

Coreo AG^{*4,5a,6a,11}

Buy

Target price: 2.60 Euro

current share price: 1.36 €
16.09.20 / XETRA; 5:36 pm
Currency: EUR

Key data:

ISIN: DE000A0B9VV6
WKN: A0B9VV
Ticker symbol: CORE
Number of shares³: 17.54
Marketcap³: 23.85
EnterpriseValue³: 37.72
³ in million / in million EUR
Free float: 29.1 %

Level of transparency:

Open market
Market segment:
open market

Accounting:
IFRS

Financial year: 31.12

Designated Sponsor:
Hauck & Aufhäuser AG

Analysts:

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* Catalogue of possible conflicts of interest on page 4

Date (time) completion:

17.09.20 (3:05 pm)

Date (time) first distribution:

18.09.20 (9:30 am)

Validity of the price target: until
max. 31.12.2021

Company profile

Industry: Real estate

Focus: Commercial and residential real estate

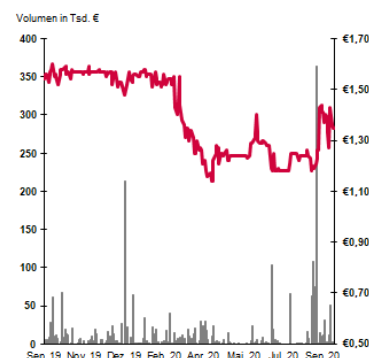
Employees: 10 Status: 31.12.2019

Foundation: 2003

Head office: Frankfurt am Main

Board of Directors: Marin N. Marinov

Coreo AG, based in Frankfurt am Main, is a dynamic growing real estate company focused on German commercial and residential real estate. The company invests in real estate with significant potential for upside potential through renovation, preferably in the so called B- and C-cities in Germany. The goal is to build up an efficiently managed, high-yield real estate portfolio through the prudent development and sale of non-strategic properties. Coreo AG's strategy is characterised by an expansive and selective approach to its real estate investments. The focus of this concept is on the acquisition and management of commercial real estate. Business locations with high yield levels in Germany are given preference, creating the basis for long-term and stable rental income. Opportunities are also used very selectively. Coreo AG acquires value-added portfolios/properties in order to increase their recoverability significantly and sustainably over the medium term with an active "manage-to-core" approach. Non-strategic portfolio components are sold on at a profit.



P&L in EURm	31.12.2019	31.12.2020e	31.12.2021e	31.12.2022e
Sales	7.41	11.16	18.93	25.58
EBITDA	2.52	5.52	10.89	14.99
EBIT	2.50	5.51	10.87	14.97
Net income	-0.86	2.40	5.91	8.93

Key figures in EUR

Earnings per share	-0.05	0.14	0.34	0.51
Dividend per share	0.00	0.00	0.00	0.00

Key figures

EV/Sales	5.09	3.38	1.99	1.47
EV/EBITDA	14.97	6.83	3.46	2.52
EV/EBIT	15.07	6.85	3.47	2.52
P/E	neg.	9.94	4.04	2.67
P/B	0.84			

Financial calendar

10.09.2020: Financial & Real Estate Forum

October 2020: HY Report 2020

**last research by GBC:

Date: Publication / Target price in EUR / Rating

20.08.2020: RS / 2.60 / BUY

17.06.2020: RS / 2.60 / BUY

** the research reports can be found on our website www.gbc-ag.de or can be requested at GBC AG, Halderstr. 27, D-86150 Augsburg

Note on research as a "minor non-monetary benefit" according to the MiFID II regulation: This research meets the requirements for being classified as a "minor non-monetary benefit". For more information, see the disclosure under "I. Research under MiFID II"

Instead of the public bond issue, Coreo AG will conduct a private placement, planned issue volume of € 30 million, forecasts and rating unchanged

On September 14, 2020, Coreo AG cancelled the bond issue which had been running since August 24, 2020. Of the planned issue volume of € 30 million, approximately € 10 million were placed by the end of the extended subscription period (14.09.2020). This would not allow the original investment plan to be implemented. In accordance with the use of funds, Coreo AG had planned on the one hand to repay the warrant bond with an outstanding volume of € 15 million, which runs until 2022, and on the other hand to finance new investments in residential and commercial real estate.

As a replacement for the now cancelled public offering, the company nevertheless plans to carry out a private placement in the amount of the original bond volume of € 30 million to a well-known investor and the two anchor shareholders. According to the company, the relevant discussions are at an advanced stage. Following the adjustment of the bond conditions, the private placement should be finalized in the coming weeks.

Compared to the previous bond issue, there will be no significant changes for Coreo AG shareholders, apart from the adjustment of the terms and conditions, which we believe should be minor. The full placement of the originally planned volume of € 30 million would be ensured, which means that the original investment plan could be implemented. The repayment of the option bond with an outstanding volume of around € 15 million, which runs until 2022, would then still be possible. The coupon of the warrant bond in the amount of 10% should be significantly higher than the interest rate in the private placement, which should result in considerable interest savings.

In addition, the company plans to acquire properties worth more than € 40 million in the near future, for which exclusivity agreements have already been concluded. The approximately €15 million still available after the redemption of the warrant bond would be sufficient to implement the specifically planned real estate acquisitions. With an assumed LTV (loan-to-value) of approximately 66%, the Company could acquire new properties with a volume of up to € 50 million.

Despite the cancellation of the bond issue, the fact that the Company is expected to receive the originally targeted volume of € 30 million is to be seen as positive overall. Especially since Coreo AG will be able to carry out another bond issue at a later date on the basis of the preparatory work carried out. In order to realize the portfolio growth of € 40 million in 2020 and 2021 that we have forecast so far, the company will require additional funds.

Our previous forecasts remain valid. Within the scope of the Anno Study published on June 17, 2020, we assumed a significant expansion of the key earnings and profit figures on the basis of the existing portfolio and including planned new investments of € 40 million. We confirm the target price of € 2.60 determined in the Anno study and thus continue to assign the BUY rating.

ANNEX

I.

Research under MiFID II

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2. The research report is simultaneously made available to all interested investment services companies.

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