

15 | September | 2020

■ **Price (Euro)** **7.41**
52 weeks range 8.40 / 3.74

■ **Key Data**

ISIN	DE000A2DA414
Bloomberg	CC1:GR
Reporting standard	IFRS
Market Cap (Euro million)	997
Number of shares (million)	134.5
Free Float	14%
Free Float Market Cap (Euro million)	140
CAGR EBITDA ('18 -'21e)	21.4%
CAGR EBITDA pre PPA ('18 -'21e)	10.6%

■ Multiples	2019	2020e	2021e	2022e
Market Cap / Total revenues	46.7	51.0	42.5	45.8
PE-Ratio	49.4	15.1	12.9	6.2
Dividend Yield	0.0%	0.0%	2.7%	5.4%

■ Key Data per share (Euro)	2019	2020e	2021e	2022e
Earnings per share (EPS)	0.15	0.49	0.57	1.20
Dividend per share (DPS)	0.00	0.00	0.20	0.40

■ Financial Data (Euro '000)	2019	2020e	2021e	2022e
Income from letting activities	21,340	19,547	23,445	21,747
Income from inventory disposed of	204,541	358,632	410,341	515,763
Total income	671,115	816,491	1,045,974	1,138,805
Change in project related inventory	192,700	65,478	35,473	47,896
Overall performance	863,815	881,969	1,081,447	1,186,701
Cost of materials	-525,215	-395,743	-605,874	-597,435
Personnel expenses	-67,024	-74,369	-61,449	-62,784
Other operating expenses	-78,551	-102,334	-101,442	-110,321
EBITDA	236,435	304,790	307,532	422,682
EBITDA pre PPA	344,392	390,422	432,091	465,468
Net financial result	-216,506	-195,100	-150,676	-145,802
Pre-tax profit (EBT)	11,486	100,215	144,385	261,413
Taxation	-16,521	-17,486	-39,214	-60,942
Net profit	-20,883	66,172	77,282	161,250

■ **Main Shareholders**

ADO Properties Gruppe	65%
Gröner Gruppe	21%

■ **Financial calendar**

AGM	15 October 2020
9M 2020 report	26 November 2020

■ **Analysts**

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Strategic changes after change of control due to execution of call option by ADO lead to the withdrawal of full-year guidance - rating down to Accumulate as share has gained about 50% since May

On 27 August, the company released the 1H 2020 report. The first six months of the year included some significant changes to the firm's strategy following the change of control due to the exercised call option by ADO Properties. The deleveraging targets of the company made some significant progresses as well.

Total income almost tripled from Euro 210m to Euro 614m. The overall performance of the first half of 2020 was at Euro 490m, up from last year's Euro 334m. Including increased cost of material of Euro 292m and other operating expenses of Euro 48m (1H 2019: Euro 168m and Euro 32m), adjusted EBITDA amounted to Euro 136m compared to last year's Euro 122m. Financial expenses increased to Euro 157m due to the issuance of a bond and increased project loans, while financial income also increased to Euro 54m, leading to a slightly improved overall financial result of Euro -102m instead of Euro -107m last year. Thus, net income more than doubled from Euro 4.4m to Euro 9.2m.

In May, the company released some news regarding several upfront sales that lead to a deleveraging. On 8 May, Consus announced the sale of 17 projects in non-core locations with a greater proportion of commercial use and a GDV of Euro 2.3bn to Gröner Group GmbH at a double digit premium to the most recent market value as of FY 2019. The transaction volume amounts to Euro 690m. Next to the earnings contribution, the transaction will also reduce the firm's project financing by about Euro 475m. On 20 May, the firm announced the sale of an additional 8 development projects, of which 6 projects were in the top 25, with a GDV of Euro 2bn to Partners Immobilien Capital Management. The projects were also sold at a single digit premium and will further reduce project finance by Euro 390m, of which Euro 210m is high cost mezzanine debt. The portfolio excluding the sold projects now consists of 39 projects with a GDV of Euro 8bn, of which 32% have been forward sold or are under LOI/negotiations. About 99% of the projects are now located in the top 9 cities in Germany the residential share has increased to 63%.

On 6 July, ADO successfully closed the call option and now has acquired control over Consus. ADO further announced the intent to launch a public voluntary tender offer for the remaining outstanding shares of Consus. In light of that, the strategy of Consus was adjusted to focus on build-to-hold. Thus, several of the planned forward sales in 2020 will now not be undertaken, which would have contributed to the firm's earnings. In turn, the management of Consus, which now consists of Theodorus Gorens as sole member of the management board after Andreas Steyer and Benjamin Lee left the company following the change of control, decided to withdraw the full-year guidance of an adjusted EBITDA of Euro 450m. **While we also somewhat reduced our 2020 estimates following the change in strategy, the pro forma improved financials from the deleveraging and the reduced risk lead us to stick to our target price of Euro 8.00. As the share has gained almost 50% since our last update and the current upside to our target is at about 9%, we reduce our rating from Buy to Accumulate.**

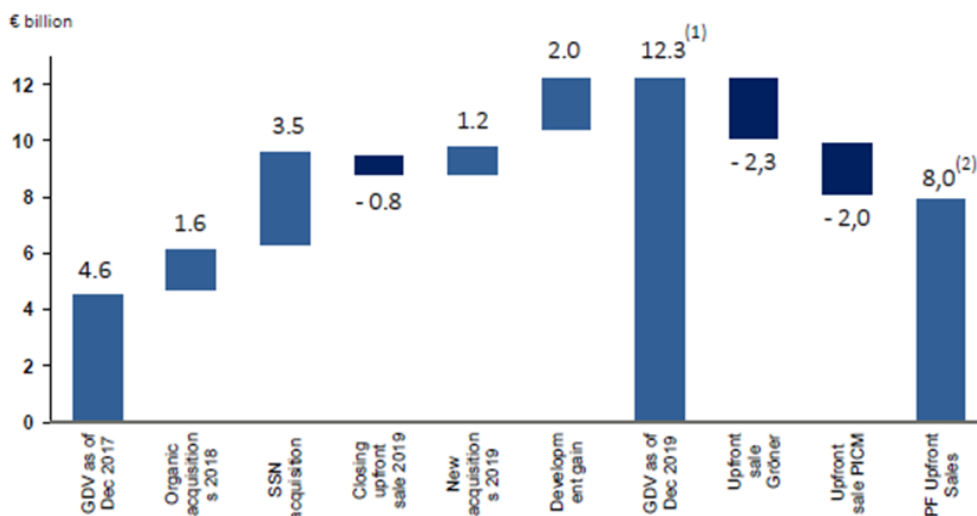
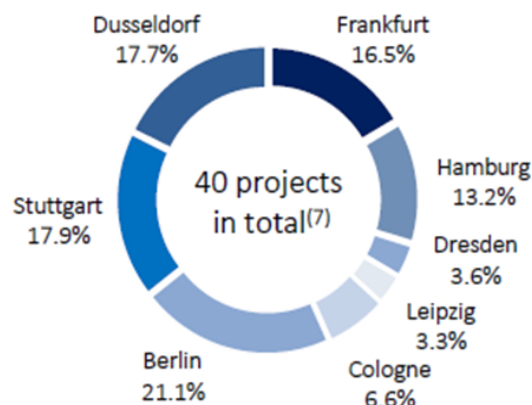
Consus Real Estate AG

Industry:	Real Estate	Management Board of CONSUS:
Sub-segment:	Residential developer	Theo Gorens
Region:	Germany	
Headquarter:	Berlin	
Foundation:	2017	
Employees:	>760	
 		Supervisory Board of CONSUS:
IR Contact:		Axel Harloff
investors@consus.ag		Prof. Dr. Hermann Wagner
		Dr. Friedrich Oelrich

Consus Real Estate AG is a leading German residential developer with a focus on the top 9 German cities, which is listed in the German stock market at Scale segment.

Consus was founded in 2017, however, the combined group has already more than 20 years of experience in the development business and dates back to 1995 where CG Group (now renamed to Consus RE), of which Consus holds a 75% stake, was founded. Following the acquisition of SSN in November 2018, the company now has a development portfolio with a pro forma gross development value of Euro 8bn, taking the announced upfront sales into account. As of June, the portfolio is focused on the top 9 cities, with the largest share currently located in Berlin (21%), closely followed by Stuttgart (18%). Consus follows a forward sale-oriented business model, thereby minimizing the risk. Of the Euro 8bn portfolio, currently 32% is forward sold, 11% have a signed upfront sale LOI and for another 34% forward sales are targeted. The remaining 22% consists of condominiums.

Pro forma breakdown of the development portfolio by city



Source: Company Data, SRC Research

CONSUS Real Estate AG 31/12 IFRS ('000)	2018 (reported)	2018 (pro-forma)	2019	2020e	2021e	2022e	CAGR '19 - '22e
Income from letting activities	32,796	29,659	21,340	19,547	23,445	21,747	0.6%
Income from real estate inventory disposed of	163,515	163,515	204,541	358,632	410,341	515,763	
Income from property development	408,461	443,830	401,621	415,863	587,632	574,632	12.7%
Income from service, maintenance and management activities	10,199	18,565	43,613	22,449	24,556	26,663	
Total income	614,971	655,569	671,115	816,491	1,045,974	1,138,805	19.3%
Change in project related inventory	-147,352	-31,464	192,700	65,478	35,473	47,896	
Overall performance	467,619	624,104	863,815	881,969	1,081,447	1,186,701	11.2%
Expenses from letting activities	-16,083	-14,741	-8,894	-7,963	-11,447	-10,336	
Cost of materials	-285,600	-367,182	-525,215	-395,743	-605,874	-597,435	4.4%
Valuation result	25,631	25,631	31,943	2,103	3,544	12,478	
Other operating income	13,241	14,642	20,360	1,127	2,753	4,379	
Personnel expenses	-36,911	-50,995	-67,024	-74,369	-61,449	-62,784	
Other operating expenses	-59,997	-75,989	-78,551	-102,334	-101,442	-110,321	
EBITDA	107,901	155,470	236,435	304,790	307,532	422,682	21.4%
Depreciation and amortization	-2,175	-3,026	-8,443	-9,475	-12,471	-15,467	
EBIT	105,726	152,444	227,992	295,315	295,061	407,215	21.3%
Financial income	4,620	11,467	28,160	63,254	8,770	8,983	
Financial expenses	-121,834	-209,783	-244,666	-258,354	-159,446	-154,785	
Pre-tax profit (EBT)	-11,488	-45,872	11,486	100,215	144,385	261,413	
Income tax	11,192	21,617	-16,521	-17,486	-39,214	-60,942	
Tax rate			143.8%	17.4%	27.2%	23.3%	
Net profit before minorities	-296	-24,255	-5,035	82,729	105,171	200,471	
thereof minorities	13,230	n/a	15,848	16,557	27,889	39,221	
Net profit after minorities	-13,526	n/a	-20,883	66,172	77,282	161,250	
Number of shares ('000)	134,526	134,526	134,526	134,526	134,526	134,526	
Earnings per share (incl. minorities)	0.00	-0.18	-0.04	0.61	0.78	1.49	
Earnings per share (after minorities)	-0.10	n/a	0.15	0.49	0.57	1.20	
Dividend per share	0.00	0.00	0.00	0.00	0.20	0.40	
Purchase price allocation (PPA)	82,262	82,262	66,007	85,632	124,559	42,786	
One-off expenses	13,493	15,458	41,950	0	0	0	
EBITDA before PPA	203,656	253,190	344,392	390,422	432,091	465,468	10.6%
Shareholders' Equity (incl. minorities)	1,162,539	1,162,539	1,064,394	1,147,123	1,225,389	1,372,049	8.8%
thereof minorities	151,629	151,629	132,286	135,593	138,305	141,763	
Balance Sheet sum	3,745,050	3,745,050	4,755,315	4,374,890	4,287,392	4,501,762	
Equity Ratio	31.0%	31.0%	22.4%	26.2%	28.6%	30.5%	
RoE (after tax)	0.0%	-2.5%	-0.5%	7.5%	8.9%	15.4%	
Book Value per share (Euro)	7.51	7.51	6.93	7.52	8.08	9.15	9.7%

SRC Research - Der Spezialist für Finanz- und Immobilienaktien -

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Rating Chronicle

Company	Date	Rating	former share price	former target
CONSUS	29/05/2020	Buy	5.02 €	8.00 €
CONSUS	27/04/2020	Buy	5.12 €	7.50 €
CONSUS	18/12/2019	Buy	8.40 €	10.00 €
CONSUS	13/09/2019	Buy	6.75 €	13.00 €
CONSUS	20/06/2019	Buy	7.34 €	13.00 €
CONSUS	21/05/2019	Buy	8.55 €	13.00 €
CONSUS	25/04/2019	Buy	7.25 €	13.00 €

Please note:

The share price mentioned in this report is from 14 September 2020. CONSUS Real Estate AG mandated SRC Research for covering the share.

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