

ACCENTRO

REAL ESTATE AG

HALF-YEAR FINANCIAL REPORT

1 January – 30 June 2016

Overview Key Financial Data

ACCENTRO Real Estate AG	1st half-year 2016 1 January 2016 – 30 June 2016	1st half-year 2015 1 January 2015 – 30 June 2015
Income statement	TEUR	TEUR
Gross profit	23,045	34,702
EBIT	19,049	30,463
EBT	12,714	23,247
Consolidated income	7,350	20,039

ACCENTRO Real Estate AG	30 June 2016	31 December 2015
Balance sheet ratios	TEUR	TEUR
Non-current assets	185,098	189,594
Current assets	198,734	188,462
Equity	116,613	109,241
Equity ratio	29.7 %	27.6 %
Total assets	393,238	395,205

ACCENTRO Real Estate AG	
Company shares	
Stock market segment	Prime Standard
ISIN	DE000A0KFKB3
German Securities Code Number (WKN)	A0KFKB
Number of shares on 30 June 2016	24,687,130
Free float	13.05 %
Highest price (1 January 2016 – 30 June 2016)*	EUR 5.50
Lowest price (1 January 2016 – 30 June 2016)*	EUR 3.11
Closing price on 30 June 2016*	EUR 4.68
Market capitalisation at 30 June 2016*	EUR 115,535,768.40

* Closing prices in Xetra trading

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■ Letter to the Shareholders

Dear Shareholders,
Dear Ladies and Gentlemen,

Our core business is outperforming: Revenues in the housing privatisation ("Trading" segment) have nearly quadrupled since the first semester of 2015 while the earnings before taxes have multiplied more than ten times. The sale of a portfolio centrally located in Berlin that was reported at the start of August will not become effective until the second half of 2016, and is therefore not even included in these reassuring figures. The contribution to operating income from this sale alone equals approximately 10 million euros after taxes, and we have an inflow of more than 30 million euros in liquid funds. Collectively, these developments will make it possible for us to top our year-end forecast, and very substantially so: Rather than clearing the mark of 10 million euros after taxes as targeted, our earnings after taxes are now expected to be nearly twice as high. Given this very reassuring performance, we plan to propose to the Annual General Meeting next year to pay out a dividend for 2016, which would be the first such distribution.

Despite a mid-year turnover of more than 73 million euros and the associated disposal of properties from our "Trading" portfolio we managed once again to keep the total assets more or less balanced: By the end of June, they totalled c. 393 million euros. In the months since the start of the year, we acquired 14 property assets with a combined total of 519 flats for an aggregate purchase price of slightly over 53 million euros. As previously announced, we expanded our activities beyond Berlin's city limits. In addition to the properties in Ahrensburg near Hamburg and Hanover already mentioned in the Q1 report, we acquired further properties in Bonn and Bayreuth. This brings the share of residential units located outside Berlin up to around 45 % (235 units). Our focus will remain Berlin, but the surging prices, the dwindling supply in housing estates and residential packages, and the political uncertainties and restrictions in the German capital (especially the expansion of historic district protection areas through zoning ordinances against the conversions of residential property) have inversely raised the appeal of other conurbations.

There is another consequence of the price trend in Berlin: We have started taking a closer look at the subject of housing construction because the prices for existing flats have lately pulled level with the construction costs of new schemes. We are specifically looking into collaborations with developers that bring in-depth technical know-how to the job but lack a high-powered sales organisation of their own. Since we have the wherewithal to act collaboratively in the areas of equity and financing, we could approach a wide spectrum of potential partners. We presumably will kick off the first project of this kind shortly, with others to follow.

We look forward to these upcoming challenges, and hope that you will continue to travel this road with us.

Kind regards,



Jacopo Mingazzini
Management Board

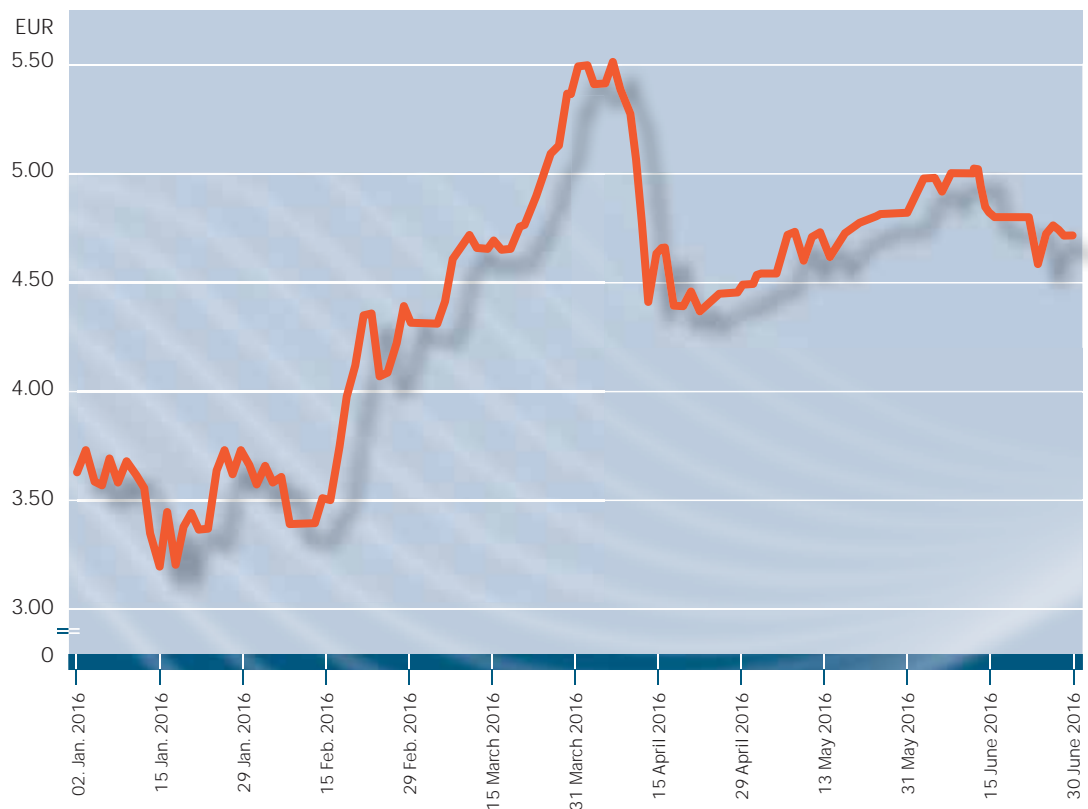
ACCENTRO Real Estate AG Stock Performance

Real estate markets and real estate stocks have benefited from the European Central Bank's policy of monetary easing, and the general unease on the capital markets. Low interest rates have created a need for investment alternatives, and the real estate sector is certainly one of the options because it benefits from the low-interest policy in the form of low financing costs.

The share of ACCENTRO Real Estate AG traced the turbulent upward trend of the business environment. Starting out at EUR 3.59 on the first trading day of 2016, the share price resumed its upward trajectory from the previous year, and stood at EUR 5.50 by April 2016 after gaining 53.2 %. On the last trading day of the first semester of 2016, the share price closed at EUR 4.68 which implies EUR 115,535,768.40 in market capitalisation.

The average daily trading volume (Xetra) of ACCENTRO stock during the first semester of 2016 was 11,513 units (H2 2015: 10,681 units).

ACCENTRO Share Price Development from 1 January to 30 June 2016



Shareholding Structure

The number of ACCENTRO Real Estate AG shares in circulation had slightly increased to a total of 24,687,130 no-par value bearer shares by the end of the reporting period (30 June 2016) because some holders of the 6.25 % convertible bond 2014/2019, ISIN DE000A1YC4S6, WKN A1YC4S converted their bonds.

The shares are held to 86.95 % by ADLER Real Estate AG, while 13.05 % of them are held in free float.

Investor Relations Activities

During the first semester of 2016, ACCENTRO Real Estate AG made it one of its key priorities to provide continuous coverage of relevant corporate events and to maintain an intense dialogue with the capital market.

For instance, ACCENTRO Real Estate AG engaged the capital market with a presentation and one-to-one meetings at the Oddo Seydler Small & Mid Cap Conference in Frankfurt am Main in February 2016. The corporate development of ACCENTRO Real Estate AG is continuously monitored by analysts. The latest analyst assessments returned the following ratings for the ACCENTRO stock:

- 23 May 2016 sc-consult GmbH, stock rating: "Buy", upside target EUR 6.70
- 12 April 2016 sc-consult GmbH, stock rating: "Hold", upside target EUR 5.50

The ACCENTRO Stock at a Glance

ACCENTRO Real Estate AG

Company shares	
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German Securities Code Number (WKN)	AOKFKB
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* Closing prices in Xetra trading

■ Interim Management Report

■ Preliminary Remarks

The condensed consolidated interim financial statements of ACCENTRO Real Estate AG on which this report is based have been prepared in accordance with the International Financial Reporting Standards (IFRS) the way they are to be applied in the European Union.

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 slight differences compared to the sum totals posted.

■ 1 Basic Structure of the Group

1.1 Group Business Model, Objectives and Strategies

The ACCENTRO Group is a listed property company focusing on residential real estate in Germany. It specialises in the creation and marketing of condominiums from the Group's proprietary real estate inventory. As a service provider, ACCENTRO Group is Germany's market leader in the area of tenant-sensitive housing privatisation. One local focus is Berlin's housing market.

The Group acts moreover as landlord of currently 3,579 proprietary units. That is why the business of the ACCENTRO Group divides into the segments "Trading" and "Portfolio."

Trading

The "Trading" segment of the ACCENTRO Group includes the buying and selling of residential properties and individual apartments, especially the retailing of apartments to owner-occupiers and buy-to-let investors within the framework of retail privatisations of housing portfolios. The privatisation services provided by the ACCENTRO Group involve both the retailing of apartments from proprietary property stock of the ACCENTRO Group and the provision of privatisation services on behalf of third parties.

Portfolio

In its "Portfolio" segment, the ACCENTRO Group manages its own properties, which are retained for long-term ownership and not primarily intended for privatisation. The idea is to achieve an appreciation of the property assets while optimising the revenue situation at the same time.

1.2 Group Structure and Control System

ACCENTRO Real Estate AG is the parent company of the ACCENTRO Group. For companies in which it holds a controlling interest, ACCENTRO AG assumes the top-down responsibilities of corporate controlling, funding, and administration. ACCENTRO AG's sphere of ownership includes core divisions such as Legal, Accounting, Controlling, Risk Management, Funding, and IT.

The ACCENTRO AG group consists of the subgroup Magnus-Relda Holding Vier, which holds major shares of the "Portfolio" segment, and several property vehicles that own the real estate stock of the ACCENTRO Group's "Trading" segment. The subgroup and all of the property vehicles are consolidated in the consolidated financial statements of ACCENTRO AG. For a list of the individual subsidiaries and associates of ACCENTRO AG, please see the notes to the consolidated financial statements in the annual report 2015.

The ACCENTRO Group subdivides into two divisions, "Trading" and "Portfolio." There are no other subdivisions. The segment reporting follows the same division structure. To control the Group, ACCENTRO AG uses control variables that are fine-tuned to meet the specificities of each Group segment and of the Group as a whole. These have not been adjusted during the year under review, and remain the same as last year.

The "Trading" segment uses EBIT as financial performance indicator for corporate controlling purposes. Here, the key control variable is the sales performance of the properties, with definitive factors such as the number of condominium reservations placed by potential buyers, among others, and the actual sales prices realised. The latter is aggregated both as number of flats involved and as sales total. Among the other factors that the control system takes into account are the operating results of each sub-portfolio or of each property. In addition, control variables such as the number of new clients, viewings, and reservations serve as early indicators for the performance of the privatisation segment.

Factors aggregated on the level of the parent Group include prompt and regular updates on the liquidity position and a liquidity planning for the next twelve months is provided. This centrally controlled responsibility helps to monitor the financial stability of the corporate Group. Periodic stocktaking of liquidity flows on the level of the member companies as well as on the level of the business units and of the parent Group represent key components of this control system.

The "Portfolio" segment also uses EBIT as financial performance indicator for corporate controlling purposes. A key control variable is the operating result of the properties, which is defined by factors such as vacancy rates, new rentals and leases terminated, net rents, and loan debt burden.

■ 2 Economic Report

2.1 Macro-economic Development

The macro-economic parameters have barely changed compared to their representation in the annual report for the 2015 financial year.

In its communique dated 23 March 2016, the German Council of Economic Experts (SVR) predicted that Germany's gross domestic product would grow by 1.5 % in 2016. The moderate upswing of the German economy continues unchanged.

The boom cycle is driven by private consumption, substantial wage increases, and declining energy prices, which has noticeably increased the purchasing power of private households. The Halle Institute for Economic Research (IWH) published a statement on 9 June 2016 suggesting that investments in housing construction, which are boosted by the very low level of interest rates, are one of the factors driving Germany's positive domestic economy. The modest economic boom is expected to continue beyond the year 2017.

Negative impulses, including the dip in China's economic growth, geopolitical tensions, and the so-called Brexit originate primarily in the international trade environment.

2.2 Development of the German Housing Market

The sustained low-interest policy, paired with a stable economic upturn and the rising significance of real property as asset class during a time of general uncertainty on the capital markets, have been a positive influence on the residential real estate sector in Germany.

Specifically, c. EUR 4.4 billion worth of residential real estate assets and portfolios were sold in Germany during the first half of 2016, according to the market report that the Jones Lang LaSalle property consultancy and service provider published in July 2016. A total of about 42,000 residential units changed hands. While this makes H1 2016 the slowest-selling semester of the past five years, the fact is mostly explained by the absence of large-scale transactions. But while major package sales dropped by 95 %, midsize transactions between EUR25 million and EUR 100 million made hefty gains. The average portfolio size included 224 flats, a contraction by 81 % compared to the prior-year period. Meanwhile, the decline in supply and the persistently high demand have caused the competition among investors to intensify. The average purchase prices in Germany's metropolises rose by nearly 40 % over the past five years, growing from EUR 60,000 per flat to EUR 100,000 per flat by the end of the first semester of 2016.

The residential investment market was boosted by the sustained low interest level and the persistent investment pressure among both institutional investors and private individuals. Increased inflow of foreign capital from Russian, Arab and Asian investors is testimony to the steadily growing appeal of Germany's real estate sector. Whether or not the significance of the German residential investment market will be given fresh impetus by the so-called Brexit, and whether or not the share of international investors will rise even further, can not be predicted seriously at the moment.

The developments in the market environment of the ACCENTRO Group remain positive. In response to the increasingly short supply in Berlin, we monitor the latest trends on the residential property market and are gradually expanding our footprint in other German metropolises and university cities as well as conurbations.

2.3 Business Performance

The business performance of the ACCENTRO Group during the first half of 2016 mirrors the favourable overall market environment on all residential property markets of relevance to ACCENTRO. The consolidated income of the ACCENTRO Group substantially exceeded its own target at EUR 7.4 million.

Although revenues by mid-year 2016 were noticeably lower than they were at the end of the prior-year semester, this is explained by the outstanding one-off result of that semester, which is attributable to the sale of the property portfolio in Berlin-Hohenschönhausen. The letting take-up in 2016 to date has evolved as planned, while the sales performance of the first six months of 2016 went far beyond expectations.

The company's share capital changed during the reporting period in the sense that 8,930 convertible bonds from the issued 2014/2019 convertible bond were converted into one share in ACCENTRO Real Estate AG each. Accordingly, the share capital amounted to EUR 24,687,130.00 as of 30 June 2016.

There were no senior staff changes to the Supervisory Board and the Management Board of ACCENTRO Real Estate AG during the reporting period.

2.4 Earnings, Financial Position and Assets

Earnings Position

The ACCENTRO Group's key revenue and earnings figures developed as follows during the first semester of the 2016 financial year:

	H1 2016	H1 2015
	EUR million	EUR million
Revenues	73.6	118.0
EBIT	19.0	30.5
Consolidated income	7.4	20.0

The consolidated revenues added up to EUR 73.6 million during H1 of the 2016 financial year. They break down into the following segments:

- Trading: EUR 53.1 million (prior-year period: EUR 14.5 million)
- Portfolio: EUR 20.5 million (prior-year period: EUR 103.5 million)

The drop in revenues apparent when directly comparing this latest mid-year result with H1 2015 is explained by the sale of the real estate portfolio in Berlin-Hohenschönhausen in 2015, whose scale was not matched by any transaction in 2016.

The drop in revenues in the "Portfolio" segment since H1 2015 is explained by the discontinued inflow of rental income from the housing portfolio in Berlin-Hohenschönhausen up to 30 June 2015, by which time it was sold, as previously reported.

The gross operating profit (EBIT) of the "Trading" segment grew substantially during Q1 2016, increasing from EUR 2.2 million at the end of the reference period to EUR 16.9 million. The reason for this, as for the trend in revenues, is the rise in net income, and in the steep one-year increase in net rental income compared to H1 2015.

The operating result (EBIT) of the "Portfolio" segment equalled EUR 2.2 million (reference period: EUR 29.3 million), and was essentially based on investment property lettings whereas the same semester in 2015 was defined by the disposal of the Berlin-Hohenschönhausen portfolio.

For a detailed income list by segment, please see the elaborating disclosures on the semi-annual financial statements in section 4.1.

The consolidated income by the end of the reporting period equalled EUR 7.4 million (reference period: EUR 20.0 million). The positive net income considerably exceeds the predicted development of the 2016 financial year in conjunction with the statements of account presented as of 31 December 2015.

The other operating income without measurements dropped slightly to a total of EUR 0.7 million, down from EUR 1.3 million during the reference period.

At EUR 1.3 million, the total payroll and benefit costs more or less maintained the level of the reference period (EUR 1.2 million) even though the number of employees rose from 26 to 33 during the current period.

The financial result of H1 2016 roughly matched the level of the prior period (EUR –7.2 million) at EUR –6.7 million. Analogously, the total assets declined but marginally from one period to the next.

The earnings before taxes equal EUR 12.7 million, down from EUR 23.2 million at the end of the reference period. Taking into account income taxes of EUR –5.4 million (reference period: EUR –3.2 million), this results in a consolidated profit of EUR 7.4 million.

Financial Position

Key Figures from the Cash Flow Statement

	H1 2016	H1 2015
	EUR million	EUR million
Cash flow from operating activities	32.5	-18.8
Cash flow from investment activities	12.4	54.3
Cash flow from financing activities	-26.4	-31.6
Net change in cash and cash equivalents	18.5	3.8
Cash and cash equivalents at the beginning of the period	7.0	7.7
Cash and cash equivalents at the end of the period	25.4	10.9

During the first six months of 2016, the cash flow from operating activities amounted to EUR 32.5 million (reference year: EUR -18.8 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 operating cash flow was generated by rent payments and the amounts deposited in return for inventory properties sold. The operating cash flow is impaired by all of the operating expenditures, including income tax payments.

The cash flow from investment activities amounted to EUR 12.4 million during the reporting period (reference period: EUR 54.3 million). As in the reference period, this reflects essentially the payments made by buyers in the wake of investment property sales.

The cash flow from financing activities amounted to EUR -26.4 million during the reporting period (reference period: EUR -31.6 million), and breaks down into new loans taken out toward the expansion of the property stock in the "Trading" segment, payment outflows for the principal repayment of loans associable with properties sold from the "Trading" and the "Portfolio" holdings, and the principal repayment of bonds and financial liabilities.

Cash and cash equivalents amounted to EUR 25.4 million as of 30 June 2016, compared to EUR 7.0 million by 31 December 2015.

During the reporting period, the shareholders' equity of the ACCENTRO Group rose from EUR 109.2 million as of 31 December 2015 to EUR 116.6 million as of 30 June 2016. The increase is explained nearly exclusively by the semi-annual result of EUR 7.4 million. It implies an equity ratio of 29.7 %, and thus a moderate increase compared to the equity ratio by the balance sheet date of the previous financial year (27.6 %).

For more details on the amount and composition of the Group's cash flows, please see the Consolidated Cash Flow Statement.

Asset Position

The total assets decreased by EUR 2.0 million since the balance sheet date of the previous financial year as they dropped to EUR 393.2 million.

Non-current liabilities decreased by EUR 17.0 million since the balance sheet date of the previous financial year, dropping to EUR 169.0 million.

Current liabilities rose by EUR 16.7 million to EUR 102.3 million since the end of last year (EUR 85.5 million). The main cause for the increase are the property sales planned for the third quarter of 2016, and the repayment of the corresponding loans.

General Statement on the Group's Business Situation

In its statement of account for the 2015 financial year, the Management Board of ACCENTRO AG predicted that the 2016 financial year would return substantial consolidated funds from operations. This was to be achieved through noticeably enhanced earnings in the "Trading" segment and a sustainably stable contribution to operating income in the "Portfolio" segment, among other contributing factors. In the "Trading" segment, the improved earnings target was actually topped during the first six months of 2016. As far as the portfolio business goes, it is assumed that measures to roll back vacancies will help to boost earnings in a sustainable way. Based on these facts and assumptions, the Management Board of ACCENTRO Real Estate AG has adjusted the income forecast for 2016, and now expects to see a consolidated income close to EUR 20 million by the end of the financial year.

■ 3 Supplementary Report

On 5 August 2016, after the end of first semester 2016, the deed was notarised for the sale of a real estate portfolio of 419 residential units centrally located in Berlin. Having a sales volume of c. EUR 51 million and contributing c. EUR 10 million to operating income after taxes, this transaction will lead to a surge in earnings in the third quarter of 2016.

■ 4 Forecast, Opportunity and Risk Report

Forecast Report

The forecasts and other statements regarding the future business performance of the ACCENTRO Group contained in the consolidated financial statements for 2015 will be raised to reflect the disposal of a residential portfolio in Berlin as described in the report on subsequent events.

The Management Board of ACCENTRO Real Estate AG projects a consolidated profit of nearly EUR 20 million by the end of the 2016 financial year. Backed by the Supervisory Board of ACCENTRO Real Estate AG, the Management Board would like to let its unitholders share in the success, and will therefore plans to propose the distribution of a dividend to the Annual General Meeting.

Going forward, ACCENTRO Real Estate AG will keep focusing on the privatisation of apartments from its proprietary stock as well as on behalf of third parties as it continues to expand and acquire new real estate.

In collaboration with a partner in the building industry, the company also intends to start marketing new residential units that will be raised on plots owned by that partner. In the initial stage, a smallish building project delivering micro-apartments in Berlin's Neukölln district will be developed.

Opportunity and Risk Report

The ACCENTRO Group's risk management system is geared towards securing existing and future success potential of the Group's commercial activities and to permit their exploitation in such a way as to generate a sustained increase in going concern value. An integral component of this system is the fact that potentially adverse developments and events are addressed in a structured manner and at an early stage, thereby allowing the Management Board to initiate countermeasures in good time before significant damage is done.

During the reporting period, the Management Board of ACCENTRO AG re-assessed the threats and opportunities to which the ACCENTRO Group is exposed, comparing them with their representation in the Group Management Report for the previous financial year of 2015, and drawing the following conclusions:

The housing market of Berlin, which is of key importance for ACCENTRO Real Estate AG, has experienced a serious hike in property prices. While this makes it possible to generate handsome returns on property sales, on the one hand, it also makes it increasingly hard for the company to purchase real estate in sufficient quantity and at adequate prices. With this in mind, and given the fact that the so-called rent freeze does not apply to new-build flats, the company is looking into emerging opportunities in the housing construction sector because the prices for existing flats are closing in on the prices for new ones. Going forward, ACCENTRO Real Estate AG therefore sees considerable potential in new-build apartment sales.

Overall Assessment

In light of the anticipated development of Germany's housing demand and the generally auspicious parameters of the country's residential property market, the company expects its business potential to keep growing. This assessment is backed by the lively interest of owner-occupiers and buy-to-let investors in properties, particularly in condominiums, that are acquired either as buy-to-let investment or (in the case of owner-occupiers) as an integral component of a private pension plan. The latter aspect, by the way, is bound to gain in significance, and substantially so.

ACCENTRO Real Estate AG intends to stabilise its revenues on their high current level, specifically by stepping up its activities in the housing privatisation sector. By the projected expansion of its business into the new-build property segment, the company plans to develop another sustainably profitable business line.

It expects to see a sustained stabilisation of its income and financial position on the basis of a stable business performance and viable cost income ratios. The Group has raised its income forecast for the ongoing year. By the end of this year, it expects to approach the prior-year result of EUR 22.8 million, and thereby to exceed the previous forecast by a far cry. At the moment, the Management Board of ACCENTRO Real Estate AG projects a consolidated income of just under EUR 20 million by the end of the 2016 financial year.

Consolidated Balance Sheet

ACCENTRO Real Estate AG		30 June 2016	31 Dec. 2015
Assets		TEUR	TEUR
Non-current assets			
Goodwill		17,776	17,776
Other intangible assets		39	47
Property, plant and equipment		210	188
Investment property		163,724	168,337
Equity investments		1,188	1,188
Equity interests accounted for using the equity method		1,696	1,593
Deferred tax assets		465	465
Total non-current assets		185,098	189,594
Current assets			
Inventories		137,153	156,121
Trade receivables		7,569	10,422
Other receivables and other assets		28,524	14,885
Current income tax receivables		48	54
Cash and cash equivalents		25,441	6,981
Total current assets		198,734	188,462
Non-current assets held for sale		9,406	17,149
Total assets		393,238	395,205

Consolidated Balance Sheet

	30 June 2016	31 Dec. 2015
ACCENTRO Real Estate AG		
Equity	TEUR	TEUR
Subscribed capital	24,687	24,678
Capital reserves	53,109	53,095
Retained earnings	38,186	30,873
Attributable to parent company shareholders	115,982	108,646
Attributable to minorities	631	595
Total equity	116,613	109,241
Liabilities	TEUR	TEUR
Non-current liabilities		
Provisions	17	17
Financial liabilities	139,689	154,562
Bonds	21,606	21,338
Shareholder loans	0	2,824
Compensation claims by partners of civil-law and limited partnerships	327	0
Deferred income tax liabilities	7,412	7,288
Total non-current liabilities	169,051	186,027
Current liabilities		
Provisions	2,247	2,540
Financial liabilities	64,295	63,804
Bonds	596	137
Shareholder loans	4,427	0
Advanced payments received	16,346	9,253
Current income tax liabilities	7,289	2,014
Trade payables	3,728	4,114
Other liabilities	3,346	3,655
Total current liabilities	102,274	85,515
Liabilities held for sale	5,300	14,421
Total equity and liabilities	393,238	395,205

Consolidated Income Statement*

ACCENTRO Real Estate AG	Q2 2016 01 April 2016 – 30 June 2016	Q2 2015 01 April 2015 – 30 June 2015	H1 2016 01 Jan. 2016 – 30 June 2016	H1 2015 01 Jan. 2015 – 30 June 2015
	TEUR	TEUR	TEUR	TEUR
Revenues from sales of inventory property	30,476	8,122	48,947	10,834
Expenses from sales of inventory property	-19,338	-6,750	-32,433	-9,017
Capital gains from inventory property	11,138	1,372	16,514	1,817
Revenues from sales of investment property	13,730	94,428	13,865	94,428
Expenses from sales of investment property	-13,766	-78,640	-13,953	-78,640
Capital gains from investment property	-36	15,788	-89	15,788
Capital gains from property sales	11,102	17,160	16,425	17,605
Letting revenues	4,763	5,692	9,974	11,397
Letting expenses	-2,100	-2,883	-4,401	-4,551
Net rental income	2,663	2,809	5,574	6,846
Revenues from services	498	743	797	1,313
Expenses from services	-336	-534	-517	-862
Net service income	162	209	280	452
Other operating income	419	1,230	772	1,309
Measurement of investment property	-2	0	-6	8,490
Earnings from other income	417	1,230	766	9,799
Gross profit or loss	14,344	21,408	23,045	34,702
Total payroll and benefit costs	-740	-681	-1,302	-1,212
Depreciation and amortisation of intangible assets and property, plant and equipment	-37	-23	-65	-46
Impairments of inventories and accounts receivable	-601	-188	-631	-231
Other operating expenses	-1,379	-1,470	-1,999	-2,751
EBIT (earnings before interest and income taxes)	11,586	19,045	19,049	30,462
Net income from associates	371	0	371	0
Other income from investments	9	15	18	15
Interest income	128	12	204	32
Interest expenses	-3,571	-3,729	-6,927	-7,262
Net interest income	-3,442	-3,717	-6,723	-7,230
EBT (earnings before income taxes)	8,524	15,343	12,714	23,247
Income taxes	-3,387	-314	-5,364	-3,209
Consolidated income	5,137	15,029	7,350	20,039
thereof attributable to non-controlling interests	42	275	36	169
thereof attributable to shareholders of the parent company	5,095	14,754	7,314	19,870
Earnings per share (EUR)				
Basic earnings per share	0.21	0.60	0.30	0.81
Diluted earnings per share	0.17	0.50	0.25	0.67

* Revenues and the costs of materials were retroactively broken down into more detail to enhance the transparency of the sources of revenues and earnings.

Consolidated Cash Flow Statement

ACCENTRO Real Estate AG	H1 2016 01 Jan. 2016 – 30 June 2016	H1 2015 01 Jan. 2015 – 30 June 2015
	TEUR	TEUR
Consolidated income	7,350	20,039
+ Depreciation/amortisation of non-current assets	65	46
-/+ Net income from associates carried at equity	-389	0
+/- Increase/decrease in provisions	298	-367
+ Impairment on assets held for sale	0	100
+/- Changes in the fair value of investment property	6	-8,490
+/- Other non-cash expenses/income	4,601	2,993
-/+ Gains/losses from the disposal of non-current assets	0	2
-/+ Increase/decrease in trade receivables and other assets that are not attributable to investing or financing activities	-10,002	3,381
+/- Increase/decrease in trade payables and other liabilities that are not attributable to investing or financing activities	11,900	16,942
- Cash outflows for investments in fully consolidated companies with properties held as trading assets	0	-10
-/+ Income from disposal of investment property	-53	-15,801
-/+ Gains/losses from disposal of subsidiaries	-275	-150
+/- Other income tax payments	-10	-25
= Operating cash flow prior to de-/reinvestment in trading assets	13,491	18,660
-/+ Increase/decrease in inventories (trading properties)	18,990	-37,478
= Cash flow from current operating activities	32,482	-18,818
+ Proceeds from disposal of investment property (less costs of disposal)	13,865	54,614
+ Changes in liabilities from advance payments received	0	0
+ Interest received	61	0
- Cash outflows for investments in intangible assets	-8	0
- Cash outflows for investments in property, plant and equipment	-71	-45
- Cash outflows for investments in investment properties	-1,478	-274
- Cash outflows for investments in non-current assets	0	0
- Cash outflows for investments in fully consolidated companies	0	0
= Cash flow from investment activities	12,369	54,295

Continued on page 18

■ Consolidated Cash Flow Statement

ACCENTRO Real Estate AG	H1 2016 01 Jan. 2016 – 30 June 2016	H1 2015 01 Jan. 2015 – 30 June 2015
	TEUR	TEUR
Continued from page 17		
+ Payments made by shareholders	0	0
+ Payments from issuing bonds and raising (financial) loans	9,356	8,490
– Repayment of bonds and (financial) loans	–31,949	–33,849
– Interest paid	–3,775	–6,268
+ Interest received	0	0
= Cash flow from financing activities	–26,368	–31,627
Net change in cash and cash equivalents	18,482	3,850
+ 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	–23	–604
+ Cash and cash equivalents at the beginning of the period	6,981	7,681
= Cash and cash equivalents at the end of the period	25,441	10,927

Consolidated Statement of Changes in Equity

for the Period from 1 January to 30 June 2016

	Issued capital	Capital reserve	Retained earnings	Minority interests	Total
ACCENTRO Real Estate AG					
	TEUR	TEUR	TEUR	TEUR	TEUR
As of 1 January 2016	24,678	53,095	30,873	595	109,241
Consolidated income	–	–	7,314	36	7,350
Other comprehensive income	–	–	0	0	0
Total consolidated income	–	–	7,314	36	7,350
Costs of raising equity	–	–	–	–	0
Companies acquired	–	–	–	–	0
Companies sold	–	–	–	–	0
Changes in non-controlling interests	–	–	–	–	0
Increase in kind	–	–	–	–	0
Cash capital increase	–	–	–	–	0
Convertible bonds converted	9	13	–	–	22
As of 30 June 2016*	24,687	53,109	38,186	631	116,613

* 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 30 June 2015

	Issued capital	Capital reserve	Retained earnings	Minority interests	Total
ACCENTRO Real Estate AG					
	TEUR	TEUR	TEUR	TEUR	TEUR
As of 1 January 2015	24,436	52,757	8,225	433	85,851
Consolidated income	–	–	19,870	169	20,039
Other comprehensive income	–	–	0	0	0
Total consolidated income	–	–	19,870	169	20,039
Costs of raising equity	–	–	–	–	–
Companies acquired	–	–	–	31	31
Companies sold	–	–	–	–	–
Changes in non-controlling interests	–	–	–	–	–
Increase in kind	–	–	–	–	–
Cash capital increase	–	–	–	–	–
Convertible bonds converted	0	0	–	–	1
As of 30 June 2015*	24,436	52,757	28,096	632	105,922

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

■ Selected Disclosures on Condensed Consolidated Interim Financial Statements

■ 1 Basic Information

ACCENTRO Real Estate AG with its subsidiaries is active both as property portfolio holder and property trader. The company's registered office is located at Uhlandstr. 165 in 10719 Berlin, Germany. The company's shares are listed on the Frankfurt Stock Exchange for trading on the Regulated Market (Prime Standard).

As of 30 June 2016, ACCENTRO Real Estate AG acted as the operating holding company for a number of property vehicles.

These condensed consolidated interim financial statements were approved for publication by the company's Management Board in August 2016. The condensed consolidated interim financial statements were not checked by an auditor or subjected to review.

It was decided not to include a statement of comprehensive income because the other comprehensive income includes no effects recognised directly in equity.

■ 2 Significant Accounting Policies

The condensed consolidated interim financial statements for the first semester of the 2016 financial year, which ended on 30 June 2016, were prepared in accordance with the provisions of IAS 34 "Interim Financial Reporting" as adopted by the EU by way of a regulation. The condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statement of ACCENTRO Real Estate AG for the year ended 31 December 2015.

The accounting policies applied in the condensed interim consolidated financial statements are the same as those applied in the preparation of the consolidated financial statements for the year ended 31 December 2015.

All amounts posted in the balance sheet, income statement, statement of changes in equity, and cash flow statement, as well as in the notes and tabular overviews, are quoted in thousands of euro (TEUR), unless otherwise noted. Both individual and total figures represent the value with the smallest rounding difference. Small differences can therefore occur between the sum of the individual items posted and the reported totals.

■ 3 Consolidation

3.1 Consolidated Group

As of 30 June 2016, the condensed interim consolidated financial statements of ACCENTRO Real Estate AG included 28 subsidiaries, one joint venture, and two associates. During the financial year's nine-month period ending 30 June 2016, the basis of consolidation as of 31 December 2015 (26 subsidiaries, one joint venture, two associates) expanded to include three companies created for the privatisation unit. No business operations were taken over during that time. In addition, one subsidiary was sold by 30 June 2016.

The ACCENTRO Group will be included in the interim financial statements of ADLER Real Estate AG, Frankfurt/Main, the latter being its top-tier parent company.

3.2 Significant Transactions during the Interim Report Period

The Group continued to intensify its business focus on the privatisation segment during the first semester. The legal transfer of another seven assets from the "Portfolio" segment will most likely go ahead during the next twelve months. Deeds were signed for four properties by 30 June 2016. Of the non-current assets held for sale, which had a total value of TEUR 17,149 by 31 December 2015, assets with a fair value of TEUR 13,849 have already been sold this year to date. On top of that, TEUR 6,106 worth of properties were reclassified during the year as assets held for sale.

Non-current assets held for sale and the associate liabilities were appraised pursuant to IFRS 5 and posted as current. The term "Assets held for sale" refers to assets that could immediately be sold as is, and whose disposal is highly likely. These could include single non-current assets, groups of assets earmarked for disposal (disposal groups) or business divisions soon to be discontinued. Liabilities that are handed over together with the assets in the course of a transaction represent an integral part of a disposal group or of a discontinued operation, and are also separately recognised as current "Liabilities held for sale." Non-current assets held for sale are no longer subject to scheduled amortisation, and should be recognised at their carrying amount or at their fair value, whichever is lower, less costs of disposal. Profits or losses from the valuation of discontinued operations at fair value less costs of disposal are recognised as result from discontinued operations, as are the results from business activities or from the disposal of these operations. By contrast, the profits or losses from the valuation of single assets held for sale and of disposal groups up to the time of their final disposal are recognised among the results from discontinued operations. The representation of the disposal group takes the form of separate entries of the principal assets and liabilities to be sold, posted in the consolidated accounts among the items "Non-current assets held for sale" and "Liabilities held for sale," as the case may be.

4 Supplementary Notes to the Individual Items of the Interim Financial Statements

4.1 Segment Information

Quarter on quarter, the segment results for the second quarter of the 2016 financial year present themselves as shown below:

	Trading						Portfolio		Group	
	Total		Privatisation		Other trade		Q2/2016	Q2/2015	Q2/2016	Q2/2015
	Q2/2016	Q2/2015	Q2/2016	Q2/2015	Q2/2016	Q2/2015				
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Revenues (external)	32,584	10,025	32,584	10,025	-	-	16,893	98,959	49,467	108,985
thereof										
Letting	1,600	1,178	1,600	1,178	-	-	3,163	4,514	4,763	5,692
Disposals	30,476	8,105	30,476	8,105	-	-	13,730	94,445	44,206	102,550
Brokerage	498	743	498	743	-	-	-	-	498	743
Changes in the value of investment property	-	-	-	-	-	-	-	-	-	-
EBIT	10,472	664	10,472	1,436	-	-772	1,113	18,381	11,586	19,045
Net income from financial investments	380	15	380	15	-	0	0	0	380	15
Financial results	-515	-643	-515	-529	-	-113	-2,548	-3,060	-3,062	-3,702
Net profit before income taxes	9,957	22	9,957	907	-	-885	-1,434	15,321	8,524	15,343

Compared to the prior-year semester, the segment results for the first semester of the 2016 financial year present themselves as follows:

	Trading						Portfolio		Group	
	Total		Privatisation		Other trade		H1/2016	H1/2015	H1/2016	H1/2015
	H1/2016	H1/2015	H1/2016	H1/2015	H1/2016	H1/2015				
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Revenues (external)	53,094	14,465	53,094	14,465	-	-	20,489	103,508	73,583	117,972
thereof										
Letting	3,351	2,335	3,351	2,335	-	-	6,624	9,063	9,974	11,397
Disposals	48,947	10,817	48,947	10,817	-	-	13,865	94,445	62,811	105,262
Brokerage	797	1,313	797	1,313	-	-	-	-	797	1,313
Changes in the value of investment property	-	-	-	-	-	-	-	8,490	-	8,490
EBIT	16,889	1,194	16,889	2,203	-	-1,009	2,160	29,269	19,049	30,462
Net income from financial investments	389	15	389	15	-	-	-	-	389	15
Financial results	-1,412	-1,241	-1,412	-795	-	-445	-4,922	-5,975	-6,335	-7,215
Net profit before income taxes	15,477	-47	15,477	1,408	-	-1,455	-2,763	23,294	12,714	23,247

Segment assets, segment liabilities and segment investments were recognised as follows by 30 June 2016:

	Trading	Portfolio	Group
	TEUR	TEUR	TEUR
Segment assets	187,158	204,384	391,542
Equity interests accounted for using the equity method	1,696	–	1,696
Total segment assets	188,854	204,384	393,238
Segment liabilities	115,094	161,531	276,624
Segment investments	12,631	1,478	14,109

The figures by the reporting date of the 2015 financial year were as follows:

	Trading	Portfolio	Group
	TEUR	TEUR	TEUR
Segment assets	187,549	206,063	393,612
Equity interests accounted for using the equity method	1,593	–	1,593
Total segment assets	189,142	206,063	395,205
Segment liabilities	126,811	159,153	285,964
Segment investments	102,409	3,164	105,696

Segment assets primarily relate to property, plant and equipment, investment property, inventories, receivables, and receivables from third parties and from the other segment. The goodwill is allocated to the "Trading" segment.

The segment liabilities include financial liabilities, trade payables and other liabilities.

The segment assets and the segment liabilities in the "Portfolio" segment have undergone no material changes since the 2015 financial year. In the "Trading" segment, the disproportionate repayment of financial liabilities from sales proceeds helped us to keep improving the ratio of segment liabilities to segment assets.

Investments in the segment essentially represented property additions that are associable with the "Trading" portfolio.

4.2 Earnings per Share

The 2014/2019 convertible bond issued during the 2013/14 financial year implied 5,395,506 conversion rights as of 31 December 2015, 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 semester of 2016, a total of 8,930 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 11,972 out of the carrying amount of the bond liabilities.

Compared to the prior-year period, the earnings per share for the first six months of the 2016 financial year present themselves as follows:

Earnings per Share		
	H1 2016	H1 2015
	EUR	EUR
Basic	0.30	0.81
Diluted	0.25	0.67

4.3 Related-Party Transactions

The ACCENTRO Group has a current liability of TEUR 17 to its associate SIAG Sechzehnte Wohnen GmbH & Co. KG. This amount resulted from settlement transactions between the two companies.

One subsidiary of ACCENTRO Group (ESTAVIS Wohneigentum GmbH) is a fully liable partner of the Wohneigentum Berlin GbR joint venture. The historic liability for loan debt has ceased to exist because it was fully repaid during the reporting period. The asset side includes accounts receivable from the Wohneigentum Berlin GbR in the amount of TEUR 231.

The ACCENTRO Group has claims from a loan vis-à-vis its associate, the property company Malplaquetstr. 23 Grundstücksverwaltungsgesellschaft mbH. The accounts receivable from the loan including interest equal 224 TEUR.

Within the framework of signed contracts of agency, the parent company ADLER Real Estate AG moreover assumed, as of 1 October 2014, the asset management for the property companies held by Magnus-Relda Holding Vier GmbH as part of the ACCENTRO Group.

During the 2016 financial year, ADLER Real Estate AG provided asset management services as well as legal and technical advisory services for several property vehicles within the ACCENTRO Real Estate AG consolidated Group over a total amount of TEUR 67.

ACCENTRO Real Estate AG was granted a long-term shareholder credit line in the amount of TEUR 30,000 by its majority shareholder ADLER Real Estate AG, the loan being earmarked for the real estate portfolios acquired during the year under review. By 30 June 2016, TEUR 4,388 out of the total amount of TEUR 30,000 had been drawn down. The loan will have to be fully repaid by 30 June 2017. The loan has an interest rate of 5 % p.a. The shareholder loan is collateralised through hypothecation of the shares in the company Accentro Wohneigentum GmbH.

4.4 Employees

The ACCENTRO Group employed 33 staff by the end of the semester. During the prior-year semester, the number of employees had been 26. On average, 32 staff have been on the Group's payroll in the ongoing financial year.

■ Responsibility Statement

by ACCENTRO Real Estate AG pursuant to Art. 37y, German Securities Trading Act (WpHG), in combination with Art. 37w, Sec. 2, No. 3, WpHG

I hereby certify to the best of my knowledge, and in accordance with the applicable accounting principles, that the consolidated interim financial statements give a true and fair account of the assets, liabilities, financial position, and profit or loss of the Group, and that the Group Management Report includes a fair review of the development and performance of the Group's business and state of affairs, together with a description of the principal opportunities and risks associated with the Group's prospective development.

Berlin, 12 August 2016

Jacopo Mingazzini
Management Board

■ Financial Calendar

2016

11 November 2016 3rd quarter report – First nine months 2016

All dates are provisional. Please check our website www.accentro.ag for confirmation.

■ 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 financial report of ACCENTRO Real Estate AG for the first six months of the 2016 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

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