



# ACCENTRO Real Estate AG

## Germany's Market Leader in Residential Property Privatisation

Company Presentation, 6th May 2020

FINANCIAL YEAR 2019

## Unique

Only listed pure real estate privatization company in Germany

Management with many years of experience in the real estate industry

## Trust

## Access

Offering constant **>1000** Apartments for sale with approx. 1% market share

Weighted average sales margin between 2015 and 2019 of 32.5%

## Profitability

## Track record

Sold of **>4000** units in the last 4 years worth EUR 600 million

Scarcity in metropolitan regions leaves unparalleled growth opportunities

## Focus and Demand

## Scale

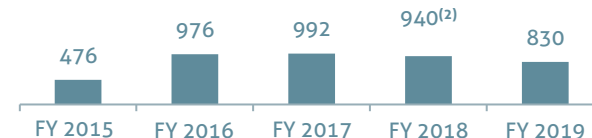
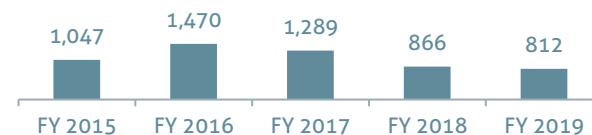
Germany's leading privatisation platform in EUR 30bln. private transaction market

Structural margin due to buying "whole sale" and selling "retail" with vast marketing channels

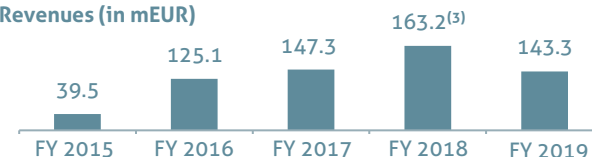
## Sustainability

<b>Core business activities</b>	<ul style="list-style-type: none"> <li>Privatisation of residential real estate in attractive German metro regions</li> <li>Third-party property sales and backstop services for real estate investors and property developers</li> <li>Joint ventures with strategic equity participation</li> </ul>
<b>Track record</b>	<ul style="list-style-type: none"> <li>Dynamic built-up of a proprietary privatisation pipeline through portfolio investments of EUR 797.7m (purchase prices) since 2015</li> <li>4,889 condominiums and properties sold with a total sales value of EUR 609.7m since 2015</li> </ul>
<b>USPs and Scale</b>	<ul style="list-style-type: none"> <li>Unique business model with compelling risk-return profile in listed sector</li> <li>Structural and resilient margin from combination of wholesale/retail difference and capex upgrade</li> <li>Unprecedented expertise in major local German residential markets</li> <li>High-powered sales and marketing platform of international reach</li> <li>Exclusive joint ventures with renowned real estate companies and developers</li> </ul>
<b>Regional focus and pipeline</b>	<ul style="list-style-type: none"> <li>1,218 units currently available for sale in Berlin – home market of ACCENTRO</li> <li>Successful expansion launched into growth markets such as the Leipzig, Bavaria, Hamburg, Rhine-Ruhr and Rhine-Main metropolitan regions. Additional acquisitions of 457 units (thereof 169 units in Berlin) already signed but not closed in 2019 (expected closing during 1HY 2020).</li> </ul>
<b>Key ratios and financials</b>	<ul style="list-style-type: none"> <li>Inventory properties increased to EUR 417m despite the reclassification of EUR 34m to investment properties, investments in an office used by the company of EUR 24m as well as investments in cooperation agreements</li> <li>Consistently high EBIT of more than EUR 30m per year since 2016 with an average gross sales margin of approx. 30%</li> <li>Confirmation of large hidden reserves in inventories by external real estate appraiser as of 31 December 2019. Reconciled to the balance sheet as of 31.12 there are more than EUR 148m hidden reserves.</li> </ul>

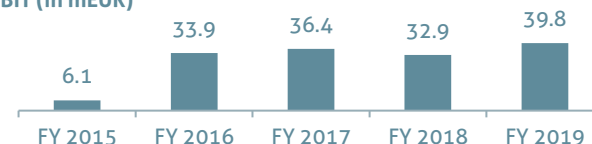
## Key operational metrics

Apartments sold<sup>(1)</sup> (in units)Apartments sourced<sup>(1)</sup> (in units)







## Revenues (in mEUR)



## EBIT (in mEUR)



Notes: (1) Transactions closed in corresponding year (2) Excluding 675 units of the project development Gehrensee (3) Excluding EUR 42.4m from deconsolidation of the project development Gehrensee

	Privatisations and Investment Properties	Services & Ventures
What we do	<ul style="list-style-type: none"> <li>▪ <b>Investing in residential real estate</b> in attractive German metro regions with focus on Berlin</li> <li>▪ Active asset management and capex measures</li> <li>▪ <b>Privatisation</b> of single units to individual investors and homeowners</li> <li>▪ <b>Block sales</b> of properties to institutional investors</li> <li>▪ <b>Realizing</b> of new building potential <b>by Investment properties</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Sales services</b> to third parties, such as developers and real estate companies</li> <li>▪ <b>Backstop provisions</b> for developers in course of single units sales</li> <li>▪ <b>Joint ventures</b> (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</li> </ul>
Sources of income	<ul style="list-style-type: none"> <li>▪ <b>Revenues from property letting</b></li> <li>▪ <b>Revenues from property sales</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Revenues from services</b></li> <li>▪ <b>Revenues from equity investments</b></li> </ul>
Current portfolio	<ul style="list-style-type: none"> <li>▪ 2,296 residential and commercial units (as of 31 December 2019)<sup>(1)</sup></li> <li>▪ Real estate value of EUR 474.6m mostly accounted at cost (as of 31 December 2019)<sup>(1)</sup></li> </ul>	<ul style="list-style-type: none"> <li>▪ Over 3,000 units lined up for exclusive sales</li> <li>▪ Some of our current partners:</li> </ul> <div>       </div>

Notes: (1) including buildings for own use and investment properties





### Management Board: Lars Schriewer (CEO)

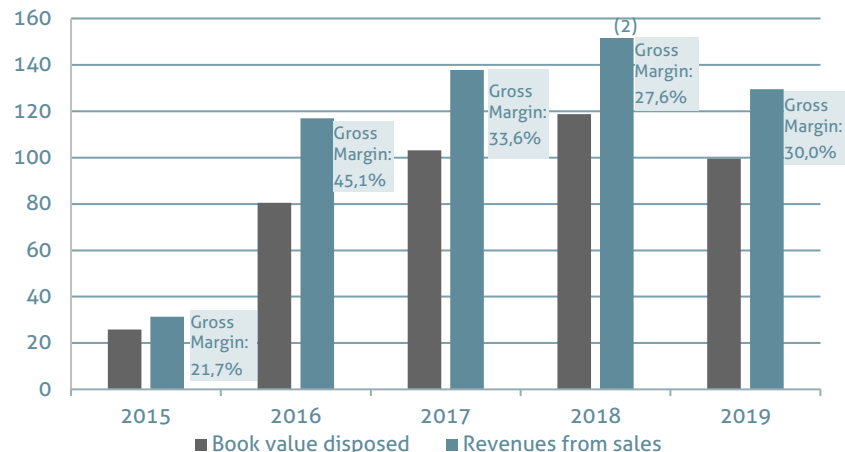
- Lars Schriewer looks back on almost 20 years of experience in management positions in the real estate sector and has a focus on residential real estate. He has extensive expertise at the interface between real estate and the capital market.
- Before joining ACCENTRO Real Estate AG, he was Senior Vice President at the SSN Group.
- In particular, he accompanied the M & A process with Consus Real Estate AG with a volume of EUR 1.1 billion. Prior to this, he held management positions for several years at Westgrund AG (S-DAX) and Vivacon AG (M-DAX).

# PROVEN TRACK RECORD OF VALUE CREATION

Current margin generation potential proven by historic sales margin

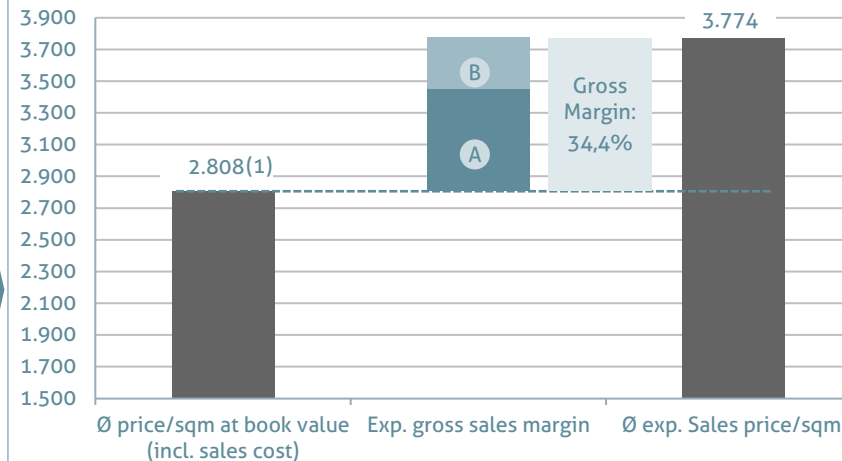
**ACCENTRO**

## Historic sales margins (mEUR)



- Weighted average sales margin between 2015 and 2019 of 32.5%

## Expected margin generation of current portfolio (EUR/sqm) at the end of 2019



- A** Structural margin compensates for proactive asset management including refurbishment, maintenance and capex and additional legal, marketing and sales expenses as compared to a wholesale price
- B** Market margin reflects development of markets between acquisition and sale (typically 3 years) as well as value creation due to improved market positioning

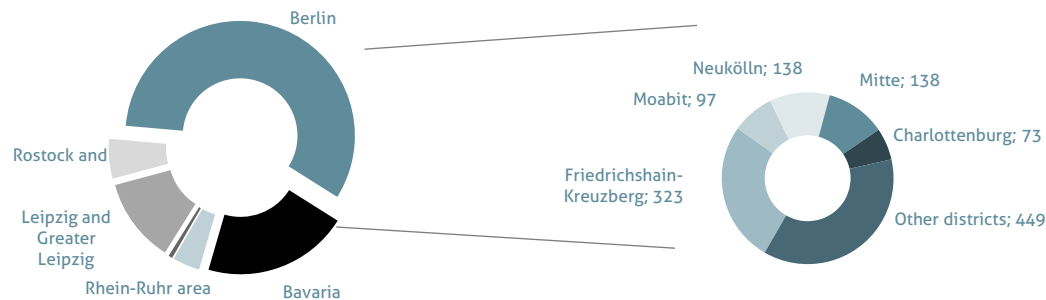
➤ Irrespective of market conditions, ACCENTRO's business model offers an "intrinsic" structural and resilient margin from a combination of wholesale/retail difference and capex upgrade

Notes: (1) Including Capex for projects in sales process and construction commitments (2) Excluding the Gehrensee transaction

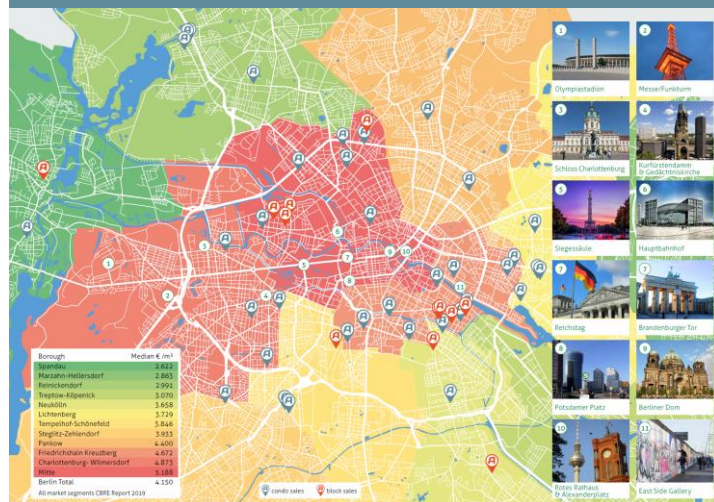
### Inventories portfolio as of 31 December 2019

Location	Book value/purchase price (in mEUR)	Units	sqm	Selling prices (EUR/sqm)
Berlin	302.1	1,218	90,641	4,486
Bavaria (Bayreuth, Garmisch-Partenkirchen)	64.0	435	26,745	3,194
Leipzig and Greater Leipzig	18.6	252	15,644	1,581
Rostock and Usedom	16.9	118	8,707	2,594
Rhine-Ruhr area (Cologne, Düsseldorf, Ratingen)	11.7	81	5,113	3,198
Others (Hamburg, Hanover)	2.8	12	1,317	2,602
<b>Total</b>	<b>416.1</b>	<b>2,116</b>	<b>148,166</b>	<b>3,774</b>

### Inventories portfolio broken down by region as of 31 December 2019



### 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

# OPERATING AND PRIVATISATION TRACK RECORD

Development of a profitable portfolio of high-quality assets

# ACCENTRO

## Key facts of the privatisation portfolio

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Number of units	1,919	2,422	2,885	2,181	2,296*
Real estate value, in mEUR	155.2	216.1	302.2	343.9	474.6*
Gross margin of sales	21.7%	45.1%	33.6%	27.6%	30.0%
Annual rental income, in mEUR	7.2	7.9	8.7	8.5	10.6*
Interest coverage ratio (EBITDA/net interest expense)	2.8	3.8	4.1	3.7	5.4
LTV	-	-	-	39,7%	43,9%
LTC**	69.2%	43.5%	39.4%	50.6%	55.9%
WACD***	4.4%	2.9%	2.6%	2.7%	2.6%

## Notes

- Current real estate portfolio generates an annual rental income of EUR 10.6m and contain high hidden reserves in the context of new letting
- 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

\* Including Investment properties and Owner-occupied properties \*\* Net debt / GAV (accounted at cost)

\*\*\* Weighted average cost of debt



# FINANCIALS - INCOME STATEMENT – 2018 and 2019

Income statement shows high profitability of business model

**ACCENTRO**

Income statement (in EUR '000)	2018	2019	Δ in %	Sources of Income
Revenues from sales of inventory property	151,589	129,503	-14.6%	Revenue from property sales
Expenses for sales of inventory property	-118,770	-99,661	-16.1%	
<b>Capital gains from inventory property</b>	<b>32,820</b>	<b>29,841</b>	<b>-8.1%</b>	
Net rental income	6,130	6,518	6.3%	Net income from property letting
Net service income	2,282	2,363	3.6%	Net income from services
Net income from companies accounted for using the equity method	2	1,244	62,111%	Return from equity investments
Other operating income	1,663	1,207	-27.4%	
Gain or loss on fair value adjustments of investment properties	0	11,399	-	Reclassification Investment Properties
<b>Interim result</b>	<b>42,896</b>	<b>52,572</b>	<b>22.6%</b>	
Total payroll and benefit costs	-4,613	-5,835	26.5%	
Depreciation and amortisation of intangible assets and property, plant and equipment	-349	-731	109.5%	
Impairment of accounts receivable	-205	-123	-40.2%	
Other operating expenses	-5,131	-6,079	18.5%	
<b>EBIT</b>	<b>32,598</b>	<b>39,804</b>	<b>22.1%</b>	
Other income from investments	36	36	0.0%	Return from other equity investments
Net interest income	-8,924	-7,353	-17.6%	
<b>EBT</b>	<b>23,710</b>	<b>32,488</b>	<b>37.0%</b>	
Income taxes	-5,675	-6,189	9.1%	
<b>Consolidated income</b>	<b>18,035</b>	<b>26,299</b>	<b>45.8%</b>	
<b>Total gross margin (revenues basis) in %</b>	<b>25.4%</b>	<b>27.9%</b>	<b>9.7%</b>	
<b>Gross margin from sales (cost basis) in %</b>	<b>27.6%</b>	<b>29.9%</b>	<b>8.4%</b>	
<b>Net income margin</b>	<b>11.2%</b>	<b>18.4%</b>	<b>63.7%</b>	
<b>Earnings per share</b>	<b>0.56</b>	<b>0.81</b>	<b>43.7%</b>	

## Notes

- Constant high profitability with sales margins of over 29.9% in 2019.
- Net reclassification effect on the consolidated income of EUR 6.5m.
- Earnings per share of EUR 0.81 significantly higher as last year.
- Total payroll and benefit costs and other operating expenses on a low level compared to revenues.
- Negative net interest result decreased by 17.6% despite higher indebtedness. Positive effect comes from rising interest income from loans granted for cooperation projects.
- 2018 financial figures exclude the sale of the Gehrensee portfolio to improve comparability

# FINANCIALS - BALANCE SHEET – FY 2019

## Financial position with large hidden reserves

**ACCENTRO**

Financial position (in EUR '000)	FY 2018	FY 2019	Δ in %
Goodwill	17,776	17,776	0.0%
Owner occupied properties and buildings	23,366	24,083	3.1%
Investment Property	0	34,452	-
Non-current trade receivables and other receivables and other assets	38,920	24,029	-38.3%
Other non-current assets	1,047	2,168	107.2%
<b>Total non-current assets</b>	<b>81,109</b>	<b>102,508</b>	<b>26.4%</b>
Inventory properties	345,241	416,573	20.7%
Accounts receivable and other assets	32,391	37,510	15.8%
Cash and cash equivalents	15,464	24,167	56.3%
<b>Total current assets</b>	<b>393,096</b>	<b>478,250</b>	<b>21.7%</b>
<b>Total assets</b>	<b>474,205</b>	<b>580,757</b>	<b>22.5%</b>
Subscribed capital	32,431	32,438	0.0%
Additional paid-in capital	78,433	78,684	0.3%
Retained earnings	86,284	107,561	24.7%
Attributable to non-controlling companies	1,956	2,128	8.8%
<b>Total equity</b>	<b>199,104</b>	<b>220,811</b>	<b>10.9%</b>
Financial liabilities and bond	175,334	213,709	21.9%
Other non-current liabilities	1,097	2,210	101.4%
<b>Total non-current liabilities</b>	<b>176,431</b>	<b>215,919</b>	<b>22.4%</b>
Financial liabilities and bond	55,919	103,930	85.9%
Other short-term payables	42,750	40,097	-6.2%
<b>Total current liabilities</b>	<b>98,669</b>	<b>144,028</b>	<b>46.0%</b>
<b>Total current and non-current liabilities</b>	<b>275,101</b>	<b>359,947</b>	<b>30.8%</b>
<b>Total assets</b>	<b>474,205</b>	<b>580,757</b>	<b>22.5%</b>
<b>LTV</b>	<b>39.7%</b>	<b>43.9%</b>	<b>10.6%</b>
<b>LTC</b>	<b>50.3%</b>	<b>55.9%</b>	<b>11.1%</b>
<b>Equity ratio</b>	<b>42.0%</b>	<b>38.0%</b>	<b>-9.4%</b>

### Notes

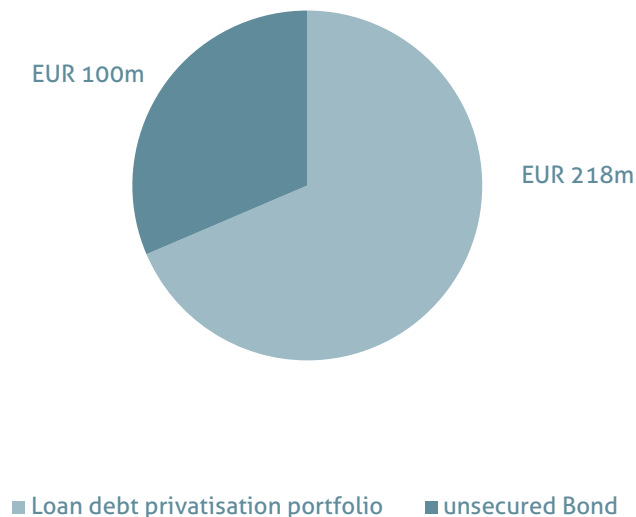
- Increase in non-current assets due to reclassification of properties held in inventories to investment properties
- Real estate assets in inventories further increased by continuous growth
- Property valuation by external appraisers confirms hidden reserves of 148 million in the inventory portfolio as of december 2019
- Granted capital to provide self funding services for further growth potential
- Equity ratio remains high despite a dividend payment in May 2019
- Corporate bond over EUR 100m issued and a capital increase of EUR 20m in 2018 to accelerate the ongoing growth
- Increase of other non-current liabilities due to increased deferred taxes as part of the reclassification from a portfolio to the investment properties and new secured financial liabilities
- Comfortable LTC of 55.9% and a low LTV of 43.9% despite increasing financial liabilities

### Funding strategy

- Corporate bond over EUR 100m with a coupon interest of 3.75% successfully placed in 2018
- Balanced mix of secured and unsecured financing and manageable financing risk due to low LTC
- 26 loans financing by over 15 different banks (mainly regional Sparkassen and Volksbanken, but also banks such as pbb, Allianz, IBB etc.)
- High proportion of projects with a low LTC ratio guaranty the safe self-repayment of the current corporate bond

Financial liabilities	Nominal volume (EUR '000)	Average interest rate (%)	Average loan maturity (years)
Loan debt Privatisation portfolio	218,196	2.10	2.84
Bond (2018/2021)	100,000	3.75	1.08
<b>Sum total</b>	<b>318.196</b>	<b>2.62</b>	<b>2.29</b>

### Funding structure as at 31 December 2019



## Market environment offers opportunities

- The short supply and scarcity in the housing sector is reflected in **growing demand for residential real estate**
- Significant housing shortage and structural demand is causing **rising rent and price levels in the target markets**
- The **low homeownership rate of 45%** in Germany, among the lowest in Europe, offers a humongous revenue potential for ACCENTRO given the **EUR 30bln. private transaction market**

## Dynamic operating activities

- 2020 will see a steady expansion of the privatisation portfolio (the deeds for the next 457 units have already been notarised)
- The business model is being expanded to include attractive metropolitan regions elsewhere in Germany by **widening the sales network**
- **The current inventory properties held for sales may allow sales of more than EUR 600m** over the years to come

## Positive Outlook

### 2020 Forecast

- **Positive outlook for 2020:** slight increase in sales with EBIT at the same level of the previous year
- **Successful placement of a EUR 250m Bond** to further accelerate growth
- Expansion of nationwide sales strength through **investments and greater diversification in other markets**
- Further **development of digitalisation in business processes**

# ACCENTRO

ACCENTRO REAL ESTATE AG

Lars Schriewer

Kantstraße 44/45

D-10625 Berlin

Phone: +49 (0)30 887 181 - 0

Fax: +49 (0)30 887 181 11

[mail@accentro.ag](mailto:mail@accentro.ag)

[www.accentro.ag](http://www.accentro.ag)



This document is not a securities prospectus, and the information contained therein does not constitute an offer to sell, or a solicitation of an offer to buy, securities of ACCENTRO in the Federal Republic of Germany or in any other country, specifically not if such an offer or solicitation is prohibited or not approved.

This document was prepared exclusively by ACCENTRO Real Estate AG ("ACCENTRO") solely for informational purposes and has not been independently verified and no representation or warranty, express or implied, is made or given by or on behalf of ACCENTRO. Nothing in this document is, or should be relied upon as, a promise or representation as to the future.

This document contains forward-looking statements based on current estimates and assumptions made by the senior management of ACCENTRO. Forward-looking statements are characterised by the use of words such as "expect," "intend," "plan," "predict," "assume," "believe," "estimate," "anticipate" and similar forward-looking phrases. Such statements are not to be understood as guarantee that predictions of this sort will prove to be correct. In particular, any statements on acquisitions presuppose the actual signing of the necessary contracts or the successful procurement of the necessary equity and debt capital. The future development and actual results achieved by ACCENTRO and its affiliates are subject to a number of risks and uncertainties, and may therefore differ materially from these forward-looking statements. Many of these factors are beyond ACCENTRO's control and cannot be accurately appraised in advance, including the future economic environment or the actions of competitors and other market players. ACCENTRO does not intend to update its forward-looking statements. Neither ACCENTRO nor any of its respective directors, officers, employees, advisors, or any other person is under any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on forward-looking statements, which speak of the date of this document. Statements contained in this document regarding past trends or events should not be taken as a representation that such trends or events will continue in the future. No obligation is assumed to update any forward-looking statements.

This document contains certain financial measures (including forward-looking measures) that are not calculated in accordance with IFRS and are therefore considered "non-IFRS financial measures". Such non-IFRS financial measures used by ACCENTRO are presented to enhance an understanding of ACCENTRO's results of operations, financial position or cash flows calculated in accordance with IFRS, but not to replace such financial information. A number of these non-IFRS financial measures are also commonly used by securities analysts, credit rating agencies and investors to evaluate and compare the periodic and future operating performance and value of other companies with which ACCENTRO competes. These non-IFRS financial measures should not be considered in isolation as a measure of ACCENTRO's profitability or liquidity, and should be considered in addition to, rather than as a substitute for, net income and the other income or cash flow data prepared in accordance with IFRS. In particular, there are material limitations associated with the use of non-IFRS financial measures, including the limitations inherent in determination of each of the relevant adjustments. The non-IFRS financial measures used by ACCENTRO may differ from, and not be comparable to, similarly-titled measures used by other companies. Certain numerical data, financial information and market data (including percentages) in this document have been rounded according to established commercial standards. Furthermore, in tables and charts, these rounded figures may not add up exactly to the totals contained in the respective tables and charts.

Accordingly, neither ACCENTRO nor any of its directors, officers, employees or advisors, nor any other person makes any representation or warranty, express or implied, as to, and accordingly no reliance should be placed on, the fairness, accuracy or completeness of the information contained in the document or of the views given or implied. Neither ACCENTRO nor any of its respective directors, officers, employees or advisors nor any other person shall have any liability whatsoever for any errors or omissions or any loss howsoever arising, directly or indirectly, from any use of this information or its contents or otherwise arising in connection therewith. It should be noted that certain financial information relating to ACCENTRO contained in this document has not been audited and in some cases is based on management information and estimates.

This document is intended to provide a general overview of ACCENTRO's business and does not purport to include all aspects and details regarding ACCENTRO. This document is furnished solely for your information, should not be treated as giving investment advice and may not be printed or otherwise copied or distributed. Subject to limited exceptions described below, the information contained in this document is not to be viewed from nor for publication or distribution in nor taken or transmitted into the United States of America ("United States"), Australia, Canada or Japan and does not constitute an offer of securities for sale in any of these jurisdictions. Any securities offered by ACCENTRO have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state or other jurisdiction of the United States and such securities may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. This document does not contain or constitute an offer of, or the solicitation of an offer to buy or subscribe for, securities to any person or in any jurisdiction to whom or in which such offer or solicitation is unlawful.

The information contained in this document may not be distributed outside the Federal Republic of Germany, specifically not in the United States of America, to US persons (as defined in Regulation S under the United States Securities Act of 1933) or to publications with a general circulation in the United States, unless such distribution outside the Federal Republic of Germany is prescribed by mandatory provisions of applicable law. Any violation of these restrictions may constitute a breach of the securities laws of certain countries, in particular those of the United States of America. Securities of ACCENTRO are not publicly offered for sale outside the Federal Republic of Germany.

By receiving this document, you agree to be bound by the foregoing limitations. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. This document does not constitute investment, legal, accounting, regulatory, taxation or other advice.