

ACCENTRO

REAL ESTATE AG

Quarterly Statement for the Period
1 January Through 31 March 2017

Overview Key Financial Data

ACCENTRO Real Estate AG	First Quarter 2017 01 Jan. 2017 – 31 March 2017	First Quarter 2016 01 Jan. 2016 – 31 March 2016
Income Statement	TEUR	TEUR
Gross profit	6,593	7,131
EBIT	4,878	5,962
EBT	2,996	4,320
Consolidated income	3,124	2,213

ACCENTRO Real Estate AG	31 March 2017	31 December 2016
Balance Sheet Ratios	TEUR	TEUR
Non-current assets	19,522	18,897
Current assets	269,482	259,949
Equity	140,303	136,836
Equity ratio	45.6%	45.5%
Total assets	307,584	300,546

ACCENTRO Real Estate AG	
Company Shares	
Stock market segment	Prime Standard
ISIN	DE000A0KFKB3
German Securities Code Number (WKN)	A0KFKB
Number of shares on 31 March 2017	24,871,295
Free float	13.70%
Highest price (1 January 2017 – 31 March 2017)*	EUR 12.05
Lowest price (1 January 2017 – 31 March 2017)*	EUR 7.34
Closing price on 31 March 2017*	EUR 10.34
Market capitalisation at 31 March 2017*	EUR 257,169,190

* Closing prices in Xetra trading

Content

- 3** Letter to the Shareholders
- 4** Earnings, Financial and Asset Position
- 6** Supplementary Report
- 6** Forecast Report
- 7** Consolidated Balance Sheet
- 9** Consolidated Income Statement
- 11** Consolidated Cash Flow Statement
- 13** Consolidated Statement of Changes in Equity
- 14** The ACCENTRO Real Estate AG Share
- 16** Financial Calendar
- 16** Forward-looking Statements
- 17** Credits

■ Letter to the Shareholders

Dear Shareholders,
Dear Ladies and Gentlemen,

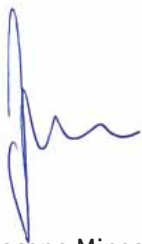
Our ongoing effort to expand in the field of housing privatisation continues: During the ongoing year as of 1 May 2017, we already secured 882 units through sale and purchase agreements that had not yet been posted to accounts by year-end 2016. The single largest acquisition – by the number of residential units – was transacted in the greater Leipzig area (333 units). Leipzig is one of the most interesting swarm cities in Germany, and has for years ranked among the top ten of our Condominium Report by number of traded flats (placing 5th in the 2016 report, its latest edition). Both the square-metre price and the initial yield in the city remain well below the level of our core market in Berlin.

That being said, Berlin remains our most important market despite increased cost prices and hardening initial yields. As far as market size, market liquidity and number of potential buyers are concerned, no other market in Germany comes even close to our home market. Berlin totals as many condominium sales per year as Munich, Hamburg and Cologne combined. We do not share the opinion of the few market sceptics who foresee an end to the boom cycle in the German capital. All of the key fundamentals, especially the city's demographic trend and economic development (GDP, unemployment rate) keep following an upward trajectory at growth rates that clearly outperform the national average.

Accordingly, we have left our strategy in place for the time being: Berlin is our core market, and we will continue to expand our robust market position step by step. Wherever opportunities present themselves, we will moreover expand into other metro regions as announced, and will steadily enlarge our portfolio holdings in these new locations.

Q1 2017 proved to be yet another quarter with rather tidy figures, and it has strengthened our resolve to keep pursuing the chosen course.

Kind regards,



Jacopo Mingazzini
Management Board

■ Preliminary Remarks

The regulatory requirements for quarterly reporting have changed across Europe. Going forward, ACCENTRO Real Estate AG will publish so-called quarterly statements for the first three and for the first nine months of a given financial year. The half-year report will remain as is. The new format of quarterly statements will present the consolidated income in slightly abbreviated form. ACCENTRO Real Estate AG is convinced that the new format is perfectly capable of delivering all relevant information to its shareholders.

ACCENTRO Real Estate AG had divested itself almost entirely of its portfolio properties by December 2016, and thereby transformed into a pure trading entity. The remaining portfolio properties are to be sold off in the course of the 2017 financial year. These properties are recognised in the balance sheet as non-current assets held for sale. Earnings and expenses associated with the properties are recognised in the income statement under "discontinued operation." The elimination of the "Portfolio" segment obviates the need for segment reporting, and the practice will be discontinued accordingly as of the 2017 financial year. The figures for the reference period January through March 2016 were adjusted.

All monetary figures in this report are stated in euro (EUR). Both individual and total figures represent the value with the smallest rounding difference. Accordingly, adding the values of the individual line items may result in minor differences compared to the sum totals posted.

■ Earnings, Financial and Asset Position

Earnings Position

The ACCENTRO Group's key revenue and earnings figures for the continuing operation developed as follows during the first three months of the 2017 financial year:

	3 months 2017	3 months 2016
	EUR million	EUR million
Revenues	20.8	20.5
EBIT	4.9	6.0
Consolidated income from continuing operations	3.0	2.6

The consolidated revenues came to EUR 20.8 million by the end of the first three months of the 2017 financial year, and thereby remained on a level with the prior-year quarter.

The consolidated income by the end of the reporting period equalled EUR 3.0 million (reference period: EUR 2.6 million) and thus matched the bracket we predicted when revising our forecast at mid-year 2016.

At EUR 0.7 million, total payroll and benefit costs slightly exceeded the prior-year level of EUR 0.6 million, an increase attributable to the expansion of our workforce during the 2016 financial year.

The net interest result for the first quarter of 2017 equalled EUR –1.9 million and therefore below the figure for the reference period (EUR –1.7 million). The rise in interest expenses reflects the buy-back of the bond that had been issued in November 2013 over an amount of EUR 10 million, as announced on 31 March 2017. As a result, the effective interest expense,

which would have spread over the remaining lifetime of 17 months if it had not been terminated, is spread over a period of just 4 months ending in June 2017.

The earnings before taxes equalled EUR 3.0 million, down from EUR 4.3 million by the end of the prior-year quarter. Taking into account income taxes of EUR –0.4 million (reference period: EUR –1.7 million), this results in a consolidated income of EUR 3.0 million (reference period: EUR 2.6 million) for the continuing operation. The low income tax expense during the reporting period is attributable to the initial recognition of deferred tax assets on losses carried forward for the Gehrensee portfolio, which was acquired in December 2016.

Financial Position

Key Figures from the Cash Flow Statement (Continuing and Discontinued Operations Combined)

	3 months 2017	3 months 2016
	EUR million	EUR million
Cash flow from operating activities	–8.3	7.8
Cash flow from investment activities	3.3	17.6
Cash flow from financing activities	3.3	–11.3
Net change in cash and cash equivalents	32.0	14.1
Cash and cash equivalents at the beginning of the period	15.1	7.0
Cash and cash equivalents at the end of the period	13.5	21.1

During the first three months of 2017, the cash flow from operating activities amounted to EUR –8.3 million (reference period: EUR 7.8 million). The cash flow from operating activities breaks down into the cash profit for the period and cash-effective changes in current working capital. A positive impact on the cash flow from operations was generated by rent payments and the amounts deposited in return for inventory properties sold. The operating cash flow is burdened by the sum total of operating expenditures, including the income tax payments and payments toward the acquisition of inventory properties. The expansion of the inventory assets, which continued according to plan during the first quarter of 2017, precipitated a negative cash flow from current operations as predicted.

The cash flow from investment activities amounted to EUR 3.3 million during the reporting period (reference period: EUR 17.6 million). In analogy to the reference period, this reflects essentially the payments made by buyers toward the investment properties sold to them, which are associated with the discontinued operation.

The cash flow from financing activities amounted to EUR 3.3 million during the reporting period (reference period: EUR –11.3 million), and breaks down into new loans taken out toward the expansion of the property stock held as inventory assets, payment outflows for the principal repayment of loans associable with properties sold from the inventory assets, and the principal repayment of bonds and financial liabilities.

Cash and cash equivalents amounted to EUR 13.5 million as of 31 March 2017, compared to EUR 15.1 million by 31 December 2016.

During the reporting period, the shareholders' equity of the ACCENTRO Group rose from EUR 136.8 million as of 31 December 2016 to EUR 140.3 million by 31 March 2017. The increase is almost entirely due to the consolidated income from continuing and discontinued operations of EUR 3.1 million. It implies an equity ratio of 45.6%, which means that the equity ratio is essentially the same as the one reported by the balance sheet date of the previous financial year (45.5%).

Asset Position

The total assets increased by EUR 7.0 million since the balance sheet date of 31 December 2016 as they climbed to a total of EUR 307.6 million. The main reason for the growth is the expansion of the inventory assets by EUR 11.0 million.

At EUR 65.4 million, non-current liabilities have remained largely the same since the balance sheet date of the previous financial year (EUR 65.2 million).

Current liabilities rose by EUR 3.4 million to EUR 101.9 million since the end of last year (EUR 98.5 million). The key factor behind the increase is the reclassification of the 2013/2018 bond terminated on 31 March 2017 from non-current to current liabilities, because it will be paid back on 26 June 2017. The decline in current financial liabilities by EUR 6.0 million had a converse effect.

General Statement on the Group's Business Situation

The economic situation of the ACCENTRO Group remained unchanged during the first three months of the 2017 financial year. The Management Board of ACCENTRO AG therefore reaffirms its account of the economic situation previously made in the 2016 annual report, which was published on 10 March 2017.

■ Supplementary Report

No events of material significance for ACCENTRO Real Estate AG transpired between the balance sheet date of 31 March 2017 and the day on which the financial statements were compiled.

■ Forecast Report

In its statement of account for the 2016 financial year, the Management Board of ACCENTRO AG predicted a top line sales growth in the double-digit range for the 2017 financial year, and moreover predicted earnings before interest and tax (EBIT) in a range between EUR 34 million and EUR 36 million. Given the present market situation on the key markets of ACCENTRO AG in combination with the persistently positive macroeconomic signals for 2017, the Management Board of ACCENTRO Real Estate AG reaffirms its forecast at this time.

■ Consolidated Balance Sheet

ACCENTRO Real Estate AG		31 March 2017	31 Dec. 2016
Assets		TEUR	TEUR
Non-current assets			
Goodwill		17,776	17,776
Other intangible assets		26	30
Property, plant and equipment		204	185
Equity investments		125	26
Equity interests accounted for using the equity method		299	472
Deferred tax assets		1,092	408
Total non-current assets		19,522	18,897
Current assets			
Inventory property		234,525	223,565
Trade receivables		1,799	2,010
Other receivables and other current assets		19,152	18,751
Current income tax receivables		480	480
Cash and cash equivalents		13,527	15,143
Total current assets		269,482	259,949
Non-current assets held for sale		18,580	21,700
Total assets		307,584	300,546

Consolidated Balance Sheet

		31 March 2017	31 Dec. 2016
ACCENTRO Real Estate AG			
Equity		TEUR	TEUR
Subscribed capital		24,871	24,734
Capital reserves		53,385	53,180
Retained earnings		60,267	57,164
Attributable to parent company shareholders		138,523	135,078
Attributable to non-controlling companies		1,780	1,758
Total equity		140,303	136,836
Liabilities		TEUR	TEUR
Non-current liabilities			
Provisions		17	17
Financial liabilities		53,133	42,716
Bonds		11,753	21,644
Deferred income tax liabilities		515	851
Total non-current liabilities		65,418	65,228
Current liabilities			
Provisions		2,573	3,030
Financial liabilities		58,813	64,807
Bonds		10,316	138
Advanced payments received		9,841	8,503
Current income tax liabilities		9,200	9,269
Trade payables		2,642	3,365
Other liabilities		2,247	3,178
Total current liabilities		95,633	92,290
Liabilities associated with assets held for sale		6,231	6,192
Total equity and liabilities		307,584	300,546

Consolidated Income Statement

ACCENTRO Real Estate AG	First Quarter 2017 01 Jan. 2017– 31 March 2017	First Quarter 2016 01 Jan. 2016– 31 March 2016
	TEUR	TEUR
Revenues from sales of inventory property	18,495	18,470
Expenses from sales of inventory property	-14,129	-13,094
Capital gains from inventory property	4,366	5,376
Letting revenues	1,943	1,751
Letting expenses	-450	-433
Net rental income	1,492	1,318
Revenues from services	352	299
Expenses from services	-218	-181
Net service income	135	118
Other operating income	599	319
Gross profit or loss	6,593	7,131
Total payroll and benefit costs	-682	-561
Depreciation and amortisation of intangible assets and property, plant and equipment	-27	-27
Impairments of inventories and accounts receivable	0	-4
Other operating expenses	-1,006	-576
EBIT (earnings before interest and income taxes)	4,878	5,962
Net income from associates	-	9
Other income from investments	-	0
Interest income	149	75
Interest expenses	-2,031	-1,725
Net interest income	-1,882	-1,650
EBT (earnings before income taxes)	2,996	4,320
Income taxes	-35	-1,684
Consolidated income from continuing operation	2,961	2,636
Earnings after taxes of discontinued operation	163	-423
Discontinued operation	163	-423
Consolidated income	3,124	2,213
thereof attributable to non-controlling interests	22	-6
thereof attributable to shareholders of the parent company	3,103	2,219

Continued on page 10

■ Consolidated Income Statement

Continued from page 9

ACCENTRO Real Estate AG	First Quarter 2017 01 Jan. 2017– 31 March 2017	First Quarter 2016 01 Jan. 2016– 31 March 2016
	EUR	EUR
Earnings per share (comprehensive income)		
Basic net income per share (24,871,295 shares; prior year: 24,682,500 shares)	0.13	0.09
Diluted net income per share (29,912,021 shares; prior year: 30,074,000 shares)	0.10	0.08
Earnings per share (continuing operation)		
Basic net income per share (24,871,295 shares; prior year: 24,682,500 shares)	0.12	0.11
Diluted net income per share (29,912,021 shares; prior year: 30,074,000 shares)	0.09	0.09

■ Consolidated Cash Flow Statement

ACCENTRO Real Estate AG	First Quarter 2017 01 Jan. 2017– 31 March 2017	First Quarter 2016 01 Jan. 2016– 31 March 2016
	TEUR	TEUR
Consolidated income (continuing and discontinued operations)	3,120	2,213
+ Depreciation/amortisation of non-current assets	27	27
-/+ Net income from associates carried at equity/investment income	-120	-9
+/- Increase/decrease in provisions	757	5
+/- Changes in the fair value of investment property	0	4
+/- Other non-cash expenses/income	-405	3,050
-/+ Gains/losses from the disposal of non-current assets	0	0
-/+ Increase/decrease in trade receivables and other assets that are not attributable to investing or financing activities	-230	-1,708
+/- Increase/decrease in trade payables and other liabilities that are not attributable to investing or financing activities	-208	-1,450
-/+ Income from disposal of investment property	41	-53
-/+ Gains/losses from disposals of subsidiaries	0	-275
+/- Other income tax payments	-141	-10
= Operating cash flow before de-/reinvestment in trading assets	2,841	1,794
-/+ Increase/decrease in inventories (trading properties)	-11,128	6,000
= Cash flow from operating activities	-8,287	7,794
thereof continuing operation	-8,420	14,601
thereof discontinued operation	133	-6,807
+ Proceeds from disposal of investment property (less costs of disposal)	3,500	9,337
+ Changes in liabilities from advance payments received	0	8,954
+ Interest received	1	0
- Cash outflows for investments in intangible assets	0	-1
- Cash outflows for investments in property, plant and equipment	-41	-15
- Cash outflows for investments in investment properties	-161	-650
- Cash outflows for investments in non-current assets	-137	0
+ Payments-in from distributions for shares consolidated at equity	173	0
= Cash flow from investment activities	3,335	17,625
thereof continuing operation	-4	-16
thereof discontinued operation	3,339	17,641

Continued on page 12

■ Consolidated Cash Flow Statement

Continued from page 11

ACCENTRO Real Estate AG	First Quarter 2017 01 Jan. 2017– 31 March 2017	First Quarter 2016 01 Jan. 2016– 31 March 2016
	TEUR	TEUR
+ Payments from issuing bonds and raising (financial) loans	14,558	7,061
– Repayment of bonds and (financial) loans	–10,465	–17,462
– Interest paid	–845	–869
+ Interest received	0	0
+ Repayment of loans granted	87	0
= Cash flow from financing activities	3,335	–11,270
thereof continuing operation	3,206	–11,588
thereof discontinued operation	129	318
Net change in cash and cash equivalents	–1,616	14,149
+ Increase in cash and cash equivalents from investments in fully consolidated companies	0	0
– Decrease in cash and cash equivalents from the disposal of fully consolidated companies	0	–23
+ Cash and cash equivalents at the beginning of the period	15,143	6,981
= Cash and cash equivalents at the end of the period	13,527	21,107

Consolidated Statement of Changes in Equity

for the Period from 1 January to 31 March 2017

	Subscribed capital	Capital reserve	Retained earnings	Interests held by non-controlling companies	Total
	TEUR	TEUR	TEUR	TEUR	TEUR
ACCENTRO Real Estate AG					
As of 1 January 2017	24,734	53,180	57,164	1,758	136,836
Consolidated income	–	–	3,103	22	3,124
Other comprehensive income	–	–	0	0	0
Total consolidated income	–	–	3,103	22	3,124
Change in non-controlling interests from additions to the scope of consolidation	–	–	–	–	–
Disposal of non-controlling interests	–	–	4	–	4
Convertible bonds converted	137	206	–	–	343
As of 31 March 2017*	24,871	53,386	60,271	1,780	140,307

* Adding the values of the individual line items may result in slight differences compared to the sum totals posted.

Consolidated Statement of Changes in Equity

for the Period from 1 January to 31 March 2016

	Subscribed capital	Capital reserve	Retained earnings	Interests held by non-controlling companies	Total
	TEUR	TEUR	TEUR	TEUR	TEUR
ACCENTRO Real Estate AG					
As of 1 January 2016	24,678	53,095	30,873	595	109,241
Consolidated income	–	–	2,219	–6	2,213
Other comprehensive income	–	–	0	0	0
Total consolidated income	–	–	2,219	–6	2,213
Changes in non-controlling interests	–	–	0	0	0
Convertible bonds converted	4	6	–	–	11
As of 31 March 2016*	24,683	53,102	33,091	590	111,465

* Adding the values of the individual line items may result in slight differences compared to the sum totals posted.

■ The ACCENTRO Real Estate AG Share

The 2014/2019 convertible bond issued during the 2013/14 financial year implied a residual 5,339,675 conversion rights as of 31 December 2016, entitling the bearer to one ACCENTRO Real Estate AG share each, which could dilute the earnings per share. The maturity of less than one year has created a dilution effect.

During the first three months of the 2017 financial year, a total of 137,264 convertible bonds from the 2014/2019 convertible bond were converted into one share in ACCENTRO Real Estate AG each. The convertible bond accounts for TEUR 11,753 out of the book value of the bond liabilities.

Compared to the prior-year period, the earnings per share for the first three months of the 2017 financial year present themselves as follows:

Earnings per Share		
	3 months 2017	3 months 2016
	EUR	EUR
Comprehensive income – basic	0.13	0.09
Comprehensive income – diluted	0.10	0.08
Continuing operation – basic	0.12	0.11
Continuing operation – diluted	0.09	0.09

ACCENTRO Share Price Performance from 1 January to 31 March 2017

Starting out at EUR 7.39 on the first trading day of 2017, the share price rose to EUR 12.05 by 27 January 2017 after gaining 63.1%. On the last trading day of the first quarter of 2017, the share price closed at EUR 10.34 which represents EUR 257,169,190 in market capitalisation.

The average daily trading volume (Xetra) of ACCENTRO stock during the first quarter of 2017 was 13,457 units (prior-year quarter: 16,740 units).



ACCENTRO share price development from 1 January to 31 March 2017

Shareholder Structure

The number of ACCENTRO Real Estate AG shares in circulation had slightly increased to a total of 24,871,295 no-par value bearer shares by the end of the reporting period (31 March 2017) because some holders of the 6.25% convertible bond 2014/2019 (ISIN DE000A1YC4S6, WKN A1YC4S) converted their bonds.

The shares are held to 86.30% by ADLER Real Estate AG, while 13.70% of them are held in free float.

The ACCENTRO Share at a Glance

Stock market segment	Prime Standard
ISIN	DE000AOKFKB3
German Securities Code Number (WKN)	AOKFKB
Number of shares on 31 March 2017	24,871,295
Free float	13.70%
Highest price (1 January 2017 – 31 March 2017)*	EUR 12.05
Lowest price (1 January 2017 – 31 March 2017)*	EUR 7.34
Closing price on 31 March 2017*	EUR 10.34
Market capitalisation at 31 March 2017*	EUR 257,169,190

* Closing prices in Xetra trading

■ Financial Calendar

2017

15 May 2017	Annual General Meeting
11 August 2017	Half-Year Financial Report 2017
10 November 2017	Quarterly Statement for the period 1 January through 30 September 2017

All dates are provisional. For the final dates, please check our website www.accentro.ag.

■ Forward-looking Statements

This interim report contains specific forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts and events. This applies, in particular, to statements relating to future financial earning capacity, plans and expectations with respect to the business and management of ACCENTRO Real Estate AG, growth, profitability and the general economic and regulatory conditions and other factors to which ACCENTRO Real Estate AG is exposed.

Forward-looking statements are based on current estimates and assumptions made by the company to the best of its knowledge. Such forward-looking statements are based on assumptions and are subject to risks, uncertainties and other factors that may cause the actual results including the net asset, financial and earnings situation of ACCENTRO Real Estate AG to differ materially from or disappoint expectations expressed or implied by these statements. The business activities of ACCENTRO Real Estate AG are subject to a number of risks and uncertainties that may also cause a forward-looking statement, estimate or prediction to become inaccurate.

This translation of the original German version of the Quarterly Statement of ACCENTRO Real Estate AG for the first three months of the 2017 financial year has been prepared for the convenience of our English-speaking shareholders.

The German version is authoritative.

Our financial reports are also available as downloads at www.accentro.ag or may be requested free of charge by writing to ACCENTRO Real Estate AG, Uhlandstr. 165, 10719 Berlin, Germany.

■ Credits

ACCENTRO

REAL ESTATE AG

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ACCENTRO

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