CGRE AG

Germany | Real Estate | MCap EUR 59.1m

11 July 2024

INITIATION



The new kid on the German real estate block; Initiate with BUY

BUY (BUY)

Target price	**EUR 15.00** (15.00)
Current price	EUR 9.85
Up/downside	52.3%

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What's it all about?

CGRE is a newly established real estate platform on the capital market, created through a reverse IPO of L-Konzept Holding AG. The company focuses on residential real estate and the development of entire districts in major German cities. CGRE benefits from extensive real estate and capital market experience, as well as access to planning, construction and land banking resources rarely found in the German market. The company aims to take advantage of the current cyclical low in the German real estate market, which offers exceptional investment opportunities for well-financed investors. Due to its relatively new presence on the capital markets, CGRE is not yet known to a broader investor base. However, as the company increases its investor relations communication and successfully executes its deal pipeline, we expect the current valuation discount to close. We therefore initiate with a BUY, PT EUR 15.00.

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IMPORTANT. Please refer to the last page of this report for "Important disclosures" and analyst(s) certifications.

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The new kid on the German real estate block; Initiate with BUY

A new kid on the block CGRE AG ("CGRE") is a newly created real estate platform on the German capital market. The company was created through the contribution in kind of an extensive real estate portfolio with a net value of approx. EUR 50m to the listed company L-Konzept Holding AG. As part of this reverse IPO structure, the company changed its name and business model and is now characterized by covering a comprehensive value chain in large ticket real estate development in the large urban centers of Germany.

Combining asset management with project development In the future, CGRE AG intends to benefit from the recalibration of the German real estate market. In addition to traditional portfolio management, which primarily comprises commercial properties and which generate predominantly recurring rental income, the company will focus on project development of entire residential districts. CGRE benefits from its unique executive bodies with billions of gross development value (GDV) experience in the real estate and capital markets, as well as access to decades of know-how of its new principal shareholder, Christoph Gröner. The company can also draw on these resources in the areas of planning, construction and land banking – something only few players on the German real estate market have on offer.

Counter-cyclical investments with significant potential Over the past 25 years, counter-cyclical investments in the real estate asset class have proven their worth. The real estate market, which is currently at or near a cyclical low, therefore offers exceptional investment opportunities for investors with a strong financial cushion. According to the company, there are currently numerous lucrative investment opportunities covering the entire value chain of the real estate sector. These range from the acquisition of land, to the purchase of individual development properties or even the acquisition of distressed developers.

Valuation In our view, the low free float and the associated low level of awareness given the relatively new presence on the capital market mean that the company's bright prospects have not yet been fully understood by capital markets. However, with increased investor relations communication and successful execution of the deal pipeline, the valuation discount of around 50% should gradually close. We therefore initiate our coverage with a BUY rating and a price target of EUR 15.00.

CGRE AG	2021	2022	2023E	2024E	2025E	2026E
Sales	4.8	1.1	1.5	15.3	23.7	18.8
Growth yoy	9.4%	-76.7%	33.6%	916.7%	55.7%	-21.0%
EBITDA	-0.5	0.2	0.5	14.5	19.0	17.0
EBIT	-0.5	0.1	0.4	14.5	19.0	17.0
Net profit	-0.2	0.2	0.5	1.9	5.2	3.3
Net debt (net cash)	1.9	0.3	0.4	324.7	318.6	316.6
Net debt/EBITDA	-4.1x	1.6x	0.8x	22.4x	16.8x	18.6x
EPS reported	-0.10	0.11	0.24	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%	46.7%	116.0%	118.0%	116.0%
EBITDA margin	-9.8%	18.4%	33.3%	94.9%	79.8%	90.7%
EBIT margin	-11.3%	12.0%	26.7%	94.9%	79.8%	90.7%
ROCE	-12.5%	4.1%	12.4%	3.6%	4.7%	4.2%
EV/Sales	12.7x	52.9x	39.7x	25.2x	15.9x	20.0x
EV/EBITDA	-129.9x	287.7x	119.0x	26.5x	19.9x	22.1x
EV/EBIT	-112.2x	441.1x	148.8x	26.5x	19.9x	22.1x
PER	-102.9x	85.7x	41.0x	31.4x	11.3x	17.8x

Source: Company data, mwb research



Source: Company data, mwb research

High/low 52 weeks	10.90 / 0.69
Price/Book Ratio	11.6x

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)	0.85
Ø trading vol.: (12 months)	1,878

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.

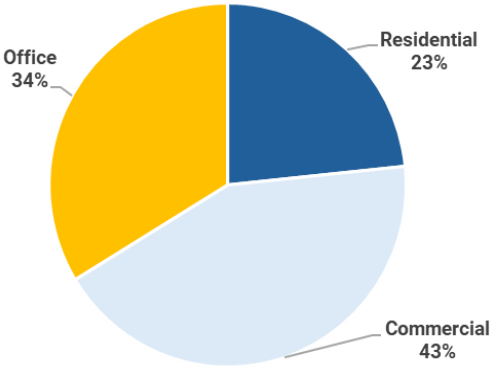
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Investment case in charts

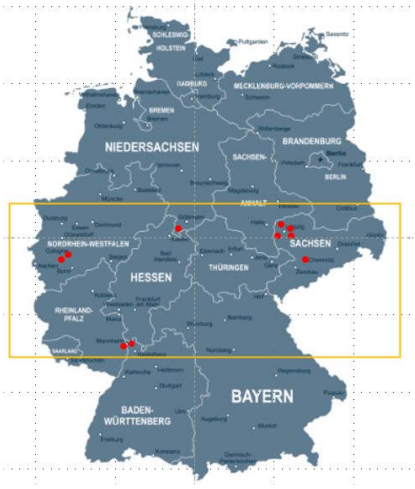
Products & Services



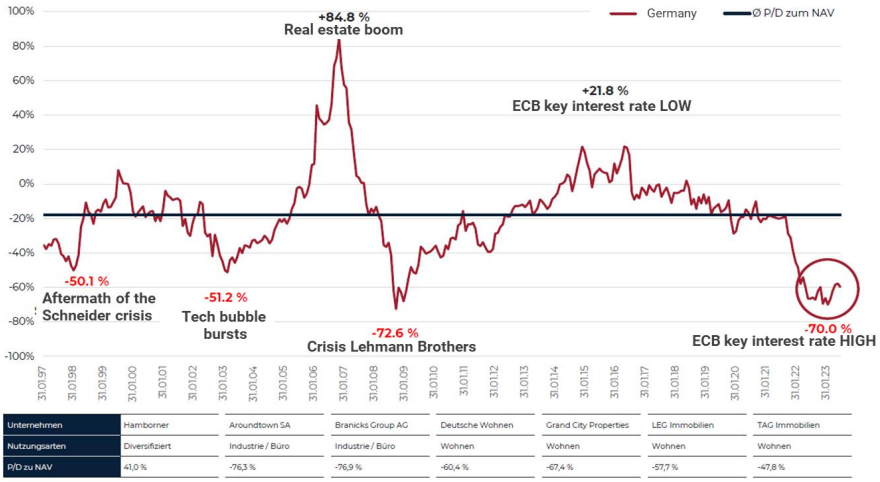
Sales split by asset class in %



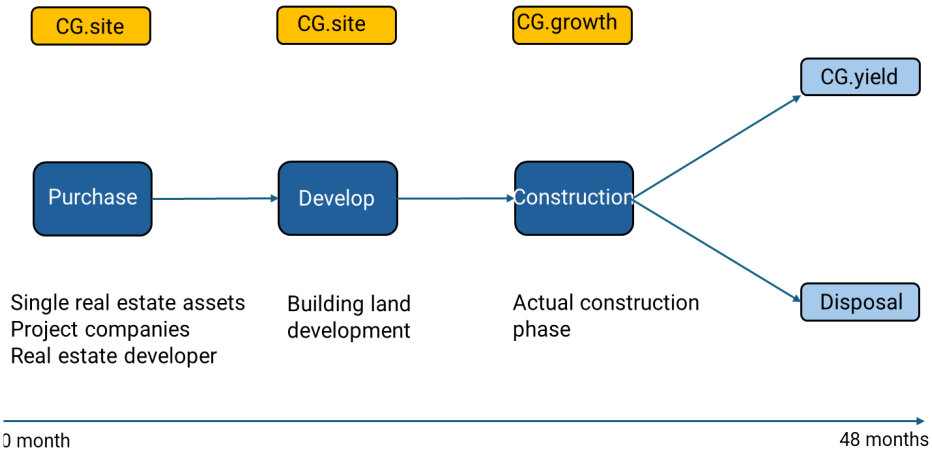
Regional exposure



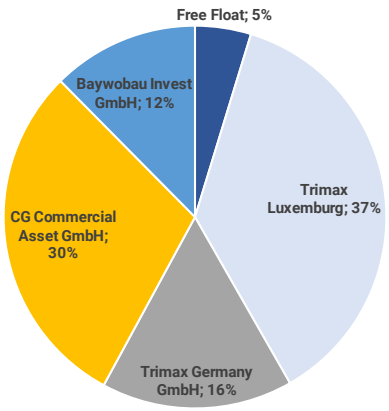
Valuation discount to NAV comparable to the Great Financial Crisis



Value chain



Shareholders



Source: Company data; mwb research

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Company background

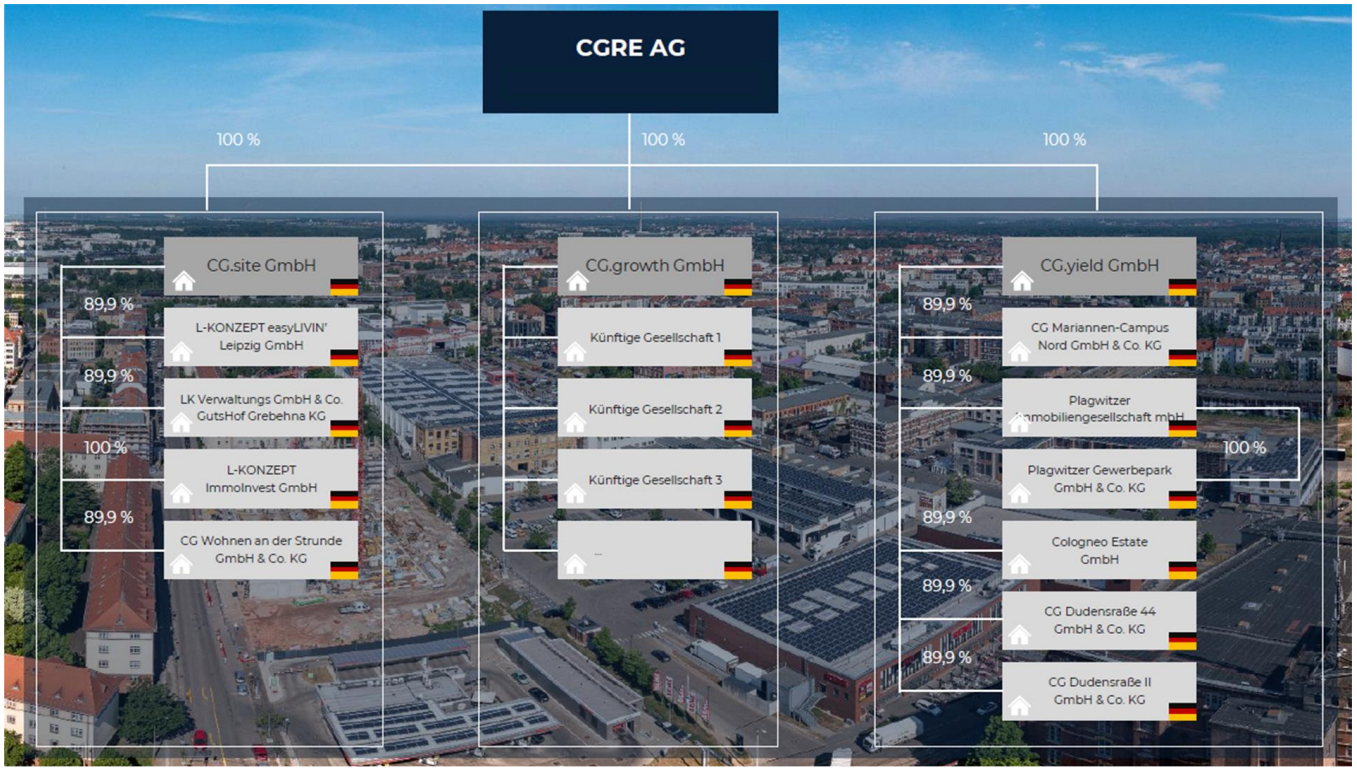
Products & services

CGRE AG, formerly L-KONZEPT Holding AG, is an investment company focused on the real estate sector. **It establishes, acquires or participates in operating real estate development and project companies** and promotes their business success through management, financing and controlling services.

In addition to the current income from profit distributions by the subsidiaries, there is further earnings potential from the sale of company shares. This applies to successful real estate development investments as well as to profitable project or portfolio companies.

The CGRE / L-KONZEPT Group has particular expertise in the modernization and revitalization of listed residential properties as well as in the management and value-adding development of yield-oriented real estate portfolios.

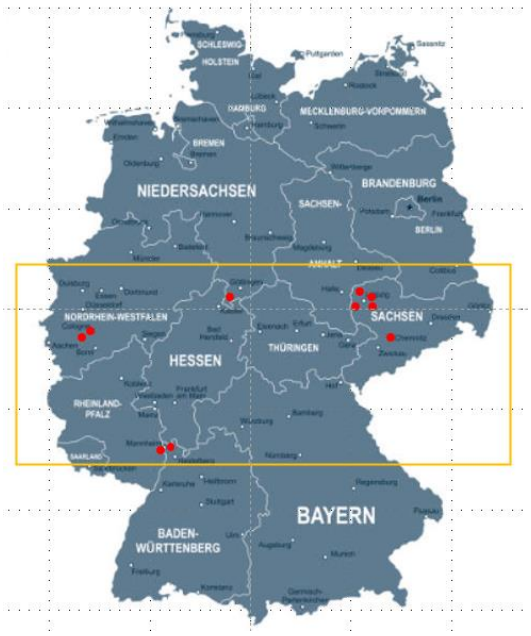
Corporate structure



Source: Company data; Background picture displays CGRE's Asset „Plagwitz Höfe"

Geographically, the company focuses on the German real estate market. With currently 10 properties in the metropolitan area of Leipzig, Cologne, Mannheim, Chemnitz and Kassel/Göttingen, the company is represented nationwide.

Geographical Exposure



Source: Company data; mwb research

Portfolio overview

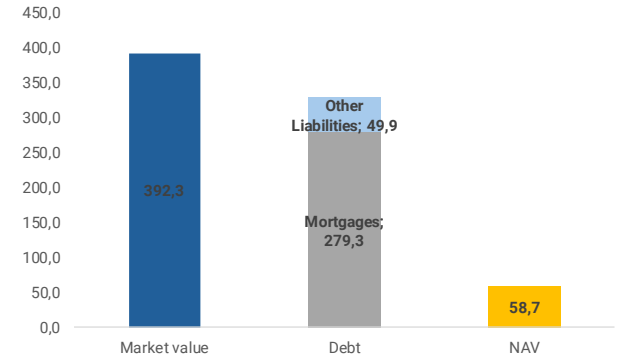
The following overview shows all 10 properties currently owned / under construction by the CGRE Group. The market value of the entire real estate portfolio as of today is approximately EUR 392m with the LTV being in the range of 71.1% (as per 30.06.2024).

#	City	Street	Strategy	Letable area in m²	Market value in EUR	Mortgages in EUR	LTV
1	Köln-Mülheim	Deutz-Mülheimer Str. 115-119	Portfolio Management	9.194	24.290.000	18.409.625	75,8%
2	Leipzig Nordost	Adenauerallee 3	Portfolio Management	13.525	28.000.000	19.397.131	69,3%
3	Leipzig Plagwitz	Plagwitzer Höfe	Portfolio Management	91.620	208.000.000	148.776.908	71,5%
4	Mannheim-Wohlgelegen I	Dudenstrasse 44	Portfolio Management	19.941	45.700.000	31.000.000	67,8%
5	Mannheim-Wohlgelegen II	Dudenstrasse 46	Portfolio Management	9.937	24.400.000	18.556.386	76,1%
6	Chemnitz, Hofer Straße	Hofer Straße 52	Portfolio Management	1.090	1.480.000	1.100.000	74,3%
7	Leipzig, Angerstr.	Angerstraße 26 und 28	Disposal	1.979	2.600.000	2.159.623	83,1%
8	Grebehna, Wiedemar	Am Rundling 5	Disposal	2.859	1.300.000	1.079.811	83,1%
9	Bad Karlshafen, C.-D.-Stunz-Weg	C.-D.-Stunz-Weg 10	Disposal	8.000	4.080.000	3.388.947	83,1%
10	Bergisch- Gladbach	Kradepohlsmühlenweg 1-16	Disposal	50.786	52.400.000	34.902.515	66,6%
Total				**208.931**	**392.250.000**	**278.770.946**	**71,1%**

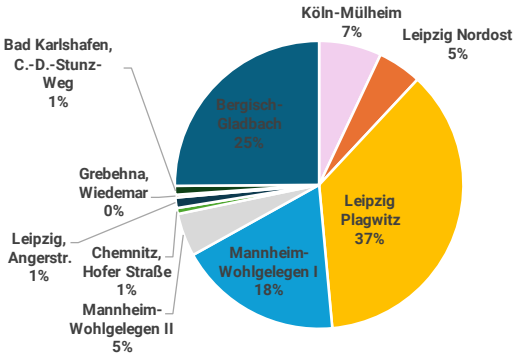
Source: Company data; mwb research

The NAV per 31.12.2023 amounted to EUR 58.7m of which EUR 50m stems from the capital increase in kind into the old L-Konzept Holding and the reminder being the legacy portfolio of the former company.

Market value vs. NAV in EURm



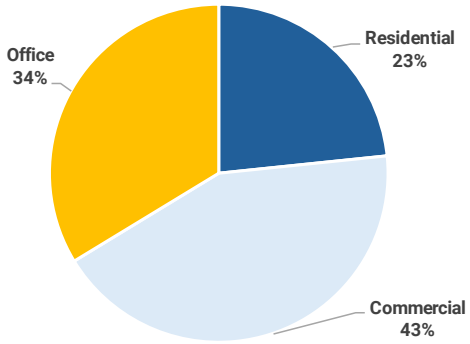
NAV by property



Source: Company data; mwb research

In terms of asset classes, CGRE benefits from a healthy mix of residential, commercial, office and retail properties. It is worth noting however that most of CGRE's properties are mixed used real estates with each properties comprising a mix of residential, commercial and office rental space.

Lettable area by asset class



Source: Company data; mwb research

Segment structure

In operational terms, CGRE pursues a 3-pillar strategy. This is based on its three distinct segments:

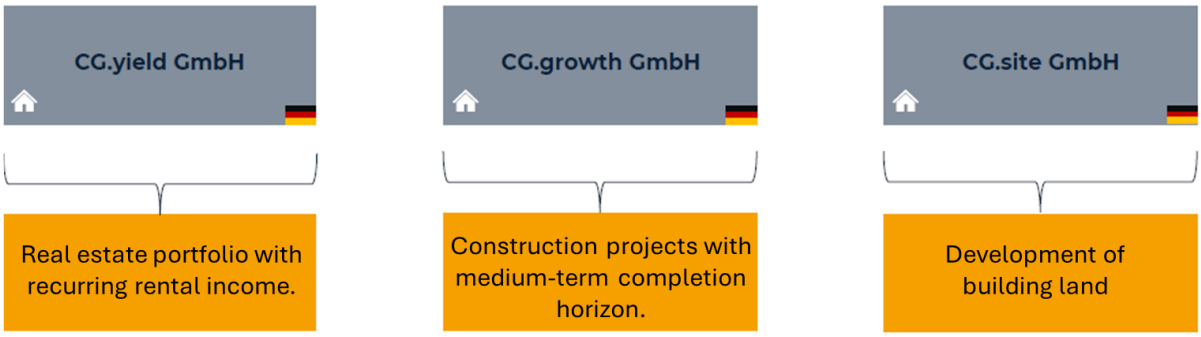
- **CG.yield GmbH**
- **CG.growth GmbH**
- **CG.site GmbH**

Within **CG.yield**, the company has bundled its existing real estate portfolio. Within this segment, CGRE is generating recurring rental income from holding certain real estate assets. Within this segment, CGRE currently holds six properties in Mannheim, Leipzig, Colone and Chemnitz, which - upon completion - will generate annual net rental income of nearly EUR 18m on a lettable area of nearly 150,000 square meter.

CG.growth on the contrary takes on construction projects which typically have a medium-term completion horizon. Currently, CGRE has one pending (i.e. not yet acquired) project in this segment in Munich Bogenhausen.

Finally, **CG.site** includes building land developments in German urban centers. Currently, the company has four main projects in this segment located in or near Leipzig (2x), Kassel/Göttingen area as well as Bergisch-Gladbach near Cologne.

CGRE AG: Three pillar strategy



Source: Company data

The following picture visualizes some of the companies projects. A detailed overview about CGRE's projects are listed in the appendix at the end of this note.

Selection of porfolio assets / projects



Source: Company data; mwb research

Value chain explained

The new CGRE is characterized by its ability to participate in all stages of the real estate development value chain. Roughly speaking, these stages can be summarized as follows

Stage 1: Land development
Stage 2: Design phase
Stage 3: Construction
Stage 4: Holding (renting) or selling

Real estate development typically begins with **land development**, i.e., the identification and purchase of land. Typically, a lengthy approval process is required to convert land zoned for development, or even agricultural land, into building land. This is a complex process that requires extensive knowledge of local permitting procedures and legal hurdles. In addition, a proven track record and good relationships with political officials are required to even be considered for neighborhood developments. In percentage terms, the greatest potential for value creation lies in the creation of building land, i.e. the conversion of land intended for development or even land previously used for agricultural purposes into building land. While the price per square meter of agricultural land is typically in the range of EUR 30-50, the price per square meter of building land quickly rises to the high three-digit and low four-digit EUR range. The development of building land often goes hand in hand with the consolidation of adjacent plots to create an attractive size for the development of new urban districts.

Once the land has been successfully rezoned as building land, the second phase is the **planning phase**. In this phase, an initial development plan is drawn up to determine the basic requirements and ideas. This phase serves to create an initial design and clarify the feasibility of the project and includes (simplified)

1. ***preliminary planning*** - analysis and coordination of services, preparation of preliminary planning with regard to the design and function of the building, cost estimation and profitability calculation, coordination with authorities and other parties involved in the design, compilation of results and documentation
2. ***design and approval planning*** **-** preparation of documents required for building permit, submission of permit documents to relevant authorities, coordination with permit authorities and adaptation of the design according to their requirements.

These phases are essential to the systematic and successful planning and execution of a construction project. Each phase builds on the results of the previous one and leads to an increasingly detailed and concrete planning of the construction project. The planning phase usually represents a further step in the value chain. The more detailed the design, the more limited the financial risk of such a project.

The third phase - **the construction phase** - of real estate project development is a critical phase that involves the actual implementation of the planned project. It follows the planning and approval phase and includes aspects such as construction, quality control, cost and schedule management, coordination of parties involved and documentation. Finally, towards the end of the construction phase, the necessary steps are prepared for the handover of the completed property to the owner or user.

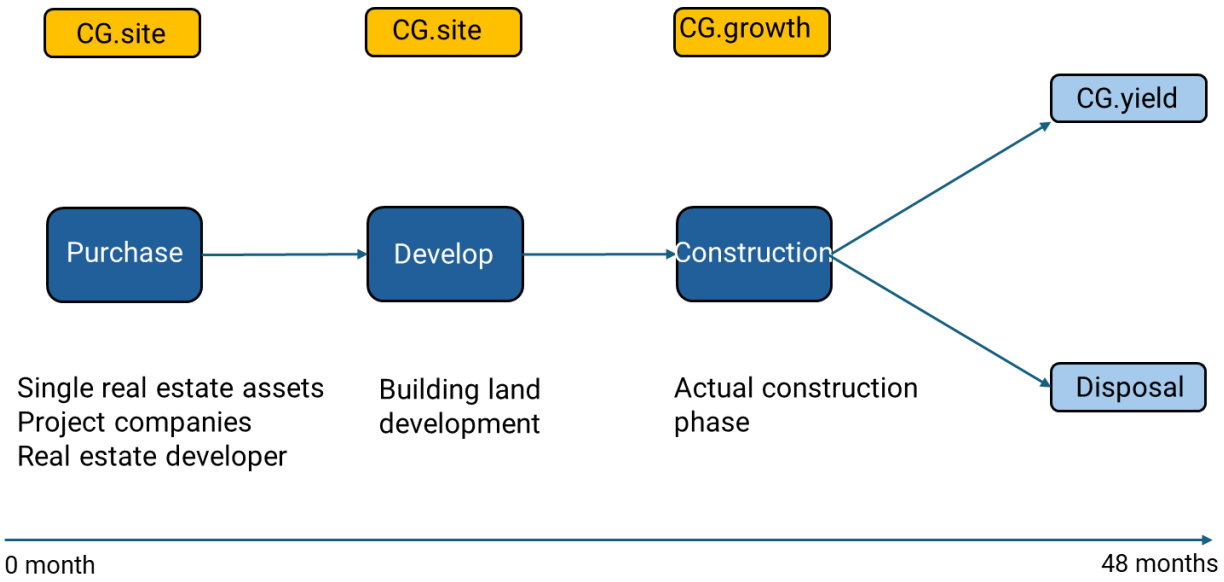
The construction phase is a critical part of project development, as it is where the previous planning is turned into reality. It requires a high level of coordination, expertise and attention to detail to ensure that the finished building meets expectations and requirements. Contrary to popular belief, this is where the least value is added. Rather, it is about preserving the added value of the previous stages through good project management and rapid implementation of the schedule.

The final step is to decide what to do with the property once it is ready for transaction. At this point, it is decided whether the property or parts of it will be

added to the company's own portfolio or sold. Since the GDV can often reach several EUR 100m, properties are often sold in parts. Buyers are usually institutional investors such as pension funds or capital management companies (KVG). The decision on the further use and leasing of the properties usually starts at an earlier stage of the project development and is often made in parallel with the above-mentioned stages.

The following diagram illustrates the various stages of value creation.

Value chain



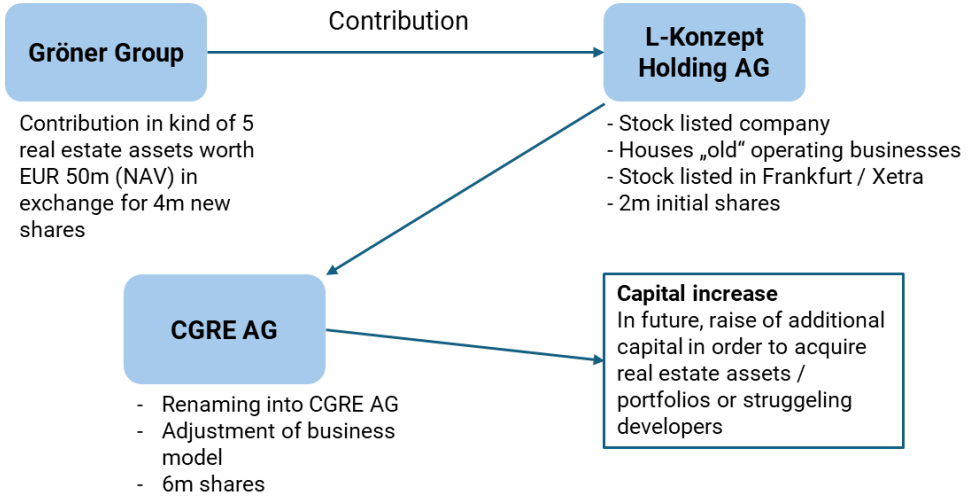
Source: mwb research

Reverse IPO structure

Today's CGRE has been created by a "Reverse IPO", also known as a Reverse Merger or Reverse Takeover (RTO). In a reverse IPO, a private company or assets that are not publicly traded become indirectly tradable on the stock exchange by being acquired or being merged with a company that is already listed. Quite frequently, the listed entity is an empty shell company or a stock listed company that ceased its former operation, with the sole objective of enabling a private company to go public. This process allows the private company to access the public capital markets without the usual IPO process, which often absorbs quite a lot of time and money and more often than not is quite uncertain regarding its outcome.

In case of CGRE, Gröner Group contributed 5 real estate assets (each 89,9%) with a total value (NAV) of EUR 50m into the stock listed L-Konzept Holding AG. In return, Gröner Group received 4m newly issued shares at an calculated amount of EUR 12.50 per share.

Reverse IPO structure



Source: mwb research

Through the reverse IPO, L-Konzept has undergone a significant transformation from its origins as a small, regional property developer with a portfolio of just four projects valued in the low double-digit millions. Recognizing the limitations of small ticket sizes that were leading to displacement in the market, the company has now pivoted its focus. Now, L-Konzept/CGRE operates on a national scale, targeting major urban centers, particularly Germany's "Big 7" cities. This shift has enabled the company to pursue larger, more ambitious projects that align with the appetites of institutional investors. By concentrating on developments in the EUR 20-50m range, L-Konzept/CGRE has positioned itself to attract and serve institutional clients, thereby entering a more robust and stable market segment. This evolution reflects the company's adaptability and ambition, moving from local, small-scale operations to becoming a significant player in Germany's prime real estate markets.

Our expectation is that the legacy projects could be sold in the short or long term.

Going forward, the company is poised for significant growth and expansion in the near future. Key next steps include enlarging the Board of Directors and the Executive Board to strengthen leadership and bring in additional expertise. Simultaneously, there are plans to increase the free float of the company's shares, enhancing liquidity and attracting a broader investor base. An important milestone on the horizon is the planned uplisting to the Frankfurt Stock Exchange, which will provide greater visibility and access to capital markets. In terms of business

operations, the initial focus will remain on the German market, solidifying the company's position domestically. However, the management is keeping an open mind about potential expansion into other European Union countries in the future, as opportunities arise and market conditions become favorable. These strategic moves are designed to position the company for sustainable growth and increased market presence.

Management

The management of CGRE AG / L-KONZEPT Holding AG and the respective subsidiaries have more than 25 years of proven experience in the real estate development sector and a seamless and comprehensible track record, incl.

- First-class construction quality,
- Reliable developing in line with forecasts,
- long-term investor support as well as
- best in class in routes into the decision making bodies on communal levels

Recognizing entrepreneurial opportunities in different locations and projects and acting consistently anti-cyclically ensure above-average economic potential for its investors.

CGRE has been able to fill both the Executive Board and the Supervisory Board with well-known personalities from politics and business. We believe that the expertise, track record and contacts with decision-makers at municipal level are an integral part of CGRE's equity story. The following summarizes the key decision makers on Executive Board and Supervisory Board level:

CGRE's Management Board



Jürgen Kutz
Chief Development Officer, CDO



Ronald Pofalla
Chief Operating Officer, COO

Source: Company data; mwb research

Jürgen Kutz (Chief Development Officer, CDO) has held leading positions in the real estate sector for over 40 years with a focus on the planning, development and construction of urban districts (residential, commercial, mixed areas). His central tasks so far have been building and managing a market-leading German project developer with up to 900 employees and a development volume of over EUR 12bn. This also included project placements to institutional investors (KVGs, pension funds, pension funds, insurance companies). He has extensive experience in the areas of land use planning, building permits, financing, stock and capital markets, NPL and asset management.

Effective mid July, CGRE plans to expand its Management Board by the following addition:

Ronald Pofalla (**Chief Operating Office, COO**) is a former politician affiliated with the CDU. He served as Deputy Chairman of the CDU/CSU parliamentary group and as CDU General Secretary. From October 2009, to December 2013, he was the Federal Minister for Special Affairs in Merkel's cabinet. Ronald Pofalla was also on the board of Deutsche Bahn, overseeing economic, legal, and regulatory affair. Mr. Pofalla will join CGRE as of 13. July 2024 and will oversee the company's operations.

CGRE's Supervisory Board



Günther H. Oettinger
Head of Supervisory Board



Prof. Christoph Ehrhardt
Supervisory Board



Prof. Dr. Rüdiger Grube
Supervisory Board



Dr. Oliver Krauß
Supervisory Board

Source: Company data; mwb research

Günther H. Oettinger (Head of Supervisory Board) is a German politician and lawyer who has held prominent positions at both the national and European levels. Born in 1953 in Stuttgart, he studied law and economics before working as a lawyer and tax consultant in the private sector. Oettinger served as Minister-President of the state of Baden-Württemberg from 2005 to 2010. His career took him to Brussels when he became a member of the European Commission from 2010 to 2019.

Christoph Ehrhardt (Deputy Head of Supervisory Board) – Christoph Ehrhardt studied architecture and economics at the Technical University Stuttgart. His career spans various roles, including project management, architecture, and partnership positions at firms like Arthur Andersen and EY. Since 2019, he has been with Bennix Strategic Advisory GmbH, focusing on strategic management consultancy and transaction consulting. Ehrhardt currently serves on multiple supervisory and advisory boards, including GIEAG Immobilien AG, where he is the Chairman of the Supervisory Board

Rüdiger Grube (Supervisory Board Member) is a German engineer who served as the chairman of Deutsche Bahn from 2009 to 2017 and as the chairman of the Board of Directors of EADS (now Airbus) from 2007 to 2012. He started his career at Messerschmitt-Bölkow-Blohm and held various leadership positions at DaimlerBenz/DaimlerChrysler, including head of corporate strategy. Since 2017, he has been the Chairman of Investment Banking Germany at Lazard Ltd. and runs his own consulting firm.

Dr. Oliver Krauss (Supervisory Board Member)- Dr. Krauss has more than 20 years of experience in high profile corporate and securities litigation as well as in the representation of activist and corporate governance investors in public German companies. He has had a leading role in some of the most prominent trials in German corporate history, including acting as leading counsel in the Postbank trials since 2011 and as Co-counsel to Dr. Leo Kirch in his various trials for damage recovery of the KirchGroup against Deutsche Bank AG

Shareholders

After its reverse IPO, CGRE has 6m shares outstanding and the shares are listed at the Frankfurt stock exchange. Currently, there are two main shareholder group (post reverse IPO but pre capital increase):

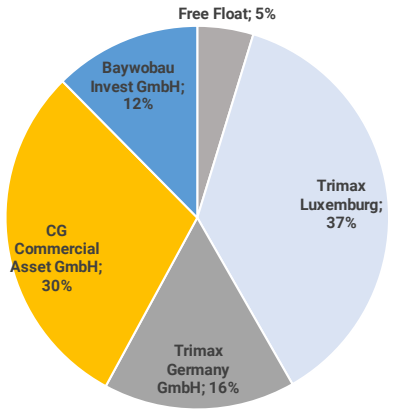
With just under 83% of the shares, the largest shareholder comes from Christoph Gröner's circle. The shares **in Trimax Luxemburg, Trimax Germany GmbH and CG Commercial Asset GmbH** can be directly or indirectly attributed to his circle.

The Gröner Group develops and realizes projects throughout Germany with a total development volume of around EUR 5bn. With eight branches in Germany and 460 employees in the Gröner Group AG and 80 employees at ecobuilding AG it is one of the leading real estate companies in German region with headquarters in Berlin. With more than 25 years of experience future-oriented real estate developments. The focus is on on the creation of affordable and sustainable living spaces.

The second major investor - currently holding slightly above 12% - is the Hoffmann family, a family of real estate entrepreneurs from the Munich area. They hold a stake in CGRE via **Baywobau Invest GmbH**. Baywobau is one of the existing shareholders of the former L-Konzept. The recently announced increase in shareholding signal that the family will support the company's future strategy.

The remaining c. 5% are considered free float. Our understanding however is that the free float is expected to increase in order to make CGRE freely tradable on the stock exchange.

Major Shareholders



Source: Company data; mwb research

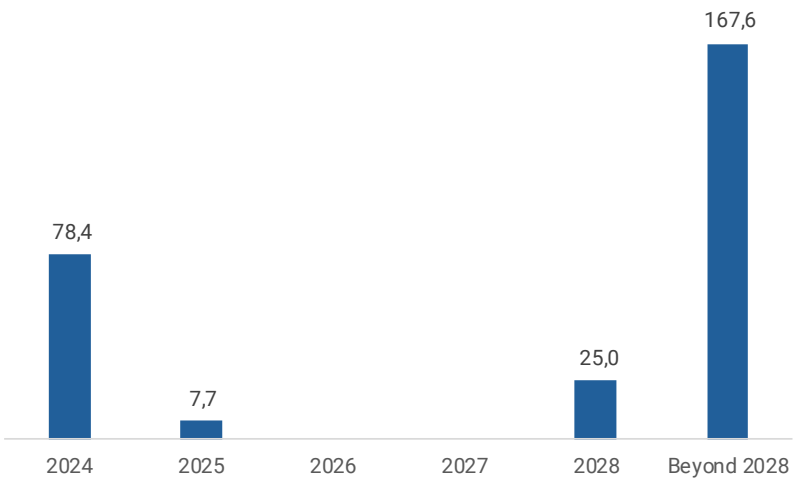
Credit portfolio

As per 30.06.24 pro forma (i.e. “as if” consolidated) mortgage liabilities amounted to approximately EUR 279m, while real estate assets amount to EUR 392m. The loan to value (LTV), excluding cash and short-term receivables, was therefore c. 71%.

As of today, more than 60% of the loan portfolio have maturities of more than 5 and up to 20 years. In 2024 approx. EUR 28% or EUR 78m in liabilities are up for refinancing and here particularly higher yielding loans. In our view, this bears the chance of achieving lower interest rates for new contracts, which could ultimately reduce the company’s average interest rate. The WALE, i.e. the Weighted Average Lease Expiry is currently at a comfortable 4.63 years.

The average interest rate on the loan book is currently 5.03%. The interest rates range from 1.8% for senior secured loans to 14.4% for unsecured junior loans.

Real estate loans - maturity profile in EURm



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

Growth

In the future, growth at CGRE will be driven primarily by growth in the NAV, i.e. the net asset value of the properties in the company's portfolio. In our view, the growth drivers must be differentiated accordingly between

portfolio management and
property development activities

The drivers for rising NAV in the **portfolio management** area are

1. continuous repayment of annuity loans
2. Further (partially indexed) potential for rent increases
3. Leveraging expansion reserves
4. Reduction of vacancy rates

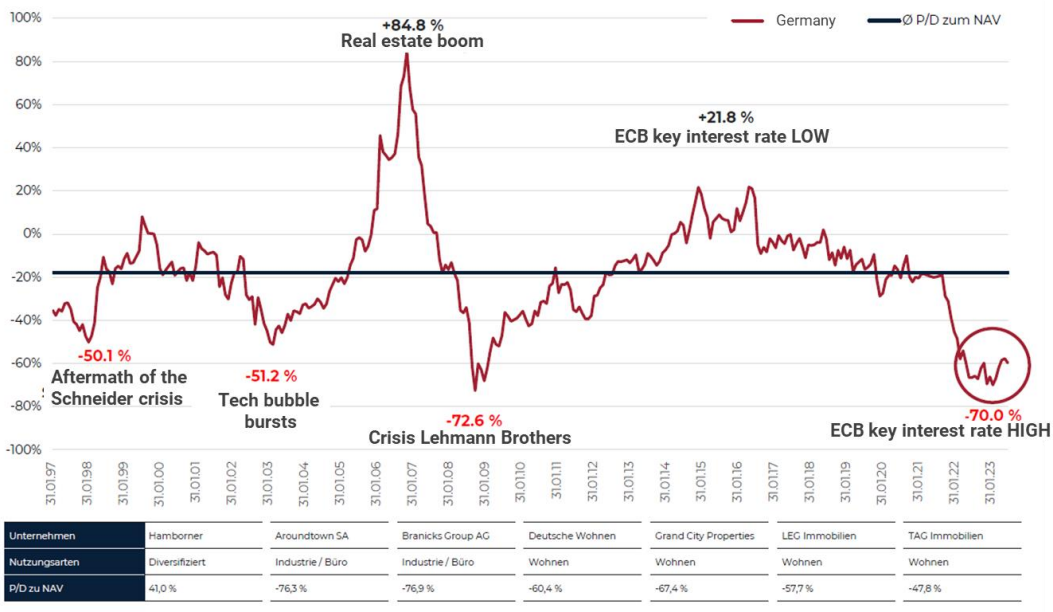
All of these factors should help the company to increase the NAV of the portfolio properties over time. In addition, further interest rate cuts in the eurozone should have a positive impact on the development of the NAV as it will lift the valuation of real estates in general.

It should also be possible to realize increases in NAV in the area of **property development** activities. The main drivers here are

1. driving forward the acquisition of building rights for existing properties
2. increasing construction progress of properties under construction or renovation
3. sale of properties above market or appraisal values

Last but not least, the future growth of the company should be defined by the extent to which CGRE can acquire lucrative new properties. Not least the historically low valuations on the German real estate market suggest (see chart below) that a large number of lucrative properties, project companies or even distressed developers can be acquired in the coming years.

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 %

Source: Company data

Our model assumptions rely on the company's predictable and recurring rental income. On top, we have modeled the disposal of several properties, which – according to our understanding – are up for sale in the mid-term.

As such, we have earmarked the following properties for "sale":

- Grebehna, Wiedemar, Am Rundling 5; Leipzig
- Bad Karlshafen, C.-D.-Stunz-Weg, Kassel / Göttingen
- Chemnitz, Hofer Straße 52, Chemnitz
- Leipzig, Angerstr. 26-28, Leipzig

The following table depicts the split between rental revenues derived from rental income as well as from asset sales.

in EURm	2024E	2025E	2026E
Rental income	14,0	17,1	17,3
Sales proceeds	1,3	6,7	1,5
Total	**15,3**	**23,7**	**18,8**

Source: Company data; mwb research

As a project developer, however, the value of the company often lies in the future performance of prospective properties. However, as these are difficult to plan - both in terms of timing and scale of the project - we currently only include in our financial planning those properties that are already in the planning and/or construction stages. Based on various assumptions regarding gross development value (GDV) and margin, the following table shows the impact of future projects on the fair value per share. It can be roughly estimated that an additional GDV of approximately EUR 50m will have an impact of approximately EUR 1.00 on the fair value calculation.

Back-of the envelop calculation in EURm		
Gross development value (GDV)	50	GDV
Developer margin	10	20%
Taxes	2,5	25%
Net contribution	**7,5**	
Discount factor	0,9	
Discounted net contribution	6,4	
Number of shares	6,00	
incremental value per share	**1,07**	

Source: mwb research

The following table displays CGRE's top- and bottom-line performance for the years until 2026E

Growth table (EURm)	2021	2022	2023E	2024E	2025E	2026E
Sales	4.8	1.1	1.5	15.3	23.7	18.8
Sales growth	9.4%	-76.7%	33.6%	916.7%	55.7%	-21.0%
EBIT	-0.5	0.1	0.4	14.5	19.0	17.0
EBIT margin	-11.3%	12.0%	26.7%	94.9%	79.8%	90.7%
Net profit	-0.2	0.2	0.5	1.9	5.2	3.3

Source: Company data; mwb research

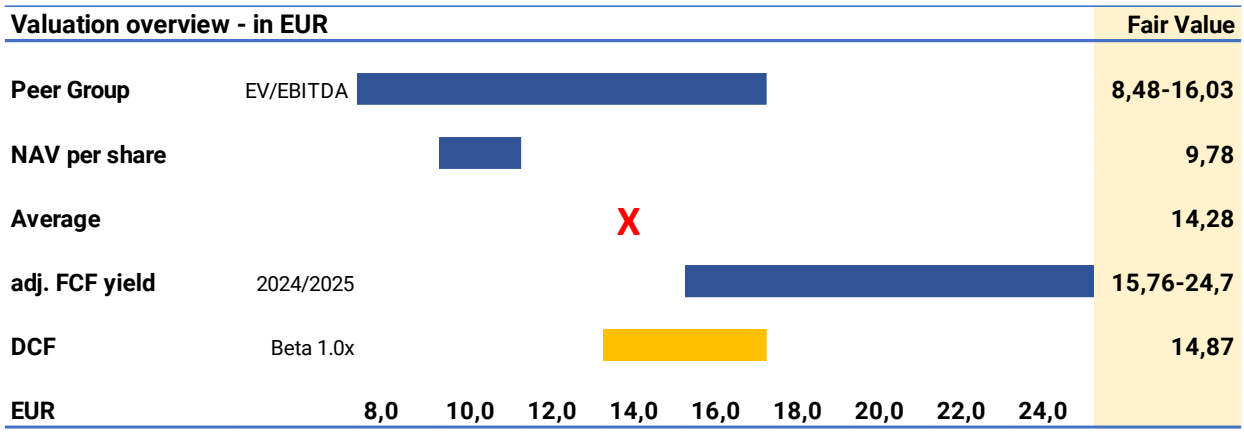
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Valuation

In order to derive at a fair value for CGRE we have conducted several valuation approaches. We note however that valuing real estate firms, traditional valuation techniques often provide pitfalls and hence do not 100% accurately reflect the true value of the company. These are:

1. DCF Model
2. Adj. FCF yield
3. NAV
4. Peer group analysis

The following table summarizes the potential range of fair values for CGRE, using the different valuation approaches.



Source: mwb research

mwb research valuation toolbox

As discussed later, a **peer group comparison** often comes with challenges in finding the appropriate peers. More often than not, comparable companies differ quite significantly in terms of size, growth rates, profitability and/or geographical exposure. Also, different stages in the life-cycle of a company might command different risk-/reward profiles. All these elements have a significant impact on the appropriate fair value computation. We therefore deem our peer analysis as a rather inappropriate measure to derive at a fair value for CGRE.

The **NAV (Net Asset Value) computation** is the most common technique when it comes to real estate companies. The NAV arrives at an estimated net asset value by adding the value of the real estate components and subtracting the mortgages of the properties. The main disadvantage is that the NAV calculation does not provide any meaningful insight into any further value creation.

Our proprietary **adj. FCF yield valuation** technique values a company on a stand-alone basis. However, the FCF yield observation is a relatively static approach where the cash flows of *one specific year* in the future will be taken as the basis for valuing the entire company, i.e. taking a private equity view, where all cash flows and earnings belong to the potential buyer. An additional pitfall is that cash flows are not discounted to today's value. Hence, the adj. FCF yield only derives at meaningful results if a company has stable future cash flows. For CGRE, constantly buying, developing and ultimately selling real estate assets, steady cash flows are difficult to predict.

Our **DCF derived fair value** valuation is the most appropriate valuation method for companies in its growth phase but with "easy" to predict future cash flows. Again, CGRE buys, develops and sells real estate assets. Hence, future cash flows and growth rates are hard to predict. Consequently, we take our DCF valuation with a grain of salt when valuing CGRE.

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DCF Model

The DCF model results in a **fair value of EUR 14.87 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. Unleverering and correcting for mean reversion yields an asset beta of 1.00. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 10.3%. 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 8.1%.

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	0.9	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	1.5	5.0	0.8	0.9	2.7	4.5	6.0	7.2	119.9
Present value	1.5	4.3	0.6	0.6	1.8	2.7	3.3	3.6	67.1
WACC	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	8.1%

DCF per share derived from	
Total present value	85.6
Mid-year adj. total present value	89.5
Net debt / cash at start of year	0.4
Financial assets	0.1
Provisions and off b/s debt	na
Equity value	89.2
No. of shares outstanding	6.0
Discounted cash flow / share	**14.87**
upside/(downside)	**50.9%**
Share price	**9.85**

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	8.1%

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)	1.00
Target debt / equity	0.5
Relevered beta	1.38
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	10.3%

Sensitivity analysis DCF

Change in WACC (%-points)	Long term growth 1.0%	1.5%	2.0%	2.5%	3.0%
2.0%	9.8	10.2	10.7	11.2	11.9
1.0%	11.2	11.8	12.5	13.2	14.1
0.0%	13.1	13.9	14.9	16.0	17.3
-1.0%	15.6	16.8	18.2	19.9	22.1
-2.0%	19.2	21.0	23.3	26.1	30.0

Share of present value	
2024E-2027E	8.3%
2028E-2031E	13.3%
terminal value	78.4%

Source: mwb research

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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 15.76 per share based on 2024E and EUR 24.01 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	**59.1**	**59.1**	**59.1**	**59.1**	**59.1**
+ Net debt (cash)	324.7	318.6	316.6	314.3	310.2
+ 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	-67.7	-73.7	-75.7	-78.1	-82.1
= Actual EV'	**-8.6**	**-14.6**	**-16.6**	**-19.0**	**-23.0**
Adjusted FCF yield	**-22.0%**	**-35.6%**	**-20.0%**	**-13.2%**	**-18.8%**
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	-67.7	-73.7	-75.7	-78.1	-82.1
Fair Market Cap	**94.6**	**148.2**	**123.1**	**113.7**	**144.1**
No. of shares (million)	6.0	6.0	6.0	6.0	6.0
Fair value per share in EUR	**15.76**	**24.70**	**20.52**	**18.96**	**24.01**
Premium (-) / discount (+)	**60.0%**	**150.7%**	**108.3%**	**92.4%**	**143.8%**

Sensitivity analysis FV						
Adjusted hurdle rate	5.0%	17.6	29.7	23.7	21.3	28.1
	6.0%	16.5	26.8	21.8	19.9	25.7
	7.0%	**15.8**	**24.7**	**20.5**	**19.0**	**24.0**
	8.0%	15.2	23.1	19.5	18.2	22.7
	9.0%	14.8	21.9	18.8	17.6	21.7

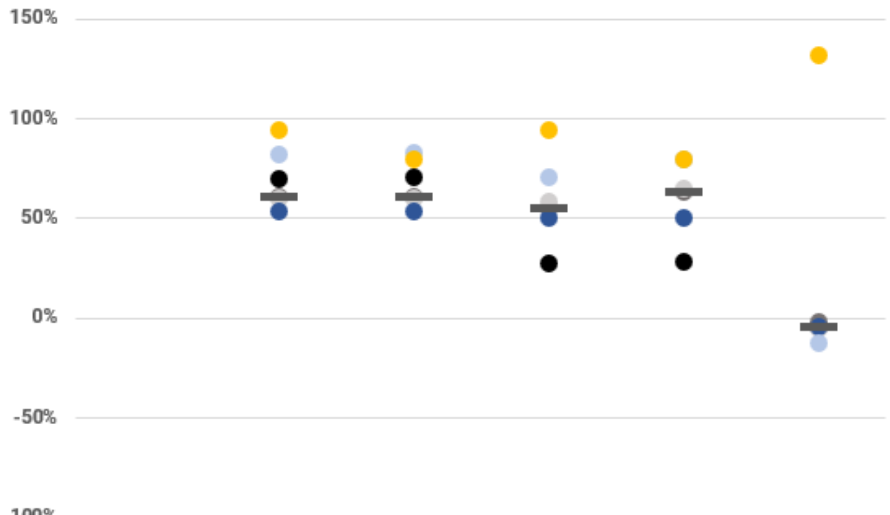
Source: Company data; mwb research

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 11 July 2024 the median market cap of the peer group was EUR 3.1bn, compared to EUR 59.1m 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



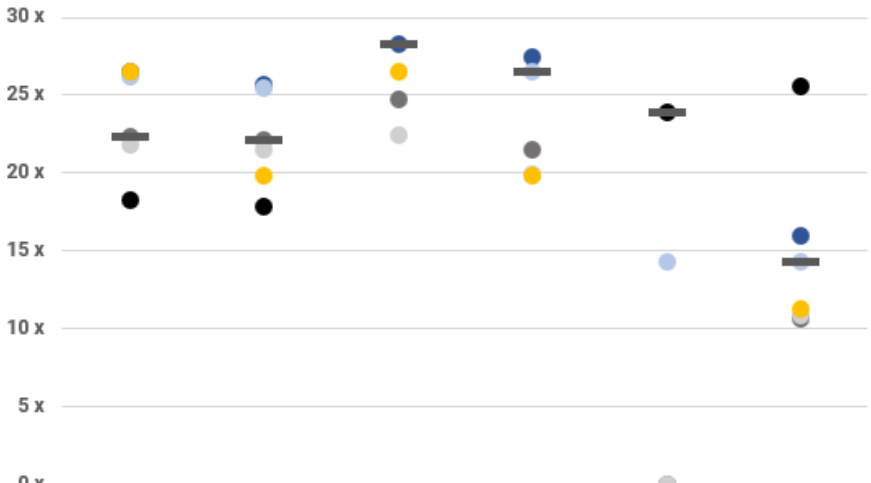
10-Jul-24	Market Cap (EURm)	EBITDA margin 2024	EBITDA margin 2025	EBIT margin 2024	EBIT margin 2025	Sales CAGR 2023-2026
Hamborner REIT AG	537	69,9%	70,9%	27,7%	28,9%	-3,8%
Aroundtown SA	3.068	61,4%	61,6%	55,6%	63,6%	-1,4%
Grand City Properties SA	1.979	60,4%	60,4%	58,7%	65,0%	-4,7%
Deutsche Wohnen SE	7.293	53,9%	54,2%	50,3%	50,8%	-3,8%
Vonovia SE	22.406	82,2%	83,1%	71,4%	80,0%	-12,0%
CGRE AG	59	94,9%	79,8%	94,9%	79,8%	132,1%
Peer Group Median	3.068	61,4%	61,6%	55,6%	63,6%	-3,8%

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 1.39 to EUR 29.78.

Peer Group – Multiples and valuation



10-Jul-24	EV/EBITDA 2024	EV/EBITDA 2025	EV/EBIT 2024	EV/EBIT 2025	P/E 2024	P/E 2025
Hamborner REIT AG	18,4x	17,9x	46,4x	44,0x	24,0x	25,6x
Aroundtown SA	22,4x	22,2x	24,8x	21,5x	0,0x	10,7x
Grand City Properties SA	21,8x	21,5x	22,4x	20,0x	0,0x	10,9x
Deutsche Wohnen SE	26,5x	25,7x	28,4x	27,5x	165,3x	16,0x
Vonovia SE	26,2x	25,6x	30,2x	26,5x	14,3x	14,4x
CGRE AG	26,5x	19,9x	26,5x	19,9x	31,4x	11,3x
Peer Group Median	22,4x	22,2x	28,4x	26,5x	24,0x	14,4x
Fair Value (EUR)	-0,04	16,03	14,33	29,78	7,53	12,50

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.

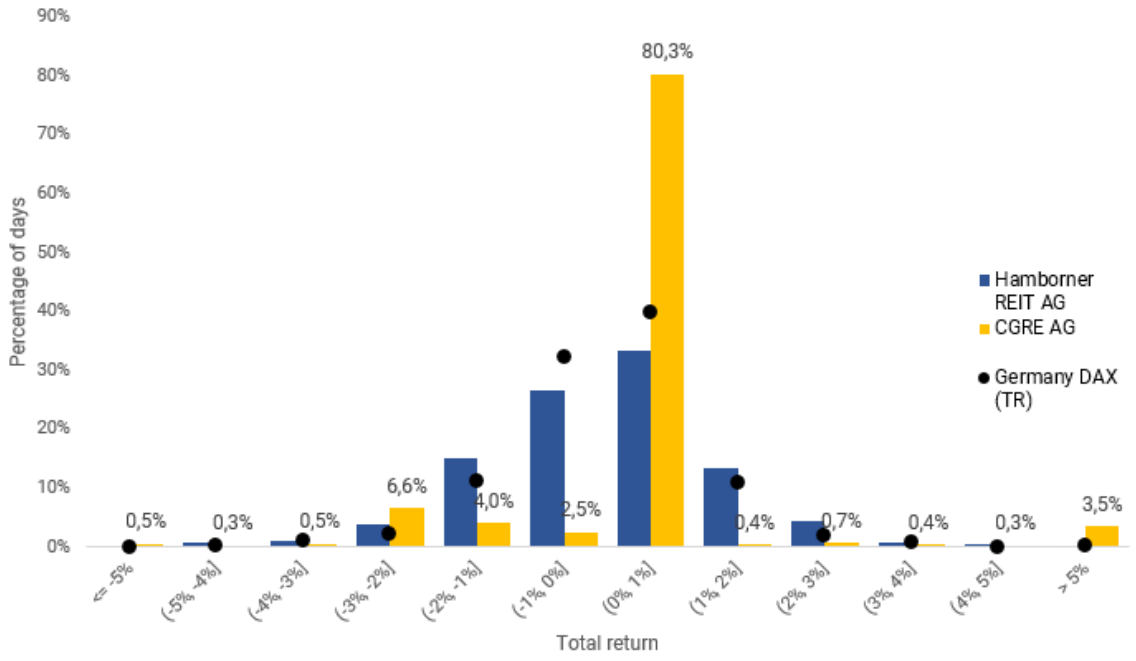
Deutsche Wohnen SE is a holding company that manages a collection of residential real estate properties in Germany. The company operates in five segments: Rental; Value-add; Recurring Sales; Development and Care.

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 15/07/2021 with a share price decline of -16.1%. The best day was 20/02/2024 when the share price increased by 52.8%.

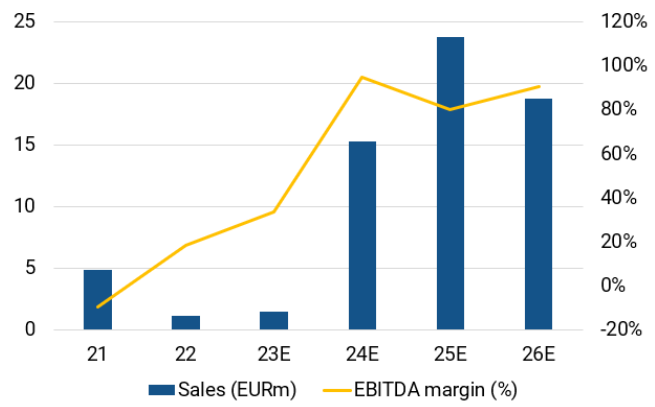
Risk – Daily Returns Distribution (trailing 3 years)



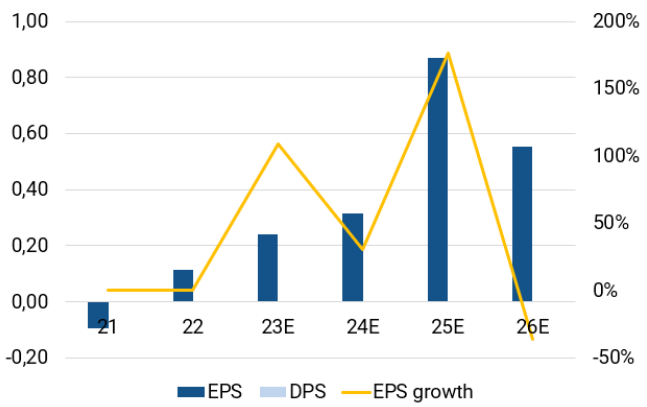
Source: AlphaSense, mwb research

Financials in six charts

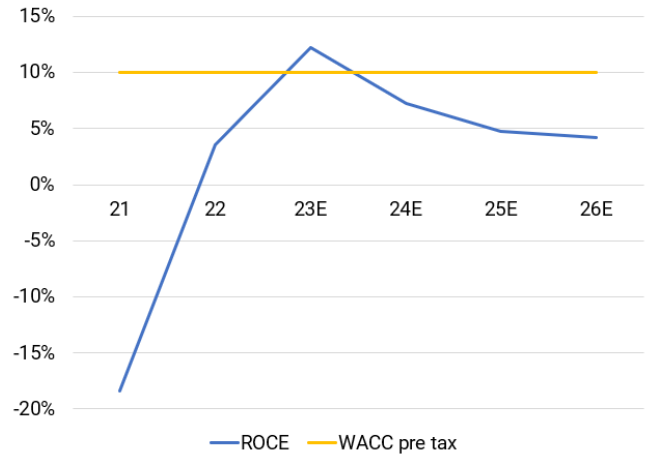
Sales vs. EBITDA margin development



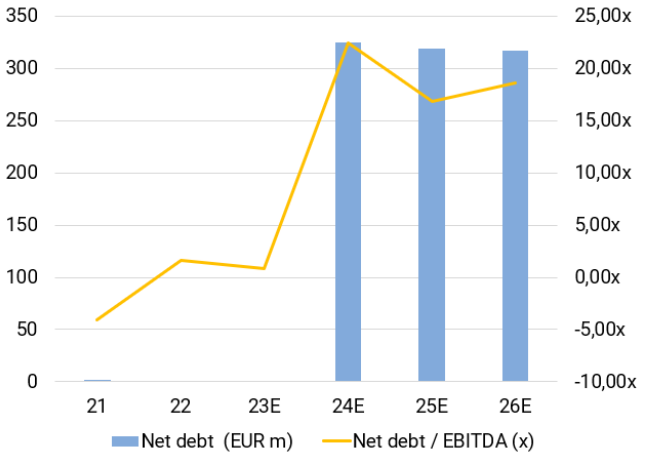
EPS, DPS in EUR & yoy EPS growth



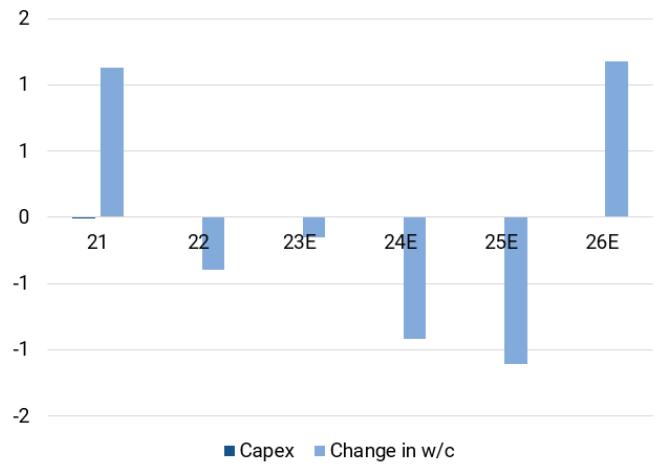
ROCE vs. WACC (pre tax)



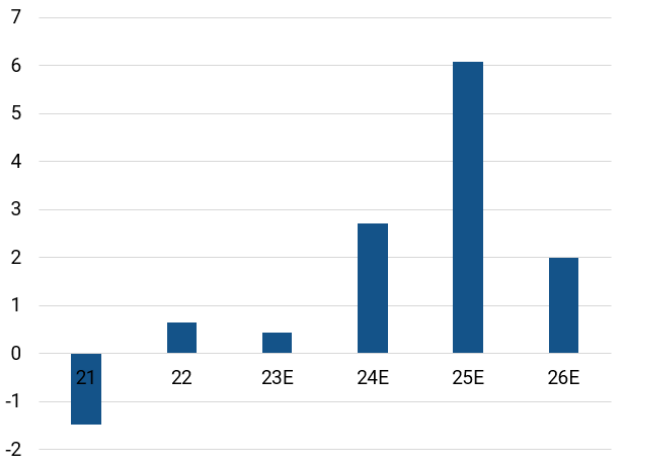
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; mwb research

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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, heat pumps, and geothermal probes.

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 €

Financials

Profit and loss (EURm)	2021	2022	2023E	2024E	2025E	2026E
Net sales	**4.8**	**1.1**	**1.5**	**15.3**	**23.7**	**18.8**
Sales growth	9.4%	-76.7%	33.6%	916.7%	55.7%	-21.0%
Change in finished goods and work-in-process	-0.6	1.0	0.5	3.8	5.9	4.7
Total sales	**4.2**	**2.1**	**2.0**	**19.1**	**29.7**	**23.5**
Material expenses	4.1	1.7	1.3	1.4	1.7	1.7
Gross profit	**0.1**	**0.4**	**0.7**	**17.7**	**28.0**	**21.8**
Other operating income	0.0	0.4	0.5	0.0	0.0	0.0
Personnel expenses	0.3	0.3	0.4	0.4	0.8	1.0
Other operating expenses	0.3	0.3	0.3	2.8	8.3	3.8
EBITDA	**-0.5**	**0.2**	**0.5**	**14.5**	**19.0**	**17.0**
Depreciation	0.1	0.1	0.1	0.0	0.0	0.0
EBITA	-0.5	0.1	0.4	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**	**0.4**	**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	0.5	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	0.5	2.0	5.5	3.5
Taxes	-0.1	0.0	0.1	0.2	0.6	0.4
Net income from continuing operations	-0.2	0.2	0.5	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**	**0.5**	**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	0.5	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**	**0.24**	**0.31**	**0.87**	**0.55**

Profit and loss (common size)	2021	2022	2023E	2024E	2025E	2026E
Net sales	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Change in finished goods and work-in-process	-13%	85%	33%	25%	25%	25%
Total sales	**87%**	**185%**	**133%**	**125%**	**125%**	**125%**
Material expenses	84%	153%	87%	9%	7%	9%
Gross profit	**3%**	**33%**	**47%**	**116%**	**118%**	**116%**
Other operating income	0%	36%	33%	0%	0%	0%
Personnel expenses	7%	27%	27%	3%	3%	5%
Other operating expenses	6%	24%	20%	19%	35%	20%
EBITDA	**-10%**	**18%**	**33%**	**95%**	**80%**	**91%**
Depreciation	2%	6%	7%	0%	0%	0%
EBITA	-11%	12%	27%	95%	80%	91%
Amortisation of goodwill and intangible assets	0%	0%	0%	0%	0%	0%
EBIT	**-11%**	**12%**	**27%**	**95%**	**80%**	**91%**
Financial result	4%	10%	7%	-82%	-57%	-72%
Recurring pretax income from continuing operations	-7%	22%	33%	13%	23%	19%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	-7%	22%	33%	13%	23%	19%
Taxes	-2%	2%	3%	1%	2%	2%
Net income from continuing operations	-5%	20%	30%	12%	21%	17%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	**-5%**	**20%**	**30%**	**12%**	**21%**	**17%**
Minority interest	1%	0%	2%	1%	1%	1%
Net profit (reported)	**-4%**	**20%**	**32%**	**12%**	**22%**	**18%**

Source: Company data; mwb research

Balance sheet (EURm)	2021	2022	2023E	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	4.8	3.8	4.6	4.6
Accounts receivable	0.0	0.1	0.1	1.0	1.6	1.3
Other current assets	0.6	0.4	0.5	0.5	0.5	0.5
Liquid assets	0.3	0.5	0.6	3.3	9.4	11.4
Deferred taxes	0.9	0.9	0.7	0.7	0.7	0.7
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.2	0.2	0.2
CURRENT ASSETS	**6.9**	**7.0**	**6.7**	**9.5**	**17.0**	**18.7**
TOTAL ASSETS	**7.3**	**7.2**	**6.9**	**401.9**	**409.4**	**411.1**
SHAREHOLDERS EQUITY	**1.4**	**1.7**	**1.7**	**69.2**	**74.2**	**77.4**
MINORITY INTEREST	0.1	0.0	0.0	0.0	0.0	0.0
Long-term debt	2.3	0.9	1.0	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	0.5	0.0	0.0	0.0
Non-current liabilities	**2.9**	**1.6**	**1.5**	**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	0.0	0.1	0.1	0.1
Advance payments received on orders	1.5	3.0	3.2	3.1	4.7	3.8
Other liabilities (incl. from lease and rental contracts)	1.2	0.8	0.5	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**	**3.7**	**4.7**	**7.2**	**5.7**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**7.3**	**7.2**	**6.9**	**401.9**	**409.4**	**411.1**

Balance sheet (common size)	2021	2022	2023E	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%**	**3%**	**98%**	**96%**	**95%**
Inventories	69%	70%	70%	1%	1%	1%
Accounts receivable	0%	1%	1%	0%	0%	0%
Other current assets	9%	6%	7%	0%	0%	0%
Liquid assets	4%	7%	9%	1%	2%	3%
Deferred taxes	12%	12%	10%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
CURRENT ASSETS	**95%**	**97%**	**97%**	**2%**	**4%**	**5%**
TOTAL ASSETS	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
SHAREHOLDERS EQUITY	**19%**	**23%**	**25%**	**17%**	**18%**	**19%**
MINORITY INTEREST	1%	0%	0%	0%	0%	0%
Long-term debt	31%	12%	14%	82%	80%	80%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	9%	11%	7%	0%	0%	0%
Non-current liabilities	**40%**	**23%**	**22%**	**82%**	**80%**	**80%**
short-term liabilities to banks	0%	0%	0%	0%	0%	0%
Accounts payable	3%	2%	0%	0%	0%	0%
Advance payments received on orders	21%	42%	46%	1%	1%	1%
Other liabilities (incl. from lease and rental contracts)	17%	11%	7%	0%	1%	0%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred income	0%	0%	0%	0%	0%	0%
Current liabilities	**40%**	**54%**	**53%**	**1%**	**2%**	**1%**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Company data; mwb research

ResearchHub

Cash flow statement (EURm)	2021	2022	2023E	2024E	2025E	2026E
Net profit/loss	-0.2	0.3	0.5	1.8	5.0	3.2
Depreciation of fixed assets (incl. leases)	0.0	0.0	0.1	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	-0.3	0.0	0.0	0.0
Cash flow from operations before changes in w/c	-0.3	0.3	0.3	1.8	5.0	3.2
Increase/decrease in inventory	0.0	0.0	0.2	1.0	-0.8	-0.1
Increase/decrease in accounts receivable	0.7	-1.1	-0.0	-0.9	-0.6	0.3
Increase/decrease in accounts payable	0.0	0.0	-0.1	0.1	0.0	0.0
Increase/decrease in other w/c positions	-1.8	1.5	0.1	0.7	2.5	-1.4
Increase/decrease in working capital	-1.1	0.4	0.2	0.9	1.1	-1.2
Cash flow from operating activities	**-1.5**	**0.6**	**0.4**	**2.7**	**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	0.4	-47.3	6.1	2.0
Increase/decrease in debt position	1.3	-0.5	0.1	327.0	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**	**0.1**	**377.0**	**0.0**	**0.0**
Increase/decrease in liquid assets	-0.4	0.2	0.6	2.7	6.1	2.0
Liquid assets at end of period	**0.3**	**0.5**	**0.0**	**2.7**	**8.8**	**10.8**

Source: Company data; mwb research

Regional sales split (EURm)	2021	2022	2023E	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**	**1.5**	**15.3**	**23.7**	**18.8**

Regional sales split (common size)	2021	2022	2023E	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	2023E	2024E	2025E	2026E
Per share data						
Earnings per share reported	-0.10	0.11	0.24	0.31	0.87	0.55
Cash flow per share	-0.74	0.32	0.22	0.45	1.01	0.33
Book value per share	0.68	0.83	0.85	11.54	12.37	12.89
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
Valuation						
P/E	-102.9x	85.7x	41.0x	31.4x	11.3x	17.8x
P/CF	-13.4x	30.7x	43.9x	21.8x	9.7x	29.7x
P/BV	14.4x	11.9x	11.6x	0.9x	0.8x	0.8x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	-7.5%	3.3%	2.3%	4.6%	10.3%	3.4%
EV/Sales	12.7x	52.9x	39.7x	25.2x	15.9x	20.0x
EV/EBITDA	-129.9x	287.7x	119.0x	26.5x	19.9x	22.1x
EV/EBIT	-112.2x	441.1x	148.8x	26.5x	19.9x	22.1x
Income statement (EURm)						
Sales	4.8	1.1	1.5	15.3	23.7	18.8
yoy chg in %	9.4%	-76.7%	33.6%	916.7%	55.7%	-21.0%
Gross profit	0.1	0.4	0.7	17.7	28.0	21.8
Gross margin in %	2.5%	32.7%	46.7%	116.0%	118.0%	116.0%
EBITDA	-0.5	0.2	0.5	14.5	19.0	17.0
EBITDA margin in %	-9.8%	18.4%	33.3%	94.9%	79.8%	90.7%
EBIT	-0.5	0.1	0.4	14.5	19.0	17.0
EBIT margin in %	-11.3%	12.0%	26.7%	94.9%	79.8%	90.7%
Net profit	-0.2	0.2	0.5	1.9	5.2	3.3
Cash flow statement (EURm)						
CF from operations	-1.5	0.6	0.4	2.7	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	0.4	2.7	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	1.7	69.2	74.2	77.4
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	2.9	1.6	1.5	328.0	328.0	328.0
Net financial debt	1.9	0.3	0.4	324.7	318.6	316.6
w/c requirements	3.4	2.0	1.7	1.7	1.3	2.1
Ratios						
ROE	-17.6%	13.8%	26.5%	2.6%	6.7%	4.1%
ROCE	-12.5%	4.1%	12.4%	3.6%	4.7%	4.2%
Net gearing	141.4%	20.3%	23.5%	468.9%	429.4%	409.3%
Net debt / EBITDA	-4.1x	1.6x	0.8x	22.4x	16.8x	18.6x

Source: Company data; mwb research

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