

■ **Price (Euro)** **5.12**  
52 weeks range 8.88 / 3.74

■ **Key Data**

ISIN	DE000A2DA414
Bloomberg	CC1:GR
Reporting standard	IFRS
Market Cap (Euro million)	689
Number of shares (million)	134.5
Free Float	18%
Free Float Market Cap (Euro million)	124
CAGR EBITDA ('18 -'21e)	29.8%
CAGR EBITDA pre PPA ('18 -'21e)	22.4%

■ Multiples	2018	2019e	2020e	2021e
Market Cap / Total revenues	23.2	32.3	27.4	29.4
PE-Ratio	-28.4	-80.6	15.0	6.3
Dividend Yield	0.0%	0.0%	0.0%	3.9%

■ Key Data per share (Euro)	2018	2019e	2020e	2021e
Earnings per share (EPS)	-0.18	-0.06	0.34	0.82
Dividend per share (DPS)	0.00	0.00	0.00	0.20

■ Financial Data (Euro '000)*	2018	2019e	2020e	2021e
Income from letting activities	29,659	21,340	25,143	23,445
Income from inventory disposed of	163,515	204,541	287,562	428,331
<b>Total income</b>	<b>655,569</b>	<b>671,115</b>	<b>880,017</b>	<b>1,127,804</b>
Change in project related inventory	-31,464	192,700	65,478	35,473
<b>Overall performance</b>	<b>624,104</b>	<b>863,815</b>	<b>945,495</b>	<b>1,163,277</b>
Cost of materials	-367,182	-525,215	-471,253	-655,147
Personnel expenses	-50,995	-67,024	-60,114	-61,449
Other operating expenses	-75,989	-78,551	-102,334	-101,442
<b>EBITDA</b>	<b>155,470</b>	<b>236,434</b>	<b>302,466</b>	<b>340,089</b>
<b>EBITDA pre PPA</b>	<b>253,190</b>	<b>344,391</b>	<b>424,609</b>	<b>464,648</b>
Net financial result	-198,316	-216,506	-212,896	-150,676
<b>Pre-tax profit (EBT)</b>	<b>-45,872</b>	<b>11,485</b>	<b>80,095</b>	<b>176,942</b>
Taxation	21,617	-16,521	-17,486	-39,214
<b>Net profit</b>	<b>-24,255</b>	<b>-8,548</b>	<b>46,052</b>	<b>109,839</b>

\* 2018 on a pro-forma basis, net profit in 2018 before minorities

■ **Main Shareholders**

Aggregate Group	51%
Ado Properties/Adler Real Estate	25%
Christoph Gröner	6%

■ **Financial calendar**

AGM (date to be confirmed or rescheduled)	24 Juni 2020
---	--------------

■ **Analysts**

Dipl.-Kfm. Stefan Scharff, CREA  
Christopher Mehl, MBA

E-Mail	scharff@src-research.de mehl@src-research.de
--------	---

Internet	www.src-research.de www.aktienmarkt-international.at www.aktienmarkt-international.de www.aktienmarkt-deutschland.de
----------	---

### 2019 prelims in range of our estimates - weakened financial position leaves some issues that need to be addressed, especially in the current turbulent times - target down to Euro 7.50, still Buy

Last Thursday, on 23 April, the company released the 2019 preliminary numbers and held a conference call. The numbers were all in all in line with our estimates. Revenues came in at Euro 671m, somewhat below our estimate, however, the overall performance was at Euro 864m on top of our estimates. The operating result on EBIT basis was at more than Euro 236m (our estimate: Euro 258m), while the adjusted EBITDA, thus pre-PPA, came in at Euro 344m and close to our estimate of Euro 354m. The net financial result was at Euro -216m, leading to an EBT of Euro 11.5m. Due to a high tax burden, the bottom line remained in the red numbers at Euro -5m.

In terms of the portfolio, the gross development volume increased from Euro 9.6bn at year-end 2018 to now Euro 12.3bn. This amount comes from currently 65 projects, of which 31% are under construction. While the company added a volume of Euro 1.2bn via new acquisitions, closing upfront sales reduced the GDV by about Euro 800m. The remaining Euro 2bn came from development gains in different projects. The forward sales volume at year-end 2019 was at Euro 2.8bn. The market gross asset value increased from Euro 2.95bn at year-end 2018 to Euro 3.62bn.

For the current 2020 fiscal year the company confirmed the guidance of an adjusted EBITDA of Euro 450m. Furthermore, the company aims for forward sales of more than Euro 1bn and more than Euro 2bn of upfront sales. As for the current Corona pandemic, the company believes that the pandemic will have no material impact on the business. While all construction sites are operating, regarding new sales, the management states that upfront sales are less impacted and that there is still interest of buyers. In terms of forward sales however, institutional sales are currently on hold and condominium sales are limited, but both are expected to be made up in the second half of the year. Our outlook is a bit more bleak, however, and we expect longer delays and reservations on the buyers side, especially on the condominium sales side. Thus, we also get more cautious with our P&L numbers for the moment until a clearer picture of the duration of the pandemic becomes apparent. **An additional remaining concern and now an even more increased risk factor as the planned sales and the respective reception of the payments could be delayed due to Corona is on the financing side.** The financing costs have remained too high in our opinion and only slightly decreased from 8.1% at FY 2018 to now 7.8%. At the same time, the equity ratio decreased to now only about 22% (FY 2018: 31%), as on the one hand the level of debt has increased and the equity position came down, mainly due to the exit of Christoph Gröner, which lowered the equity position by about Euro 27m alone. Even though the company already stated that in 2020 the focus is on consolidation and debt reduction, this is currently one of the top concerns in our opinion and we hope that the company can successfully work on that issue and create a more solid financial position.

**While the 2019 results were more or less in line with our estimates, we see some issues that need to be closely monitored and addressed by the company in 2020. Following the concerns and the more bleak outlook for 2020, we reduce our target price from Euro 10.00 to Euro 7.50. At the low share price level of about 5 Euros, this still translates into a Buy recommendation.**

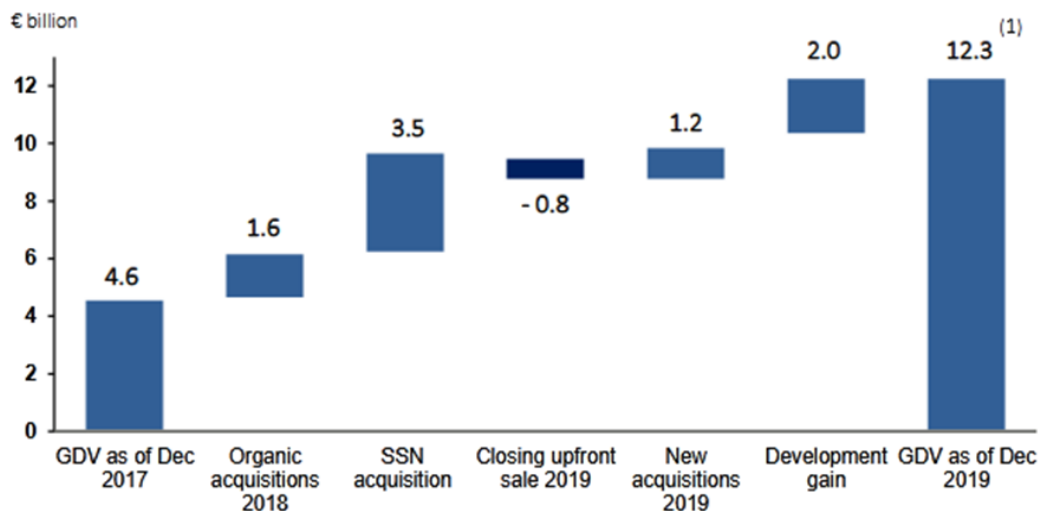
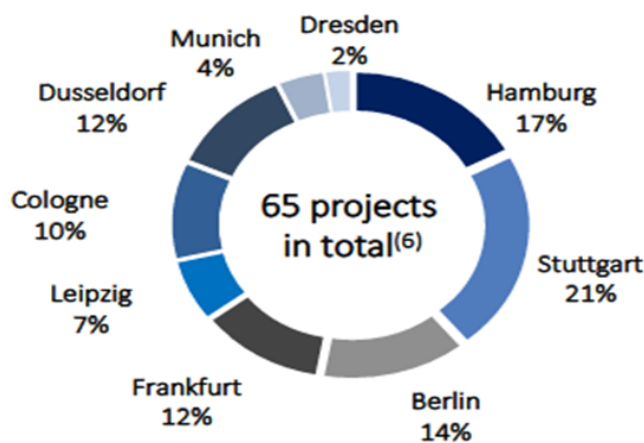
**Consus Real Estate AG**

<b>Industry:</b>	Real Estate	<b>Management Board of CONSUS:</b>
<b>Sub-segment:</b>	Residential developer	Prof. Andreas Steyer (CEO)
<b>Region:</b>	Germany	Benjamin Lee (CFO)
<b>Headquarter:</b>	Berlin	Theo Gorens (CRO and deputy CFO)
<b>Foundation:</b>	2017	Jens Jäpel (CDO)
<b>Employees:</b>	>760	
<b>IR Contact:</b>		<b>Supervisory Board of CONSUS:</b>
Robert Stierwald		Axel Harloff
r.stierwald@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 gross development value of more than Euro 12bn. The portfolio is focused on the top 9 cities, with the largest share currently located in Stuttgart (21%), closely followed by Hamburg (17%). Consus follows a forward sale-oriented business model, thereby minimizing the risk. Of the Euro 12.3bn portfolio, currently 30% is forward sold or have a LOI and for another 49% forward sales are targeted. The remaining 21% consists of condominiums.

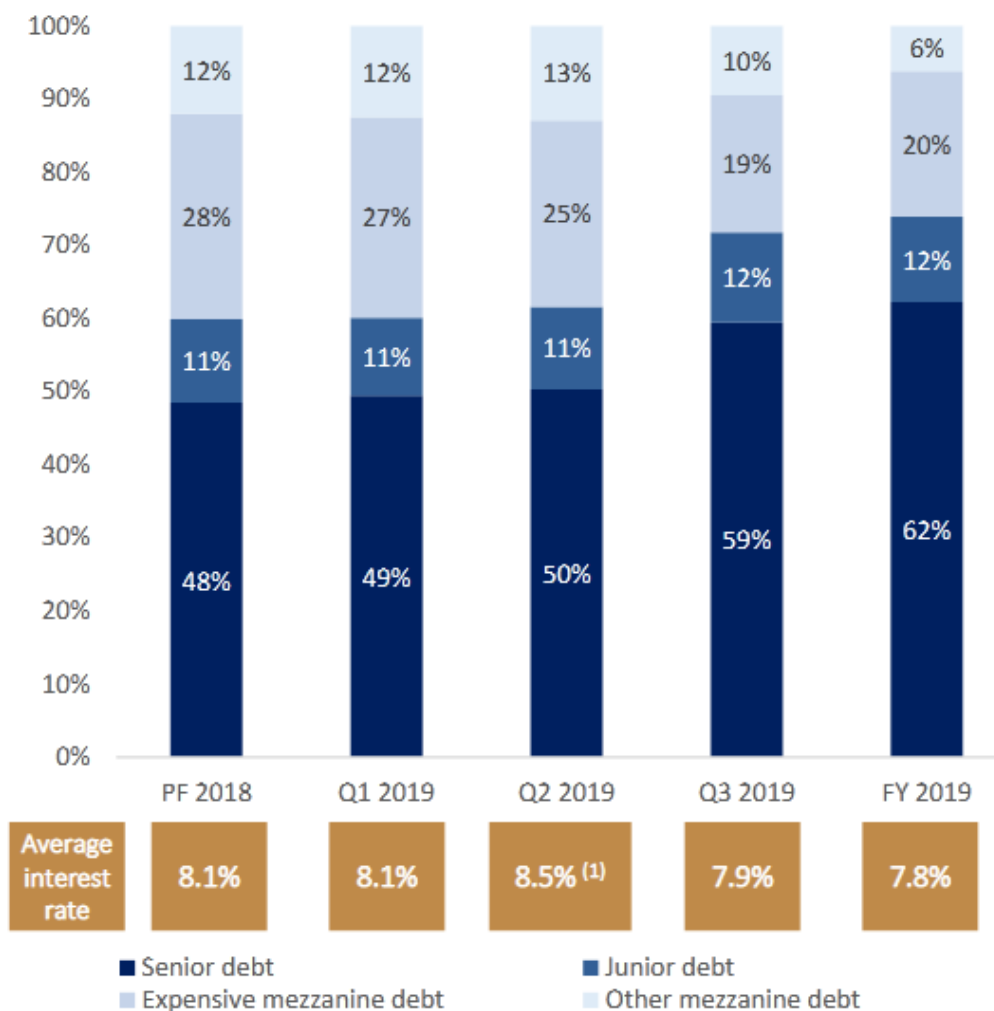
**Breakdown of the development portfolio by city <sup>(3)</sup>**



Source: Company Data, SRC Research

## Expensive debt is still an issue for Consus

Reduction of mezzanine debt from 40% to 26% of total project debt



<sup>(1)</sup> Increase impacted by issuance of €400m senior secured notes

The average interest rate is still too high in our opinion, and was only slightly reduced in 2019. The expensive mezzanine debt was already reduced from 40% to 26%. For the current 2020 fiscal year, the company plans to reduce the share of mezzanine debt further and aims for a reduction till year-end to a level that is no longer material. Thus, the management also stated that the average interest rate is to further be lowered, however, to remain above 7%. A further reduction to a level around 6% is only expected in the medium-term.

CONSUS Real Estate AG 31/12 IFRS ('000)	2017 (pro-forma)	2018 (reported)	2018 (pro-forma)	2019e	2020e	2021e	CAGR '18 - '21e
Income from letting activities	25,426	32,796	29,659	21,340	25,143	23,445	-7.5%
Income from real estate inventory disposed of	205,558	163,515	163,515	204,541	287,562	428,331	
Income from property development	15,717	408,461	443,830	401,621	544,863	651,472	13.6%
Income from service, maintenance and management activities	3,893	10,199	18,565	43,613	22,449	24,556	
<b>Total income</b>	<b>250,594</b>	<b>614,971</b>	<b>655,569</b>	<b>671,115</b>	<b>880,017</b>	<b>1,127,804</b>	<b>19.8%</b>
Change in project related inventory	302,183	-147,352	-31,464	192,700	65,478	35,473	
<b>Overall performance</b>	<b>552,777</b>	<b>467,619</b>	<b>624,104</b>	<b>863,815</b>	<b>945,495</b>	<b>1,163,277</b>	<b>23.1%</b>
Expenses from letting activities	-2,723	-16,083	-14,741	-8,894	-12,558	-11,447	
Cost of materials	-300,601	-285,600	-367,182	-525,215	-471,253	-655,147	21.3%
Valuation result	4,844	25,631	25,631	31,943	2,103	3,544	
Other operating income	14,708	13,241	14,642	20,360	1,127	2,753	
Personnel expenses	-34,865	-36,911	-50,995	-67,024	-60,114	-61,449	
Other operating expenses	-55,511	-59,997	-75,989	-78,551	-102,334	-101,442	
<b>EBITDA</b>	<b>178,629</b>	<b>107,901</b>	<b>155,470</b>	<b>236,434</b>	<b>302,466</b>	<b>340,089</b>	<b>29.8%</b>
Depreciation and amortization	-2,204	-2,175	-3,026	-8,443	-9,475	-12,471	
<b>EBIT</b>	<b>176,425</b>	<b>105,726</b>	<b>152,444</b>	<b>227,991</b>	<b>292,991</b>	<b>327,618</b>	<b>29.0%</b>
Financial income	14,202	4,620	11,467	28,160	8,557	8,770	
Financial expenses	-205,289	-121,834	-209,783	-244,666	-221,453	-159,446	
<b>Pre-tax profit (EBT)</b>	<b>-14,662</b>	<b>-11,488</b>	<b>-45,872</b>	<b>11,485</b>	<b>80,095</b>	<b>176,942</b>	
Income tax	-1,209	11,192	21,617	-16,521	-17,486	-39,214	
Tax rate				143.8%	21.8%	22.2%	
<b>Net profit before minorities</b>	<b>-15,871</b>	<b>-296</b>	<b>-24,255</b>	<b>-5,036</b>	<b>62,609</b>	<b>137,728</b>	
thereof minorities	n/a	13,230	n/a	3,512	16,557	27,889	
<b>Net profit after minorities</b>	<b>n/a</b>	<b>-13,526</b>	<b>n/a</b>	<b>-8,548</b>	<b>46,052</b>	<b>109,839</b>	
Number of shares ('000)	79,850	134,526	134,526	134,526	134,526	134,526	
<b>Earnings per share (incl. minorities)</b>	<b>-0.20</b>	<b>0.00</b>	<b>-0.18</b>	<b>-0.04</b>	<b>0.47</b>	<b>1.02</b>	
<b>Earnings per share (after minorities)</b>	<b>n/a</b>	<b>-0.10</b>	<b>n/a</b>	<b>-0.06</b>	<b>0.34</b>	<b>0.82</b>	
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.20	
Purchase price allocation (PPA)		82,262	82,262	66,007	122,143	124,559	
One-off expenses		13,493	15,458	41,950	0	0	
<b>EBITDA before PPA</b>		<b>203,656</b>	<b>253,190</b>	<b>344,391</b>	<b>424,609</b>	<b>464,648</b>	<b>22.4%</b>
<b>Shareholders' Equity (incl. minorities)</b>	<b>816,009</b>	<b>1,162,539</b>	<b>1,162,539</b>	<b>1,064,394</b>	<b>1,127,003</b>	<b>1,237,826</b>	<b>2.1%</b>
thereof minorities	169,901	151,629	151,629	132,286	135,593	138,305	
<b>Balance Sheet sum</b>	<b>2,626,042</b>	<b>3,745,050</b>	<b>3,745,050</b>	<b>4,755,315</b>	<b>4,517,549</b>	<b>4,246,496</b>	
<b>Equity Ratio</b>	<b>31.1%</b>	<b>31.0%</b>	<b>31.0%</b>	<b>22.4%</b>	<b>24.9%</b>	<b>29.1%</b>	
<b>RoE (after tax)</b>	<b>-1.9%</b>	<b>0.0%</b>	<b>-2.5%</b>	<b>-0.5%</b>	<b>5.7%</b>	<b>11.6%</b>	
<b>Book Value per share (Euro)</b>	<b>8.09</b>	<b>7.51</b>	<b>7.51</b>	<b>6.93</b>	<b>7.37</b>	<b>8.17</b>	<b>2.8%</b>

## SRC Research

### - Der Spezialist für Finanz- und Immobilienaktien -

SRC - Scharff Research und Consulting GmbH

Klingerstr. 23

D-60313 Frankfurt am Main

Germany

Fon: +49 (0)69/ 400 313-80

Mail: scharff@src-research.de

Internet: www.src-research.de

### Rating Chronicle

Company	Date	Rating	former share price	former target
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 24 April 2020. CONSUS Real Estate AG mandated SRC Research for covering the share.

Disclaimer © 2020: This equity research report is published by: SRC-Scharff Research und Consulting GmbH, Klingerstr. 23, D-60313 Frankfurt, Germany (short name: SRC Research). All rights reserved.

Although we feel sure that all information in this SRC report originates from carefully selected sources with high credibility, we cannot give any guarantee for accuracy, trueness and completeness. All opinions quoted in this report give the current judgement of the author which is not necessarily the same opinion as SRC-Scharff Research und Consulting GmbH or another staff member. All the opinions and assessment made in this report may be changed without prior notice. Within the scope of German regulative framework the author and SRC-Scharff Research und Consulting GmbH do not assume any liability for this document or its content being used. This report is solely for information purposes and does not constitute a request or an invitation or a recommendation to buy or sell any stock that is mentioned here. Private clients should obtain personal advice at their bank or investment house and should keep in mind that prices and dividends of equities can rise and fall and that nobody can give a guarantee of the future development of equities. The author of this report and the SRC-Scharff Research und Consulting GmbH commit themselves on a unsolicited basis to having no long or short-positions in equities or derivatives related to equities mentioned in this report.

Reproduction, distribution or publishing this report and its content as a whole or in parts is only allowed with approval of SRC management written form. With acceptance of this document you agree with all regulations mentioned here and all general terms and conditions you will find at any time at our website www.src-research.de.