

ACCENTRO Real Estate AG

Germany's Market Leader in Residential Property Privatisation

Company Presentation, 9 August 2018

Half-Year Financial Report, 30 June 2018



1

Overview and business model

2

Portfolio and platform

3

Financials

4

Capital markets profile

5

Strategy and outlook

1

Overview and business model



Berlin-Neukölln



Berlin-Lichtenberg



Berlin-Wilmersdorf

Core business activities

- Privatisation of residential real estate in attractive German metro regions
- Third-party property sales and backstop services for real estate investors and property developers
- Joint ventures with strategic equity participation

Track record

- Dynamic built-up of a proprietary privatisation pipeline through portfolio investments of EUR 566m (purchase prices) since 2015
- 3,411 condominiums and properties sold with a total sales value of EUR 377.3m since 2015

USPs

- Unique business model with compelling risk-return profile in listed sector
- Unprecedented expertise in major local German residential markets
- High-powered sales and marketing platform of international reach
- Exclusive joint ventures with renowned real estate companies and developers

Regional focus and pipeline

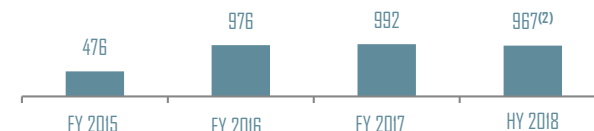
- 1,292 residential units currently available for sale in Berlin – home market of ACCENTRO
- Successful expansion launched into growth markets such as the Leipzig, Hamburg, Hanover, Cologne/Bonn and Rhine-Main metro regions. Additional acquisitions of 446 units in Berlin, Greater Berlin and Cologne already signed but not closed in 2018 YTD

Key ratios and financials

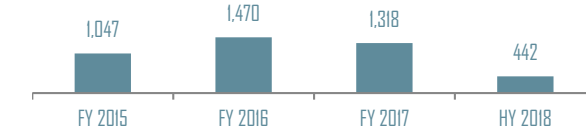
- Highly profitable core business showing a gross margin of 37.4% in the first 6 months of 2018
- Placement of a EUR 100m bond to further accelerate growth
- EBIT guidance between EUR 36m and EUR 40m for 2018

Key operational metrics

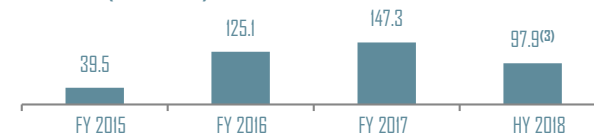
Apartments sold⁽¹⁾ (in units)



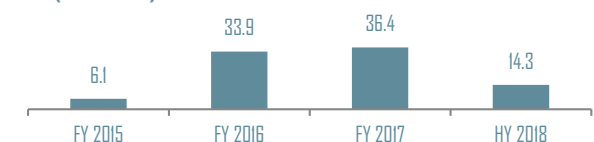
Apartments sourced⁽¹⁾ (in units)









Revenues (in mEUR)



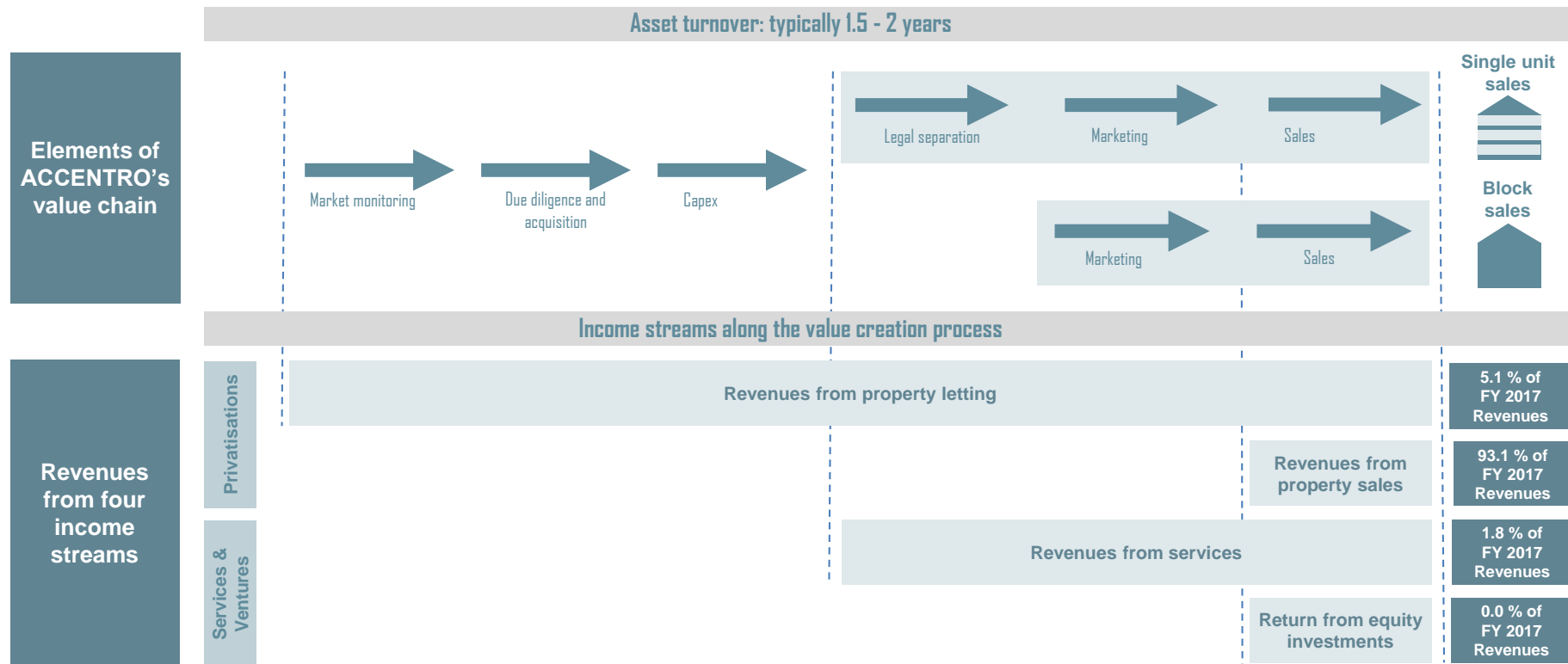
EBIT (in mEUR)



Notes: (1) Transaction closed in corresponding year (2) including 675 units of the project development Gehrensee (3) Including EUR 42.4m of the project development Gehrensee

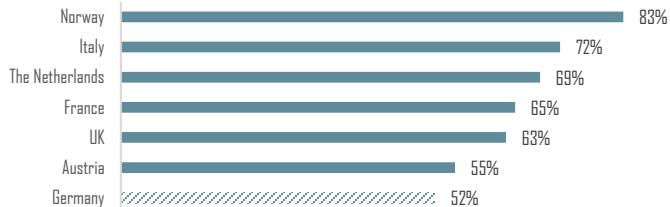
	Privatisations	Services & Ventures
What we do	<ul style="list-style-type: none"> ▪ Investing in residential real estate in attractive German metro regions with focus on Berlin ▪ Active asset management and capex measures ▪ Privatisation of single units to individual investors and homeowners ▪ Block sales of properties to institutional investors 	<ul style="list-style-type: none"> ▪ Sales services to third parties, such as developers and real estate companies ▪ Backstop provisions for developers in course of single units sales ▪ Joint ventures (ACCENTRO typically holds a minority equity stake) with developers and real estate companies to market and sell properties on single unit basis and as block sales
Sources of income	▪ Revenues from property letting	▪ Revenues from services
	▪ Revenues from property sales	▪ Revenues from equity investments
Current portfolio	<ul style="list-style-type: none"> ▪ 2,375 residential units (as of 30 June 2018) ▪ Book value of EUR 309.5m accounted at cost (as of 30 June 2018) 	<ul style="list-style-type: none"> ▪ Over 3,000 units lined up for exclusive sale ▪ Sample of current partners: <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  ADLER REAL ESTATE </div> <div style="text-align: center;">  immeo </div> <div style="text-align: center;">  TAG Immobilien AG </div> <div style="text-align: center;">  Deutsche Wohnen </div> </div> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 10px;"> <div style="text-align: center;">  FIRST HOME IMMOBILIEN </div> <div style="text-align: center;">  t&t Grundbesitz & Projektierung </div> </div>

Extended value chain across the property cycle

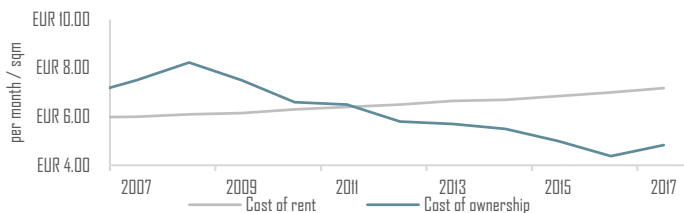


Significant potential to increase percentage of home ownership supported by German state regulations

Percentage of home ownership in selected European countries



Home ownership, a cheaper alternative to increasing costs of rent in Germany



*“Baukindergeld”:
German state subsidies for house / apartment purchases and constructions*

Number of children	Max. income (EUR 75,000 + EUR 15,000 per Child)	Amount of subsidies (EUR 12,000 per child)
1	EUR 90,000	EUR 12,000
2	EUR 105,000	EUR 24,000
3	EUR 120,000	EUR 36,000
4	EUR 135,000	EUR 48,000

Total projected government budget EUR 3.6bn in 5 years

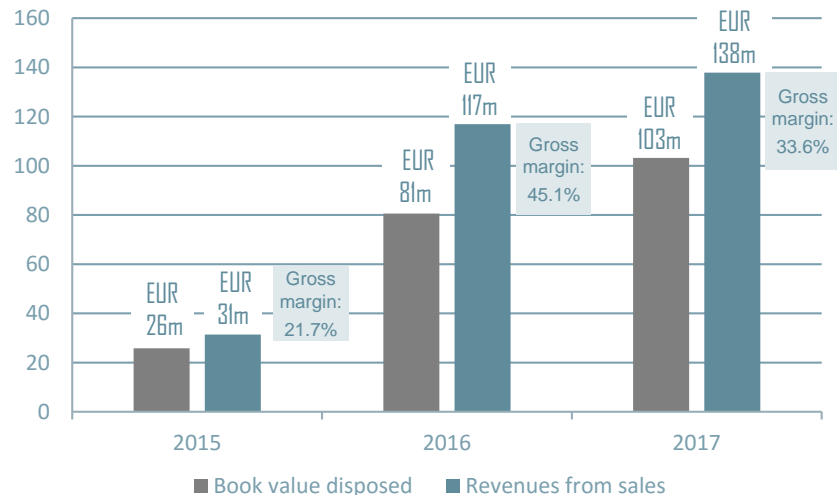
- Significant catch-up potential of German residential markets for home ownership rate
- Favourable market environment supporting home ownership versus rent in context of living costs
- Attractive current interest rate level and availability of mortgage lending supporting demand for home ownership
- Recently introduced government support for families in order to increase home ownership
- ACCENTRO operates in the sweet spot of both macro environment as well as regional demand for residential real estate products

PROVEN TRACK RECORD OF VALUE CREATION

Current margin generation potential proven by historic sales margin

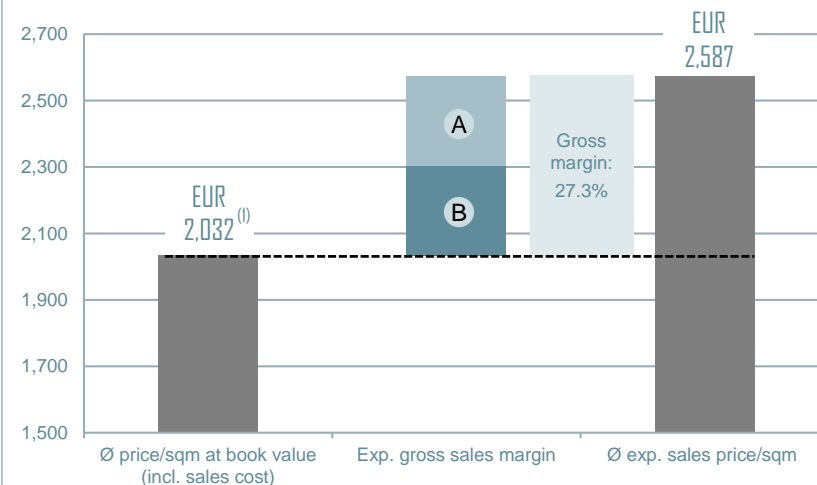
ACCENTRO

Historic sales margins (mEUR)



- Continuous privatisation and sales margin of more than 20%
- Weighted average sales margin between 2015 and 2017 of 36.5%

Expected margin generation of current portfolio (EUR/sqm) as of HY 2018



- A** Structural margin compensates for additional legal, marketing and sales expenses as compared to a wholesale price
- B** Market margin reflects development of markets between acquisition and sale (typically 1.5-2 years) as well as value creation due to improved market positioning

➤ Irrespective of market conditions, ACCENTRO's business model offers an "intrinsic" structural margin from converting residential investment properties into single units dedicated for sale

Notes: (1) Incl. Capex for projects in sales process and construction commitments

Substantial growth in revenues and earnings in HY 2018

Consistently profitable and dynamic performance

- Strong market position reaffirmed: 967 residential units sold during the first half year of 2018
- HY 2018: Consolidated revenues increase by 129.4% ⁽¹⁾ to EUR 97.9m, EBIT increased by 28.1 % year on year to EUR 14.3m
- Gross profit margin from sales remains on a high level at 37.4%

Positive market development continues

- Demand for residential accommodation exceeds supply in the target markets due to the low level of construction
- Interest in condominiums is keen on the buyer side because of the relatively low interest rates when compared to rents
- Persistent demographic growth in Germany's major cities

Successful expansion of business model

- Successful introduction of the business model by opening new offices in Hamburg, Hanover, Leipzig and Cologne (2018)
- Current activities in Berlin and Leipzig exceed expectations
- Virtually all units in the first collaborative project with a property developer (Flughafenstr, Berlin) sold in less than 6 months

Steady build-up of privatisation portfolio

- The acquisition of 442 residential units has raised the value of the privatisation portfolio by 5.3% to EUR 320.3m
- EUR 24m in capital expenditures for the property portfolio to boost appreciation over the next twelve months
- A corporate bond over EUR 100m will serve as basis for future growth

Bright outlook and dividend increased

- Disbursement of a dividend in the amount of EUR 0.17 per share paid in May 2018
- Bright outlook: top line sales growth in the double-digit percentage range and EBIT between EUR 36m and EUR 40m
- Company remains on course for further growth. Deeds for another 446 units, acquired for a purchase price of EUR 126.5m, have already been notarised

Notes: (1) Without Project Gehrensee increase of 30.0% to EUR 55.5m

2

Portfolio and platform



Köln-Nippes



Bedburg, Nordrhein-Westfalen

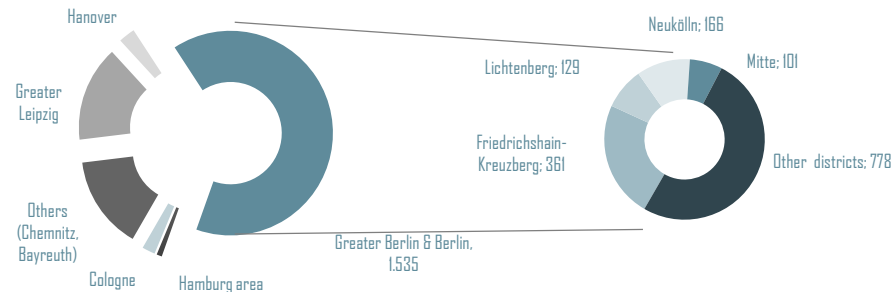


Hannover-Linden

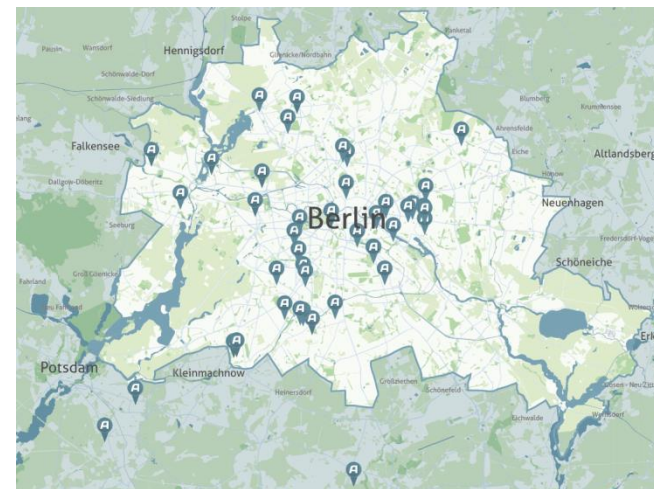
Privatisation portfolio as of 30 June 2018

City	Book value/purchase price (in mEUR)	Units	sqm ('000)	Selling prices (EUR/sqm)
Berlin	224.7	1,292	83,831	3,597
Greater Berlin (ex Berlin)	32.7	243	21,754	1,761
Greater Leipzig	15.1	359	21,172	959
Hanover	10.5	62	5,610	2,265
Cologne	5.9	49	2,875	2,885
Hamburg area	3.1	20	1,499	2,836
Others (Chemnitz, Bayreuth)	17.5	350	20,080	1,010
Total	309.5	2,375	156,821	2,587

Privatisation portfolio broken down by region



Attractive growth upside in the Berlin core region



1. Continued demographic growth
2. Rising income and purchase power
3. Housing shortage driving price growth
4. Slow construction failing to close gap
5. Construction costs exceeding current valuations of existing stock

Key facts of the privatisation portfolio

	FY 2015	FY 2016	FY 2017	HY 2018
Number of units	1,919	2,422	2,885	2,375
Book value (purch. price), in mEUR	155.2	216.1	302.2	309.5
Gross margin of sales, in %	21.7%	45.1%	33.6%	37.4%
Annual rental income, in mEUR	7.2	7.9	8.7	9.2
Interest coverage ratio (EBITDA/net interest expense)	2.8	3.8	4.1	3.8
LTC in %*	69.2%	43.5%	39.4%	49.5%
WACD**	4.4%	2.9%	2.6%	3.0%

* Net debt / GAV (accounted at cost)

** Weighted average cost of debt

Notes

- Current privatisation portfolio generates an annual rental income of EUR 9.2m
- Sustainable improvement of the interest coverage ratio through optimisation of the funding structure
- Economies of scales through consistent expansion of the inventory assets

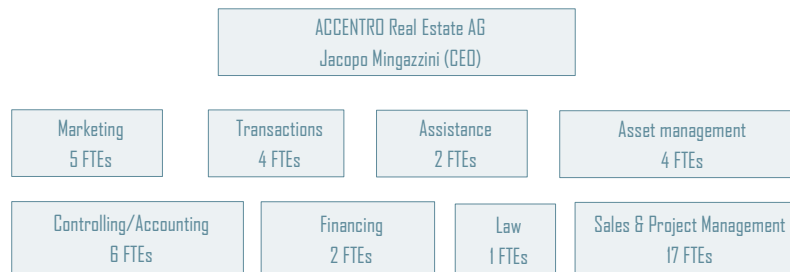


Berlin-Charlottenburg

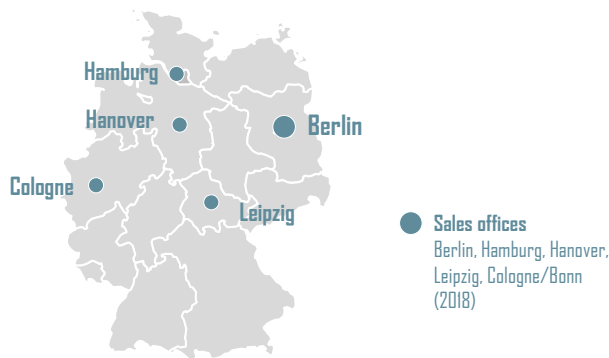


Berlin-Tegel

Organisational structure



Regional footprint in attractive housing markets



Notes: (1) Incl. 759 units from cooperations

Nationwide expansion from the home market of Berlin

- By having its **home base in Berlin**, ACCENTRO is superbly positioned to participate in the attractive development of Berlin's real estate market.
- ACCENTRO's **excellent sourcing capabilities** proven by 1,271⁽¹⁾ units signed in 2018 and 265 units closed in 2018 .
- ACCENTRO is in the process of expanding its **network of sales offices** to include Hamburg, Hanover, Leipzig and Cologne (2018) so as to be better positioned to exploit emerging market opportunities.
- ACCENTRO owns an **attractive privatisation portfolio** of 2,375 flats with a book value of EUR 309.5m that is clearly focused on the city of Berlin (1,292 units with a combined book value of EUR 224.7m).
- ACCENTRO's **sales network** with its demonstrable **long-term track record both inside and outside Germany** harbours potential for portfolio expansions.
- ACCENTRO has entered into **sales partnerships** with **prestigious investors** and developers for the purpose of marketing and selling real estate across Germany.

Case Study: ACCENTRO providing a backstop commitment to an external developer

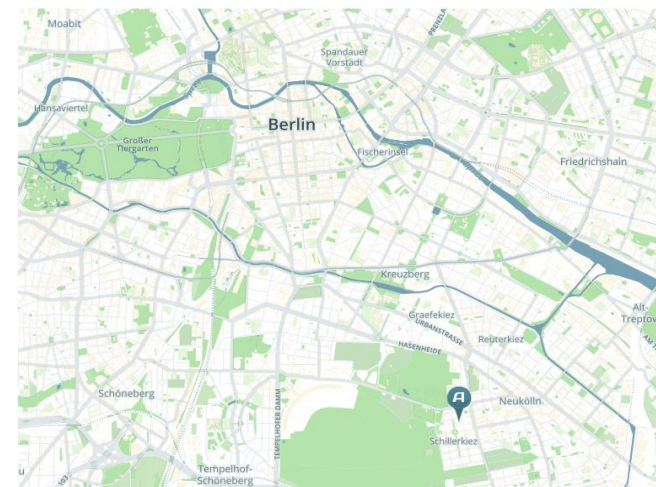
Project description: Flughafenstrasse 72-74, Berlin-Neukölln

- New development of 6-storey residential building with 69 condominiums by an external developer
 - 55 condominiums between 19 and 23 sqm targeting private investors for accommodation of students and young professionals
 - 14 condominiums between 44 and 119 sqm targeting couples and families
- ACCENTRO acts as sales agent for single units sales and has committed the property developer to purchase remaining units for a minimum price by way of backstop agreement
- Expected contribution from services revenues between EUR 1.2m – 1.4m until end of 2018

Impressions



Location



Popular location in one of Berlin's aspiring city districts

- Subway station line U8
- Park and recreation area of former airport Tempelhof
- Bars and coffee shops in "Schillerkiez"-district
- Public swimming pool "Sommerbad Neukölln"

Case Study: ACCENTRO acting as joint venture partner with an external developer

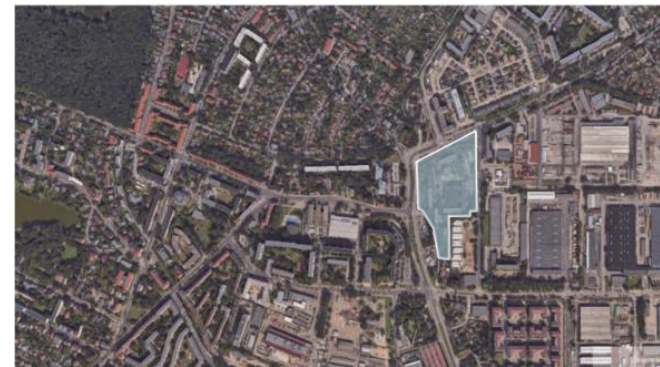
Project description: Gehrensee, Berlin

- ACCENTRO has been able to win a joint venture partner for a redevelopment of Gehrensee property site
- External partner to bring €23.7m into the partnership and investing together with ACCENTRO in the project going forward
- After an extensive redevelopment of the site the gross floor area will be significantly increased
- ACCENTRO will coordinate and execute the sales process

Location



Impressions



3

Financials



Ahrensburg, Schleswig-Holstein



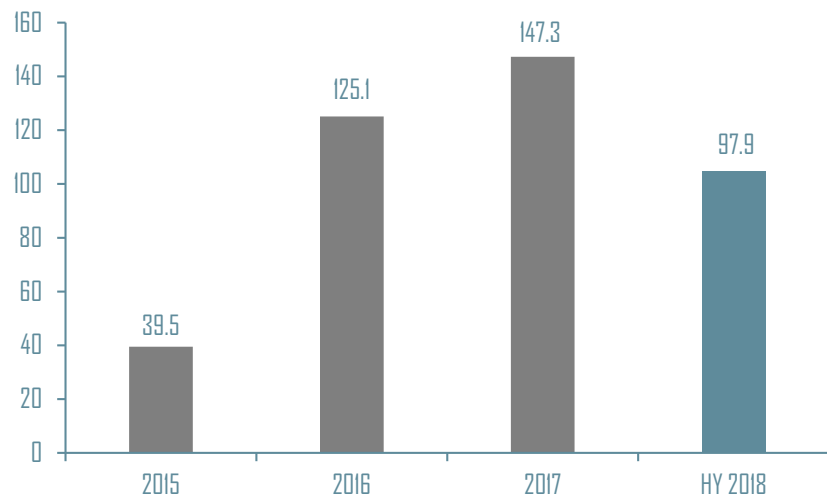
Berlin-Lichtenberg



Berlin-Wilmersdorf

Dynamic top line sales growth combined with brisk growth in gross profits

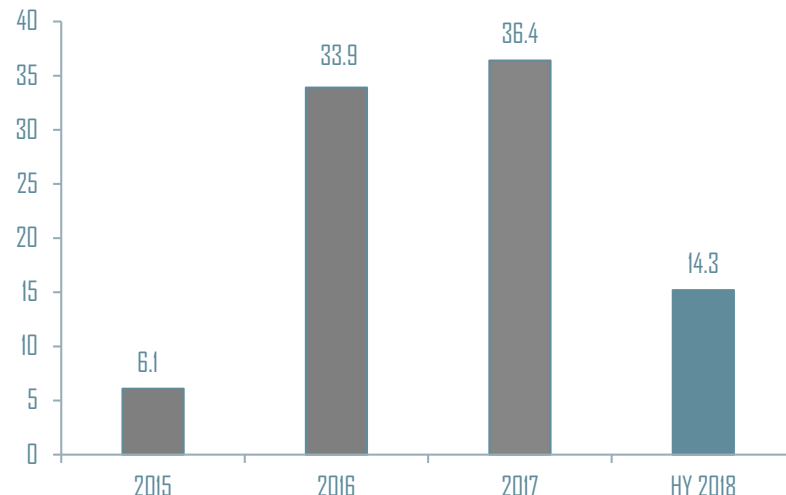
Total revenues (in mEUR)



- 2018 financial year off to a successful start with EUR 97.9m⁽¹⁾ in total revenues during the first 6 months
- Successful property sales as main growth driver, boasting a sales revenue share of over 93.1% during the half year of 2018

Notes: (1) revenues of EUR 55.5m without Gehrensee project

EBIT (in mEUR)



- Fast EBIT growth in recent years
- EBIT grew by 28.1% over prior-year period during half year 2018, totalling EUR 14.3m.

Income statement (in EUR '000)	HY-2017	HY-2018	Δ in %
Revenues from sales of inventory property	38.090	91.137	139.3%
Expenses for sales of inventory property	-27.511	-77.612	182.1%
Capital gains from inventory property	10,579	13,525	27.8%
Net rental income	2.765	3.173	14.8%
Net service income	352	1.546	339.2%
Other operating income	1.289	889	-31.0%
Gross profit or loss	14,985	19,132	27.7%
Total payroll and benefit costs	-1.460	-1.939	32.8%
Depreciation and amortisation of intangible assets and property, plant and equipment	-48	-80	66.7%
Other operating expenses	-2.277	-2.765	21.4%
EBIT	11,200	14,349	28.1%
Other income from investments	0	78	-
Net interest income	-3.667	-5.769	57.3%
EBT	7,533	8,658	14.9%
Income taxes	-1.778	-2.913	63.8%
Consolidated income	5,755	5,746	-0.2%

Total gross margin ⁽¹⁾	51.7%	50.3%	-2.7%
Gross margin from sales (cost basis) in % ⁽¹⁾	38.5%	37.4%	-2.8%
Net income margin ⁽¹⁾	13.5%	10.4%	-23.2%
Earnings per share	0.23	0.19	-17.4%

Notes: (1) KPI's without effects from sale of the Gehrensee project

Sources of Income

Revenue from property sales

Net income from property letting

Net income from services

Return from equity investments

Notes

- High profitability with sales margins of over 37.4%
- Growth in sales of 27.9%⁽¹⁾ over prior-year period
- Earnings per share at EUR 0.19 during half year 2018
- Total payroll and benefit costs and other operating expenses on a low level compared to revenues
- Negative net interest result increased by 57.3% through the successful bond placement and increased effective interest due to the higher transaction cost
- Increased tax rate of 33.6% of the EBT, because of extraordinary effects from a tax audit

Financial position (in EUR '000)	FY 2017	HY 2018	Δ in %
Goodwill	17,776	17,776	0.0%
Other non-current assets	4,404	27,162	516.8%
Total non-current assets	22,179	44,938	102.6%
Inventory properties	304,027	320,290	5.3%
Accounts receivable and other assets	13,704	17,465	27.4%
Cash and cash equivalents	7,875	26,820	240.6%
Total current assets	325,605	364,575	12.0%
Total assets	347,785	409,513	17.7%
Subscribed capital	24,925	30,318	21.6%
Additional paid-in capital	53,462	60,836	13.8%
Retained earnings	73,576	74,224	0.9%
Attributable to non-controlling companies	1,734	3,236	86.6%
Total equity	153,697	168,614	9.7%
Financial liabilities and bond	42,439	136,289	221.1%
Other non-current liabilities	986	1,255	27.3%
Total non-current liabilities	43,425	137,544	216.7%
Financial liabilities and bond	98,946	56,601	-42.8%
Other short-term payables	51,715	46,755	-9.6%
Total current liabilities	150,662	103,356	-31.4%
Total current and non-current liabilities	194,088	240,900	24.1%
Total assets	347,785	409,513	17.7%
LTV (at cost)	39.4%	49.5%	25.6%
Equity ratio	44.2%	41.2%	-6.8%

Notes

- Increase in other non-current assets due to founding of joint venture and other cooperations and also due to prepayments for the office building
- Real estate assets further increased despite the deconsolidation of the Gehrensee project
- Equity ratio remains high despite a dividend payment in May 2018
- Corporate bond over EUR 100m issued to boost the ongoing growth
- Premature redemption of the convertible bond successfully completed in March
- Comfortable LTC of 49.5% despite the issue of a bond

Funding strategy

- Selling off the former proprietary property portfolio in the medium term in order to focus on the core business
- Premature redemption of the outstanding convertible bond successfully completed in March
- Corporate bond over EUR 100m with a coupon interest of 3.75% successfully placed

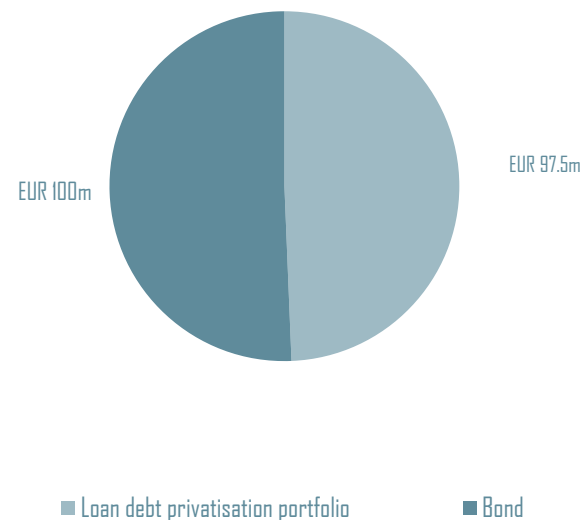
Financial liabilities	Nominal volume (EUR '000)	Average interest rate (%)	Average loan term (years)
Loan debt Privatisation portfolio	97,451	2.21	3.20
Bond (2018/2021)	100,000	3.75	2.58
Sum total	197,451	2.99	2.89

Key financial covenants of outstanding ACCENTRO bond 2018/2021

Covenant	Ratio	Current status ⁽¹⁾
Limitation on net financial indebtedness	< 60%	49.5%
Limitation on capital market indebtedness	> 150%	165.4%
Maintenance of interest coverage ratio	> 2.0	3.8

Notes: (1) Based on HY 2018 numbers

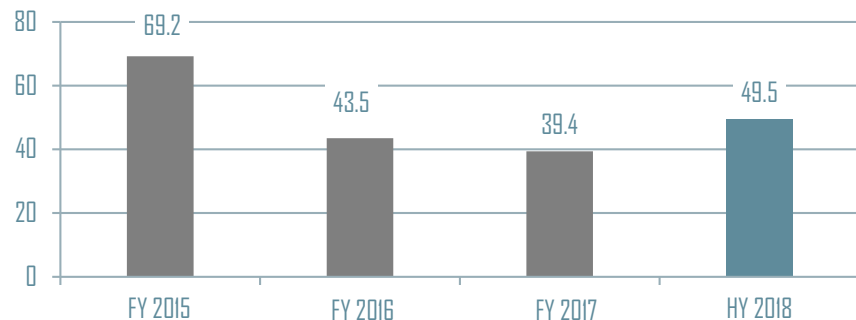
Funding structure as at 30 June 2018



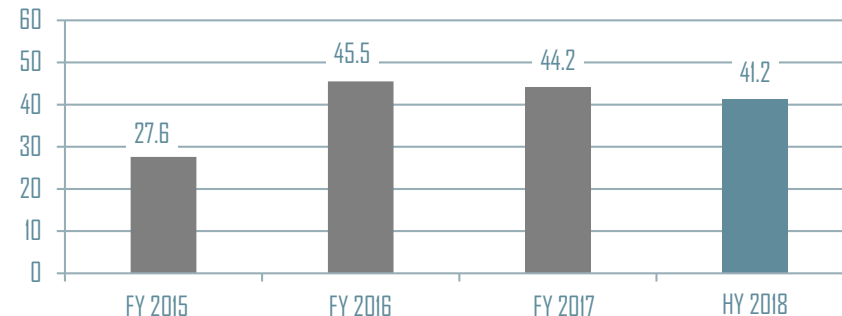
FINANCING—KEY RATIOS

Healthy financing structure, with an equity ratio of 41.2%

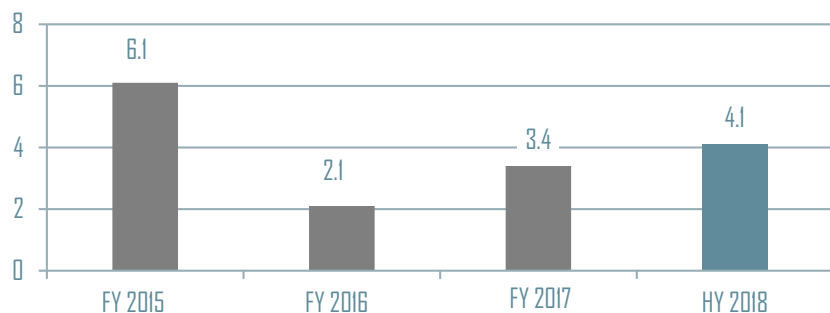
LTC in %⁽¹⁾



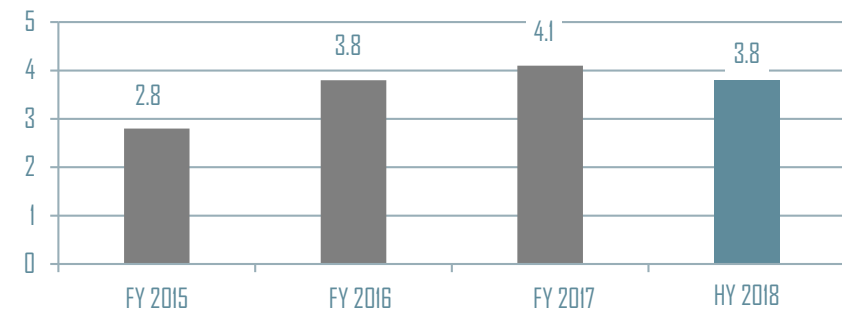
Equity ratio in %



Net debt / EBITDA adj.



Interest coverage ratio⁽²⁾ (EBITDA/net interest expense)



Notes: (1) LTC: Net debt / GAV (accounted at cost); (2) Interest coverage ratio: EBITDA adj. and interest coverage ratio based on the past 12 months

4

Capital markets profile



Berlin-Spandau



Berlin-Friedrichshain

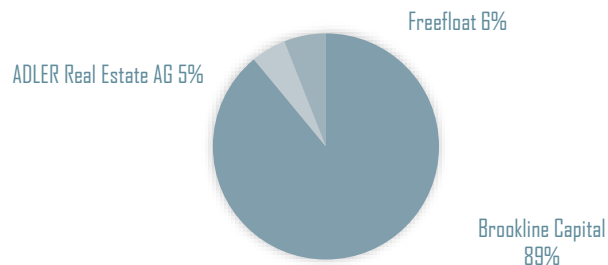


Berlin-Zehlendorf

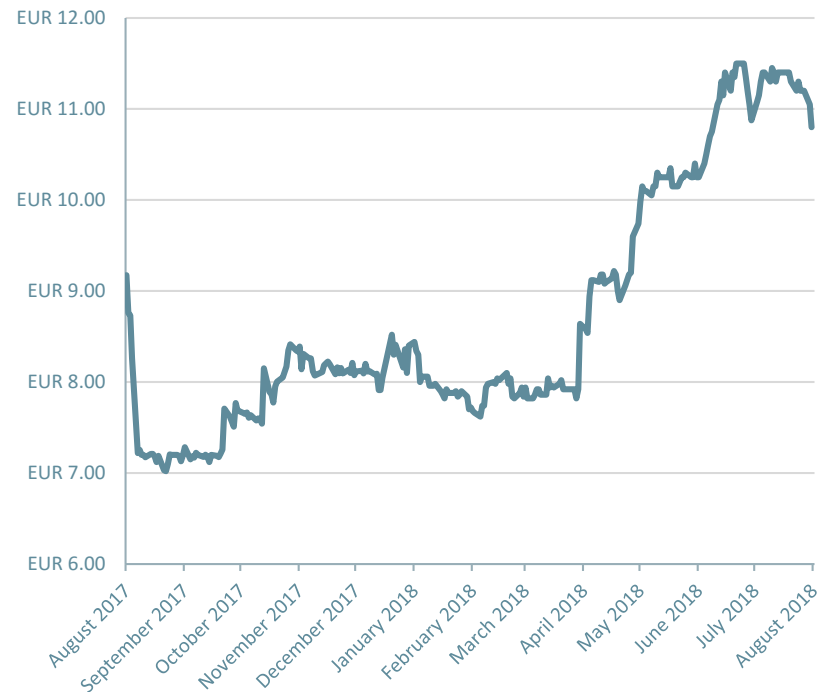
Key share information

Listing	Frankfurt
Segment	Prime Standard
WKN	AOKFKB
ISIN	DE000AOKFKB3
Shares outstanding	30,317,934 shares
Free float	5.95%
Market capitalisation (as of 07.08.2018)	EUR 327.4m

Shareholder structure (as of 07 August 2018)



Share price development LTM (as of 07 August 2018)



MAJOR SHAREHOLDER: FULLY COMMITTED TO ACCENTRO'S PATH OF GROWTH

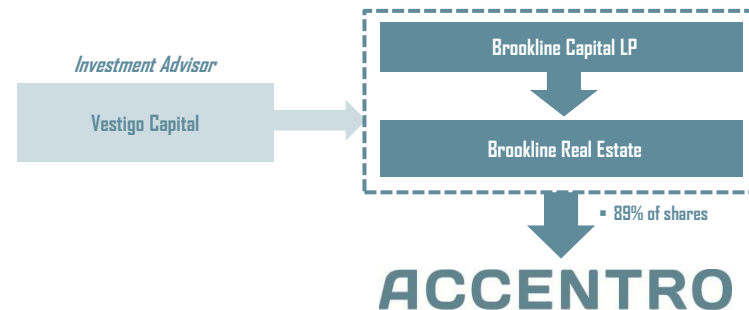
Brookline Real Estate is aligned with all shareholders to grow ACCENTRO for value creation

ACCENTRO

About ACCENTRO's major shareholder

- Brookline Real Estate S.à.r.l. ("Brookline Real Estate") is a Luxembourg-based holding company controlled by Brookline Capital LP, and externally advised by Vestigo Capital Advisors LLP ("Vestigo Capital").
- Vestigo Capital is an FCA regulated investment firm headquartered in London, UK, which provides advice to funds and other investment vehicles with cumulative AUM in excess of USD 350m.
- Vestigo Capital is led by Mr Natig Ganiyev, a private equity investor, whose current portfolio primarily includes investments in real estate, renewable energy, and hospitality sectors.
- Mr Ganiyev serves as a member of the Supervisory Board of ACCENTRO Real Estate AG, and is a member of the Board of Directors of Malta Montenegro Wind Power JV Limited. He received an M.B.A. from Harvard Business School.
- Brookline Capital LP is established to invest in real estate companies and assets, with a primarily focus on Germany. Its main holding is ACCENTRO Real Estate AG, which is the central piece of its investment strategy to pursue compelling opportunities in the property market.

Structure



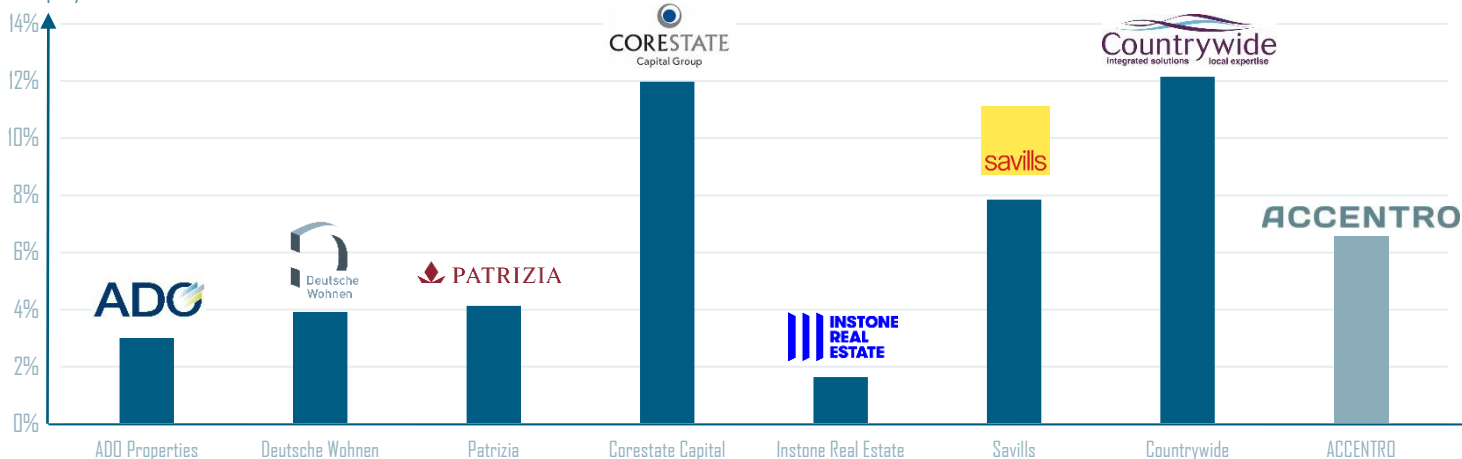
Strategic framework for ACCENTRO

- In the AGM of ACCENTRO on 15 May 2018, representatives of Brookline Real Estate made a few statements as to their strategic views and intentions in relation to their investment in ACCENTRO
- Change of major shareholder from a strategic corporate to a professional investment firm is understood as a catalyst to overcome the structural conflict of interest. This will enable ACCENTRO to capture incremental value creation
- No delisting to be expected. The ACCENTRO management intends to capitalise on the in-place listing to execute its strategy of continued growth

Return on equity of selected real estate players by business model category

2018E RoE⁽¹⁾

Return on Equity



Real estate investment

Real estate asset management

Real estate development

Real estate broker

The ACCENTRO business model

- Niche business with unique return profile
- Delivering incremental returns compared to investment or asset management platforms

Notes: (1) RoE = Net income 2018E (Bloomberg consensus data) / Market capitalisation (as of 30 July 2018)

5

Strategy and outlook



Berlin-Charlottenburg



Berlin-Tegel



Leipzig-Böhlen

Strategic Priorities

Opening up new markets

- Expanding into attractive residential property markets by setting up sales offices and local networks
- Target regions: The metro regions of Hamburg, Leipzig, Cologne/Bonn, Dusseldorf as well as the Rhine-Main and Rhine-Neckar regions
- Seizing the opportunities of micro-markets in different stages of development

Growing privatisation portfolio

- Active portfolio management to raise hidden potential in terms of rental level, vacancy rates or state of repair
- Enhancing the asset value through structural improvements, e.g. by enlarging blocks of flats
- Acquiring residential properties in markets with high margins

Relying on a professional network

- Expansion of the marketing and sales collaborations with property developers and residential property investors
- Sales partnership with property developers, where ACCENTRO buys up and sells all residential units completed
- Third-party sales of residential units on behalf of real estate investors

Market environment offers opportunities

- The short supply in the housing sector is reflected in a **growing demand for residential real estate**
- Keen demand is causing **rising rent and price levels in the target** markets
- The **low homeownership rate** in Germany offers a considerable revenue potential for ACCENTRO

Dynamic operating activities

- 2018 will see a steady expansion of the privatisation portfolio (the deeds for the next 446 units in Berlin and Cologne have already been notarised)
- **A property development joint venture was set up** by selling a 75% interest in the subsidiary ACCENTRO Gehrensee GmbH
- The business model is being expanded to include attractive metro regions elsewhere in Germany by **widening the sales network**

Compelling financial performance

HY 2018

- Top line sales growth by 27.9% over prior-year period up to EUR 48.7m
- At EUR 14.3m, EBIT exceeds the prior-year period by 28.1%

2018 Management Guidance

- Revenue growth in the double-digit percentage range expected
- EBIT expected between EUR 36m and EUR 40m
- Sustainable dividend policy

Profitable business model—attractive market environment—large growth upside

Core Business

- Privatisation of residential real estate in attractive German metro regions
- Third-party marketing and sales for real estate investors and property developers

Track record

- Dynamic expansion of the privatisation portfolio since 2014
- 3,411 condominiums in a total value of EUR 377.3m sold since 2015
- Prospering partnerships with property developers in the sales area (e.g. T&T)

USPs

- Unique business model with compelling risk-return profile in listed sector
- High-powered sales and marketing platform of international reach
- Exclusive sales collaborations with real estate companies

Regional focus and pipeline

- 1,292 residential units currently available for sale on the company's home market of Berlin
- Successful expansion into growth markets such as the Leipzig, Hamburg, Hanover, Cologne/Bonn and Rhine-Main metro regions with additional acquisitions of 446 units in 2018 whose deeds have already been notarized

Key ratios and financials

- Highly profitable core business showing a gross margin of 37.4% in the first 6 months of 2018
- Placement of a EUR 100m bond to speed up the expansion
- EBIT guidance between EUR 36m and EUR 40m for 2018

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