

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

Buy

Target price: 2.35 Euro
(until now: 2.35 Euro)

current share price: € 1.49
17.12.20 / XETRA; 5:36 am
Currency: EUR

Key data:

ISIN: DE000A0B9VV6
WKN: A0B9VV
Ticker symbol: CORE
Number of shares³: 17.54
Marketcap³: 26.13
EnterpriseValue³: 55.08
³ in million / in million EUR
Free float: 29.1 %

Level of transparency:
Freiverkehr

Market segment:
Open market

Accounting:
IFRS

Financial year: 31.12

Designated Sponsor:
Hauck & Aufhäuser AG

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* Catalogue of possible conflicts of interest on page 5

Date (time) completion:
21.12.20 (12:00 pm)
Date (time) first distribution:
21.12.20 (2:00 pm)

Validity of the price target: until
max. 31.12.2021

Company profile

Industry: Real estate

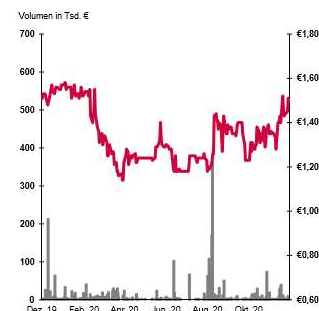
Focus: Commercial and residential real estate

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 |
|---|------------|-------------|-------------|-------------|
| Revenue, Sales Result, Valuation Result | 7.41 | 8.05 | 17.76 | 25.54 |
| EBITDA | 2.52 | 3.12 | 10.00 | 14.87 |
| EBIT | 2.50 | 3.10 | 9.98 | 14.84 |
| Net income | -0.86 | 0.89 | 5.67 | 8.96 |

*Revenue, Sales Result, Result

| Key figures in EUR | | | | |
|--------------------|-------|------|------|------|
| Earnings per share | -0.05 | 0.05 | 0.32 | 0.51 |
| Dividend per share | 0.00 | 0.00 | 0.00 | 0.00 |

| Key figures | | | | |
|-------------|--------|-------|------|------|
| EV/Sales | 7.43 | 6.84 | 3.10 | 2.16 |
| EV/EBITDA | 21.86 | 17.68 | 5.51 | 3.71 |
| EV/EBIT | 22.00 | 17.77 | 5.52 | 3.71 |
| P/E | -30.35 | 29.46 | 4.61 | 2.92 |
| P/B | 0.92 | | | |

Financial calendar

**last research by GBC:

Date: Publication / Target price in EUR / Rating

03.11.2020: RS / 2.35 / BUY

18.09.2020: RS / 2.60 / BUY

20.08.2020: 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 "1. Research under MiFID II"

Planned financing successfully implemented, high liquidity available for new investments, target price of € 2.35 and BUY rating confirmed

As announced after the cancellation of the bond issue by Coreo AG, the company has successfully concluded a replacement financing. According to the latest company announcement, the company has received a loan of € 23 million from a renowned investor and can thus promptly implement the planned financing and refinancing measures. These include the repayment of the warrant bond with an outstanding volume of € 15 million, which has a comparatively high interest rate of 10%. With a loan interest rate of 6.75 %, cost savings can be realised promptly through the redemption of the warrant bond. According to our calculations, these should be around € 0.50 in the coming financial year. In connection with the loan, the two shareholders Christian Angermayer and the alex schütz familienstiftung have agreed to strengthen the equity base by at least € 5 million in the course of a capital increase and thus secure the planned growth.

The remaining volume from the loan of € 7 million after the refinancing of the warrant bond is to be used for the continuation of the growth strategy through property acquisitions. In addition, Coreo AG announced the profitable sale of three properties in the Hydra portfolio in the Corporate News of 21.12.2020. With the expected transfer of benefits and burdens in the first quarter of 2021, the company should report a liquidity inflow of between € 3 - 4 million. The sale will already have an effect on earnings in the current 2020 financial year through the write-up on the sale price. Including the inflow of liquidity from the property sale, Coreo AG could implement new investments of more than € 30 million at an assumed LTV of 66 %.

Not to be neglected are the still existing extensive financial assets, which include, among other things, an investment in MagForce AG. In principle, the investment in MagForce AG, which had a valuation of € 4.50 million as at 30 June 2020, is available for disposal and would thus support the financing of future property acquisitions. Compared to the balance sheet date, the MagForce share has also recorded a significant price increase of over 70%. As of today, this would mean an increase in the valuation of approximately € 3.2 million, which would simultaneously lead to an increase in NAV.

With the purchase of the neighbouring property to the area already acquired in September, Coreo AG has around 17,000 square metres for which residential building rights are to be created. The reduction of vacancies in the Hydra portfolio is also developing according to plan. While the properties in Gießen and Kiel are now let on long-term leases, the flats in Berger Straße in Frankfurt am Main are about to be let. In Wetzlar, too, all the residential units have been let, and rental negotiations for the commercial space are well advanced.

In our previous revenue and earnings forecasts (see research study dated 3 November 2020), we had already assumed the successful conclusion of the financing as the basis for the further expansion of the property portfolio. Although the new investments we had assumed in the amount of around € 25 million have not yet been made, in our previous estimates we had in any case only taken into account the impact of new investments on sales and earnings from the coming financial year. With the higher liquidity now available, Coreo AG should be in a position to implement property and project acquisitions in a timely manner and we therefore maintain our forecasts published in the last research study. We will only include the effects from the promised strengthening of equity by the two anchor shareholders after the capital increase has been completed.

Since our DCF valuation model also remains unchanged, we are maintaining our previous price target of €2.35. Based on the current price level of € 1.49, we continue to assign a 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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The recommendations/ classifications/ ratings are linked to the following expectations:

| | |
|------|---|
| BUY | The expected return, based on the derived target price, incl. dividend payments within the relevant time horizon is $\geq + 10\%$. |
| HOLD | The expected return, based on the derived target price, incl. dividend payments within the relevant time horizon is $> - 10\%$ and $< + 10\%$. |
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