzig's main train station and excellent transport links. The building complex has been renovated to improve energy efficiency, featuring a combination of photovoltaics, air-source heat pumps, and district heating. With its blend of stable income from existing leases, potential for increased parking revenue, and strategic location, Mariannen-Campus Nord offers investors a promising asset in a growing urban area of Leipzig.

The **Plagwitzer Höfe** project in Leipzig is a large-scale commercial development scheduled for completion in Q2 2026. Covering a land area of 121,609 m², it offers 91,620 m² of rentable space distributed across various uses: 32,492 m² for offices, 7,881 m² for storage, 17,866 m² for leisure and cultural activities, 11,775 m² for workshops, 830 m² for residential purposes, 15,949 m² for retail, and 3,566 m² for a boarding house. Additionally, there are 1,260 parking spaces available.

Zschochersche Str. 82 D-F
04229 Leipzig

Object type	Commercial property
Leasable area	91,620 m²
Net annual rent	EUR 9,591,294

Currently, 98% of the space is leased, generating an annual net rental income of EUR 9.6m. The remaining 2% of vacant space has the potential to generate an additional EUR 1m annually. The main tenants include various office and retail users, with lease agreements extending over several years, ensuring stable income. The property is benefiting from great transport links. Leipzig's city center and main train station are a 15-minute drive away, and Leipzig/Halle Airport is 30 minutes away by car. The redevelopment retains much of the historic industrial architecture, integrating it with modern facilities to create a vibrant mixed-use environment.

The "**Wohnen an der Strunde**" project in Bergisch Gladbach is a mixed-use residential and commercial development. Spanning a land area of 44,823 m², with an additional 34,251 m² dedicated to forestry, the project will offer a total gross floor area of 65,232 m², of which 50,974 m² will be rentable space. This space will include approximately 27,735 m² for residential use, featuring about 475 apartments, including 126 subsidized units (7,901 m²). Additionally, there will be 7,081 m² of office space, 9,574 m² for assisted living facilities (around 120 units), 612 m² for retail, and 5,407 m² for social infrastructure, which includes a daycare center (646 m²) and a primary school (4,761 m²). The development will also feature a 565 m² energy station and 513 parking spaces.

Kradepohlsmühlenweg
51469 Bergisch-Gladbach

Object type	Residential
Leasable area	29.340 m²
Net annual rent	na

According to the valuation by Wüest Partner dated February 1, 2024, the project's Gross Development Value totals EUR 267m, with EUR 148m allocated to investment properties and EUR 120m to individual sales. The GDV per square meter (NGF) is EUR 5,263. Construction and planning costs are estimated at EUR 163m (EUR 3,216 per m² NGF), with additional costs totaling EUR 50.5m (EUR 994 per m² NGF). The property's market value on the valuation date is EUR 53.4m (EUR 1,051 per m² NGF), and it generates an annual market rent of EUR 6.7m (EUR 4,814 per m² NGF), yielding 4.53%.

The development benefits from proximity to transportation hubs: Cologne Central Station the nearest central station, is approximately 18 kilometers away, accessible in about 20-25 minutes by car or 30-40 minutes by public transport. Cologne Bonn Airport, the closest major airport, is approximately 20 kilometers away, reachable in around 20-25 minutes by car or 30-45 minutes by public transport.

The **Leipzig, Angerstraße** project is a mixed-use residential and commercial development. Spanning a land area of 1,132 m², the project will offer a total gross floor area of 1,978 m², of which 1,699 m² will be dedicated to residential use and 279 m² to commercial use. This space will include approximately 35 residential units and 3 commercial units. Additionally, the development will feature 9 indoor parking spaces. According to the valuation report by Wüest Partner dated January 23, 2024, the Gross Development Value of the project amounts to EUR 11.7m, with EUR 10.9m allocated to residential spaces, EUR 700K to commercial areas, and EUR 180K to parking facilities. Construction and planning costs are estimated at EUR 7m, equating to EUR 3,524 per square meter (m²) of Net Lettable Area (NGF). Additional costs, including various expenses, total EUR 2m, or EUR 1,005 per m² NGF. The market or residual value of the property is assessed at EUR 2.6m, corresponding to EUR 1,314 per m² NGF.

Angerstraße 26, 28
04177 Leipzig

Object type	Residential / Comm.
Leasable area	1,978 m²
Net annual rent	na

Strategically positioned, the project offers great connectivity. Leipzig/Halle Airport is only 20 minutes away, providing easy access to both international and domestic flights. The Leipzig city center is just 15 minutes away

The **Grebehna** project in Wiedemar is a strategically located development poised to offer connectivity to major transportation hubs. According to the valuation report by Wüest Partner dated January 23, 2024, the project has a Gross Development Value of EUR 15.4m. This includes EUR 14.9m allocated to residential spaces and EUR 500K for parking facilities. The GDV per square meter is EUR 5,372, with residential space valued at EUR 5,200 per m² and parking at EUR 15,000 per m². The total construction and planning costs are projected at EUR 10.9m, which translates to EUR 3,802 per m². Additional costs are estimated at EUR 2.9m, or EUR 1,004 per m². The market or residual value of the property is assessed at EUR 1.3m, equating to EUR 455 per m².

Am Rundling 5
04509 Wiedemar

Object type	Residential
Leasable area	2.859 m²
Net annual rent	na

Leipzig Hauptbahnhof, the nearest central station, is approximately 23 kilometers away, with a travel time of about 25 minutes by car or 35-45 minutes by public transport. Leipzig/Halle Airport, the nearest major airport, is about 15 kilometers away, with a travel time of around 15-20 minutes by car or 30-35 minutes by public transport.

The "**Bad Karlshafen, C.-D. Stunz-Weg**" project is a senior residential development. This development involves the renovation of a historically protected villa and park, as well as the addition of new buildings. Spanning a land area of 22,950 m², the project will offer a total gross floor area of 8,000 m², entirely dedicated to senior living residences. This space will include approximately 90 residential units and 80 outdoor parking spaces. According to the January 23, 2024 valuation report by Wüest Partner, the Gross Development Value is EUR 37.4m, equivalent to EUR 4,500 per square meter (m²) of Net Lettable Area. Construction and planning costs are estimated at EUR 25.5m, translating to EUR 3,187 per m² NGF. Additional costs amount to EUR 6.9m, or EUR 865 per m² NGF. The market or residual value of the property is assessed at EUR 4.1m, which equates to EUR 510 per m² NGF.

C.-D.-Stunz-Weg 10
34385 Bad Karlshafen

Object type	Residential
Leasable area	8.000 m²
Net annual rent	na

Strategically positioned, the project offers excellent connectivity. Kassel Airport is approximately 40 minutes away, providing easy access to both international and domestic flights. The city center of Kassel is about 50 minutes away.

The "**Bestandsobjekt Chemnitz**" project at Hofer Straße 52, 09130 Chemnitz, is a fully leased multifamily house built in 1900. The property is primarily used for residential purposes and underwent its last renovation in 1999. As a yield property, it is currently 100% occupied. Spanning a land area of 618 m², the property offers 1,090 m² of residential space, comprising 11 residential units and 5 outdoor parking spaces. The current contractual rent for the residential units is EUR 70,619 annually, with an average rent of EUR 5.40 per m². The market rent is estimated at EUR 81,091 annually, with an average rent of EUR 6.20 per m². The parking spaces generate an additional EUR 1,500 annually, both at contractual and market rates.

The property boasts a gross initial yield of 4.87% based on the contractual rent and 5.58% based on the market rent, with multipliers of 20.52 and 17.91, respectively. According to the valuation report by Wüest Partner dated January 23, 2024, the market value of the property is assessed at EUR 1.48 Mio., equivalent to EUR 1,358 per m². Chemnitz Central Station is approximately 3 kilometers away, reachable in about 10 minutes by car or 15-20 minutes by public transport. Dresden Airport, the nearest major airport, is approximately 80 kilometers away, with a travel time of about 1 hour by car or 1.5-2 hours by public transport.

Hoferstraße 52
09130 Chemnitz

Object type	Residential
Leasable area	1.090 m²
Net annual rent	72.119 €

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Financials

Profit and loss (EURm)	2021	2022	2023	2024E	2025E	2026E
Net sales	**4.8**	**1.1**	**0.8**	**15.3**	**23.7**	**18.8**
Sales growth	9.4%	-76.7%	-32.2%	1,904.5%	55.7%	-21.0%
Change in finished goods and work-in-process	-0.6	1.0	0.3	3.8	5.9	4.7
Total sales	**4.2**	**2.1**	**1.1**	**19.1**	**29.7**	**23.5**
Material expenses	4.1	1.7	0.8	1.4	1.7	1.7
Gross profit	**0.1**	**0.4**	**0.3**	**17.7**	**28.0**	**21.8**
Other operating income	0.0	0.4	0.2	0.0	0.0	0.0
Personnel expenses	0.3	0.3	0.2	0.4	0.8	1.0
Other operating expenses	0.3	0.3	0.2	2.8	8.3	3.8
EBITDA	**-0.5**	**0.2**	**0.1**	**14.5**	**19.0**	**17.0**
Depreciation	0.1	0.1	0.0	0.0	0.0	0.0
EBITA	-0.5	0.1	0.1	14.5	19.0	17.0
Amortisation of goodwill and intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	**-0.5**	**0.1**	**0.1**	**14.5**	**19.0**	**17.0**
Financial result	0.2	0.1	-0.1	-12.5	-13.4	-13.5
Recurring pretax income from continuing operations	-0.3	0.3	-0.0	2.0	5.5	3.5
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-0.3	0.3	-0.0	2.0	5.5	3.5
Taxes	-0.1	0.0	0.3	0.2	0.6	0.4
Net income from continuing operations	-0.2	0.2	-0.4	1.8	5.0	3.2
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	**-0.2**	**0.2**	**-0.4**	**1.8**	**5.0**	**3.2**
Minority interest	0.0	0.0	0.0	0.1	0.2	0.2
Net profit (reported)	-0.2	0.2	-0.4	1.9	5.2	3.3
Average number of shares	2.00	2.00	2.00	6.00	6.00	6.00
EPS reported	**-0.10**	**0.11**	**-0.18**	**0.31**	**0.87**	**0.55**

Profit and loss (common size)	2021	2022	2023	2024E	2025E	2026E
Net sales	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Change in finished goods and work-in-process	-13%	85%	45%	25%	25%	25%
Total sales	**87%**	**185%**	**145%**	**125%**	**125%**	**125%**
Material expenses	84%	153%	101%	9%	7%	9%
Gross profit	**3%**	**33%**	**44%**	**116%**	**118%**	**116%**
Other operating income	0%	36%	29%	0%	0%	0%
Personnel expenses	7%	27%	31%	3%	3%	5%
Other operating expenses	6%	24%	31%	19%	35%	20%
EBITDA	**-10%**	**18%**	**12%**	**95%**	**80%**	**91%**
Depreciation	2%	6%	1%	0%	0%	0%
EBITA	-11%	12%	11%	95%	80%	91%
Amortisation of goodwill and intangible assets	0%	0%	0%	0%	0%	0%
EBIT	**-11%**	**12%**	**11%**	**95%**	**80%**	**91%**
Financial result	4%	10%	-15%	-82%	-57%	-72%
Recurring pretax income from continuing operations	-7%	22%	-4%	13%	23%	19%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	-7%	22%	-4%	13%	23%	19%
Taxes	-2%	2%	45%	1%	2%	2%
Net income from continuing operations	-5%	20%	-49%	12%	21%	17%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	**-5%**	**20%**	**-49%**	**12%**	**21%**	**17%**
Minority interest	1%	0%	1%	1%	1%	1%
Net profit (reported)	**-4%**	**20%**	**-49%**	**12%**	**22%**	**18%**

Source: Company data; mwb research

Balance sheet (EURm)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (exl. Goodwill)	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Goodwill	0.2	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	0.1	0.1	0.1	0.1	0.1	0.1
Financial assets	0.0	0.1	0.1	392.4	392.4	392.4
FIXED ASSETS	**0.4**	**0.2**	**0.2**	**392.4**	**392.4**	**392.4**
Inventories	5.1	5.0	6.7	3.8	4.6	4.6
Accounts receivable	0.0	0.1	0.5	1.0	1.6	1.3
Other current assets	0.6	0.4	0.0	0.0	0.0	0.0
Liquid assets	0.3	0.5	0.4	5.0	11.0	13.0
Deferred taxes	0.9	0.9	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.0	0.0	0.6	0.2	0.2	0.2
CURRENT ASSETS	**6.9**	**7.0**	**8.4**	**9.9**	**17.5**	**19.1**
TOTAL ASSETS	**7.3**	**7.2**	**8.5**	**402.4**	**409.9**	**411.6**
SHAREHOLDERS EQUITY	**1.4**	**1.7**	**1.3**	**69.8**	**74.7**	**77.9**
MINORITY INTEREST	0.1	0.0	-0.0	-0.0	-0.0	-0.0
Long-term debt	2.3	0.9	1.7	328.0	328.0	328.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	0.7	0.8	0.7	0.0	0.0	0.0
Non-current liabilities	**2.9**	**1.6**	**2.4**	**328.0**	**328.0**	**328.0**
short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.2	0.1	0.1	0.1	0.1	0.1
Advance payments received on orders	1.5	3.0	3.9	3.1	4.7	3.8
Other liabilities (incl. from lease and rental contracts)	1.2	0.8	0.8	1.5	2.4	1.9
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	**3.0**	**3.9**	**4.9**	**4.7**	**7.2**	**5.7**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**7.3**	**7.2**	**8.5**	**402.4**	**409.9**	**411.6**

Balance sheet (common size)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Goodwill	3%	0%	0%	0%	0%	0%
Property, plant and equipment	2%	1%	1%	0%	0%	0%
Financial assets	0%	2%	1%	98%	96%	95%
FIXED ASSETS	**5%**	**3%**	**2%**	**98%**	**96%**	**95%**
Inventories	69%	70%	79%	1%	1%	1%
Accounts receivable	0%	1%	6%	0%	0%	0%
Other current assets	9%	6%	0%	0%	0%	0%
Liquid assets	4%	7%	5%	1%	3%	3%
Deferred taxes	12%	12%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	7%	0%	0%	0%
CURRENT ASSETS	**95%**	**97%**	**98%**	**2%**	**4%**	**5%**
TOTAL ASSETS	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
SHAREHOLDERS EQUITY	**19%**	**23%**	**15%**	**17%**	**18%**	**19%**
MINORITY INTEREST	1%	0%	-0%	-0%	-0%	-0%
Long-term debt	31%	12%	20%	82%	80%	80%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	9%	11%	8%	0%	0%	0%
Non-current liabilities	**40%**	**23%**	**28%**	**82%**	**80%**	**80%**
short-term liabilities to banks	0%	0%	0%	0%	0%	0%
Accounts payable	3%	2%	1%	0%	0%	0%
Advance payments received on orders	21%	42%	46%	1%	1%	1%
Other liabilities (incl. from lease and rental contracts)	17%	11%	10%	0%	1%	0%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred income	0%	0%	0%	0%	0%	0%
Current liabilities	**40%**	**54%**	**57%**	**1%**	**2%**	**1%**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Company data; mwb research

Cash flow statement (EURm)	2021	2022	2023	2024E	2025E	2026E
Net profit/loss	-0.2	0.3	-0.4	1.8	5.0	3.2
Depreciation of fixed assets (incl. leases)	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Others	-0.2	0.0	-0.1	0.0	0.0	0.0
Cash flow from operations before changes in w/c	-0.3	0.3	-0.5	1.8	5.0	3.2
Increase/decrease in inventory	0.0	0.0	-1.7	3.0	-0.8	-0.1
Increase/decrease in accounts receivable	0.7	-1.1	-0.4	-0.5	-0.6	0.3
Increase/decrease in accounts payable	0.0	0.0	-0.0	0.0	0.0	0.0
Increase/decrease in other w/c positions	-1.8	1.5	1.7	0.3	2.5	-1.4
Increase/decrease in working capital	-1.1	0.4	-0.5	2.7	1.1	-1.2
Cash flow from operating activities	**-1.5**	**0.6**	**-1.0**	**4.5**	**6.1**	**2.0**
CAPEX	-0.0	0.0	0.0	0.0	0.0	0.0
Payments for acquisitions	0.0	0.0	0.0	-50.0	0.0	0.0
Financial investments	-0.3	0.1	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	**-0.3**	**0.1**	**0.0**	**-50.0**	**0.0**	**0.0**
Cash flow before financing	-1.7	0.7	-1.0	-45.5	6.1	2.0
Increase/decrease in debt position	1.3	-0.5	0.9	326.3	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	50.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	**1.3**	**-0.5**	**0.9**	**376.3**	**0.0**	**0.0**
Increase/decrease in liquid assets	-0.4	0.2	-0.1	4.5	6.1	2.0
Liquid assets at end of period	**0.3**	**0.5**	**0.4**	**5.0**	**11.0**	**13.0**

Source: Company data; mwb research

Regional sales split (EURm)	2021	2022	2023	2024E	2025E	2026E
Domestic	0.0	0.0	0.0	0.0	0.0	0.0
Europe (ex domestic)	0.0	0.0	0.0	0.0	0.0	0.0
The Americas	0.0	0.0	0.0	0.0	0.0	0.0
Asia	0.0	0.0	0.0	0.0	0.0	0.0
Rest of World	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	**4.8**	**1.1**	**0.8**	**15.3**	**23.7**	**18.8**

Regional sales split (common size)	2021	2022	2023	2024E	2025E	2026E
Domestic	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Europe (ex domestic)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
The Americas	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asia	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rest of World	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total sales	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Company data; mwb research

Ratios	2021	2022	2023	2024E	2025E	2026E
Per share data						
Earnings per share reported	-0.10	0.11	-0.18	0.31	0.87	0.55
Cash flow per share	-0.74	0.32	-0.48	0.75	1.01	0.33
Book value per share	0.68	0.83	0.65	11.63	12.45	12.98
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
Valuation						
P/E	-109.7x	91.3x	-56.9x	33.5x	12.1x	19.0x
P/CF	-14.3x	32.8x	-21.8x	13.9x	10.4x	31.7x
P/BV	15.4x	12.7x	16.1x	0.9x	0.8x	0.8x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	-7.0%	3.1%	-4.6%	7.2%	9.6%	3.2%
EV/Sales	13.5x	56.4x	84.5x	25.3x	16.0x	20.1x
EV/EBITDA	-138.2x	306.6x	718.1x	26.7x	20.0x	22.2x
EV/EBIT	-119.3x	470.0x	765.6x	26.7x	20.0x	22.2x
Income statement (EURm)						
Sales	4.8	1.1	0.8	15.3	23.7	18.8
yoy chg in %	9.4%	-76.7%	-32.2%	1,904.5%	55.7%	-21.0%
Gross profit	0.1	0.4	0.3	17.7	28.0	21.8
Gross margin in %	2.5%	32.7%	44.5%	116.0%	118.0%	116.0%
EBITDA	-0.5	0.2	0.1	14.5	19.0	17.0
EBITDA margin in %	-9.8%	18.4%	11.8%	94.9%	79.8%	90.7%
EBIT	-0.5	0.1	0.1	14.5	19.0	17.0
EBIT margin in %	-11.3%	12.0%	11.0%	94.9%	79.8%	90.7%
Net profit	-0.2	0.2	-0.4	1.9	5.2	3.3
Cash flow statement (EURm)						
CF from operations	-1.5	0.6	-1.0	4.5	6.1	2.0
Capex	-0.0	0.0	0.0	0.0	0.0	0.0
Maintenance Capex	0.0	0.0	0.0	0.0	0.0	0.0
Free cash flow	-1.5	0.6	-1.0	4.5	6.1	2.0
Balance sheet (EURm)						
Intangible assets	0.2	0.0	0.0	0.0	0.0	0.0
Tangible assets	0.1	0.1	0.1	0.1	0.1	0.1
Shareholders' equity	1.4	1.7	1.3	69.8	74.7	77.9
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	2.9	1.6	2.4	328.0	328.0	328.0
Net financial debt	1.9	0.3	1.3	323.0	317.0	315.0
w/c requirements	3.4	2.0	3.3	1.7	1.3	2.1
Ratios						
ROE	-17.6%	13.8%	-28.7%	2.6%	6.6%	4.1%
ROCE	-12.5%	4.1%	2.3%	3.6%	4.7%	4.2%
Net gearing	141.8%	20.3%	99.9%	463.0%	424.2%	404.4%
Net debt / EBITDA	-4.1x	1.6x	14.5x	22.3x	16.7x	18.5x

Source: Company data; mwb research

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