



ACCENTRO Real Estate AG

Germany's Market Leader in Residential Property

Privatisation

Company Presentation, 20th March 2019

FINANCIAL YEAR 2018

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Overview and business model



Berlin-Neukölln



Berlin-Lichtenberg



Berlin-Wilmersdorf

Unique

Only listed pure
privatization
company in
Germany

Access

Offering constant
>1000
Apartments for sale

Track record

Sold of
>4000
units in the last 4
years worth 480
million

Scale

High-powered sales
and marketing
platform of
international reach

Experienced staff,
CEO is in this
business since 1999

Trust

Weighted average
sales margin
between 2015 and
2018 of 33.3%

Profitability

Shortage in
metropolitan
regions leaves
unparalleled
growth
opportunities

Focus and Demand

Structural margin
due to buying
“whole sale” and
selling “retail”

Sustainability

Germany's market leader in residential property privatisation and sales

Core business activities

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

Track record

- Dynamic built-up of a proprietary privatisation pipeline through portfolio investments of EUR 667m (purchase prices) since 2015
- 4,059 condominiums and properties sold with a total sales value of EUR 480.2m since 2015

USPs

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

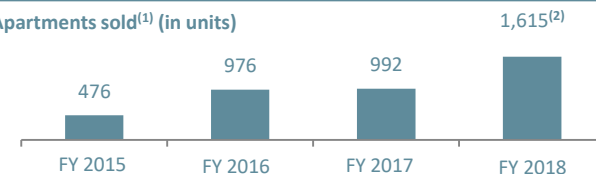
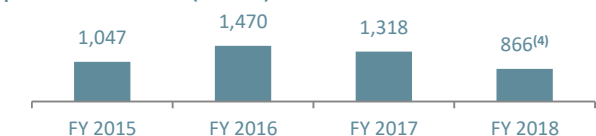
Regional focus and pipeline

- 1,197 residential units currently available for sale in Berlin – home market of ACCENTRO
- Successful expansion launched into growth markets such as the Leipzig, Hamburg, Cologne/Bonn and Rhine-Main metro regions. Additional acquisitions of 177 units in Berlin, Leipzig, Ratingen and Heringsdorf already signed but not closed in 2018

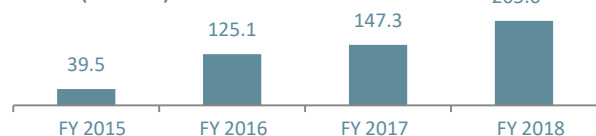
Key ratios and financials

- Highly profitable core business showing a gross margin of 27.6% in the 12 months of 2018
- Placement of a EUR 100m bond and a capital increase of EUR 20m to further accelerate growth
- EBIT amounted to EUR 32.9m and net income achieved of EUR 18.3m for 2018

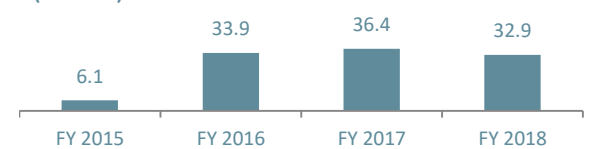
Key operational metrics

Apartments sold⁽¹⁾ (in units)Apartments sourced⁽¹⁾ (in units)

Revenues (in mEUR)



EBIT (in mEUR)









Notes: (1) Transaction closed in corresponding year

(2) including 675 units of the project development Gehrensee

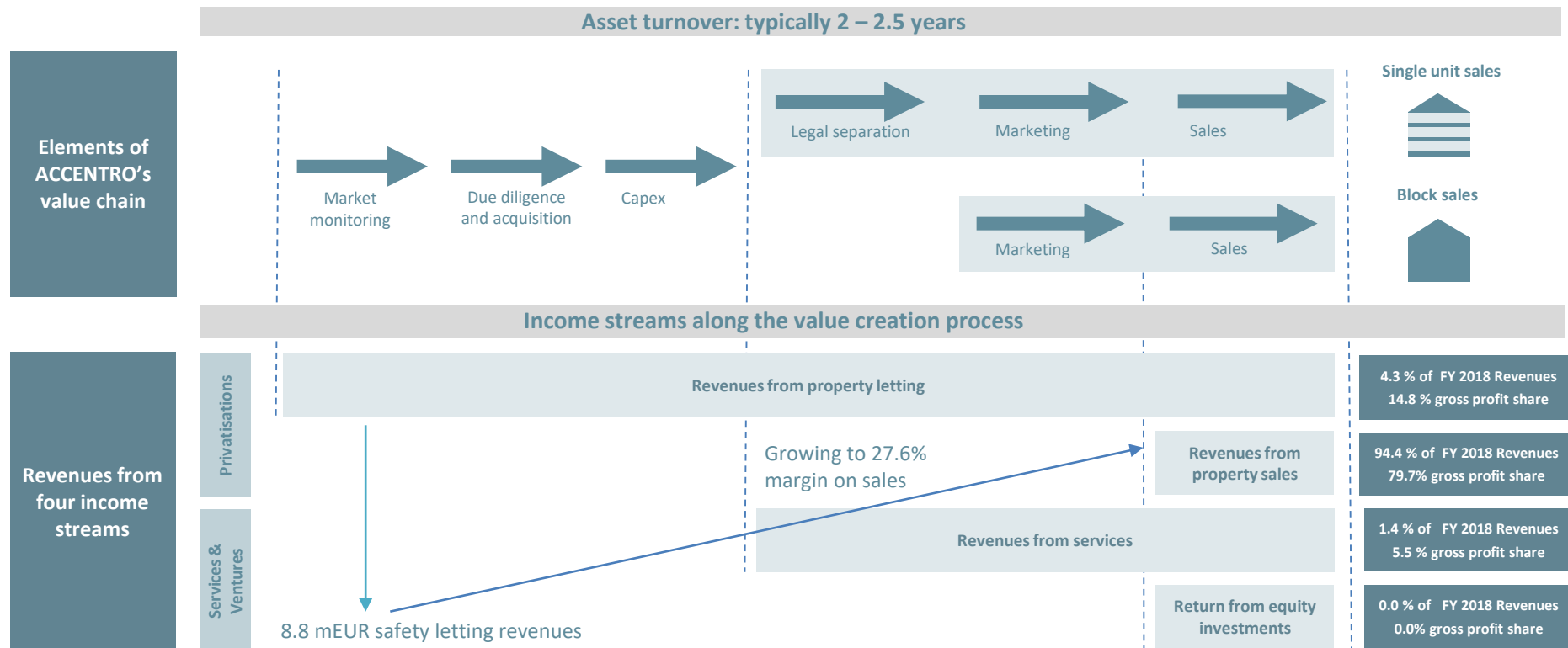
(3) Including EUR 42.4m of the project development Gehrensee

(4) Not included Cooperations

	Privatisations	Services & Ventures
What we do	<ul style="list-style-type: none"> ▪ Investing in residential real estate in attractive German metro regions with focus on Berlin ▪ Active asset management and capex measures ▪ Privatisation of single units to individual investors and homeowners ▪ Block sales of properties to institutional investors 	<ul style="list-style-type: none"> ▪ Sales services to third parties, such as developers and real estate companies ▪ Backstop provisions for developers in course of single units sales ▪ Joint ventures (ACCENTRO typically holds a minority equity stake) with developers and real estate companies to market and sell properties on single unit basis and as block sales
Sources of income	<ul style="list-style-type: none"> ▪ Revenues from property letting ▪ Revenues from property sales 	<ul style="list-style-type: none"> ▪ Revenues from services ▪ Revenues from equity investments
Current portfolio	<ul style="list-style-type: none"> ▪ 2,181 residential units (as of 31 December 2018) ⁽¹⁾ ▪ Book value of EUR 343.9m accounted at cost (as of 31 December 2018) ⁽¹⁾ 	<ul style="list-style-type: none"> ▪ Over 3,000 units lined up for exclusive sale ▪ Sample of current partners: <div>       </div>

Notes: (1) without buildings for personal use

Extended value chain across the property cycle

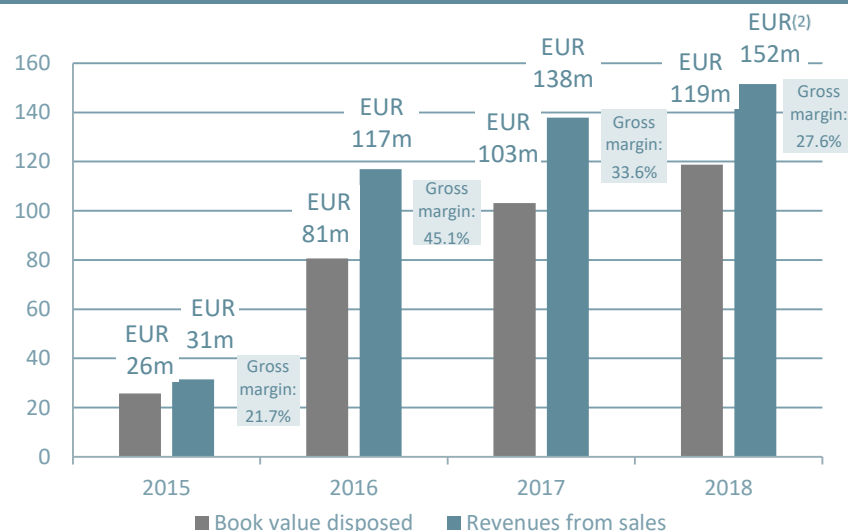


PROVEN TRACK RECORD OF VALUE CREATION

ACCENTRO

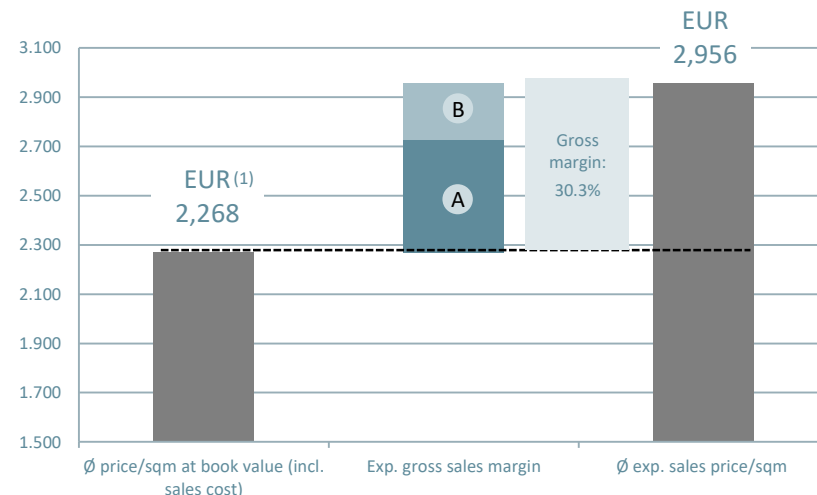
Current margin generation potential proven by historic sales margin

Historic sales margins (mEUR)



- Continuous privatisation and sales margin of more than 20%
- Weighted average sales margin between 2015 and 2018 of 33.3%

Expected margin generation of current portfolio (EUR/sqm) at the end 2018



- A** Structural margin compensates for additional legal, marketing and sales expenses as compared to a wholesale price
- B** Market margin reflects development of markets between acquisition and sale (typically 2-2.5 years) as well as value creation due to improved market positioning

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

Notes: (1) Incl. Capex for projects in sales process and construction commitments (2) without Gehrensee transaction

Substantial growth in revenues and earnings in 2018

Consistently profitable and dynamic performance

- Strong market position reaffirmed: 1,615 residential units sold during 2018
- 2018: Consolidated revenues increase by 39.5% ⁽¹⁾ to EUR 205.6m, EBIT on a high level at EUR 32.9m
- Gross profit margin from sales remains on a high level at 27.6%

Positive market development continues

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

Successful expansion of business model

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

Steady build-up of privatisation portfolio

- The acquisition of residential units has raised the value of the privatisation portfolio to EUR 345.2m
- EUR 36m in capital expenditures for the property portfolio to boost appreciation over the next twelve months
- A corporate bond over EUR 100m and a successful capital increase over EUR 20m in October 2018 will serve as basis for future growth

Bright outlook and sustainable dividend payment

- Disbursement of a dividend in the amount of EUR 0.16 per share is scheduled for May 2019
- Bright outlook: Modest increase in revenues compared with the previous year's level when ignoring the sale of the Gehrensee (basis EUR 163.2m) and combined with moderate increase in EBIT in the low double-digit percentage range.
- Company remains on course for further growth. Deeds for another 177 units, acquired for a purchase price of EUR 32.7m, have already been notarised in 2018

Notes: (1) Without Project Gehrensee increase of 10.8% to EUR 163.2m

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Portfolio and platform



Köln-Nippes



Bedburg, Nordrhein-Westfalen

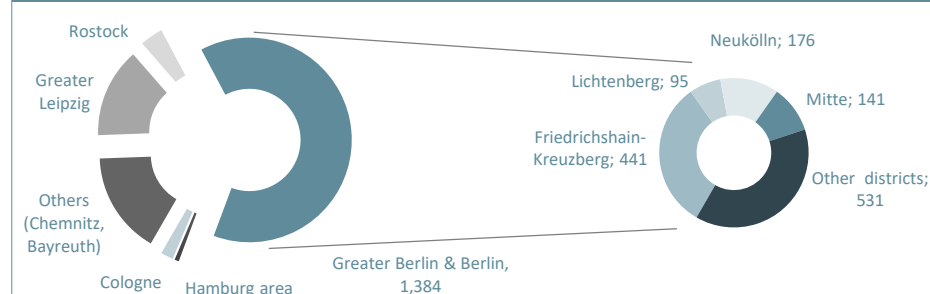


Hannover-Linden

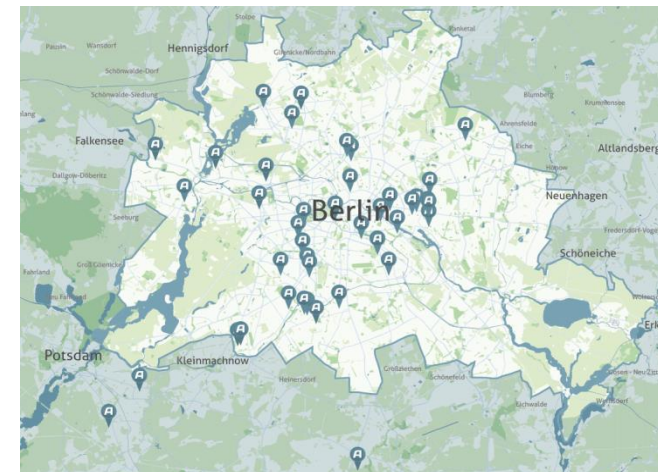
Privatisation portfolio as of 31 December 2018

City	Book value/purchase price (in mEUR)	Units	sqm (‘000)	Selling prices (EUR/sqm)
Berlin	263.3	1,197	85,319	4,212
Greater Berlin	28.2	187	18,208	1,922
Leipzig and Greater Leipzig	14.9	309	18,024	1,086
Rostock	10.0	79	6,017	2,369
Cologne	6.5	43	2,851	3,169
Hamburg area	2.3	15	1,171	2,713
Others (Chemnitz, Bayreuth)	18.7	351	20,260	1,068
Total	343.9	2,181	151,850	3,043

Privatisation portfolio broken down by region



Attractive growth upside in the Berlin core region



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

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
Number of units	1,919	2,422	2,885	2,181
Book value (purch. price), in mEUR	155.2	216.1	302.2	343.9
Gross margin of sales, in %	21.7%	45.1%	33.6%	27.6%
Annual rental income, in mEUR	7.2	7.9	8.7	8.5
Interest coverage ratio (EBITDA/net interest expense)	2.8	3.8	4.1	3.9
LTC in %*	69.2%	43.5%	39.4%	50.6%
WACD**	4.4%	2.9%	2.6%	2.7%
<p>* Net debt / GAV (accounted at cost)</p> <p>** Weighted average cost of debt</p>				

Notes

- Current privatisation portfolio generates an annual rental income of EUR 8.5m 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

Organisational structure



Regional footprint in attractive housing markets



Notes: (1) Incl. 1.114 units from cooperations

Nationwide expansion from the home market of Berlin

- By having its **home base in Berlin**, ACCENTRO is superbly positioned to participate in the attractive development of Berlin's real estate market.
- ACCENTRO's **excellent sourcing capabilities** proven by 1,722⁽¹⁾ units signed in 2018 and 866 units closed in 2018 .
- ACCENTRO is in the process of expanding its **network of sales offices** to include Hamburg, Hanover, Leipzig and Cologne (2018) so as to be better positioned to exploit emerging market opportunities.
- ACCENTRO owns an **attractive privatisation** 2,181 flats with a book value of EUR 343.9m that is clearly focused on the city of Berlin (1,197 **portfolio** of units with a combined book value of EUR 263.3m).
- ACCENTRO's **sales network** with its demonstrable **long-term track record both inside and outside Germany** harbours potential for portfolio expansions.
- ACCENTRO has entered into **sales partnerships** with **prestigious investors** and developers for the purpose of marketing and selling real estate across Germany.

3

Financials



Ahrensburg, Schleswig-Holstein



Berlin-Lichtenberg



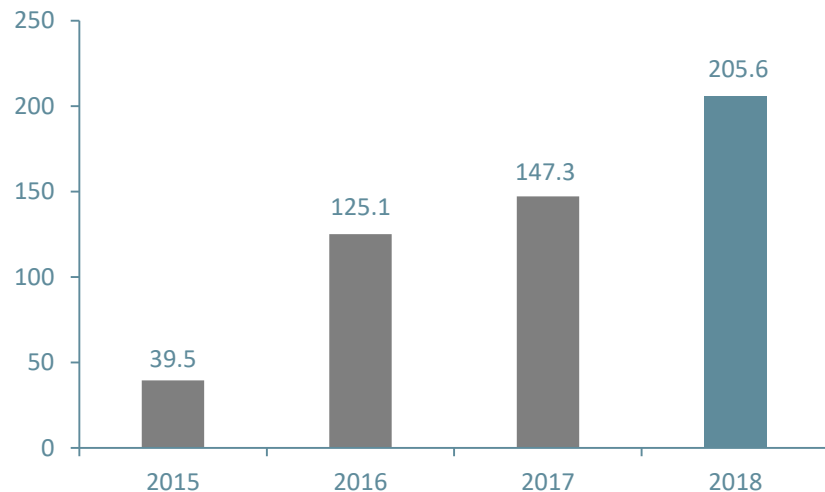
Berlin-Wilmersdorf

FINANCIALS - REVENUES AND EBIT

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

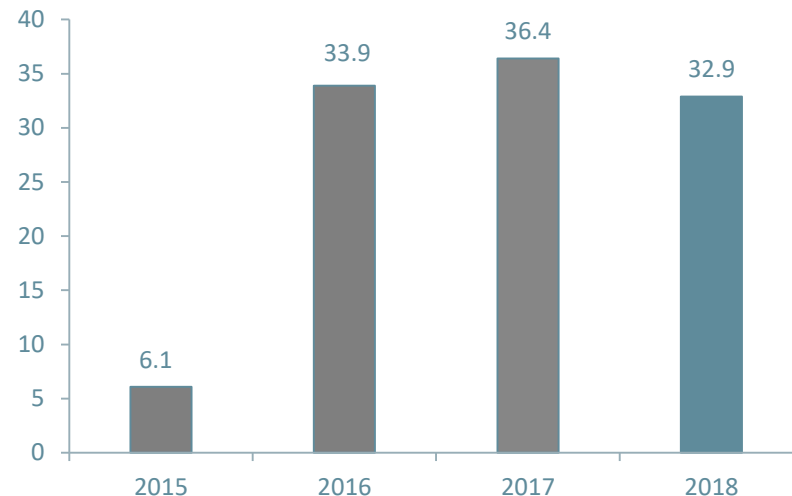
Total revenues (in mEUR)



- 421% increase in revenues from 2015 to 2018
- Double-digit percentage revenue growth in 2018 without consideration Gehrensee project ⁽¹⁾
- Successful property sales as main growth driver, boasting a sales revenue share of over 94.4% in 2018

Notes: (1) revenues of EUR 163.19m without Gehrensee project

EBIT (in mEUR)



- Stable EBIT at a high level growth over the years
- EBIT on a high level at EUR 32.9m

FINANCIALS - INCOME STATEMENT - 2018

ACCENTRO

Income statement shows high profitability of business model

Income statement (in EUR '000)	2017	2018	Δ in %
Revenues from sales of inventory property	137,859	194,009	40.6%
Expenses for sales of inventory property	-103,167	-160,924	56.0%
Capital gains from inventory property	34,692	33,085	-4.6%
Net rental income	5,434	6,130	12.8%
Net service income	947	2,282	140.9%
Net income from companies accounted for using the equity method	-14	2	114.3%
Other operating income	3,260	1,663	-49.0%
Gross profit or loss	44,319	43,162	-2.6%
Total payroll and benefit costs	-3,339	-4,613	38.2%
Depreciation and amortisation of intangible assets and property, plant and equipment	-114	-349	206.2%
Impairment of accounts receivable	0	-205	-
Other operating expenses	-4,465	-5,131	14.9%
EBIT	36,401	32,864	-9.7%
Other income from investments	35	36	2.7%
Net interest income	-8,803	-8,924	1.4%
EBT	27,633	23,976	-13.2%
Income taxes	-7,316	-5,675	-22.4%
Consolidated income	20,317	18,301	-9.9%
Total gross margin (revenues basis) ⁽¹⁾	27.9%	25.4%	-8.7%
Gross margin from sales (cost basis) in % ⁽¹⁾	33.6%	27.6%	-17.8%
Net income margin ⁽¹⁾	13.8%	11.2%	-18.7%
Earnings per share	0.82	0.56	-31.3%

Sources of Income
Revenue from property sales
Net income from property letting
Net income from services
Return from equity investments
Return from equity investments

Notes
<ul style="list-style-type: none"> High profitability with sales margins of over 27.6% Capital gains from inventory property remained at approximately high level as last year Earnings per share at EUR 0.56 in 2018 Total payroll and benefit costs and other operating expenses on a low level compared to revenues Negative net interest result increased by 1.4% through the successful bond placement and increased effective interest due to the higher transaction cost Reduced tax rate of 23.7% of the EBT, because of share-deal transaction

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

Financial position (in EUR '000)	FY 2017	FY 2018	Δ in %
Goodwill	17,776	17,776	0.0%
Owner occupied properties and buildings	0	23,366	-
Non-current trade receivables and other receivables and other assets	2,477	38,920	1,471.3%
Other non-current assets	1,927	1,047	-45.7%
Total non-current assets	22,180	81,109	265.7%
Inventory properties	304,027	345,241	13.6%
Accounts receivable and other assets	13,704	32,391	136.4%
Cash and cash equivalents	7,875	15,464	96.4%
Total current assets	325,605	393,096	20.7%
Total assets	347,785	474,205	36.3%
Subscribed capital	24,925	32,431	30.1%
Additional paid-in capital	53,462	78,433	46.7%
Retained earnings	73,576	86,284	17.3%
Attributable to non-controlling companies	1,734	1,956	12.8%
Total equity	153,697	199,104	29.5%
Financial liabilities and bond	42,439	175,334	313.1%
Other non-current liabilities	986	1,097	11.3%
Total non-current liabilities	43,425	176,431	306.3%
Financial liabilities and bond	98,946	55,919	-43.5%
Other short-term payables	51,715	42,750	-17.3%
Total current liabilities	150,662	98,669	-34.5%
Total current and non-current liabilities	194,088	275,101	41.7%
Total assets	347,785	474,205	36.3%
LTV (at cost)	39.4%	50.6%	28.4%
Equity ratio	44.2%	42.0%	-5.0%

Notes

- Increase in other non-current assets to founding of joint venture and other cooperations and also due the acquisition for a new office building
- Real estate assets further increased despite the deconsolidation of the Gehrensee project
- Equity ratio remains high despite a dividend payment in May 2018
- Corporate bond over EUR 100m issued to boost the ongoing growth
- Premature redemption of the convertible bond successfully completed in March
- Capital increase of EUR 20m to further accelerate growth
- Comfortable LTC of 50.6% despite the issue of a bond

FINANCING - FUNDING STRUCTURE

Exploiting the favourable funding environment to reduce the cost of capital

ACCENTRO

Funding strategy

- Premature redemption of the outstanding convertible bond successfully completed in March 2018
- Corporate bond over EUR 100m with a coupon interest of 3.75% successfully placed in 2018

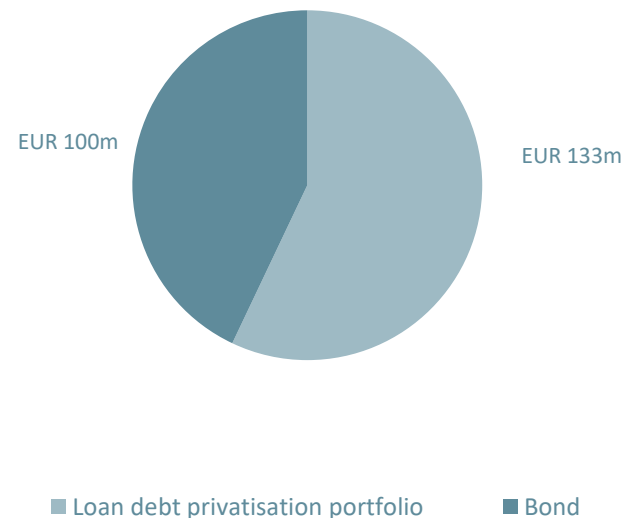
Financial liabilities	Nominal volume (EUR '000)	Average interest rate (%)	Average loan term (years)
Loan debt Privatisation portfolio	132.856	1.97	3.49
Bond (2018/2021)	100,000	3.75	2.07
Sum total	232.856	2.69	2.88

Key financial covenants of outstanding ACCENTRO bond 2018/2021

Covenant	Ratio	Current status ⁽¹⁾
Limitation on net financial indebtedness	< 60%	50.6%
Limitation on capital market indebtedness	> 150%	196.9%
Maintenance of interest coverage ratio	> 2.0	3.89

Notes: (1) Based on 31. Dec. 2018

Funding structure as at 31 December 2018

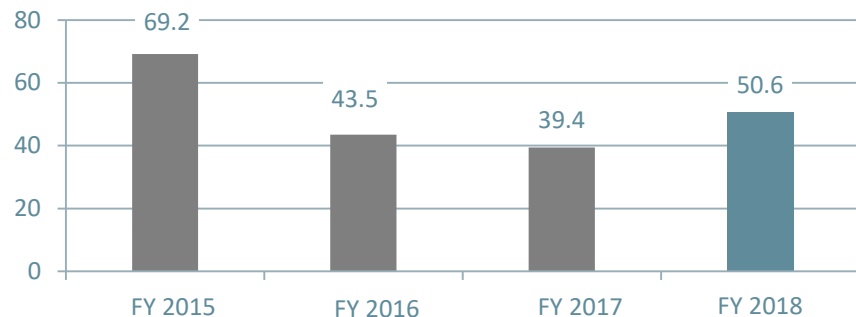


FINANCING—KEY RATIOS

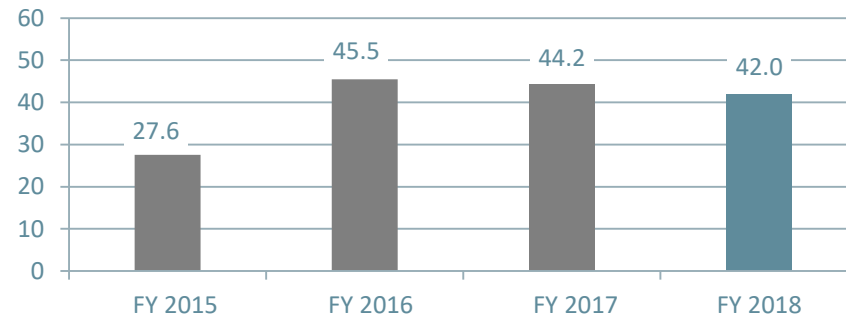
Healthy financing structure, with an equity ratio of 42.0%

ACCENTRO

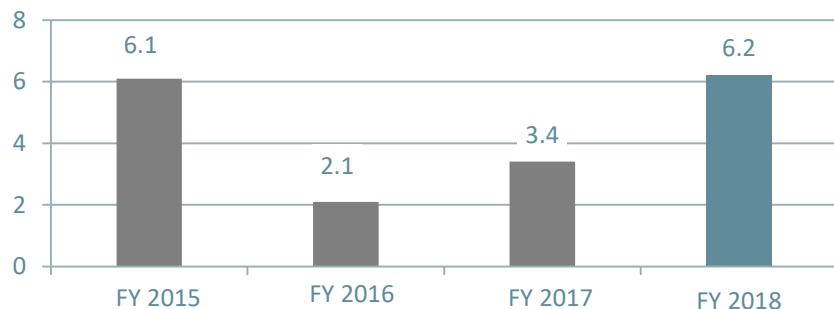
LTC in %⁽¹⁾



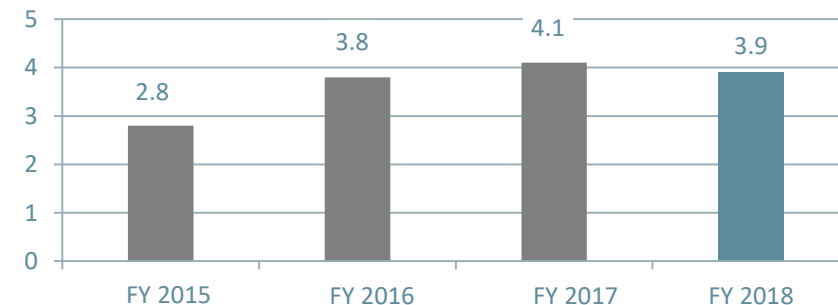
Equity ratio in %



Net debt /EBITDA adj.



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



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

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Capital markets profile



Berlin-Spandau



Berlin-Friedrichshain

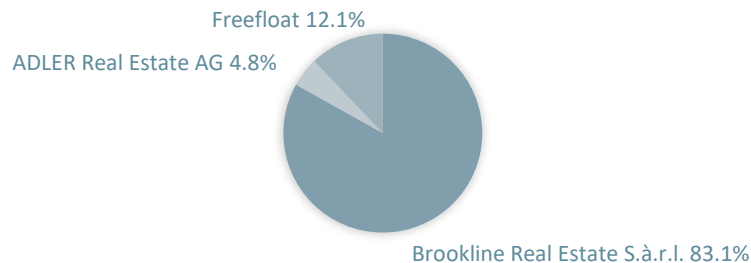


Berlin-Zehlendorf

Key share information

Listing	Frankfurt
Segment	Prime Standard
WKN	A0KFKB
ISIN	DE000A0KFKB3
Shares outstanding	32,437,934 shares
Free float	12.1%
Market capitalisation (as of 18.03.2019)	EUR 279.6m

Shareholder structure (as of 31 December 2018)



Share price development LTM (as of 18 March 2019)



5

Strategy and outlook



Berlin-Charlottenburg



Berlin-Tegel



Leipzig-Böhlen

Strategic Priorities

Opening up new markets

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

Growing privatisation portfolio

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

Relying on a professional network

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

Market environment offers opportunities

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

Dynamic operating activities

- 2019 will see a steady expansion of the privatisation portfolio (the deeds for the next 268 units in Berlin, Leipzig and Hamburg have already been notarised)
- **A property development joint venture was set up** by selling a 75% interest in the subsidiary ACCENTRO Gehrensee GmbH
- The business model is being expanded to include attractive metro regions elsewhere in Germany by **widening the sales network**

Compelling financial performance

2018

- Revenue growth to approximately EUR 205.6m
- EBIT amounted to EUR 32.9m and consolidated income of EUR 18.3m achieved.
- Sustainable dividend policy

2019

- Modest increase in revenues (basis EUR 163.2m) and EBIT in the low double-digit percentage range

Core Business

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

Track record

- Dynamic expansion of the privatisation portfolio since 2014
- 4,059 units in a total value of EUR 480.2m sold since 2015
- Prospering partnerships with property developers in the sales area (e.g. T&T)

USPs

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

Regional focus and pipeline

- 1,197 residential units currently available for sale on the company's home market of Berlin
- Successful expansion into growth markets such as the Leipzig, Rostock, Hamburg, Cologne/Bonn and Rhine-Main metro regions with additional acquisitions of 268 units in 2018 and the first quarter of 2019 whose deeds have already been notarized

Key ratios and financials

- Highly profitable core business showing a gross margin of 27.6% in 2018
- Placement of a EUR 100m bond and a capital increase of EUR 20m to speed up the expansion
- Consolidated income of EUR 18.3m for 2018 achieved (PY: EUR 20.3m)

ACCENTRO

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ACCENTRO Real Estate AG (“ACCENTRO”)

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