

ANNUAL REPORT ACCENTRO REAL ESTATE AG 2022



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This Summarising Management Report refers to the consolidated financial statements of ACCENTRO Real Estate AG (hereinafter “ACCENTRO AG”) and to the annual financial statements of ACCENTRO AG. In its role as holding company of the ACCENTRO Group, ACCENTRO AG holds interests in associates, and handles central tasks for the Group. Accordingly, the Company’s situation is determined by the situation and development of the Group. This is why a Summarising Management Report is prepared. All of its disclosures apply both to the Group and to the separate financial statements of ACCENTRO AG unless specifically stated otherwise. Accordingly, this Summarising Management Report is based on the consolidated financial statements of ACCENTRO AG, which have been prepared in accordance with the International Financial Reporting Standards (IFRS) the way they are to be applied in the European Union, and on the financial statements of ACCENTRO AG prepared in accordance with the provisions of the German Commercial Code (HGB).

Currency figures quoted in this report are denominated in euros (EUR).

Both individual and total figures represent the value with the smallest rounding difference. Adding up the values of the individual line items may therefore result in minor differences compared to the reported totals.

Basic Principles of the Group

Group Business Model, Objectives and Strategies

ACCENTRO Real Estate AG (hereinafter “the ACCENTRO Group” or “ACCENTRO”) is a listed property company focusing on residential real estate located in Germany. Geographically speaking, the business activities of ACCENTRO and its subsidiaries concentrate exclusively on real estate in economically attractive locations in selected federal states of Germany.

The business activities of the ACCENTRO Group comprise three core divisions. They include the tenant-sensitive retailing of apartments to private owner-occupiers and buy-to-let investors as well as the selling of real estate portfolios to institutional investors (the “trading and privatisation business”), and the development and management (letting) of a proprietary real estate portfolio (the “portfolio business”). These are supplemented by services provided to third parties (the “fee-based and service business”).

Such services include the selling of real estate, the development and public provision of a digital platform (called PropRate) for finding and appraising or comparing real estate, and the annual compilation and publication of several market analyses and reports on the German housing market.

The long-term growth potential of Germany’s residential property market is the foundation of ACCENTRO’s business development. In addition to its current core business of apartment privatisation—which comprises the selling of residential units following minor refurbishment and repair work as well as the selling of such units after comprehensive redevelopments and the addition of extra floors along with the procurement of shared ownership deeds for yet non-partitioned multi-family homes—the Company is a residential property investor, property asset holder and service provider. In the process, the Group combines the stable business model of a property asset holder and landlord with the high-yield business model of housing privatisation to maximise the generated cash flow and to tap synergies between the various core divisions.

As of the balance sheet date of 31 December 2022, the overall real estate portfolio of the ACCENTRO Group comprised 5,903 units, including those whose deeds were already notarised while the transfer of benefits and burdens was still pending by the balance sheet date.

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Corporate Structure and Control System

ACCENTRO Real Estate AG is the parent company of the ACCENTRO Group. ACCENTRO Real Estate AG acts as an operationally active holding company for a number of member companies in which the residential property stock both of the portfolio business and of the privatisation business is concentrated. Within the Group, ACCENTRO Real Estate AG assumes the top-down responsibilities of corporate controlling and administration. ACCENTRO Real Estate AG's sphere of ownership includes core divisions such as Legal, Accounting, Controlling, Risk Management, Funding, Purchasing, Sales, Marketing, Project Management, Technical and Commercial Asset Management. ACCENTRO AG is controlled via its annual net income.

All companies that ACCENTRO Real Estate AG controls and that are not clearly immaterial due to their structure, e. g. as shelf companies, are fully consolidated in the Consolidated Financial Statements of ACCENTRO. For a list of the individual subsidiaries of ACCENTRO, please see the Notes to the Consolidated Financial Statements.

ACCENTRO holds several strategic investments in property development companies which are not supervised and controlled by ACCENTRO and which are therefore not included as subsidiaries in its consolidated financial statements. The Company's equity investments (normally representing interests of 20% or less) are recognised and measured at their fair value through other comprehensive income (FVOCI).

The at-equity companies (normally representing interests of 20% to 50%) are recognised at their historical cost and subsequently measured at the amortised pro-rata equity and with amortised hidden reserves or encumbrances or goodwill, if any, taken into account. Any changes in fair value are recognised in the income statement. The pro-rata net income of these companies and their changes in value are recognised as at-equity

earnings (or else are recognised as impairments, if necessary) in the Consolidated Income Statement, posted after EBIT within the financial result.

The Management Board controls the Group's investment and sales activities. It defines the strategic development, makes important decisions and monitors the achievement of objectives. On the Group level, a long-term plan covering a four-year period is prepared, renewed and updated annually on the basis of the preceding year's figures, of the market environment and of the strategy. The defined control variables and key ratios integrate assessments of the industry in general. The Company submits its business plan for subsequent years to the Supervisory Board at the beginning of each year. Periodic performance reviews are carried out within the scope of central quarterly reporting. Central Controlling prepares reports and monitors specifically the "consolidated earnings before interest and taxes (EBIT)" and "consolidated revenues" key ratios (performance indicators) as key financial performance indicators for the Group management compared to the planning figures.

In regular meetings with the second-tier management, the Management Board is regularly briefed on the market situation and the business development, and redirects the Company's course of action together with the relevant segment owners if necessary. Once a year, the planning is subjected to a comprehensive review.

Definitive control of the ACCENTRO Group is exerted not least on the segment level, and may be structured in various ways. The business of ACCENTRO AG divides into three segments in line with the Company's internal control: "trading and privatisation business," "portfolio business" and "fee-based and service business." There has so far been no EBIT breakdown by segments, and the only key ratio monitored and controlled, aside from revenues, is the contribution margin. That said, segment reporting is in the process of being set up and will cover the EBIT level as early as next year.

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In the “trading and privatisation business,” control variables monitored include the sales performance of the properties along with other factors like the number of apartment reservations placed by potential buyers and the actual values of the properties sold. The latter are taken into account both by the number of apartments sold and by their revenue volume. The other factors that the control system takes into account include the operating income of each sub-portfolio or of each property. In addition, control variables like the number of new clients, viewings and reservations serve as early indicators of the Company’s performance. For the purposes of group management reporting, consolidated revenues serve as key performance indicators in addition to EBIT, since the other control variables are used for the individual analysis of each property and are not aggregated at the group level.

The key ratios definitively controlling the “portfolio business” segment include revenues, vacancy rate, CAPEX and average square-metre rent.

The main key ratios of the “fee-based and service business” represent primarily revenues, acquisition volume and the time remaining to the acquisition if purchase guarantees are involved.

Prompt and regular updates on the liquidity position are among the variables recorded on the level of the parent group. The liquidity planning for the next twelve months is continuously updated. The Group relies on this centrally controlled task for the monitoring of its financial stability. One component of this control mechanism is the constant measurement of liquidity flows on the level of each company.

In addition, financial liabilities worth TEUR 399,207 (previous year: TEUR 416,352) are subject to contractual covenants toward the compliance with certain financial ratios (financial covenants) that concern the two bonds and three property financing arrangements as of 31 December 2022. The covenants were suspended in conjunction with the bond refinancing arrangement as of 31 December 2022. The financial ratios refer essentially to industry-standard covenants relating to the limitation of net debt, the limitation of collateralised liabilities and to the so-called debt service cover ratio, meaning the capacity to sustain the anticipated debt service by drawing on earnings. These covenants are also monitored regularly by ACCENTRO, with the necessary measures or options for action derived if necessary.

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Macroeconomic Development

Germany's macroeconomic development in 2022 was essentially defined by the repercussions of the war in Ukraine. They include the high rate of inflation, which was reflected in significantly increased food and energy prices, as well as material and supply bottlenecks, and a serious shortage of skilled labour. At the same time, the coronavirus pandemic, which extended into 2022 even though it abated over the course of the year, continued to impact the economic development. That said, the German economy coped well last year, and achieved an inflation-adjusted gross domestic product (GDP) growth of 1.9% over prior year, according to calculations by the Federal Statistical Office (Destatis). This means the GDP was 0.7% higher than it had been in 2019, the year before the outbreak of the coronavirus pandemic. The average inflation rate increased significantly in 2022 and amounted to 7.9% (previous year: +3.1%), according to Destatis.

But even adjusted for inflation, the economic output increased in all sectors of the German economy, except in the building trade. The biggest gains were achieved in the sectors "other service providers" (incl. the entertainment industry) with 6.3% and "trade, transportation, hospitality" with 4.0%. These benefited from catch-up effects that kicked in once the majority of the pandemic-related lockdown measures were lifted over the course of 2022.

While the manufacturing industry virtually flatlined with a growth rate of 0.2% due to high energy prices and the limited availability of intermediate products as a result of supply chain disruptions, the economic output of the building trade continued to decline, this time by -2.3%. Key factors to explain the downtrend include material shortages and the short supply of skilled labour as well as high construction costs and unfavourable terms of financing.

One of the main growth drivers in 2022 was private consumer spending, which increased by 4.6% year on year when adjusted for inflation. This means it nearly regained the level of the pre-crisis year of 2019. Here as elsewhere, catch-up effects after the vast majority of coronavirus restrictions were repealed represented the main reason for the brisk growth. By contrast, government consumption spending only perked up by a modest 1.1%, adjusted for inflation, after the previous two years, which were strongly defined by the pandemic. Investments in new equipment continued to increase, this time by an inflation-adjusted 2.5%, whereas building investments declined by 1.6%.

The export of goods saw another significant increase by 3.2%, adjusted for inflation, which means it only trailed the level of 2019 by the narrowest of margins. Imports went up as well, increasing by an inflation-adjusted 6.7%.

The development of Germany's labour market in 2022 followed relatively stable lines despite the strains caused by the war in Ukraine. According to the Federal Labour Agency, the jobless figure increased by 124,000 persons year on year in December 2022, rising to a total of 2,454,000. As a result, the unemployment rate went up by 0.3 percentage points to 5.4% during the reporting period.

Developments on the German Housing Market in 2022

The year of 2022 was defined by numerous geopolitical jitters. These were mainly triggered by the war in Ukraine. But they were also due to the coronavirus pandemic which, even as it abated across the globe, continued to cause significant restrictions in major countries like China. Demand for real estate after a boom cycle of many years was impacted by the high rate of inflation and the surge in lending rates it prompted, on the one hand, but also by the fact that the high level of property prices was slow to soften, on the other hand.

Residential Investment Market Still Stable during the First Half-Year

Within an increasingly demanding macroeconomic environment, Germany's residential investment market still maintained a stable trend during the first six months of 2022. The transaction volume in the category of large-scale residential portfolios added up to c. EUR 7 billion by mid-year, according to BNP Paribas Real Estate GmbH, and thus trailed the long-term average by 19%.

According to figures released by the Association of German Mortgage Credit Banks (vdp), prices for apartments, detached homes and multi-family houses continued to see significant growth. Specifically, residential property prices in Germany increased by 2.5% quarter on quarter during Q2 2022 and by 10.1% over prior-year period. Among the German metropolises, the fastest price growth was registered in Berlin with 11.9% and in Munich with 11.6%. New-tenancy rents also continued to go up during the second quarter of 2022, exceeding the prior-year level by 4.4% at mid-year.

Residential Property Market Taking a Nose Dive during Second Half-Year

The slow economy, the high inflation rate, and the sharp increase in lending rates caused the German residential investment market to experience a massive slump during the second half of the year, normally a time of a particularly strong performance for the industry, and this had adverse consequences for the performance of 2022 as a whole. According to an analysis by BNP Paribas Real Estate GmbH, c. EUR 13.1 billion were invested in larger housing portfolios (of 30 residential units or more) nationwide last year. The figure falls about 74% short of the record result of 2021, although it should be remembered that the prior-year total included the takeover of Deutsche Wohnen by Vonovia for more than EUR 22 billion. It makes more sense therefore to compare the figure with the long-term average, which it undercut by around one third. The decline was primarily characterised by the absence of M&A transactions and more reticence on the part of investors following the interest rate reversal.

The same analysis by BNP Paribas Real Estate suggests that Germany's seven Class A cities remain the investment hotspots, accounting for 47% of the nationwide transaction volume with a sum total of c. EUR 6.2 billion. This sum, too, undercuts the long-term average by about one third. Berlin once again topped the list with a volume of EUR 3 billion. However, it was also the year with the lowest sales total for the German capital since 2014.

In its survey of the German investment market in 2022 ("Deutschland Investmentmarkt 2022"), CBRE analogously noted a significant drop in transaction volume and stated that review and decision-making processes, particularly those for large-volume transactions, take considerably longer now. The survey also argues that tightened terms of financing, especially in the form of higher total funding costs as well as the stricter requirements for loan approvals by banks, have stood in the way of brisker investment dynamics.

Residential Property Prices Softening during H2 – Coinciding with Stable Rental Growth

Figures released by the Association of German Mortgage Credit Banks (vdp) reveals that the price dynamics of residential real estate slowed considerably during the second half of 2022. To be sure, prices still rose by 6.1% over prior year during the third quarter. But quarter on quarter, Q3 was the first quarter in years that registered a drop, as prices declined by 0.7%.

The trend consolidated in the fourth quarter, with the price growth continuing to lose in momentum. Compared to the prior-year quarter, prices increased by 2.1% in general and in the seven Class A or "Big 7" cities by 2.2%. Quarter over quarter, prices declined by 1.8% nationwide and by 2.0% in the "Big 7" cities. Berlin showed the strongest growth among these metropolises. Residential property prices here increased by 4.6% year on year during the fourth quarter while softening by a modest 0.7% quarter over quarter.

In contradistinction to the price development, rents were subject to stable growth. According to the vdp stats, new-tenancy rents increased by 1.6% quarter on quarter during Q3 2022 and by 4.8% compared to the prior-year period.

The upward trend continued during the fourth quarter of 2022 with an increase of new-tenancy rents by 6.5% year on year and 1.9% quarter on quarter.

Building Finance Rates and Construction Costs Rising Rapidly – Steep Drop in Construction Financing

Interest rates for ten-year loans almost quadrupled in 2022. From about 1% p. a. at the start of the year, they ascended to about 3.8% p. a. by its end.

In combination with the high construction prices, the financial burden thereby created has become too much to bear for many people. According to figures by the Federal Statistical Office (Destatis), they increased by an annual average of 16.4% over prior year for the new-build construction of residential buildings in Germany in 2022. The massive price hike is essentially attributable to the rapidly increased costs for energy and building materials caused by supply bottlenecks in the wake of the war in Ukraine but also by the lingering effects of the coronavirus pandemic.

Demand for construction financing plummeted as a result of the surge in interest rates and in construction costs. According to an analysis conducted by Barkow Consulting, new lendings that German banks granted in the form of mortgage loans to private households and self-employed persons sank by 43% in December 2022 compared to the same month the previous year. It also suggested that the December decline marked the fourth consecutive record low. With a volume of EUR 13.5 billion, new lendings dropped to their lowest level since June 2011. Compared to the record volume of EUR 32.3 billion of March 2022, this implies a drop by almost 60%. Data released by Schufa, a German credit protection agency, show that the

downward trend continued in January 2023 as the lending volume decreased by 41% over prior year.

According to an estimate by financial intermediaries (Interhyp, Dr. Klein), the interest in real estate investments among private investors, on the one hand, is flagging because buying property in the present environment has ceased to be profitable. Many owner-occupiers, on the other hand, simply lack the financial wherewithal to buy. Similarly, the Spring Report by the ZIA German Property Federation noted that German households have an increasingly hard time shouldering debt-financed property acquisitions because the increase in interest rates and costs of living coincides with a decline in disposable income levels.

As figures released by construction finance broker Hüttig & Rompf show, real estate buyers need to bring significantly more equity capital to the table now when borrowing. In 2021, owner-occupiers contributed an average of c. EUR 111,000 in equity to the construction or acquisition of a property. This amount increased by well over a quarter to nearly EUR 140,000 last year. As a result, the equity share in the total costs incurred by principal contractors and buyers, which averaged EUR 562,000 in 2022, jumped from 20% in 2021 to nearly 25%. Moreover, there has been a noticeably increased reticence vis-à-vis real estate financing unless sustainable collateral is in place.

Outlook for the German Housing Market

Even though the difficult macroeconomic environment has severely impacted the German housing market lately, one thing is perfectly safe to say: Demand for housing is set to remain high for the long term. Supposing completion rates were to keep declining in the years ahead, the gap between supply and demand would widen even further.

The need for more rental apartments, in any case, will probably keep growing. The inflow of Ukrainian refugees has pushed Germany's population

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total past the mark of 84 million for the first time ever. Experts assume that the rate of immigration will remain high in the future. This makes it reasonable to believe that the already low vacancy rates in most of Germany's rental housing markets will continue to go down in the coming years due to short supply while rent rates will keep going up.

The momentum of apartment sales in the months ahead will essentially depend on the development of the macroeconomic environment. Although real estate is still considered an effective form of inflation protection and thus an attractive asset class, the propensity to buy in the coming months will definitively hinge, in addition to growing confidence, on an increase in purchasing power and therefore on eligibility for bank financing as far as apartment acquisitions are concerned. So, it will play a key role how inflation and interest rates, on the one hand, and property prices, on the other hand, develop.

The subsequent assessment of the relevant factors is based on the present market environment. It is therefore characterised by a low degree of visibility, and calls for due caution.

Necessary Impulses Missing on the Supply Side

The ZIA Spring Report 2023 assumes that the war-related immigration of an estimated 1.1 million people from Ukraine has generated a considerable extra need for about 200,000 apartments in Germany.

But the supply side lacks the necessary incentives to jump into action and meet the demand, which is very high anyway. The Federal Government's objective to complete 400,000 new apartments annually was clearly missed in 2022 with an estimated 280,000 units completed, according to a projection by Jones Lang LaSalle ("JLL").

The year 2023 might deliver an even poorer score because many building projects were postponed indefinitely or cancelled, according to the ifo

Institute for Economic Research. The German Construction Confederation (ZDB) predicts that the number of new apartments completed this year will drop down to 245,000. An even bleaker view of the trend is taken by the Federal Association of German Housing and Real Estate Companies (GdW), as it expects only about 200,000 new apartments to come on-stream in 2023. The figure for 2024 will probably drop to a yet lower level, according to the GdW's estimate.

The regressive order intake in the construction industry underlines these experts' assessment. According to figures published for 2022 by the Federal Statistical Office (Destatis), it declined by 9.6% year on year in real money terms (adjusted for inflation) and adjusted for calendar effects. Housing construction suffered the greatest setback as it registered a real-term drop by 16.5%.

Further Price Drops Anticipated in 2023

Experts believe that prices for residential real estate will keep softening this year. And it is true that many indicators and both political and economic conditions point in that direction.

Jens Tolckmitt, the Managing Director of the Association of German Mortgage Credit Banks (vdp), for one, assumes that the coming quarters will see the price dynamics for residential real estate cool off noticeably. He does not expect to see any price crashes, because demand continues to exceed supply by far. In addition, the price trend for residential real estate is likely to be more closely tied to actual market rents in future because the very affordable terms of financing, which had acted as one-off factor over many years, are no longer available whereas construction costs have soared.

Financial experts at DZ Bank expect the price drop to be limited to a maximum of four to six percent in 2023. The German Institute for Economic Research (DIW) compiled a survey whose findings also suggest that the risk of more serious price corrections is growing. It argues that, while Ger-

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many is not facing the threat of a huge real estate price bubble bursting, it is by all means possible that prices might drop by up to ten percent for ownership apartments and detached homes.

The experts of BNP Paribas rate the slow-trading fourth quarter as evidence that the pricing process on Germany's residential investment market is still very much in progress. Against the background that a rise in key lending rates and financing costs is likely to keep dominating the market debate at the start of the year, BNP Paribas deems a continuation of the pricing phase until mid-year the most probable scenario at the moment.

A recent survey by Deutsche Bank took a positive view of the price trend for residential real estate. It projects an end to the rise in interest rates by mid-year 2023. After that, the adverse short-term effect should abate and prices rebound. But regardless of the uncertainty concerning the price trend in the time ahead, we need to bear in mind that property prices in Germany more or less doubled over the past ten years.

So, even a hefty setback by around 20%, which some industry players consider a possibility, would merely return prices to the level of the year 2020.

Sustained Rental Growth

The persistently strong demand on the rental housing market is matched by a shortage of affordable housing and by declining vacancies in the cities, which is attributable to the slowing pace of new-build housing construction and to the migration of refugees triggered by the war in Ukraine. The demand side also includes the group of those who, while principally interested in buying, will not be able to make their dream of homeownership come true any time soon because of the high inflation rate and the rise in interest rates.

This bottleneck will persist throughout 2023, and rents will keep rising as a consequence. In the opinion of financial experts at DZ Bank, housing com-

panies are under pressure to recover the high material prices and the significantly increased financing costs from their tenants via rent reviews.

No Trend Reversal for Building Finance Rates but Further Increase in Construction Prices Expected

As far as building finance rates go, experts are not anticipating a trend reversal in the near future. After all, central banks have stated their intention to keep raising key lending rates to combat inflation. Renowned financial intermediaries (Interhyp, Dr. Klein) expect building finance rates to continue to go up at a moderate pace. Michael Neumann, the CEO of Dr. Klein, expects interest rates for 10-year mortgage loans to climb to between 3.5% p. a. and 4.5% p. a. during the first half of 2023. If the ECB, contrary to current expectations, were to announce more drastic interest rate moves, interest levels would come under even stronger pressure.

The auditing and consultancy firm PricewaterhouseCoopers (PwC) in turn assumes that construction prices will keep going up through 2024. The main reason that PWC cites is the very limited availability of building materials, which is explained by serious crisis-related delivery problems.

Another factor that will keep driving up construction costs in the years ahead is the shortage of skilled labour, which is causing problems for many contractors. Industry experts believe that roughly one fifth of the open positions with building contractors will not be filled between now and 2030. According to PWC, the associable shift of the supply-demand ratio will prompt wage increases, which will trigger further price increases for construction services.

In addition, significant catch-up effects could kick in as soon as the geopolitical situation calms down while government-sponsored housing construction could regain its momentum, and both developments would increase demand for construction services and cause serious construction price hikes, too.

Business Performance

As far as the 2022 financial year goes, the ACCENTRO Group is looking at a mixed business performance. While the first half-year still followed in the wake of the 2021 banner year, business lost momentum during the second half of 2022. At the end of the first six months of the reporting year, ACCENTRO still reported a strong increase of 28% compared to the bumper year of 2021 with consolidated revenues of EUR 93.5 million (previous year: EUR 73.0 million) and a robust EBIT margin of 10%. However, various macroeconomic developments, such as high inflation and the steep rise in interest rates, caused Germany's residential investment market, and consequently the ACCENTRO Group's business performance, to deteriorate noticeably in the second half-year, which tends to be particularly strong for the industry. Ultimately, ACCENTRO reported consolidated revenues totalling EUR 165.2 million for the year under review (previous year: EUR 192.7 million), implying a 14% decline year on year. The EBIT amounted to EUR 8.5 million (previous year: EUR 45.2 million), and was seriously impacted by the rise in lending rates and a decline in property valuations in response to softening asking prices, and by regressive demand for homes during the second half of the year.

In the Company's largest segment, the "trading and privatisation" business, ACCENTRO is looking back on a business performance that, while stable, declined due to a market-related slowdown in investment dynamics. On the one hand, the robust sales of individual residential units toward the end of the 2021 financial year, whose transfer of benefits and burdens did not take place until the 2022 financial year, drove a stable revenue trend in the privatisation sector. On the other hand, a growing reticence among investors in regard to real estate and specifically portfolio transaction emerged as the year progressed. Ultimately, portfolio deals declined by EUR 14.9 million year on year, down to a total of EUR 13.5 million. The total notarised sales volume in the individual privatisation business in 2022 came to less than half of the total of banner year 2021, falling by 62%

to EUR 93.6 million (previous year: EUR 246.5 million). The number of sold units developed just as drastically, because it decreased by 61% to 296 units (previous year: 761 units), although it should be remembered that the previous year saw the disposal of a large portfolio of about 260 units, which accounted for a major share of the total number of unit sales notarised.

In its "Portfolio" segment, ACCENTRO managed to increase its rental income once again, thereby vindicating the investments made over the past financial years. The general increase in demand for rental housing coupled with value-adding property upgrades and successful vacancy roll-backs contributed to a 4.7% revenue growth to now more than EUR 17.9 million (previous year: EUR 17.1 million). These figures refer to an inventory of 343,563 square metres. The proportion of rental income in the total consolidated revenues grew by 2.0 percentage points to now 10.8% as a result. The contribution margins (revenues net of building management costs), by contrast, dropped to EUR 5.0 million (previous year: EUR 7.0 million) as a result of value-adding maintenance measures planned for portfolio properties.

ACCENTRO continued to expand its real estate portfolio during the 2022 financial year. On the whole, the Company acquired 789 units with an effective floor area of around 51,000 square metres. Out of the total, 107 residential units with an effective floor area of about 12,000 square metres are earmarked for individual privatisation whereas 682 units with an effective floor area of about 39,000 square metres were added to the rental property holdings. While the privatisation portfolios were acquired primarily in the Rhine-Ruhr metro region and in Berlin, ACCENTRO kept enlarging its proprietary holdings of rental real estate particularly in eastern German states (in this case Saxony-Anhalt).

The newly acquired units will serve as basis for continued stable earnings from the privatisation and portfolio business, while simultaneously driving the sustained growth in rental income.

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To secure its long-term debts, ACCENTRO successfully negotiated roll-overs for its two bond liabilities in a combined amount of EUR 350 million. To this end, ACCENTRO Real Estate AG signed a lock-up agreement with about 56% of the invested noteholders of the 2020/2023 bond (in a volume of EUR 250 million) on 16 December 2022, which provides for a three-year extension of the 2020/2023 bond until 13 February 2026. Within the framework of a vote without assembly in accordance with the German Bond Act (SchVG), the noteholders approved the 2020/2023 bond rollover between 6 January and 9 January 2023. On 27 December 2022, ACCENTRO Real Estate AG analogously concluded with the sole noteholder of the 2021/2026 bond (in the volume of EUR 100 million) a modification agreement for the adjustment of the bond terms and for refinancing the 2021/2026 bond on the same terms as those agreed for the 2020/2023 bond on 16 December 2022 and extended the maturity by another three years ending on 23 March 2029. The closing took place on 6 March 2023. The transaction provides ACCENTRO with the long-term planning certainty it needs and lays the foundation for staying ACCENTRO's course of success. For additional information, we refer you to Section 4.15 in the Notes to the Consolidated Financial Statements.

Earnings, Financial Position and Assets

Earnings Position

The ACCENTRO Group's key revenue and earnings figures developed as follows during the 2022 financial year:

EARNINGS POSITION

EURM

	FINANCIAL YEAR 2022	FINANCIAL YEAR 2021
Revenues	165.2	192.7
EBIT	8.5	45.2
Consolidated total income	-12.0	13.1

During the 2022 reporting year, the consolidated revenues fell by EUR 27.5 million, meaning within the range of the adjusted forecast for 2022, which projected revenues of EUR 160 to 170 million.

EBIT declined by EUR 36.1 million to EUR 8.5 million during the 2022 reporting year, and thus dropped by about 81% over prior year (previous year: EUR 45.2 million). It also means that the EBIT achieved its adjusted forecast range for 2022, which was EUR 8 to 10 million. The macroeconomic trends evolving in the course of the financial year and their downstream effects had a strong impact on earnings.

Additional acquisitions caused the portfolio of investment properties to keep expanding during the 2022 financial year. Yet due to the generally deteriorated market development and particularly because of the increased level of interest rates, the real estate holdings returned no year-on-year appreciation from fair value adjustments. The fair value adjustment for the financial year equalled EUR -1.8 million (previous year: EUR 19.0 million). A more drastic adjustment was deflected by the

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compensating effect of the real estate inventory's increased profitability, which is due most notably to a reduction in vacancies and rent reviews. One main goal for the property inventory of ACCENTRO both now and in the years ahead will be to reduce vacancies, the rate being relatively high compared to the rest of the market.

Total payroll and benefit costs increased by EUR 0.8 million to EUR 11.1 million (previous year: EUR 10.3 million) during the current period. The increase is essentially explained by the rise in the number of employees during the year under review. The employer's contribution to social security institutions registered a proportionate increase. By 31 December 2022, the number of employees working for the ACCENTRO Group had increased by 22 to a total of 123 employees (31 December 2021: 101 employees).

The increase in depreciation and amortisation of intangible assets and property, plant and equipment in the amount of EUR 1.3 million is mainly due to acquisition costs capitalised in the current and previous financial years that relate to the expansion of a digital platform (called PropRate) for searching and evaluating or comparing properties as well as the annual preparation and publication of several market analyses and reports on Germany's housing market. Assets worth EUR 2.7 million (previous year: EUR 1.4 million) were subject to scheduled depreciation during the financial year.

The impairments of inventories and accounts receivable now add up to EUR 1.4 million (previous year: EUR 1.8 million), with inventory assets accounting for EUR 0.2 million (previous year: EUR 0.0 million) and receivables and other assets accounting for EUR 1.2 million (previous year: EUR 1.8 million) thereof.

The other operating expenses in the amount of EUR 18.8 million (previous year: EUR 18.4 million) consist essentially of legal and professional fees that include, just like in the previous year, expenses for advisory services in

the areas of taxes, real estate transactions, legal, and general strategic issues, among other expenses. Also recognised among other operating expenses are EDP costs, acquisition costs, plus information, advertising and entertaining expenses as well as the costs of unrealised projects. The modest growth during the financial year is definitively attributable to the increase in advertising activities by ACCENTRO and compensation payments for damages from the cancellation of share purchase agreements, which are largely offset by lower legal and consulting, IT and other operating expenses.

The net income in the amount of EUR 1.2 million (previous year: EUR –4.1 million) from companies included in the consolidated financial statements using the equity method is attributable to the amortised measurement of the acquired hidden reserves and to ACCENTRO's pro-rata share in the annual net income of its associates and joint ventures.

The net interest result of the 2022 financial year equalled EUR –18.6 million (previous year: EUR –20.5 million). The decrease in financial liabilities and bonds by EUR 39.0 million reduced interest expenses by EUR 1.9 million during the financial year.

The earnings before taxes equalled EUR –8.8 million (previous year: EUR 20.6 million). The income tax payable during the reporting period equalled EUR 5.5 million, and thus fell short of the prior-year level of EUR 7.5 million. The imputed tax ratio for the 2022 financial year is –67.1% (previous year: 36.3%). On the one hand, the tax expense is attributable to profitable subsidiaries whose individual property sales increased significantly during the financial year and whose loss carryforwards have been used up. In addition, anticipated tax arrears for previous years as determined by a tax audit not yet completed were taken into account.

On the other hand, the Group is reporting a deferred tax income of EUR 0.2 million for the 2022 financial year (previous year: a deferred tax

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expense of EUR 3.4 million). The change in deferred tax liabilities compared to the previous year is essentially due to clearly regressive valuation effects in the investment property segment. For additional composition and quantitative details on tax expenditures and tax income, please see the Notes to the Consolidated Financial Statements.

The turnover of the “trading/privatisation” segment, which accounted for the largest contribution to turnover at EUR 150.4 million (previous year: EUR 180.6 million), declined by EUR 30.2 million year on year. The number of individually retailed apartments whose transfer of benefits and burdens was completed before the end of the financial year equalled 411 and represented a year-on-year decline (previous year: 494 apartments).

The share of large-scale real estate transactions contracted disproportionately, accounting for 9.3% only (previous year: 16.4%). As a result, revenues from sales of inventory properties experienced a steep corresponding decrease to EUR 146.1 million (previous year: EUR 172.8 million). This means that the contribution margin (revenues net of expenses for sales of inventory properties) dropped to EUR 38.2 million (previous year: EUR 47.8 million).

The rental income of the “portfolio” segment increased from EUR 9.2 million to EUR 13.6 million, which is essentially attributable to the successful enlargement of the portfolio and to vacancy reductions. The contribution margin (revenues net of management costs) before the fair value adjustment increased from EUR 2.3 million to EUR 3.1 million, the disproportionately small increase being explained by extensive upkeep works. The value of the portfolio properties decreased by EUR 20.8 million or –109% as a result of the “losses from the fair value adjustment of investment properties” in the amount of EUR 1.8 million during the financial year (previous year: “net gain from the fair value adjustment of investment properties” in the amount of EUR 19.0 million).

Revenues from services fell from EUR 2.8 million to EUR 1.3 million so that the contribution margin dropped by EUR 1.7 million to EUR 0.2 million (previous year: EUR 1.9 million). The service business comprises primarily property sales on behalf of third parties, and the corresponding fees and commissions earned thereby.

Financial Position

KEY FIGURES FROM THE CASH FLOW STATEMENT

EURM

	FINANCIAL YEAR 2022	FINANCIAL YEAR 2021
Cash flow from operating activities	67.5	99.6
Cash flow from investment activities	–18.1	–85.4
Cash flow from financing activities	–69.2	50.0
Net change in cash and cash equivalents	–19.7	64.2
Increase in cash and cash equivalents from the addition of fully consolidated companies	0.1	2.1
Decrease in cash and cash equivalents from the disposal of fully consolidated companies	–1.1	–1.3
Cash and cash equivalents at the beginning of the period	121.5	56.5
Cash and cash equivalents at the end of the period	100.8	121.5

During the 2022 financial year, the cash flow from operating activities equalled EUR 67.5 million (previous year: EUR 99.6 million). It was essentially generated by the cash inflow from downsizing the portfolio of the inventory assets in the amount of EUR 59.9 million (previous year: cash inflows in the amount of EUR 62.6 million). The decrease in trade receivables in the amount of EUR 0.9 million and the increase in current liabilities in the amount of EUR 6.1 million contributed significantly to the posi-

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tive cash flow from operations in this context. The necessary adjustments for non-cash income were also significantly lower than they had been the previous year; they represented most notably the expenses from the fair value measurement of investment properties. Tax payments in the amount of EUR 4.5 million (previous year: EUR 4.1 million) impacted the cash flow from operations.

For more details on the amount and composition of the cash flows, please see the Consolidated Cash Flow Statement and the Notes to the Consolidated Financial Statements (Section 4.28).

The cash flow from investing activities during the 2022 financial year was negative at EUR –18.1 million (previous year: EUR –85.4 million) but very much improved when compared to the prior period. The negative cash flow is primarily attributable to the extensive acquisitions of investment property in a total amount of EUR 20.8 million (previous year: EUR 63.3 million) that were undertaken during the 2022 financial year. In addition, loans granted during the 2022 financial year added up to EUR –16.7 million

(previous year: EUR –23.3 million). The cash-effective interest received for these loans amounts to EUR 1.3 million (previous year: EUR 4.6 million).

By contrast, repayments of granted loans were slightly higher with a total of EUR 5.4 million (previous year: EUR 4.6 million). Conversely, cash inflows in the amount of EUR 16.0 million were generated from the disposal of shares accounted for using the equity method.

The negative cash flow from financing activities in the amount of EUR –69.2 million (previous year: EUR 50.0 million) is primarily attributable to lower cash inflows from debt financing in a total amount of EUR 48.5 million (previous year: EUR 166.9 million) as well as to interest and financing cost payments in the amount of EUR –24.3 million (previous year: EUR –19.5 million). This is matched by payments for the redemption of financial liabilities in a total amount of EUR –92.1 million (previous year: EUR –97.9 million). Dividend payments resulted in a cash outflow of EUR 1.3 million during the 2022 financial year (previous year: EUR 0.0 million).

ASSET AND CAPITAL STRUCTURE

EURM

	31/12/2022		31/12/2021	
Assets	877.1	100.0%	929.5	100.0%
Non-current assets	453.6	51.7%	427.7	46.0%
Current assets net of cash and cash equivalents	322.7	36.8%	364.3	39.2%
Cash and cash equivalents	100.8	11.5%	121.5	13.1%
Assets held for sale	0	0.0%	16.0	1.7%
Debt and equity	877.1	100%	929.5	100%
Equity	247.7	28.2%	260.6	28.0%
Non-current liabilities	220.5	25.2%	508.8	54.7%
Current liabilities	408.9	46.6%	160.0	17.3%

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Total assets decreased by EUR 52.3 million (–5.6%) to EUR 877.1 million (31 December 2021: EUR 929.5 million).

The non-current assets increased by EUR 25.9 million. The increase is mainly explained by the acquisition of an existing real estate portfolio and capitalised value-adding refurbishments of various standing properties, which increased the value of the investment properties by a combined total of EUR 30.8 million. For more details, see Note 4.4 in the Notes to the Consolidated Financial Statements.

In addition, the historical costs in the amount of EUR 2.5 million for the development of a digital platform (called PropRate) for finding and appraising or comparing real estate, and the annual compilation and publication of several market analyses and reports on the German housing market were capitalised and amortised according to schedule.

Moreover, non-current assets include the non-current other receivables and other assets (EUR 27.5 million; previous year: EUR 35.7 million). These include essentially interest-bearing loans to companies with whom ACCENTRO is associated through equity investments. The reduction was mainly due to a change in maturities from long-term to short-term and a loan repayment in the amount of EUR 2.3 million.

Unchanged since the previous year, non-current assets include goodwill in an amount of EUR 17.8 million that is not subject to scheduled amortisation and is attributable to the privatisation business. Also classified as non-current assets are owner-occupied plots and buildings in the amount of EUR 23.6 million (previous year: EUR 24.1 million), which are depreciated over a useful life of 33 years, investments in companies and interests in associated companies in the amount of EUR 13.4 million (previous year: EUR 11.6 million), and property, plant and equipment worth EUR 2.9 million (previous year: EUR 2.5 million).

Current assets (not including cash and cash equivalents) decreased by EUR 41.6 million to EUR 322.7 million (previous year: EUR 364.3 million), and represent primarily the trading portfolio properties recognised in inventories. These inventories declined by EUR 65.7 million to EUR 234.9 million during the financial year (previous year: EUR 300.6 million). Material changes were caused by the addition of 107 residential units acquired for a purchase price of EUR 23.7 million. For another 36 residential units acquired for a purchase price of EUR 3.2 million, the sale and purchase agreements were already signed in 2022, while their benefits and burdens will not be transferred and recognised until the 2023 financial year. Moreover, inventory assets increased due to comprehensive refurbishment works worth EUR 18.9 million (previous year: EUR 16.1 million) during the financial year. Conversely, 463 residential units (previous year: 830) were sold, resulting in book value decreases of EUR 108.1 million (previous year: EUR 161.5 million).

The inventory properties are measured at historical costs, plus the subsequent historical cost that were expended to restore their marketability. Properties worth EUR 140.8 million (previous year: EUR 320.2 million) are recognised as collateral for financial liabilities.

Current trade receivables are dominated by receivables from outstanding purchase price payments and operating costs not yet invoiced. Receivables decreased by EUR 3.6 million year on year because of lower purchase price receivables as of the reporting date. These receivables were collected as agreed in 2022.

Contract assets created by period-based revenue recognition in connection with the development of attic apartments declined in value to EUR 5.5 million (previous year: EUR 11.2 million) as a result of purchase price payments.

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Financial assets pursuant to IFRS 9 concern items recognised as “current other receivables and other assets” in the amount of EUR 60.8 million (previous year: EUR 29.7 million).

The increase is essentially explained, on the one hand, by loans toward property developments that were granted to Green Living GmbH (in a loan amount of EUR 15.0 million plus EUR 0.9 million in interest) as well as to various associates in a total amount of EUR 22.7 million during the financial year.

There are unchanged receivables from the rescission of the acquisition of shares in DIM Holding AG in the amount of EUR 16.5 million (previous year: EUR 15.8 million) along with loan receivables in the amount of EUR 3.3 million (previous year: EUR 3.1 million), adding up to accounts receivable from the shareholder of DIM Holding AG in a total amount of EUR 19.7 million (previous year: EUR 18.9 million).

In addition, EUR 6.5 million in loans were reclassified from non-current receivables to current receivables. On the other hand, there are claims to notarial trust account balances in the amount of EUR 6.5 million (previous year: EUR 5.3 million).

In addition, EUR 6.0 million in fundraising costs were capitalised as of the reporting date in connection with the bond refinancing efforts until the bonds reach maturity, which will be dissolved over the period of the bond using the effective interest method.

Income tax receivables amounted to EUR 3.8 million (previous year: EUR 1.5 million) as of the reporting date, essentially representing tax prepayments.

At 11.5%, the ratio of cash and cash equivalents in the amount of EUR 100.8 million (previous year: EUR 121.5 million) to total assets slightly undercut the level of the prior-year reporting date (13.1%).

At 71.8%, the debt-to-equity ratio (debt capital/total capital) by the end of the year under review more or less matched the prior-year level (72.0%). In addition to an increase in debt (EUR –39.4 million), the 2022 financial year also saw a drop in equity (EUR –12.9 million).

Reporting on the loan-to-value (LTV) ratio is based on the respective bond terms because the LTV is also subject to in-house monitoring and reporting. There is a slight difference in the ways in which the LTV ratios are calculated for the 2020/2023 bond and the 2021/2026 bond, respectively, as the subsequent calculations for each one reveals.

The LTV of the 2020/2023 bond increased slightly to 57.4% (previous year: 54.9%). The same is true for the LTV of the 2021/2026 bond, which rose to 51.0% (previous year: 48.2%).

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LTV CALCULATION

IN TEUR

	2022	2021
2020/2023 BOND		
Financial liabilities	211,435	252,920
Bonds	+355,323	+353,356
Cash and cash equivalents	-100,784	-121,502
A. Net financial liabilities	465,974	484,774
Total asset value (assets)	877,126	929,466
Excess of fair value of the inventory properties above carrying amount	+51,323	+108,228
Deferred tax liabilities (tax rate: 30.175%)	-15,487	-32,658
Cash and cash equivalents	-100,784	-121,502
B. Adjusted total asset value	810,316	883,534
LTV of 2020/2023 bond (= A./B.)	57.4%	54.9%
2021/2026 BOND		
Financial liabilities	211,435	252,920
Bonds	+355,323	+353,356
Cash and cash equivalents	-100,784	-121,502
A. Net financial liabilities	465,974	484,774
Total asset value (assets)	877,126	929,466
Excess of fair value of the inventory properties above carrying amount	+51,323	+108,228
Deferred tax liabilities (tax rate: 30.175%)	-15,487	-32,658
B. Adjusted total asset value	912,962	1,005,036
LTV of 2021/2026 bond (= A./B.)	51.0%	48.2%

The Group was able to meet its financial obligations at all times during the 2022 financial year. Rolling liquidity planning makes it possible to detect potential liquidity bottlenecks early on and to seize countermeasures to deflect them if necessary.

The financing schemes of ACCENTRO rest on several pillars. In addition to bank loans collateralised by land charges, the Company employs capital-market-based financing arrangements in the form of bonds.

Non-current liabilities changed mainly as a result of the transfer of the 2020/2023 bond from non-current to current liabilities in the amount of EUR 247.3 million. The repayment of loans in the course of the disposal of inventory properties caused non-current liabilities to decrease by 56.7% to EUR 220.5 million. By contrast, current liabilities increased by EUR 250.0 million or 155.5% to EUR 408.9 million.

ACCENTRO assumes that all of the loans to be renegotiated or maturing during the 2023 financial year will be renewed on a rotating basis in the normal course of its operational business activities. All loans that matured on 31 March 2023 or earlier in the 2023 financial year have already been renewed. For other loans maturing in October 2023 or later that will not be repaid from sales proceeds before their maturity, rollover and refinancing negotiations have already been initiated. In case a creditor demands immediate repayment, the accounts payable are collateralised by land charges over their full amounts. Considering the large holdings of cash and cash equivalents in the amount of EUR 100.8 million, ACCENTRO considers its financing requirements secured through the end of the 2023 financial year. No financing arrangements in foreign currencies were taken out by ACCENTRO AG.

During the 2022 financial year, the consolidated total income of EUR -12.0 million plus dividend distributions in the amount of EUR 1.3 million led to a further decrease in shareholder equity to EUR 247.7 million by

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31 December 2022 (previous year: EUR 260.6 million). Still, the equity ratio increased slightly to 28.2% (previous year: 28.0%). This is mainly explained by the disproportionate reduction of the balance sheet total by 5.6% after the disposal of inventory properties combined with the simultaneous repayment of the corresponding financial liabilities.

General Statement on the Business Situation of the Group

As far as the 2022 financial year goes, the ACCENTRO Group is looking at a mixed business performance. On the one hand, the first half-year continued in the wake of the banner year of 2021. On the other hand, the fast-rising inflation rate and the soaring level of interest rates weighed down Germany's residential investment market, which in turn impacted both the ACCENTRO Group and the contribution to operating income anticipated for the second half of the financial year. From an overall perspective, this resulted in a decline in revenues and EBIT.

The corporate strategy pursued so far of expanding the investment property portfolio has proven to be a solid mainstay during the financial year due to its stable and growing contributions to the consolidated net income. ACCENTRO continued to expand its real estate portfolio during the 2022 financial year.

The stock of investment properties increased by EUR 30.8 million to EUR 361.5 million, primarily through acquisitions but to some extent also due to their performance or appreciation as vacancy rates declined. Yet the stock in inventory properties dropped to EUR 234.9 million (previous year: EUR 300.6 million) due to the large volume of property sales. In order to secure future earning power, the inventory property holdings were slightly expanded both inside and outside the core area of Berlin.

The prior-year Group Management Report predicted revenues between EUR 200 and 220 million (previous year: EUR 192.7 million) and EBIT between EUR 40 and 45 million (previous year: EUR 45.2 million) for the 2022 financial year. ACCENTRO clearly missed the forecast increase of the consolidated revenues as well as the projected repeat of the previous year's robust consolidated EBIT during the 2022 financial year. The Company did achieve the revised forecasts for the consolidated revenues of EUR 160 to 170 million and consolidated EBIT of EUR 8 to 10 million which were issued via an ad-hoc communiqué on 29 November 2022. It ultimately achieved revenues in the amount of EUR 165.2 million and EBIT in the amount of EUR 8.5 million.

The rollover of the bonds in a total amount of EUR 350 million that was agreed with the noteholders means that ACCENTRO achieved a refinancing agreement on sound funding terms in a deteriorated environment, and that ACCENTRO has the forward-looking long-term planning certainty it needs.

Even though it fell short of the originally set revenue and EBIT targets due to the shifted environment, the Management Board believes that the ACCENTRO Group is well positioned, given its long-term outlook. The Company has a well-filled sales pipeline for its individual privatisation business. ACCENTRO counts on its impeccable reputation and excellent sales strength as competitive advantages now as in the future. The real estate portfolio is regionally well diversified, covering major metro regions in North Rhine-Westphalia and Central Germany in addition to Berlin.

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Other Financial and Non-Financial Performance Indicators

For the purposes of managing the Group, the Management Board uses the key performance indicators of revenues and earnings before taxes (EBIT) as primary monitoring parameters. But other financial and non-financial ratios are used as well.

HUMAN RESOURCES:

The professional know-how and the commitment of employees and executives represent key conditions for a robust business performance of the ACCENTRO Group. To help retain employee knowledge and skills, the ACCENTRO Group places particular emphasis on providing attractive working conditions. This includes, above all, a competitive compensation system that is constantly monitored and adjusted if necessary. Group employees also benefit from options for continued professional development as needed or whenever the opportunity presents itself.

REPUTATION:

An important non-financial success factor for ACCENTRO is the reputation of the Group and of the Group member companies. With this in mind, ACCENTRO continuously talks to financing banks, investors and other relevant stakeholders.

AVAILABLE-FOR-SALE PORTFOLIO:

For a number of years now, ACCENTRO has concentrated on the booming market of Berlin, exploiting its highly auspicious development. By building up its own trading portfolio in attractive regions outside Berlin, and by entering into an exclusive nationwide collaboration in residential real estate marketing with Immobilien Scout GmbH ("ImmoScout24"), the ACCENTRO Group will continue to expand its position as attractive and reliable partner in the segment of tenant-friendly apartment privatisation and in the marketing of new-build apartments beyond its home market.

The business success of the ACCENTRO Group in the privatisation business is monitored by continuously keeping count of the apartments sold, so that the trend in sales represents yet another non-financial performance indicator.

RENTAL PORTFOLIO:

Important monitoring parameters in the sphere of the proprietary rental portfolio, which is still in the process of being set up, include the vacancy rate and tenant satisfaction above all.

Report on the Separate Financial Statement of ACCENTRO Real Estate AG

Fundamentals of the Company

ACCENTRO Real Estate AG is the parent company of the ACCENTRO Group. ACCENTRO Real Estate AG acts as an operationally active holding company for a number of member companies in which the residential property stock both of the portfolio business and of the privatisation business is concentrated. Within the Group, ACCENTRO Real Estate AG assumes the top-down responsibilities of corporate controlling and administration. ACCENTRO Real Estate AG's sphere of ownership also includes core divisions such as Legal, Accounting, Controlling, Risk Management, Funding, Purchasing, Sales Project Management, Technical and Commercial Asset Management.

The Company's business performance, along with its opportunities and risks, is inseparably linked to the economic development of the group entities. To properly understand the economic development of ACCENTRO Real Estate AG and its definitive influencing factors, it is therefore of the essence to consider the ACCENTRO Group as a whole. The reporting on the situation and the presentation of the opportunities and risks of the Group therefore apply essentially to ACCENTRO Real Estate AG as parent company and as an individual enterprise.

The separate financial statement of ACCENTRO Real Estate AG underlying this report was compiled according to the regulations of the German Commercial Code (HGB) for large stock corporations and the supplementary regulations of the German Stock Corporation Act (AktG).

ACCENTRO Real Estate AG is a residential property company listed on the regulated market and traded, inter alia, on the Frankfurt Stock Exchange.

Business Performance

The pre-tax profit in the unconsolidated financial statements of ACCENTRO Real Estate AG decreased to EUR -14.5 million (previous year: EUR 3.5 million). Total assets dropped to EUR 547.7 million (previous year: EUR 591.4 million).

Payroll and benefit costs rose to a total of EUR 8.6 million (previous year: EUR 7.1 million), which is mainly explained by the ongoing expansion of the Company's workforce.

Due to a valuation allowance on two IC loan receivables, write-downs on capital assets among the current assets increased to EUR 8.6 million (previous year: EUR 5.1 million).

The other operating expenses increased significantly year on year at EUR 24.7 million (previous year: EUR 15.6 million).

This was mainly due to a year-on-year increase in expenses, including toward marketing expenses (EUR 2.6 million), legal consultancy, especially in the context of refinancing the bond liabilities in late 2022, and real estate transactions (EUR 3.3 million) as well as the costs of unrealised projects (EUR 3.0 million).

The balance of profits and losses from profit and loss transfer agreements with subsidiaries in the amount of EUR 11.5 million (previous year: EUR 14.0 million) significantly reduced the net loss for the year of ACCENTRO Real Estate AG.

The net interest expense increased by a modest EUR 0.1 million year on year, declining to EUR 4.5 million (previous year: EUR 4.4 million).

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Earnings, Financial Position and Assets

Earnings Position

ACCENTRO Real Estate AG pursues its business activities through autonomous subsidiaries. As an operating holding company, the Company performs standard management, administrative and financing functions for its Group companies, which so far have not been passed on to the subsidiaries and which therefore impact the earnings of ACCENTRO AG because these amounts, which are quite substantial, are only recovered if interests

in the companies are sold. The earnings position of ACCENTRO Real Estate AG is therefore defined, on the one hand, by the contributions to operating income from its subsidiaries, and, on the other hand, by its funding role within the Group and its expenditures in this function.

The earnings position of ACCENTRO Real Estate AG developed as follows during the 2022 financial year:

TEUR

	01/01/2022 TO 31/12/2022	01/01/2021 TO 31/12/2021	CHANGE
Revenues	135	136	-1
Other operating income	13,478	13,471	7
Cost of materials	-641	-140	-501
Payroll and benefit costs	-8,591	-7,140	-1,451
Amortisation of intangible assets and depreciation of property, plant and equipment	-938	-456	-482
Depreciation of current assets	-8,597	-5,086	-3,511
Other operating expenses	-24,696	-15,611	-13,085
Net income from investments (including profit transfer)	11,558	14,028	-2,470
Operating income (EBIT)	-18,292	-797	-17,495
Net interest result	4,454	4,372	82
Pre-tax profit	-13,838	3,575	-17,413
Income taxes and other taxes	-644	-112	-532
Profit/loss for the year	-14,481	3,463	-17,945

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At EUR 135 million, revenues barely changed year on year, and break down into fees for project management tasks and technical supervision of joint sales projects in cooperation with third-party project partners.

The other operating income grew slightly year on year, rising to EUR 13.5 million. Other operating income in the financial year includes mainly the sale of a 100% equity interest in a project company (ACCENTRO 16. Wohneigentum GmbH) and a 25% interest carried at equity as well as three minority interests of 5.1% each, adding up to an earnings total of EUR 10.8 million. In addition, the Company received other operating income in the amount of EUR 2.7 million plus income in the form of expense allocations for expenses that ACCENTRO Real Estate AG had fronted for some of its subsidiaries and then recovered from them.

The cost of materials increased by EUR 0.5 million over prior year during the financial year, and is attributable to project management services that the Company provided in conjunction with the sale of a project company.

Payroll and benefit costs rose by a total of EUR 1.5 million and are explained by the continued expansion of the Company's workforce. ACCENTRO Real Estate AG employed an average of 78 staff (previous year: 65) during the 2022 financial year, apprentices and board members included.

At EUR 24.7 million, the other operating expenses increased substantially year on year (EUR 15.6 million). They were essentially caused by marketing expenses toward the ongoing digitisation drive of the ACCENTRO Group, legal consultancy in the context of refinancing the bond liabilities in late 2022 and real estate transactions as well as the costs of unrealised projects.

The net income from associates (including profit transfer and loss absorption) in the amount of EUR 11.5 million declined by EUR 2.5 million year on year (previous year: EUR 14.0 million). The effect is explained by increased loss absorptions in the amount of EUR 0.4 million and due to the decreased net income from profit transfers by subsidiaries in the amount of EUR 2.5 million.

The interest balance equalled EUR 4.5 million during the financial period (previous year: EUR 4.4 million) and implies a modest year-on-year increase.

The profit for the year equalled EUR -14.5 million (previous year: EUR 3.5 million) and thus declined by EUR 18.0 million year on year.

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Financial and Net Asset Position

The financial and net asset position of ACCENTRO Real Estate AG is definitively characterised by its activities as a financial holding company. The following overview lists the main non-current assets and liabilities, along with their year-on-year changes, if any:

TEUR

	31/12/2022		31/12/2021		CHANGE
Assets	547,670	100.0%	591,425	100.0%	-43,755
Plant, equipment and software	3,427	0.6%	2,243	0.4%	1,184
Financial investments	149,207	27.2%	143,473	24.3%	5,734
Trade receivables	919	0.2%	18	0.0%	901
Receivables from associates	319,845	58.4%	391,268	66.2%	-71,423
Receivables from equity investments	9,281	1.7%	10,157	1.7%	-876
Other assets	38,465	7.0%	19,260	3.3%	19,205
Cash and cash equivalents	250	0.0%	285	0.0%	-35
Other securities	25,842	4.7%	24,459	4.1%	1,384
Other assets	433	0.1%	262	0.0%	171
Equity and Liabilities	547,670	100.0%	591,425	100.0%	-43,755
Equity	159,693	29.2%	175,472	29.7%	-15,779
Provisions	8,762	1.6%	5,952	1.0%	2,810
Bonds and bank debt	350,000	63.9%	350,000	59.2%	0
Trade payables	1,337	0.2%	1,850	0.3%	-513
Liabilities to associates	17,361	3.2%	48,558	8.2%	-31,197
Other liabilities	10,516	1.9%	9,593	1.6%	923

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Total assets decreased by EUR 43.8 million from EUR 591.4 million to EUR 547.7 million. The asset and financial position is definitively influenced by financial investments, debt financing via bonds, and the performance of receivables and payables vis-à-vis third parties and associates.

- › The financial investments increased by a moderate EUR 5.7 million during the 2022 financial year, rising to a total of EUR 149.2 million. The change was essentially caused by the acquisition of two companies for a combined total of EUR 21.3 million in the course of the year. Conversely, equity investments and lendings to investment companies in a total amount of EUR 14.3 million were disposed of while other lendings in the amount of EUR 2.4 million were repaid.
- › Receivables from associates decreased significantly during the 2022 financial year, dropping by a total of EUR 71.4 million to EUR 319.8 million as a result of loans repaid by, or settled with, associates and due to allowances on fair value in the amount of EUR 8.6 million.
- › The other assets increased noticeably by EUR 19.2 million to EUR 38.5 million during the 2022 financial year, especially due to a short-term loan granted to a third party, the company Green Living GmbH, in the amount of EUR 15.0 million plus interest accrued by the balance sheet date in the amount of EUR 0.9 million, for financing a property development.
- › The provisions increased by EUR 2.8 million year on year during the financial year, rising to a total of EUR 8.8 million. The increase is mainly explained by a provision for tax audit risks amounting to EUR 2.1 million and by higher outstanding invoices as at balance sheet date.
- › The payables to associates decreased by EUR 31.2 million to a total of EUR 17.4 million due to the repayment of loans to three subsidiaries.

- › Interest liabilities not due by the reporting date are reported under other liabilities.

ACCENTRO Real Estate AG was able to meet its financial obligations at all times during the 2022 financial year.

In the context of negotiating the bond rollover, a standstill agreement concerning the covenants was signed by mutual consent for the time until a lock-up agreement is closed. It was done not least to prevent possible covenant breaches.

No new shares were issued or bought back during the financial year, so that the share capital and the capital reserve of ACCENTRO Real Estate AG remained unchanged during the year under review.

The equity of ACCENTRO Real Estate AG decreased to EUR 159.7 million due to a net loss for the year in the amount of EUR 14.5 million and the distribution in the amount of EUR 1.3 million that was paid out during the financial year. The equity ratio (total equity/total assets) declined slightly to 29.2% (previous year: 29.7%).

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General Statement on the Company's Business Situation and Business Performance

ACCENTRO AG generates income mainly from sales of subsidiaries, from interest or from profit distributions paid by its affiliated entities and equity investments, or from the increase in the value of associates. Allowances on equity investments or lendings also impacted the earnings of ACCENTRO AG in the amount of EUR 8.6 million (previous year: EUR 5.1 million). Accordingly, the Company depends definitively on the performances of its subsidiaries and equity investments. Moreover, the Company has so far covered the administrative overhead of the Group without passing these costs on to its member companies. Growing advisory costs, a larger workforce, higher marketing costs, among other things, increased the expenditures of ACCENTRO AG. With this in mind, the commercial-law earnings, while significantly influenced by the development of the Group, do not necessarily reflect the current situation of the Group. In 2022, the Company sold off a portfolio along with several equity investments, and thereby generated a contribution to operating income in the amount of EUR 10.8 million. Unless it passes the costs of the central group functions on to its member companies, there is no way for the Company to sustainably generate balanced earnings.

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Risk Management System

The risk management system of the ACCENTRO Group is designed to safeguard the value-added potential of the Group's business activities, and to permit its exploitation in a manner that will translate into sustainable growth of the Group's goodwill. It is an integral part of this system to address potentially unfavourable developments and events in a structured approach that enables the Management Board to take countermeasures in good time before material damage is caused.

Serving the purpose of detecting and communicating significant risk factors promptly, particularly those that are highly relevant in terms of income and liquidity and that could therefore jeopardise the Group's continued existence, the ACCENTRO Group's risk management system is integrated in the planning, reporting and controlling processes of the ACCENTRO Group at the organisational level. The system is centrally managed, and comprises the systematic identification, analysis, assessment, control, and monitoring of material risks by the Company's Management Board. ACCENTRO implemented a comprehensive, structured and integral risk management that has produced comprehensive and restructured risk reports since the end of the 2021 financial year, among other things. Periodic reporting to the Management Board and the Supervisory Board on this basis covers the risks to which the ACCENTRO Group is exposed, including their probability of occurrence, ramifications and suitable countermeasures. By further developing the risk management system, internal RMS processes of the ACCENTRO Group were adapted to the revised IDW PS 340 n.F. requirements.

The risk management system deployed by the ACCENTRO Group includes the following key elements:

- › the ongoing evolution of a controlling and reporting system that is able to identify adverse business developments at an early stage, to assess and to communicate them with respect to their potential ramifications to the Company's senior management;
- › a periodic or event-related risk inventory;
- › the periodic assessment of the identified risks and the resolution of decisions on any countermeasures or the conscious acceptance of transparent risks by the Management Board of the ACCENTRO Group;
- › a continuous process optimisation to largely cover the business- and portfolio-relevant risks, the focus being on the eventual full coverage for all business units

The key elements of the historic risk management system of the ACCENTRO Group are detailed in the subsequent overview of the risk management process:

- › **Determining the requirements:** Within the Company, methodological and thematic prescriptions for the risk management system were defined that reflect the Group's expectations, thereby strengthening in-house risk awareness. The situation is continuously analysed and optimised.
- › **Identifying and analysing risks:** All entrepreneurial risks are fully captured, analysed in regard to causes and effects, evaluated, and classified in different risk categories. In addition, potential countermeasures are identified.
- › **Reporting:** The Management Board is regularly and promptly briefed on existing and potential threats and possible countermeasures. Within the framework of the reporting cycles, reports are compiled either on occasion or on a quarterly basis, depending on the circumstances and risks at hand. Analogously, the Supervisory Board is briefed on the risk situation of the Company during the regular meetings of the Supervisory Board.

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- › **Managing risks:** Based on the Management Board's decisions regarding risk management measures, the competent employees, teams or the Management Board engage in active efforts to contain the risks at hand.
- › **Controlling risks:** The purpose of risk controlling is the methodological and thematic planning, monitoring and controlling of the risk management system of the ACCENTRO Group. Risk controlling covers all phases of the risk management process, and allows the Management Board to adjust the specifications for the risk management system in methodological and thematic terms.

To qualify the potential loss, the following criteria were chosen:

PROBABILITY OF OCCURRENCE

Rated here is how likely it is that the identified threat actually materialises during the financial year in progress and during the following two financial years. These assessments are currently based on expert estimates.

PROBABILITY OF OCCURRENCE	RATED IN %
Highly improbable:	<5
Improbable:	>5 to 25
Possible:	>25 to 50
Probable:	>50 to 75
Highly probable:	>75

EXTENT OF DAMAGE

The loss amounts are again determined for the current business year and the two following business years. Here, the two damage dimensions "impact on EBIT" and "impact on revenues" are examined, with the findings quoted either separately or jointly. The loss amounts are always determined for the worst case, for the most likely case, and for the best case. The losses are always quoted in TEUR. These assessments are currently based on expert estimates.

The materiality threshold for the amount of loss was set in the indicative risk management process at > EUR 1.25 million (impact on EBIT) and EUR 5.00 million (impact on revenues). Any amounts exceeding this threshold are either grave or particularly grave in character.

EXTENT OF DAMAGE	VALUE IN EURM
Material:	<1 to 5
Grave:	>5 to 15
Particularly grave:	>15

The commercial management of the ACCENTRO Group is in charge of the evaluation and overall responsibility of the risk management system. The function-based risk ownership rests with the second-tier executives reporting to the Management Board. Within their sphere of ownership, they handle the identification, assessment, control, monitoring, documentation and communication of all risks. Moreover, the Company's risk tool takes care of the risk stocktaking and risk alerts for threats of any kind, providing updates either within the scheduled reporting cycles or immediately if necessary.

All risk alerts are continuously documented, updated, analysed and evaluated in a risk matrix. Updated every quarter, the risk matrix is an important

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component of the internal risk report. The Risk Report is prepared semi-annually and submitted both to the Management Board and to the Supervisory Board. The evaluation differentiates between risks to the Company's going concern status, material risks and other risks. The distinction is primarily based on the probability of occurrence and the potential extent of damage.

Threats are considered risks to the Company's going concern status whenever their probability of occurrence and the extent of their damage could adversely impact the going concern of the Company or the Group. No risks to the Company's going concern status were identified.

Threats are categorised and separately monitored as material risks whose occurrence would have material effects on the net assets, financial and earnings position of the Company and/or the Group, and which can therefore be of considerable concern for the shareholders and stakeholders of ACCENTRO AG.

The idea behind the risk management system is to lower the hazard potential through appropriate measures, to safeguard the going concern, and to ensure the success of the ACCENTRO Group's continued development.

Presentation of Individual Risks

The individual risks that ACCENTRO Real Estate AG believes to be of material significance are presented in the overview below:

FINANCIAL RISKS

- › Funding risks
- › Liquidity risks
- › Interest rate risks
- › Bad debt risks

OPERATIONAL RISKS

- › IT risks
- › Personnel risks

REAL ESTATE RISKS

- › Transaction risks
- › Letting risks
- › Construction and project risks

LEGAL AND COMPLIANCE RISKS

- › Regulatory risks
- › Data protection

STRATEGIC RISKS

- › Business model
- › Change in strategy
- › Change of ownership
- › Sales risks

Individual Risks in Detail

FINANCIAL RISKS

The financial risks to which ACCENTRO Real Estate AG is exposed include

- › a possible failure to meet the annual planning targets, resulting in a correction of the Company's market rating,
- › bad-debt losses, and
- › a possible increase in the interest rate level for financing arrangements and therefore increased financing costs for the Group, for individual projects and for the member companies.

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The increase in financing costs could in turn prompt a drop in (distributable) net income and increase the probability of diminished profits from the operational activities.

Moreover, a possible breach of financial covenants of existing loan agreements could, in the absence of a cure, prompt a formal demand for immediate repayment of the loan or its continuation on less favourable terms.

Funding Risks

The funding risk is addressed by observing and analysing the financing market. For instance, the ACCENTRO Group diversifies the Group's financing risks by exploiting financing alternatives in addition to classic loan financing, e. g. through the issuance of bonds. The current business activity of the ACCENTRO Group is to a large degree influenced by the availability of financing options.

During the financial year, one funding risk was classified as significant due to the potential amount of loss, this being the risk of rising interest rates:

The significant increase in lending rate levels for mortgage loans has reduced the purchasing power of final buyers as it puts them under higher financial strain. For the sales portfolio, this has resulted in the already eventuated threat of a slowed selling pace in combination with declining selling prices.

A further increase in capital market rates could pose a threat for the growth of ACCENTRO, and could cause planned investments to be downscaled, paused or scrapped altogether. In addition, an increasing interest burden due to an unfavourable interest rate development may cause slowed growth or even a decrease in the results of operations. Within the scope of refinancing its bonds, ACCENTRO managed to negotiate fixed rates for the bulk of its debt capital.

For risk assessment purposes, the interest rate risk and the sales risk are two sides of the same medal because they depend on each other within the value-adding process.

Bad Debt Risks

ACCENTRO AG is exposed only to minor default risks from its apartment privatisation business because the process is tightly regulated and because the transfer of benefits and burdens is subject to prior payments of the purchase price. The portfolio business is exposed to a certain risk that tenants of poor credit worthiness pose. Transactions with business partners for the purpose of developing new projects generally involve minor risks only, because the property developments themselves serve as collateral. But nevertheless, delays in the project phase or unforeseen developments, for example, may expose receivables from business partners to a higher risk.

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During the financial year, the receivables from two debtors were categorised as material risks because of their potential volume, but not recognised in the balance sheet because of their low probability of occurrence:

1. Bad Debt Risk Involving DIM Holding AG:

ACCENTRO acquired the Berlin-based company DIM Holding AG via a share sale and purchase agreement dated 29 December 2020 with financial effect as of 1 January 2021. On 12 May 2021, ACCENTRO Real Estate AG signed a termination agreement to withdraw from the aforesaid share sale and purchase agreement with effect as of 1 January 2021. It was agreed that the repayment of the purchase price in the amount of EUR 15.3 million and the redemption amount of the assumed shareholder loan in the amount of EUR 3 million plus interest would be deferred until 12 May 2022. Initially, no payment was received as planned by the agreed repayment deadline.

For this reason and given the deteriorating situation on the real estate market by mid-year in the wake of Russia's unforeseen war of aggression against Ukraine, ACCENTRO Real Estate AG deemed it necessary and appropriate out of the caution of a prudent businessman to assume an impairment requirement in the amount of EUR 4 million for the receivables owed at the time.

To secure the payment of the purchase price as well as the redemption amount, the seller pledged all shares of DIM Holding AG to ACCENTRO Real Estate AG. Moreover, a total land charge on several plots of land, including personal assumption of liability and submission to execution, in the amount of EUR 20 million plus interest was granted as additional security for the benefit of the buyer as of 14 October 2021.

During the second half of 2022, the Management Board of ACCENTRO AG closely studied the existing collateral and reviewed possibilities for its realisation. In addition, the Company managed to acquire properties after the reporting date and to set off the purchase prices against the receivables, thereby reducing the total account receivable. Existing risks were closely analysed and appraised. After careful consideration of all circumstances as well as the opportunities and risks arising from the current market situation, the enterprise is therefore convinced as at balance sheet date that the collateral discussed above is of intrinsic value and sufficient to secure the existing repayment claim. Accordingly, the value adjustment made at mid-year 2022 was reversed as of the reporting date.

The Company rates the probability of occurrence of a bad-debt loss of the remaining receivable discussed above as < 5% (c. EUR 0.6 million).

2. Bad Debt Risk Involving Green Living GmbH:

On 31 May 2022, ACCENTRO Real Estate AG granted a short-term loan over EUR 15 million and with a maturity of 31 December 2022 to Green Living GmbH for the purpose of implementing and completing its project. In conjunction with the facility agreement, the borrower provided collateral in the form of a land charge.

The borrower missed the agreed repayment deadline because the borrower's projects suffered a delay. The Company is in close consultation with the borrower. The parent company of Green Living GmbH issued a letter of comfort to ACCENTRO as additional security. The reasons for the delays were plausibly explained to the Management Board, and the existing collateral is deemed sufficient to cover the claims at issue. Green Living GmbH announced the repayment of the loan, meaning the full amount borrowed plus interest, for the next financial year.

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The Company is in constant communication with Green Living GmbH, and rates the bad debt risk as improbable while quantifying it at 5% (c. EUR 0.8 million) of the amount borrowed.

OPERATIONAL RISKS

Significant operational risks for ACCENTRO Real Estate AG include possible IT risks, such as downtime due to cyber attacks and possible damage to the Company's systems. In addition to patchy internal and external communication channels or communication flows (inefficiency, incorrect/insufficient information transfer, annoyed partners and customers, etc.), the focus of this risk category is on the Company staff.

Particularly the loss or absence of staff could have strong ramifications for the revenues of ACCENTRO Real Estate AG. A scarcity of resources could cause the loss of both know-how and control and could moreover cause budget overruns and delays. It would also result in increased recruiting costs, strain and dissatisfaction among the remaining employees and could cause delays or even non-fulfilment of project obligations as planned, especially if staff members involved in the project or in the technical asset management were absent.

REAL ESTATE RISKS

TRANSACTION RISKS

Within the ACCENTRO Group, transaction risks are understood to mean risks arising in conjunction with the buying and selling of real property assets and portfolios, as well as the individual property sales to private and buy-to-let investors.

The financial success of the ACCENTRO Group is definitively dependent on the selection and acquisition of real estate suitable for apartment retailing to owner-occupiers and buy-to-let investors, as well as for property asset ownership. The screening process comes with the risk of misjudging or overlooking structural, legal, economic and other encumbrances that

may compromise the properties selected for purchase. On top of that, assumptions made with respect to the earnings potential of a given property could subsequently prove to have been partially or entirely mistaken. In particular, assumptions regarding the attractiveness of a given property site and other definitive factors for a tenant's or buyer's decision to move forward could prove misguided, as a result of which the management of the respective property could fail to deliver the expected earnings or could make it impossible to sell apartments intended for privatisation in the planned numbers, on the planned terms and/or within the projected period of time.

These property-specific risks are addressed by subjecting the respective properties to due diligences. Within the framework of the property appraisals, the refurbishment, maintenance and modernisation requirements to be expected are identified while the capitalised earnings value and the debt serviceability in general are examined in accordance with applicable bank standards.

Especially in Germany's metro regions and in certain university cities, it is becoming noticeably more difficult to acquire real estate at reasonable prices. To cushion this effect, the ACCENTRO Group is increasingly buying properties located outside the Berlin conurbation.

Insofar as the ACCENTRO Group relies on third-party sales partners to handle its housing privatisation sales, business success depends to a large extent on the Group's ability to find and permanently retain qualified estate agents. This is to be achieved by offering attractive payment terms and by keeping a large supply of for-sale assets on hand.

In the field of housing privatisation sales, the business success of the ACCENTRO Group is also definitively influenced by the willingness of owner-occupiers and buy-to-let investors to buy the units offered for sale. The willingness to buy may be influenced, on the one hand, by develop-

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ments within the sphere of the respective properties, such as a deterioration of the location's social environment or structural issues, but also by general developments, such as the economic situation and employment trends, on the other hand. There is a risk that such developments could impact the willingness to buy, to the extent that apartments available for sale prove impossible to sell on the intended scale, on the planned terms and/or within the intended time frame.

During the financial year, one real estate risk was classified as significant due to the probability of its occurrence, this being the risk of rising construction and project costs:

The coronavirus pandemic and the war in Ukraine put supply lines in jeopardy in 2022, among other consequences, and prompted a drastic increase in construction costs. The construction cost hikes due to increased inflation and the shortage of skilled labour among contractors have created a certain construction cost risk.

Going forward, the ACCENTRO Group expects risks in the area of construction risks to increase significantly. While construction risks used to be limited essentially to straightforward refurbishments and improvements for the purpose of enhancing the marketability of its housing stock, the Company has also engaged in costly major refurbishments and topping-up developments involving occupied real estate in several locations for a number of years. This sort of activity is subject to noticeably higher coordination and capex requirements.

To the extent that newly-acquired properties that are either tenant-occupied or earmarked for privatisation need structural alterations, there is a risk that the construction costs turn out to be substantially higher than the target figures. This risk is countered via the detailed and timely planning of measures and of construction costs and the strict monitoring of these. Notwithstanding the general risk, the war in Ukraine led to a significant and

abrupt increase in construction costs in 2022 due to supply-related difficulties, among other things. The construction cost risk is rated as highly probable with a 60% probability of occurrence (EBIT impact of c. EUR 2 million) for the 2023 financial year.

Uncertainties regarding whether, when and under what constraints and/or subsidiary conditions the planning consents for the projects are granted may also create construction risks. This means that the Company relies to some extent on the discretion exercised by certain authorities and on the adequacy of that authority's human resources. It also means that disputes with residents and neighbours may significantly delay or adversely impact the planning approval process. These circumstances could bring about a situation in which planned building works prove impossible to complete at the assumed costs or within the planned time frame or to be carried out at all. Accordingly, risk factors of this sort are carefully checked as early as the preparation of individual construction measures.

The ACCENTRO Group hired professionals with relevant experience to address these risks, and continues to expand the staff capacity in this segment. Closely examining the planned measures, identifying potential for cost savings, communicating directly, and requesting information on the capacities of companies early on will enhance the budget planning effort and the assessment of the need for refurbishment as early as the acquisition of a given property.

LEGAL AND COMPLIANCE RISKS

The legal and compliance risks of ACCENTRO Real Estate AG include general legal risks, such as breaches of applicable laws and contracts, adverse consequences of malicious acts, corruption and non-compliance with data protection regulations, as well as specific real estate risks. These include, inter alia, the enactment of the Real Estate Transfer Tax Amendment Act, which came into effect on 1 July 2021 or other rental law regulations governing the German real estate market, which are periodically discussed

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anew and which impact the business model of ACCENTRO Real Estate AG. Amendments to the Real Estate Transfer Tax Amendment Act constrain the flexibility of the Company's buying and selling activities (share deal, RETT obligation, etc.)

But risks of the legal and compliance category also include omissions/ errors within the scope of investor relations activities. Incorrect or late communications to the Frankfurt Stock Exchange, to the Federal Financial Supervisory Authority (BaFin) or to investors may cause reputational damage or, in certain cases, result in penalties (e. g. if financial reports are submitted late).

STRATEGIC RISKS

In the risk reports of ACCENTRO Real Estate AG, the risk category of strategic risks refers to any event that affects the strategic orientation, the functionality of the business model and the structure of the Company. These include, for instance, legislative changes affecting the management options for real estate and/or disposal restrictions that impact the attractiveness of the offer (slower sales pace and eroding selling prices), the contraction of the sales portfolio as a result of disposals or the failure to acquire new assets, as well as the decline of selling prices as a result of rising interest rate levels or economic downturns.

Even though the significant crisis-related decline in apartment sales last year was factored in when planning for 2023, there is still a risk that the Company may fail to reach its sales target.

Other events that could cause reputational damage, a drain of talent, a loss of stakeholders, a strategy adjustment or breaches of contractual covenants (change of control) include changes in ownership structure (new major shareholder or majority shareholder), the sale or takeover of the Company. Another relevant risk concerns the adverse consequences of a corporate development that ignores emerging (mega) trends.

Opportunities Report

To be sure, the current market environment is extremely difficult and the success-blessed German housing market has come under considerable pressure. No one can say with any degree of certainty which way this year will be trending. ACCENTRO therefore ventures its estimate for the Company's business development in 2023 with due caution.

Although demand is seriously constrained by high prices and risen building finance rates at the moment, the medium- and long-term outlook for the German housing market, from the Management Board's point of view, is as bright as it was. Demand for homeownership remains strong. It is driven not least by Germany's very low homeownership rate, one of the lowest in Europe at 49.3%, according to the Statista online statistics portal for market and consumption data.

The housing supply in Germany, which is far too low anyway, will continue to contract, given the unchanged parameters. Experts believe that the German Government will keep falling short of its self-proclaimed goal of completing 400,000 new-build apartments annually, and miss it by a wide margin during the next few years. The fact that the number of planning consents declined last year suggests as much. At the same time, property developments that had already been approved were paused because of the crisis or cancelled altogether. The combination of these factors will ensure that far too few apartments will come on-stream in the years ahead.

The fact that demand far exceeds supply is likely to lay the ground for a stable development of apartment prices. The same assessment applies to the development of rent rates, which kept going up steadily even during the crisis year of 2022.

ACCENTRO has an excellent privatisation pipeline of properties, fully partitioned into ownership apartments, whose book value approximated EUR 235 million as of 31 December 2022. The regional focus of the port-

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folio is on Berlin, which accounts for 88% of its book value. The German capital counts among the country’s most popular housing markets, and even though it clearly felt the ramifications of the crisis, it delivered by far the most stable performance among Germany’s leading cities.

An important mainstay for ACCENTRO is the service business in which it provides sales services for third parties, such as property developers and property asset holders. Although the difficult market environment prevented the business from developing the way the Company had hoped it would, the options it provides have increasingly resonated with clients. One key advantage from a client perspective is our extensive selling know-how and our market presence.

At the same time, our rental portfolio benefits from the increasing demand for rental apartments. Especially our large Central Germany portfolio with its secondary and tertiary locations is located in regions where demand has been driven up not least by the influx of Ukrainian refugees. Our sizeable capital expenditures of recent years are paying off, as the vacancy rate has dropped significantly.

ACCENTRO is aware of a serious potential for growth in digitisation, an area of great importance. The Company has responded by investing in the development of innovative applications in recent years. An important project in this context is the continuous upgrading of PropRate, a data-driven platform developed by ACCENTRO and available for public use. It offers its users a broad spectrum of functions that enhance the transparency of the German real estate market. In addition to an extensive search engine, it includes an AI-based property valuation feature among many other services.

Another aspect of digitisation that is important to ACCENTRO concerns the option to present projects and the Company itself, to advertise and to contact customers as well as to set up a comprehensive, professional lead management.

Overall Assessment

Irrespective of the currently difficult political and economic market environment, Germany’s housing market continues to offer attractive medium- and long-term potential for growth. Principally speaking, owner-occupiers and private investors remain keenly interested in properties, particularly in ownership apartments, that are acquired either as buy-to-let investments or (in the case of owner-occupiers) as components of private pension plans. Going forward, structurally strong demand will be matched by even shorter supply. It is a development that will keep having a positive effect on the development of apartment prices and rents, now as in the future.

ACCENTRO is very well positioned on the German housing market; not just as one of the leading privatisation businesses with a well-stocked and attractive residential portfolio. It also offers great longer-term growth potential through the sales services it provides to third parties and through the nationwide collaboration with the ImmoScout24 real estate portal in the same context. Moreover, the successful development of the rental property holdings shows that it has the potential to keep serving as one mainstay of ACCENTRO’s business development in future.

Even if the Company were to be held back in its growth aspirations in the years ahead because of the refinancing terms of its bonds and the repayment of its financial liabilities, ACCENTRO is generally well positioned to continue along the growth trajectory of the past years.

The Company’s Management Board is convinced of its ability to seize opportunities and master challenges that will present themselves going forward without having to expose itself to unreasonably high risk levels.

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1. One-Year Comparison

ACCENTRO clearly missed the increase of the consolidated revenues to somewhere between EUR 200 and 220 million according to forecast as well as the projected repeat of the previous year's robust consolidated EBIT of EUR 35 to 50 million during the 2022 financial year, which is essentially attributable to the market effects outlined above. But the Company did achieve the revised forecasts for the consolidated revenues (EUR 160 to 170 million) and EBIT (EUR 8 to 10 million) that were issued via an ad-hoc communiqué on 29 November 2022.

ACCENTRO Real Estate AG proved unable to match the prior-year result as had been predicted, nor did it succeed in increasing its total assets during the 2022 financial year.

2. Baseline Situation in Early 2023 and Annual Forecast

The subsequent observations regarding the future business performance of the ACCENTRO Group and the influencing factor considered definitive in this context are based on the latest assessment of the macroeconomic trend and of the German housing market as well as on the current corporate planning state. In principle, forecasts are exposed to the obvious risk that actual developments may deviate both in trend and scope from the predictions made. The material risks to which the ACCENTRO Group is exposed are detailed in the Opportunity and Risk Report.

According to the latest forecasts of leading economic research institutes, the German economy will be spared the slump that many had feared would hit in 2023. The IfW Kiel Institute for the World Economy predicts a modest increase in gross domestic product (GDP) by 0.5% for the year now under way. The ifo Institute for Economic Research takes a somewhat bleaker view and expects Germany's GDP to match the prior-year level (-0.1%).

Although the inflation trend has probably peaked, experts believe that it will stay on a high level. The IfW predicts an inflation rate of 5.4% for 2023. This will cause private household incomes to remain under severe strain, which in turn will probably prompt a decline in private consumer spending. The ifo Institute, too, assumes that the inflation rate will maintain a high level of 6.2%, and that business in the consumer-related sectors will contract as a result. The gradually easing supply bottlenecks, by contrast, are likely to have a positive effect on the manufacturing industry. Both institutes rate the German labour market as generally robust. The ifo Institute anticipates only a modest growth in unemployment figures and a virtually unchanged unemployment rate of 5.4% when compared to the previous year.

This contrasts noticeably with the economic research institutes' assessment of the trend in the construction industry. Both predict a further decline in construction investments in 2023, blaming the dip on significantly increased costs and unfavourable financing conditions. Similarly, the Federal Ministry of Transport, Building and Urban Development assumes that housing construction prices, having soared last year, will increase by another 6%.

In the coming months, demand for residential real estate will essentially depend on the development of the macroeconomic environment. Although real estate is considered an effective form of long-term inflation protection and thus an attractive asset class, the propensity to buy in the coming months will definitively hinge, in addition to growing confidence, on an increase in purchasing power and therefore on eligibility for bank financing as far as apartment acquisitions are concerned. But since the inflation rate is likely to remain high in 2023, it is reasonable to assume that interest rates will maintain their high current level.

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Inversely, experts believe that the selling prices of residential real estate will keep softening this year, continuing the downward trend that started in the second half of 2022. Opinions differ as to the scale of the trend. But considering that prices are coming down from a generally high level, homeownership is unlikely to become noticeably more affordable for many households. By contrast, rent rates will probably continue to go up in 2023. Several factors come into play here. In addition to the already strong demand for rental apartments, the need for extra housing is exacerbated by the large number of Ukrainian refugees and by the fact that the acquisition of residential property is currently out of reach for many potential buyers because of the current parameters.

However, the trend in residential property prices and rents depends on the location, as became evident last year. Rather than being limited to the difference between urban and rural regions, rents and prices also vary among the “Big 7” cities of Germany.

In addition to a difficult situation of conflicting factors, there is the grossly insufficient volume of new construction, which is set to keep shrinking in the years ahead, according to experts. The assessment is backed by the steep drop in the number of planning consents that were issued last year. The trend has continued into this year. According to figures released by Destatis, the number of apartments approved in January 2023 equalled 21,900 and was thus 26% lower than it was last January. What explains the downtrend is the large number of projects that were either postponed or shelved due to the rise in lending rates and construction costs. For an exhaustive assessment of the market development—which is the basis underlying the forecast for the business development of the ACCENTRO Group in 2023, along with other factors—see the Section “Development of the German Housing Market” in the latest Annual Report.

3. Future Business Development of the Group¹

Given that the German housing market last year was severely affected by the ramification of the ongoing political and economic crises, with inevitable consequences for the business performance of the ACCENTRO Group as well, the Company eyes the year 2023 with due caution. Now, as then, the sense of uncertainty and the opacity of the situation make it hard to predict the economic development this year.

Against this background, the Company now expects to see consolidated revenues in the amount of EUR 100 to 120 million and consolidated EBIT in the amount of EUR 0 million to EUR 2 million. ACCENTRO assumes that the market will start recovering during the 2024 financial year, and that business will develop accordingly.

For the “trading / privatisation” segment, the Company now expects a drop in revenues by 30% to 40% and a disproportionate year-on-year decline in earnings. The sales planning takes into account that a persistently high inflation rate and a high level of interest rates as well as the general unease may continue to weigh heavily on the buying behaviour of private and institutional investors this year. The trend in sales figures during the opening months of the ongoing year has confirmed this assessment.

For the “portfolio” segment, the Group predicts a continued decline in vacancy rates and a 5% to 10% increase in rental income as a result. The Company also assumes that the portfolio investments made last year will have a disproportionate earnings-enhancing effect.

For the “services” segment, the Company predicts that revenues will more than double while expenses will remain stable. Anticipated downstream consequences include a substantial growth in earnings. However, the predicted increases in revenues and earnings will be on a low level.

¹ Venturing 2023 business forecasts for each of the segments is not yet possible at the EBIT level, but only for contribution margin I. Planning, controlling and assessing each segment, and thereby complying with IFRS 8 management reporting requirements, is intended to be achieved by the next financial year.

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4. Future Business Development of ACCENTRO AG

For the 2023 financial year, the unconsolidated financial statements of ACCENTRO Real Estate AG predict a modest year-on-year improvement of the annual net income in the low double-digit percentage range. By contrast, the balance sheet total is expected to decline year on year, also in the low double-digit percentage range.

The expenses so far covered centrally by ACCENTRO AG will be passed on to the Company's subsidiaries or business segments for the first time during the 2023 financial year. This means that ACCENTRO AG will generate revenues from intra-group allocations. The policy shift will compromise the comparability with previous financial years.

Moreover, the Company expects earnings from financial investments. Depending on the potential proceeds from the disposal of equity investments, the annual net income is expected to be balanced on the bottom line.

Internal Control System and Risk Management in Regard to the Group Accounting Process

The primary objective of the ACCENTRO Group's accounting-related internal control system is to reduce the risk of material misstatements in the (consolidated) financial statements, to detect material misvaluations and to ensure compliance with the laws and standards applicable to financial reporting.

ACCENTRO prepares the annual financial statements of the stock corporation (AG) in accordance with the accounting standards of the German Commercial Act while also considering the supplementary regulations of the German Stock Corporation Act. The consolidated financial statements are prepared according to IFRS regulations.

An accounting-related internal control system scaled to the Group's size has been implemented. The organisation rules and measures of the accounting-related internal control system of the ACCENTRO Group are outlined below:

- › ACCENTRO has implemented processes that ensure a rules-compliant approach and uses already implemented controls to regularly check their application. To further formalise their application, accounting policies are occasionally codified in writing.
- › All Group units are integrated through a clearly defined governance and reporting organisation. The principles required for this, the organisational structure and workflow as well as process definitions have been documented and are always adapted to the latest developments.

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- › The consolidated financial statements are prepared according to a financial statement calendar that is centrally specified by Group Accounting. It defines all activities and dates of significance.
- › Accounting at the parent company employs central coordination and execution to ensure the uniformity of the accounting processes at the level of the subsidiaries that are included in the Consolidated Financial Statements.
- › Internal and external experts are brought in for the assessment of complex issues. This includes the commissioning of chartered surveyors for real estate appraisals.
- › Measurement issues are addressed at least once a year but usually every six months.
- › The IFRS-compliant presentation of facts and circumstances is carried out by considering the relevant facts, bringing in experts whenever necessary.
- › The accounting information of all subsidiaries are gathered by the controlling department and monitored by it. Deviation analyses are conducted and anomalies investigated and clarified with the company concerned, including in regard to its compliance with those Group guidelines that are relevant for the financial statements.
- › The Controlling unit reviews and analyses the Company's financial reporting on a monthly basis and reports on its findings.
- › Information provided by individual corporate divisions is reviewed and reconciled by the Treasury unit.
- › Intra-group transactions are reconciled on a monthly basis and reviewed within the consolidation context.
- › Intra-group reconciliation and consolidations are handled centrally. This includes, inter alia, the reconciliation of accounts receivable and accounts payable among the Group's member companies.
- › The control parameters in the consolidation context depend on the consolidation process. Reconciliation differences evident in the consolidation are communicated to the subsidiaries involved and corrected.

- › Items relevant to the financial statements that include taxes are measured with the help of external tax specialists.
- › The consolidated accounting is reviewed by various specialists at the parent company and adopted by the financial reporting of the Group. To this end, ACCENTRO brings in professional qualified service providers as needed.
- › Flat organisational structures, direct reporting lines and monthly interim periods make it possible to detect and address material accounting misstatements as well as material misvaluations in good time.
- › Accordingly, the Compliance Office of ACCENTRO AG acts as central liaison office for whistleblowers in accordance with the EU Whistleblower Directive. ACCENTRO plans to expand its compliance management system in 2023.

The risk owners of all corporate units have undertaken risk inventories and assessments at least once a year, reporting to the risk manager who assesses the reports before summarising and evaluating them in a central risk report. Identified threats are assessed and countermeasures taken if necessary. Significant threats are constantly monitored. The Risk Report is considered by the Management Board and submitted to the Supervisory Board. Risks to the Company's going concern status would be reported separately. The risk management system is evaluated and further developed on a regular basis.

The systematically and regularly identified threats are presented in the Summarising Management Report of the Company and the Group.

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ACCENTRO Real Estate AG is a stock corporation (“Aktiengesellschaft”) domiciled in Berlin, and has issued voting shares that are listed on an organised market as defined by Art. 2, Sec. 7, German Securities Acquisition and Takeover Act (WpÜG), specifically on the Regulated Market of the Frankfurt Stock Exchange (Prime Standard).

Governing Body

The governing and representative body of ACCENTRO in a statutory sense is the Company’s Management Board. The composition of the Management Board and the appointment of its members are based on Articles 76, 84 and 85, AktG, in conjunction with Art. 6 of the Company’s Articles of Association. According to these provisions, the Management Board shall be composed of one or several members, even though the Company’s share capital exceeds the amount of EUR 3,000,000.00. The number of Management Board members is defined by the Supervisory Board.

The Supervisory Board may appoint up to five Management Board members; it may moreover appoint deputy members of the Management Board who have the same rights of representing the Company in relation to third parties as the regular members of the Management Board, and it may appoint one Board member as its chairman. Since 10 February 2023, the Company’s Management Board has consisted of two persons.

In accordance with Art. 84, AktG, the members of the Management Board are appointed by the Supervisory Board for a maximum term of five years. They may be reappointed, or their term be extended, for a maximum of five years in each case. The appointment and reappointment of board members requires a corresponding resolution by the Supervisory Board, to be principally passed pursuant to the provisions of Art. 84, AktG. The Supervisory Board may revoke the appointment of a member of the Management Board for good cause before the end of his or her term of office.

Amendment of the Articles of Association

Pursuant to Art. 179, AktG, any amendment to the Articles of Association principally requires a resolution by the Annual General Meeting. This does not apply to amendments and additions to the Articles of Association that relate solely to their wording, the responsibility for which has been transferred to the Supervisory Board in accordance with Art. 11, Sec. 2, Articles of Association. In addition, the Supervisory Board was authorised via resolutions of the Annual General Meeting to amend the version of the Articles of Association to correspond to the scope of a given issuance of shares from the Conditional Capital 2020/I and 2020/II as well as to the scope of a given share capital increase from the Authorised Capital 2020.

Pursuant to Articles 133, 179, AktG, in combination with Art. 15, Sec. 3, Articles of Association, resolutions by the Annual General Meeting require a simple majority of the votes of the share capital represented at the time of the adoption of the resolution unless applicable legislation or the Articles of Association mandate a larger majority in certain cases. Accordingly, changing the business purpose requires a simple majority of the votes as well as a majority equal to three quarters of the share capital represented at the time of the adoption of the resolution.

Capital Structure

Share Capital

The issued capital (share capital) of ACCENTRO amounted to EUR 32,437,934.00 as of 31 December 2022. It breaks down into 32,437,934 no-par value bearer shares. The Company does not issue different classes of shares, and all shares are subject to the same rights and duties.

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Authorisation to Issue Bonds

The Management Board was authorised by the Annual General Meeting via resolution dated 24 June 2020 to issue, subject to consent by the Supervisory Board and no later than 23 June 2025, bearer convertible bonds and/or warrant bonds or profit participation rights (collectively “bonds”) either with or without a limited term against cash contributions and/or contributions in kind on one or more occasions for a total nominal amount of up to EUR 250,000,000.00 and to grant the bearers or creditors of bonds conversion or option rights (also subject to conversion or subscription obligations) to no-par value bearer shares of the Company in a total pro-rata amount of the share capital of up to EUR 12,975,174.00 in accordance with the specific terms and conditions of the convertible bonds and/or of the warrant bonds.

Shareholders are principally entitled to subscription rights, which means that the bonds should principally be offered to the Company’s shareholders for subscription first. The bonds may also be underwritten by one or more credit institutions with the obligation to offer them to the shareholders for subscription (“indirect subscription right”). If bonds are issued by a group company, the Company should ensure that its shareholders are granted their statutory subscription rights.

However, the Management Board is authorised, subject to consent by the Supervisory Board, to exclude shareholders’ subscription rights to bonds if they are issued against cash payment and the Management Board, after due examination, reaches the conclusion that the issue price is not significantly lower than the theoretical fair value of the bonds as determined by recognised actuarial methods. This arrangement applies only to bonds with a conversion and/or option right or a conversion and/or subscription obligation for shares with a pro-rata amount of the share capital not exceeding 10% of the paid-in share capital at the time at which this

authorisation becomes effective or—whenever that figure is lower—is exercised. This cap of 10% of the share capital must include the pro-rata amount of the share capital attributable to shares or to which conversion and/or option rights or conversion and/or subscription obligations relate from bonds that have been issued since this authorisation was granted while excluding subscription rights based on an authorisation of the Management Board to exclude subscription rights in direct or mutatis mutandis application of Art. 186, Sec. 3, Sent. 4, AktG, or that were acquired as treasury stock during the term of this authorisation in another way than via the stock exchange or by way of an offer to all shareholders in analogous application of Art. 186, Sec. 3, Sent. 4, AktG.

The Management Board is moreover authorised, subject to the Supervisory Board’s consent, to exclude the shareholders’ subscription right for fractional amounts that result from the subscription ratio.

In addition, the Management Board is authorised, subject to the Supervisory Board’s consent, to exclude the subscription rights of the shareholders so as to offer the profit participation rights for subscription to individual investors without conversion or subscription rights and without conversion or subscription obligations, provided the issue price is not significantly lower than the theoretical fair value of the profit participation rights determined by recognised actuarial methods, and provided moreover the profit participation rights are only structured in analogy to obligations, meaning they should neither establish membership-like rights nor conversion or subscription rights or conversion or subscription obligations to shares in the Company, nor grant any participation in the liquidation proceeds, and provided finally the amount distributed is not tied to the amount of the net income for the year, the net retained profits or the dividend.

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Furthermore, the Management Board is authorised, subject to the Supervisory Board's consent, to exclude the shareholders' subscription rights to the extent necessary to grant the bearers of conversion and subscription rights or conversion and subscription obligations granted by the Company or its group companies to shares of the Company the subscription rights on bonds that were issued under this authorisation to the extent they would be entitled to after exercising their conversion or subscription rights or after fulfilling any conversion or subscription obligations (protection against dilution).

Finally, the Management Board is authorised, subject to the Supervisory Board's consent, to exclude the subscription rights of the shareholders whenever bonds are issued against contributions in kind, in particular for the acquisition of companies, equity interests and equity investments, and whenever the exclusion of the subscription rights is in the overwhelming interest of the Company while the value of the contribution in kind is proportionate to the value of the convertible bonds, the theoretical fair value determined via recognised actuarial methods being definitive.

The Management Board is authorised, subject to the Supervisory Board's consent, to define the further details of the issuance and features of the bonds, in particular the interest rate and the type of interest, the issue price and maturity, the denomination, anti-dilution provisions, the conversion or option period as well as the conversion or option price, or to define them in agreement with the bodies of the Group companies issuing the bonds.

During the 2022 financial year, the Management Board did not take advantage of its authorisation to issue bonds.

Authorisation to Implement a Stock Option Program 2020

The Management Board and, if Management Board members are beneficiaries, the Supervisory Board of the Company are authorised pursuant to the resolution by the Annual General Meeting on 24 June 2020 to grant until 23 June 2025 ("acquisition period") to members of the Company's Management Board, to members of the senior management of subsidiaries as well as to employees of the Company and employees of subsidiaries, a total of up to 3,243,793 options for a total of up to 3,243,793 shares in the Company with full dividend entitlement for the financial year in progress at the time the option is exercised.

The options issued on the basis of this authorisation in a maximum number of 3,243,793 are to be distributed among the different groups of beneficiaries as follows:

Present and future members of the Company's Management Board	1,297,517 options maximum
Present and future senior management members of subsidiaries	648,759 options maximum
Present and future employees of the Company	810,948 options maximum
Present and future employees of the Company's subsidiaries	486,569 options maximum

The way the share options were distributed among the four aforesaid groups resulted in a percentage breakdown of 40% to members of the Company's Management Board, of 20% to present and future senior management members of subsidiaries, of 25% to present and future employees of the Company and of 15% to present and future employees of the Company's subsidiaries.

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By exercising the subscription rights, members of these groups can subscribe no-par value bearer shares in a ratio of 1 to 1. For each subscription right exercised, a subscription price is to be paid which corresponds to the average trading price of the Company's stock on the last five stock trading days before the subscription rights are granted ("subscription price"). The trading price of the Company's stock should be determined on the basis of the closing price (or a comparable price) determined in Xetra trading (or, if Xetra trading is discontinued, a successor system defined by Deutsche Börse AG) at the Frankfurt Stock Exchange.

The exact substantive structure of the subscription rights will be defined by the Management Board or, if Management Board members themselves hold the rights, by the Supervisory Board, with the details of the authorisation taken into account.

The subscription rights may be serviced from the Conditional Capital 2020/I and/or any other conditional capital resolved in future, from authorised capital already resolved and/or to be resolved in future and/or from treasury shares already acquired or to be acquired in future. Alternatively, a cash settlement over the whole amount or parts thereof may be arranged.

In the Notes to the Annual Financial Statements or in the Annual Report, the Management Board must report on the use of the stock option program 2020 and the options granted to the beneficiaries in this context for each financial year in accordance with relevant statutory provisions. During the 2022 financial year, neither the Management Board nor the Supervisory Board took advantage of its authorisation to use the stock option program 2020.

Conditional Capital

CONDITIONAL CAPITAL 2020/I

(SERVICING THE STOCK OPTION PROGRAM 2020)

As a result of the resolution adopted by the Annual General Meeting on 24 June 2020, the Company's share capital has been conditionally increased by up to EUR 3,243,793.00 ("Conditional Capital 2020/I"). The Conditional Capital 2020/I is intended for servicing the subscription rights issued to the beneficiaries of the stock option program 2020. Each subscription right entitles its beneficiary to the subscription of a new bearer share of the Company. The conditional capital increase will only be implemented to the extent that, in accordance with the resolution by the Annual General Meeting on 24 June 2020 concerning the authorisation to issue stock options, subscription rights were actually issued, that their bearers actually exercise their subscription rights, and that the subscription rights are serviced from conditional capital. The new shares shall participate in the profits from the beginning of the financial year in which they have been issued.

CONDITIONAL CAPITAL 2020/II (SERVICING OF BONDS)

To service bonds, the Company's share capital was conditionally increased by up to EUR 12,975,174.00 by issuing up to 12,975,174 new no-par value bearer shares (Contingent Capital 2020/II) based on the resolution adopted by the Annual General Meeting on 24 June 2020. The funds raised via the conditional capital increase are used to service debenture bonds issued on the basis of the authorisation resolution of the Annual General Meeting of 24 June 2020 under agenda item 11, Letter b).

The conditional capital increase will go ahead only to the extent that

- (i) the bearers of convertible and/or warrant bonds and/or participation rights with conversion or pre-emptive rights that were issued by the Company or its subordinate group companies on the basis of the authorisation resolution by the Annual General Meeting of 24 June 2020 up to and including 23 June 2025 exercise their conversion or pre-emptive rights, and that the Company decides to redeem the conversion or pre-emptive rights from this Contingent Capital 2020/II, or
- (ii) the bearers of convertible and/or warrant bonds who are subject to conversion and/or subscription obligations and/or the bearers of profit participation rights who are subject to conversion or subscription obligations that were issued by the Company or its subordinate group companies on the basis of the authorisation resolution by the Annual General Meeting on 24 June 2020 up to and including 23 June 2025 meet their obligation, or that the Company exercises its right to issue shares, and the Company decides to use this Contingent Capital 2020/II to issue shares toward this end.

The shares shall be issued in accordance with the requirements specified in the authorisation resolution by the Annual General Meeting on 24 June 2020 under agenda item 11, lit. b), which means specifically either (i) at least 80% of the arithmetic mean of the closing auction prices of Company shares of the same class in Xetra trading (or in a functionally comparable successor system replacing the Xetra system) at the Frankfurt Stock Exchange on the last five trading days prior to the day on which the Management Board resolves to issue the bonds or—in the case of granting a direct or indirect subscription right—at least 80% of the arithmetic mean of the closing auction prices of Company shares of the same class in Xetra trading (or in a functionally comparable successor system replacing the Xetra system) at the Frankfurt Stock Exchange during the subscription

period, with the exception of those days of the subscription period that are needed to announce the conversion or option price in accordance with Art. 186, Sec. 2, Sent. 2, AktG, on time, or (ii) at least 80% of the arithmetic mean of the closing auction prices of Company shares of the same class in Xetra trading (or in a functionally comparable successor system replacing the Xetra system) at the Frankfurt Stock Exchange on the last five trading days prior to the day on which the bond bearers notify the Company of their intention to convert the bonds or to exercise their options, taking into account any adjustments pursuant to certain anti-dilution rules specified in the resolution of the aforementioned general meeting under agenda item 11, lit. b) (v).

Authorised Capital

AUTHORISED CAPITAL 2020

The Management Board was authorised via the resolution adopted by the Annual General Meeting on 24 June 2020 to increase, subject to the Supervisory Board's consent, the share capital of the Company by up to EUR 16,218,967.00 by issuing, on one or several occasions, new no-par value bearer shares in exchange for non-cash and/or cash contributions during the period ending on 23 June 2025 (Authorised Capital 2020). The shareholders are principally entitled to subscription rights. The Management Board is, however, authorised to exclude the shareholders' subscription rights wholly or in part, subject to the Supervisory Board's consent.

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Excluding the shareholders' subscription rights is permitted in the following instances only:

- (i) for capital increases against cash contributions if shares in the Company are traded on a stock market (regulated market or OTC or the successors to these segments), the shares issued do not exceed 10% of the share capital and the issue price of the new shares does not significantly undercut the fair price of shares in the Company of the same class and features already traded on the stock market within the meaning of Art. 203, Sections 1 and 2, and Art. 186, Sec. 3, Sent. 4, AktG. The amount of 10% of the share capital must include the amount relating to shares issued or disposed of during the effective period of this authorisation and until it is exercised on the basis of different corresponding authorisations, with pre-emptive rights ruled out under direct or implicit application of Art. 186, Sec. 3, Sent. 4, AktG, if such inclusion is required by law. For the purposes of this authorisation, the issuance amount or issue price for the purchase of new shares by an intermediary with the simultaneous obligation of such intermediary to offer the new shares for purchase by one or more third parties designated by the Company is deemed to be the amount that must be paid by the third party or third parties, as the case may be;
- (ii) in the case of capital increases in exchange for non-cash contributions, particularly for the acquisition of companies, parts of companies and investments in companies, industrial property rights, such as patents, brands or licenses to these, or other product rights or other non-cash contributions or bonds, convertible bonds and other financial instruments;

(iii) to the extent required in order to grant bearers or creditors of the bonds with warrant or conversion rights or obligations issued by the Company or its group companies subscription rights to new shares on a scale to which they would be entitled to these after exercising their option or conversion privileges or after having fulfilled their warrant or conversion obligations; or

(iv) for fractional amounts resulting from the subscription ratio.

The Management Board has been authorised, subject to the Supervisory Board's consent, to define the further content of share rights and the other details of the capital increase and its implementation.

The Management Board is authorised to specify that the new shares in accordance with Art. 186, Sec. 5, AktG, should be underwritten by a bank or a company operating pursuant to Art. 53, Sec. 1, Sent. 1 or Art. 53b, Sec. 1, Sent. 1 or Sec. 7, German Banking Act (KWG), subject to the obligation to offer them to the shareholders for subscription.

During the 2022 financial year, the Management Board did not take advantage of its authorisation to increase the capital stock by drawing on the Authorised Capital 2020.

AUTHORISATION TO BUY AND SELL TREASURY SHARES

The Company may buy back treasury shares only after prior authorisation by the Annual General Meeting or in the few cases expressly specified in the German Stock Corporation Act (AktG). On 22 June 2021, the Annual General Meeting authorised the Management Board to acquire treasury shares of the Company for any legitimate purpose up to a total of 10% of the share capital existing at the time of the adoption of the resolution or at the time this authorisation is exercised, whichever is lower, during the period ending on 21 June 2026. Yet the treasury shares acquired on the grounds of this authorisation, taken together with other treasury shares

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held by the Company which were previously acquired or which are attributable to it pursuant to Articles 71d and 71e, AktG, may at no time exceed 10% of the total share capital at the respective time. The authorisation may be exercised in whole or in part. The acquisition of such shares may also be carried out by group companies dependent on the Company within the meaning of Art. 17, AktG, or by third parties for its or their account, respectively. The acquisition may, at the discretion of the Management Board, be transacted either (i) via the stock exchange or (ii) by means of a public purchase offer submitted to all shareholders, which may also take the form of an invitation to tender, or (iii) in the context of a block acquisition, even outside the stock market, directly from individual shareholders willing or obliged to sell shares. In addition, the Management Board was also authorised to acquire treasury shares by using certain derivatives (put options, call options and forward purchases as well as combinations of these instruments). The total number of shares acquired using such derivatives is limited to the equivalent of 5% of the share capital existing at the time of the adoption of the resolution by the Annual General Meeting or of the share capital existing at the time the authorisation is exercised, whichever is lower. The term of a derivative may not exceed 18 months in each case and must be defined so as to ensure that the acquisition of the shares by exercising the derivative will not take place after 27 April 2026.

The Management Board is authorised to use Company shares that are or were acquired through this or previously granted authorisations or pursuant to Art. 71d, Sent. 5, AktG, for any legally permitted purpose.

Exercise of the subscription rights of existing shareholders is ruled out if the Management Board uses the shares acquired on the basis of the above acquisition authorisation to secure or to service option rights or conversion rights or conversion obligations or in conjunction with mergers and acquisitions of companies or equity investments, or if it sells the shares outside the stock exchange or without submitting a sales offer to

all shareholders in accordance with provisions detailed in the resolution adopted by the Annual General Meeting, or if it issues the shares to employees or managing directors of affiliated companies, or if the Supervisory Board transfers them to the members of the Company's Management Board as part of their remuneration. Whenever treasury shares are issued as a scrip dividend, the Management Board is authorised to exclude subscription rights. In addition, the Management Board may exclude the subscription right for fractional amounts whenever an offer to acquire shares is submitted to all shareholders.

Transfer and Voting Right Restrictions

As of the balance sheet date, the shares of ACCENTRO Real Estate AG were not subject to any voting right restrictions either under applicable law or under the Articles of Association. All no-par value shares that the Company issued as of 31 December 2022 carry full voting rights and grant one vote each at the Annual General Meeting. This does not apply to the 251,572 shares held by Management Board members and the 27,065,961 (indirectly) held shares of one Supervisory Board member in the cases specified in Art. 136, Sec. 1, Sent. 1, AktG. The shares of ACCENTRO AG were not subject to any legal or statutory transfer restrictions as of the balance sheet date.

Equity Investments Exceeding 10% of the Voting Rights

On 31 December 2022, the following direct and indirect interest in the capital of ACCENTRO Real Estate AG exceeded the threshold of 10.00% of voting rights:

Brookline Real Estate S.à r.l., Luxembourg

Natig Ganiyev, London, interest indirectly held via the Brookline Real Estate S.à r.l., Luxembourg.

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Significant Agreements of the Company that are Conditional upon a Change of Control Following a Takeover Bid:

The terms of the 2020/2026 and 2021/2029 bonds include change of control provisions. In the event of an actual change of control, their creditors are entitled to demand full or partial repayment or, at the discretion of the issuer, the buyback of the bonds at 101% of the par value plus accrued interest.

The Management Board service agreement includes a change-of-control clause which stipulates that either party has a special right of termination for a period of one month after gaining knowledge of the change of control.

In the event that the contract is terminated following a change of control, the Management Board will receive a severance payment equal to the fixed remuneration in addition to short-term incentives (STI) for a two-year period but not exceeding the fixed remuneration due for the remaining term of the contract of employment, as well as 50% of the variable remuneration accruing for the remaining term.

Corporate Governance Statement pursuant to Articles 289f, 315d, HGB

The Corporate Governance Statement pursuant to Art. 289, Letter f, and Art. 315, Letter d, HGB, is published annually on the Company's homepage (in German) and retrievable via this URL:

[HTTPS://INVESTORS.ACCENTRO.DE/EN/CORPORATE-GOVERNANCE-DECLARATION](https://investors.accentro.de/en/corporate-governance-declaration)

Remuneration Report

The Remuneration Report is published annually on the Company's homepage, and may be accessed via this hyperlink: [HTTPS://INVESTORS.ACCENTRO.DE/EN/REMUNERATION-REPORT-PURSUANT-TO-ART-162-AKTG](https://investors.accentro.de/en/remuneration-report-pursuant-to-art-162-aktg)

Closing Statement of the Management Board on the Dependent Companies Report

The report on relations with affiliated companies pursuant to Art. 312, AktG, includes the following closing statement by the Management Board:

"We hereby declare that ACCENTRO received appropriate consideration for all legal transactions listed in the Report on Relations with Associates according to the circumstances known to us at the time at which the legal transaction took place. No measures were taken or omitted at the direction or in the interest of the controlling company or a company affiliated with it."

Berlin, 27 April 2023

Lars Schriewer
Member of the
Management Board

Dr. Gordon Geiser
Member of the
Management Board

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Balance Sheet – Assets

31 December 2022

IN EUR

	31/12/2022	31/12/2021
A. Fixed assets		
I. Intangible assets		
Concessions, industrial property rights and similar rights and assets acquired for consideration, as well as licences to such rights and assets	2,102,615.24	963,126.24
II. Property, plant and equipment		
1. Furniture, fixtures and equipment	1,293,966.00	1,260,026.00
2. Advance payments	30,343.31	19,635.00
	1,324,309.31	1,279,661.00
III. Financial investments		
1. Interests in associates	124,539,194.16	103,302,625.57
2. Advance payments made on interests in associates	1.00	13,340.95
3. Equity investments	5,698,911.45	6,939,938.88
4. Lendings to companies in which the Company holds equity interests	1,534,430.77	12,750,000.00
5. Securities held as fixed assets	776,000.00	678,137.07
6. Other lendings	16,658,121.74	19,788,998.04
	149,206,659.12	143,473,040.51
	152,633,583.67	145,715,827.75
B. Current assets		
I. Accounts receivable and other assets		
1. Trade receivables	919,344.73	17,945.87
2. Receivables from associates	319,845,301.86	391,267,984.40
3. Receivables from companies in which the Company holds equity interests	9,281,130.05	10,157,152.38
4. Other assets	38,464,575.34	19,260,365.78
II. Securities	250,085.82	285,154.82
III. Credit with financial institutions	25,842,424.89	24,458,704.29
	394,602,862.69	445,447,307.54
C. Accruals and deferrals	433,468.12	262,011.71
Total assets	547,669,914.48	591,425,147.00

Balance Sheet – Equity and Liabilities

31 December 2022

IN EUR

	31/12/2022	31/12/2021
A. Shareholders' equity		
I. Subscribed capital	32,437,934.00	32,437,934.00
Contingent capital EUR 16,218,967.00, previous year: EUR 16,218,967.00		
II. Capital reserves	29,631,361.63	29,631,361.63
III. Net retained profit	97,624,123.21	113,403,010.80
	159,693,418.84	175,472,306.43
B. Provisions		
1. Tax provisions	2,100,000.00	1,169,146.23
2. Other provisions	6,662,288.89	4,782,450.16
	8,762,288.89	5,951,596.39
C. Liabilities		
1. Bonds	350,000,000.00	350,000,000.00
2. Trade payables	1,337,391.51	1,850,251.32
3. Liabilities to associates	17,361,295.58	48,557,521.38
4. Other liabilities	10,507,978.00	9,593,471.48
	379,206,665.09	410,001,244.18
D. Accruals and deferrals	7,541.66	0.00
Total equity and liabilities	547,669,914.48	591,425,147.00

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1 January – 31 December 2022

IN EUR

	01/01/2022 – 31/12/2022	01/01/2021 – 31/12/2021
1. Revenues	135,462.97	135,987.43
2. Other operating income	13,478,174.39	13,471,413.30
	13,613,637.36	13,607,400.73
3. Cost of materials		
Cost of purchased services	640,713.64	140,001.81
4. Payroll and benefit costs		
a) Wages and salaries	7,527,462.44	6,390,604.21
b) Social security contributions and expenditures for pension plans (thereof toward employee retirement: EUR 46,861.75; previous year: EUR 23,800.64)	1,063,884.09	749,429.67
	8,591,346.53	7,140,033.88
5. Write-downs		
a) of intangible assets of the non-current assets and plant and equipment	938,199.77	455,751.80
b) of assets of the current assets to the extent that these exceed the Company's customary write-downs	8,597,452.50	5,086,129.80
	9,535,652.27	5,541,881.60
6. Other operating expenses	24,695,090.38	15,611,398.62
7. Income from equity investments	35,300.04	35,300.04

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IN EUR

	01/01/2022 – 31/12/2022	01/01/2021 – 31/12/2021
8. Expenses from loss-transfer agreements	441,519.65	0.00
9. Income from profit-transfer agreements	11,925,380.52	13,993,172.38
10. Interest income from securities	38,800.19	335.00
11. Other interest income and similar earnings (thereof from associates: EUR 14,304,461.78; prior year: EUR 12,889,968.83)	19,220,509.73	17,537,727.71
12. Interest and similar expenses (thereof to associates: EUR 948,546.92; prior year: EUR 482,158.90)	14,766,616.92	13,165,979.56
13. Taxes on income and profit	637,544.77	103,120.60
14. Earnings after income tax	-14,474,856.32	3,471,519.79
15. Other taxes	6,513.91	8,508.35
16. Net profit for the year	-14,481,370.23	3,463,011.44
17. Profit carried forward from previous year	113,403,010.80	109,939,999.36
18. Net retained profit	97,624,123.21	113,403,010.80

1 General Disclosures

ACCENTRO Real Estate AG is a company with its registered office in Berlin, Germany, and listed in the commercial register of the Local Court of Charlottenburg under HRB 103691 B.

The annual financial statements of ACCENTRO Real Estate AG were compiled in accordance with the provisions of the German Commercial Code (HGB). Compliance with its regulations was supplemented by the requirement to comply with the provisions of the German Stock Corporation Act (AktG).

For the compilation of the income statement, the nature-of-expense method was chosen.

Pursuant to Art. 267, Sec. 3, Sent. 2 i. c. w. Art. 264d, HGB ("listed company"), the Company is considered a large stock corporation.

Annexes 1 and 2 to the Notes are structured according to the item structure of the legally mandated classification scheme.

2 Recognition and Measurement Policies

The presentation, structure, recognition and measurement of the annual financial statements match the principles used in the previous year.

Intangible assets, property, plant and equipment, as well as financial assets, are carried at cost or fair value as of the reporting date, whichever is lower. If they are subject to wear and tear, the acquisition costs are reduced accordingly, using scheduled straight-line depreciation.

Under **advance payments made on interests in associates**, the balance sheet lists payments advanced towards the majority interest in a corporation whose transfer in rem had not yet been completed by the balance sheet date.

Accounts receivable and other assets are recognised at their face value. Known risks are taken into account through one-off allowances.

Securities held as current assets are recognised either at historical cost or fair value, whichever is lower.

Bank credit is recognised at face value.

Accruals and deferrals were formed for expenditures or earnings that precede the balance sheet date but are economically attributable to the period after the balance sheet date. Accruals and deferrals are recognised at their face value. The accruals and deferrals are dissolved in instalments over their respective terms.

Other provisions and tax provisions take all identifiable balance-sheet risks that must be reported and uncertain liabilities into account. They are set aside in the amount of their settlement value, as required in accordance with prudent business judgement. Future increases in prices and costs should also be taken into account if applicable. Provisions with a remaining term of more than one year, if any, are discounted at the average market interest rate as quoted by the Deutsche Bundesbank for the past seven financial years, depending on their remaining term.

Liabilities are recognised at their settlement value.

Deferred taxes are mainly recognised for tax loss carryforwards. The option to capitalise existing surplus assets after netting deferred tax assets and liabilities on temporary differences and on tax loss carryforwards, which is provided by Art. 274, Sec. 1, HGB, was not exercised.

3 Explanatory Notes on the Statement of Financial Position

3.1 Non-Current Assets

The performance of the fixed assets aggregated in the statement of financial position is presented in Annex 1 to the Notes (Gross Fixed Assets Schedule).

Intangible assets acquired for consideration in the amount of EUR 1,804,558.92 were capitalised during the financial year, representing the third-party development of the new digital presence of ACCENTRO. Designed as an end-to-end customer-oriented sales platform, it serves as direct contact between seller and buyer, and handles everything from the initial contact and the purchase procedure to services for buyers and after-sales management. The platform started operating in June 2021 and was successively expanded in the course of the financial year. It is subject to scheduled amortisation over a useful life of three years.

The interests in associates increased by a sum total of EUR 21,261,568.59 as a result of the acquisition of two new project companies, one being an existing property portfolio in Saxony-Anhalt, the other one holding residential properties in North Rhine-Westphalia that are earmarked for privatisation sales. Furthermore, the Company disposed of its interest in the company Belle Époque Quartier Gehrensee GmbH by the end of the 2021 financial year, and the carrying amount of EUR 1,246,026.63 was derecognised after the transfer of ownership in 2022.

The number of lendings to companies in which the Group holds equity interests was reduced by the disposal of the company Belle Époque Quartier Gehrensee GmbH.

The loan was disposed of at the end of the 2021 financial year. Yet the purchase price was paid in 2022, so that the transfer of ownership also took place in 2022. The lendings granted to companies in which the Company holds equity interests also concern a subordinated loan in the amount of EUR 1,534,430.77 that was granted to a company in which ACCENTRO Real Estate AG holds an equity interest of 5.1%. This loan, which was reported among other lendings during the prior-year period, was reclassified among lendings to companies in whom the Company holds equity interests for the financial year under review.

On top of that, several longer-term loans were granted to third parties that hold equity investments in various subsidiaries together with ACCENTRO Real Estate AG. These lendings are recognised among other lendings. The disposal from among the other lendings during the financial year is essentially explained by a partial loan repayment in the amount of EUR 2,351,412.50. This was compensated for by the capitalisation of certain interest receivables due at final maturity. The lendings have maturities of more than one year.

3.2 Receivables from and Payables to Associates

Receivables due from associates consist essentially of loan receivables, receivables on account of profit transfer agreements and other receivables from intra-group cost allocations. Loan receivables from associates in the total amount of EUR 253.777.323,24 (prior year: EUR 286,839,602.81) principally have less than one year to maturity. The amount includes outstanding interest claims totalling EUR 24,113,825.56 (previous year: EUR 21,161,297.70) with a maturity of less than one year. Out of the total loan receivables from associates, accounts receivable in the amount of EUR 13,666,659.64 were subject to valuation allowances by the balance

sheet date. Receivables from profit transfer agreements in the amount of EUR 62,843,961.56 (previous year: EUR 102,101,786.71) and miscellaneous receivables from cost allocations in the amount of EUR 3,224,017.06 (previous year: EUR 2,326,594.88) principally have a maturity of less than one year.

The payables to associates include, on the one hand, loan liabilities amounting to EUR 1,852,725.94 (previous year: EUR 10,180,442.00) and, on the other hand, liabilities from cost allocations and funds that the Company collected on behalf of subsidiaries within the framework of the central management of cash and cash equivalents in the amount of EUR 15,508,569.64 (previous year: EUR 38,377,079.38). The sharp drop in payables to associates is attributable, on the one hand, to payments made by ACCENTRO Real Estate AG and, on the other hand, to offsetting agreements that were concluded in 2022 to settle accounts receivable and accounts payable vis-à-vis associates. For an overview of the maturities, see Annex 2 to the Notes (Schedule of Liabilities).

3.3 Receivables from Companies in which the Company Holds Equity Interests

Accounts receivable from companies in which the Company is invested include loan receivables from companies in which ACCENTRO Real Estate AG holds equity interests of 44% and 51%, respectively, while having no authority to conduct those companies' business. The loans have maturities of less than one year. The drop in the course of the financial year is essentially explained by the full repayment of two loans during the first quarter of 2022 in the amount of EUR 3,412,520.21. It is compensated for by the addition of interest claims with bullet maturity and loan increases for two project companies in a total amount of EUR 2,396,434.73.

3.4 Other Assets

This item includes, on the one hand, a loan granted to the company Green Living GmbH towards the financing of a property development in an amount of EUR 15,000,000 plus interest on 31 May 2022, which matured on 31 December 2022. In addition, this loan is collateralised with a registered first mortgage. On top of that, the parent company of Green Living GmbH issued a letter of comfort as additional security. The loan portfolio amounted to EUR 15,866,666.67 as of the balance sheet date.

Other sums recognised here essentially relate to accounts receivable connected to the rescinded acquisition of DIM Holding AG, Berlin. By virtue of the termination agreement dated 12 May 2021, ACCENTRO Real Estate AG withdrew from the share purchase agreement concerning DIM Holding AG in Berlin dated 28 December 2020. In this context, payments made in the amount of EUR 15,300,000.00 were deferred at interest for one year. The loan level amounted to EUR 16,464,500.00 as of the balance sheet date. Furthermore, additional loan receivables in the amount of EUR 3,266,445.60 from DIM Holding AG are recognised. All of the loan receivables are due for payment as of the balance sheet date. To secure the payment of the purchase price as well as the redemption amount, the seller pledged all shares of DIM Holding AG to ACCENTRO Real Estate AG.

Likewise, an abstract acknowledgement of debt by Spree Erste Beteiligungs GmbH and, as additional collateral, a comprehensive land charge with personal assumption of liability and submission to compulsory execution in the amount of EUR 20,000,000 plus 15% interest as of 14 October 2021 on several plots of land were issued in favour of the buyer.

The amount of EUR 2,100,000 towards anticipated tax arrears for previous years as determined by a tax audit not yet completed was paid in advance during the financial year and posted among income tax receivables. In addition, creditors with debit balances in the amount of EUR 225,831.32 are reported among other assets.

3.5 Prepayments and Accrued Income

Prepayments and accrued income items include diverse payments that were not expensed until the following financial year, and that were recognised in the amount of EUR 433,468.12 as of 31 December 2022.

3.6 Shareholders' Equity

The Company's subscribed capital adds up to EUR 32,437,934.00 (previous year: EUR 32,437,934.00).

The capital reserve was recognised in an unchanged amount of EUR 29,631,361.63 as of 31 December 2022 (previous year: EUR 29,631,361.63).

By resolution of the Annual General Meeting dated 1 August 2022, an amount equal to 4% of the share capital was distributed as a dividend to the shareholders from the previous year's net retained profit of EUR 113,403,010.80, meaning EUR 1,297,517.36. The remaining amount of EUR 112,105,493.44 was carried forward to new account.

Other than that, no treasury shares were acquired, and no transfers made to the capital reserve. For additional disclosures of relevance, we refer you to the Other Disclosures and Explanatory Notes in Sections 5.11 and 5.12, below.

3.7 Disclosures and Notes on Provisions

During the 2022 reporting year, ACCENTRO Real Estate AG set aside provisions in a total amount of EUR 8,762,288.89 against the eventualities detailed below.

The sum total includes tax provisions in the amount of EUR 2,100,000 that were determined in accordance with prudent business judgement by tax audits not yet completed and set aside for possible future tax arrears for previous years. The other provisions add up to EUR 6,662,288.89.

EUR

Total provisions	EUR 8,762,288.89
Tax provisions	EUR 2,100,000.00
thereof provisions for corporate income taxes	EUR 1,050,000.00
thereof provisions for trade taxes	EUR 1,050,000.00
Other provisions	EUR 6,662,288.89
thereof provisions for financial statements and audit	EUR 612,850.00
thereof provisions for payroll costs	EUR 572,769.59
thereof provisions for miscellaneous costs	EUR 388,779.94
thereof provisions for outstanding invoices	EUR 5,050,465.36
thereof provisions for record-keeping obligations	EUR 37,424.00

The provision for outstanding invoices mainly contain EUR 1,300,000.00 in subsequent expenses towards real estate transfer taxes, EUR 2,600,407.50 in subsequent costs from a real estate matter and EUR 1,007,161.87 in advisory costs.

3.8 Bonds

On 7 February 2020, ACCENTRO Real Estate AG concluded the placement of its three-year 2020/2023 corporate bond, which is non-subordinated and unsecured. The aggregate par value that was placed adds up to EUR 250,000,000. The corporate bond is issued at 99.745% of its nominal value and at a coupon rate of 3.625% p. a. Its interest is paid twice a year.

On 23 March 2021, ACCENTRO Real Estate AG concluded the placement of its five-year 2021/2026 corporate bond, which is non-subordinated and unsecured, within the framework of a private placement. The aggregate par value that was placed adds up to EUR 100,000,000. The corporate bond was issued at 100% of its nominal value and at a coupon rate of 4.125% p. a. The interest is paid once a year. The net issue proceeds were used for financing the acquisition of new real estate in Germany, and for general corporate purposes.

On 16 December 2022, ACCENTRO Real Estate AG concluded a so-called lock-up agreement with around 56% of the invested noteholders of the 2020/2023 bond, which arranges for an extension and thus refinancing of the bond until 13 February 2026 while raising the interest rate by 2 percentage points to 5.625%. In a vote without assembly in accordance with the German Bond Act (SchVG), the noteholders approved the already published terms by the required majority on 10 January 2023. On 27 December 2022, ACCENTRO Real Estate AG concluded with the sole noteholder of the 2021/2026 bond a modification agreement for the adjustment of the bond terms and for refinancing on the same terms as those agreed for the 2020/2023 bond on 16 December 2022.

For more details, please see the report on subsequent events in Section 5.14, below.

**4 Explanatory Notes on the
Income Statement****4.1 Revenues**

Revenues of EUR 135,462.97 (previous year: EUR 135,987.43) break down into fees for project management tasks and technical supervision of joint sales projects in cooperation with third-party project partners.

4.2 Other Operating Income

The other operating income includes primarily disposals of various equity investments in project companies in a total amount of EUR 10,758,251.07. On the one hand, the Company disposed of its interest in the company Belle Époque Quartier Gehrensee GmbH by the end of the 2021 financial year, yet the selling price (EUR 2,008,972.57) was not received until Q1 2022. On the other hand, earnings were generated through the sale of interests in a project company with property holdings in Rostock and various small-scale minority interests (EUR 8,749,278.50).

Additional other operating income in the amount of EUR 2,719,923.32 essentially represents earnings from internal cost allocations for purchased services totalling EUR 2,595,954.74 that third parties provided to various project companies, the idea being that the Company, as a central settlement entity, is able to negotiate more favourable terms of payment.

4.3 Total Payroll and Benefit Costs

The increase in total payroll and benefit costs primarily reflects the enlargement the Company's workforce.

4.4 Write-Downs

The scheduled depreciation of intangible assets of the non-current assets and plant and equipment increased to EUR 938,199.77 (previous year: EUR 455,751.80) due to the capitalisation of software acquired for consideration.

The write-downs on capital assets among the current assets include allowances for two loan receivables from associates with a fair value of EUR 8,597,452.50 as of the balance sheet date (previous year: EUR 5,086,129.80).

4.5 Other Operating Expenses

The other operating expenses essentially represent costs from general business dealings. The increase in other operating expenses by EUR 9,083,691.76 breaks down into the following items:

The legal and professional fees divide into advisory services concerning taxes, capital market transactions, real estate transactions, as well as general legal and strategic issues. The increase by EUR 3,323,822.28 up to EUR 9,001,934.63 (previous year: EUR 5,678,112.35) is essentially attributable to advisory services in the context of refinancing the bond liabilities in late 2022 and in conjunction with real estate transactions.

The money spent on information, advertising and entertaining expenses increased by EUR 2,555,977.01 to EUR 3,309,638.09 (previous year: EUR 753,661.08). It is primarily attributable to the increase in advertising activities by ACCENTRO.

The expenses for compiling and auditing the annual financial statements declined by EUR 378,931.62 to EUR 1,126,944.44 (previous year: EUR 1,505,876.06), which is mainly explained by a one-off increase in advisory services necessitated by certain reporting requirements during the previous year.

In addition, costs for unrealised projects in the amount of EUR 3,044,529.04 were paid toward the cancellation of share purchase agreements during the financial year.

4.6 Earnings and Expenses from Profit-Transfer Agreements

The net income here was received from the following companies with which profit-transfer agreements were concluded in previous years.

Earnings from profit transfers during the financial year:
ACCENTRO Wohneigentum GmbH in the amount of EUR 11,925,380.52

Expenses from loss transfer agreements during the financial year:
ESTAVIS Wohneigentum GmbH in the amount of EUR 63,115.83
ACCENTRO GmbH in the amount of EUR 378,403.82

The companies are exempt from the requirement to disclose their annual financial statements for the 2022 financial year.

4.7 Interest and Similar Expenses

The interest and similar expenses item essentially contains bond financing expenditures. It also includes finance expenditure in the form of negative interest charged by financial institutions in the amount of EUR 91,823.55 (previous year: EUR 103,373.81).

4.8 Taxes on Income and Profit

The expenses for income taxes include the taxes directly payable on income and profits. ACCENTRO Real Estate AG has made losses and therefore recognises no current tax expenditures for the financial year. The item recognises tax expenses towards additional payments for previous years that may potentially arise from tax audits not yet concluded.

As temporary differences do not exist, no tax deferrals are itemised. No deferred tax assets on losses carried forward were recognised.

4.9 Proposal for the Appropriation of Net Income

The Management Board and Supervisory Board propose that the net loss for the year in the amount of EUR 14,481,370.23 be carried forward to new account.

5 Other Disclosures and Explanatory Notes**5.1 Contingent Liabilities pursuant to Art. 251, HGB, and Collateral**

In addition to the liabilities posted in the balance sheet, the following contingent liabilities should be noted:

**CONTINGENT LIABILITIES PURSUANT TO
ART. 251, HGB**

EUR

	AMOUNT
From sureties and guarantees in favour of associates	34,613,214.50
prior year	45,919,889.71
From letters of comfort in favour of associates	10,462,151.09
prior year	42,992,222.53

Considering these loan proceeds and the economic situation of the respective subsidiary, ACCENTRO Real Estate AG does not expect the guarantees to be used.

Moreover, ACCENTRO Real Estate AG issued an unrestricted comfort letter to an insurance group for a loan granted to one of its subsidiaries. The letter of comfort is unlikely to be used because the company concerned has fully met its obligations so far, and because the loan is also secured by mortgages.

On top of that, the partnership interests that ACCENTRO Real Estate AG holds in two of its subsidiaries were pledged to Deutsche Pfandbriefbank within the framework of a financing arrangement.

Within the framework of another financing arrangement, direct company shares that ACCENTRO Real Estate AG holds in two subsidiaries, along with indirect shares in five second-tier subsidiaries held by one of these subsidiaries, were pledged to the lenders.

Moreover, ACCENTRO Real Estate AG vouches under Art. 264, Sec. 3, No. 2, HGB, for liabilities that 25 of its companies entered into.

5.2 Off-Balance-Sheet Transactions pursuant to Art. 285, No. 3, HGB

In addition to the liabilities posted in the balance sheet, the following off-balance-sheet transactions in the form of leasing agreements were concluded to avoid immediate outflows of liquidity:

EUR

	THEREOF 1 YEAR OR LESS	THEREOF MORE THAN 1 YEAR
Leasing agreements	135,038.44	206,311.27
prior year	61,225.82	40,198.99

5.3 Other Off-Balance-Sheet Financial Obligations

In addition to the liabilities recognised in the balance sheet, there are other financial obligations amounting to EUR 4,866,146.28.

Specifically, the liabilities break down into the following items:

EUR

	THEREOF 1 YEAR OR LESS	> 1-5 YEARS
Leases	1,168,966.20	3,506,898.60
prior year	1,118,497.92	4,473,991.68
Advisory agreements	190,281.48	0.00
prior year	138,519.84	0.00
Total	1,359,247.68	3,506,898.60
prior year	1,257,017.76	4,473,991.68

There are no liabilities with a maturity of more than 5 years.

5.4 Members of the Management Board and the Supervisory Board

During the financial year concluded, the **Management Board** was staffed by:

Lars Schriewer (CEO)

- › practised profession: Chief Executive Officer der ACCENTRO Real Estate AG, Berlin

The following persons sat on the **Supervisory Board**:

Axel Harloff (Chairman)

- › practised profession: certified business administrator

Carsten Wolff (Deputy Chairman)

- › practised profession: business administrator
- › other positions in comparable domestic and foreign supervisory bodies:
 - › member of the board of directors as CFO of the A.D.O. Group LTD, Yigal Alon 94 B, Tel Aviv, Israel
 - › member of the supervisory board of Eurohaus Frankfurt AG, Frankfurt am Main

Natig Ganiyev

- › practised profession: managing director of Vestigo Capital Advisors LLP, London
- › other positions in comparable domestic and foreign supervisory bodies:
 - › director of Brookline Capital GP Limited, Guernsey
 - › member of the supervisory board of Malta Montenegro Wind Power JV Ltd, Malta

5.5 Remunerations of Management Board and Supervisory Board Members

The remuneration paid to the Management Board amounted to EUR 868,788.11 during the reporting year. The sum total breaks down into fixed salaries in the amount of EUR 652,928.34 (fixed compensation of EUR 559,139.77 and ancillary wage costs of EUR 93,788.58) as well as the management bonus in the amount of EUR 215,860.21 due for 2022. On the whole, a total expense of EUR 868,788.55 was recognised.

The remuneration paid to members of the Management Board in the year under review is shown below in comparison to the remuneration recognised under expenses:

EUR		
	EXPENSES IN EUR	DISBURSEMENT IN EUR
Schriewer		
Fixed salary	559,139.77	559,139.77
Non-wage labour costs	93,788.58	93,788.58
Bonus 2022	215,860.21	215,860.21
Total	868,788.55	868,788.55

The total remuneration paid to the Supervisory Board during the 2022 financial year added up to EUR 135,000.00.

For details, see the Remuneration Report of the Company.

5.6 Advances and Loans Granted to Members of the Management Board and the Supervisory Board

Neither loans nor advances were granted to any member of the Management Board or of the Supervisory Board during the reporting period.

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5.7 Disclosures on the Equity Interest in Other Companies where the Equity Interest Serves the Purpose of Establishing a Permanent Relationship

Pursuant to Art. 285, Sent. 1, No. 11, HGB, the reporting covers the companies listed below:

SER. NO.	COMPANY NAME AND REGISTERED OFFICE	VIA	INDIRECT %	DIRECT %	SHAREHOLDERS' EQUITY IN EUR	PROFIT/LOSS FOR THE YEAR IN EUR
1	ACCENTRO 11. Wohneigentum GmbH, Berlin			100	-3,576,970.53	-632,735.56
2	ACCENTRO 17. Wohneigentum GmbH, Berlin			100	1,148,792.00	973,107.80
3	ACCENTRO 2. Wohneigentum GmbH, Berlin			100	13,687,449.46	1,133,110.65
4	ACCENTRO 20. Wohneigentum GmbH, Berlin			100	-883,055.79	-475,140.47
5	ACCENTRO 21. Wohneigentum GmbH, Berlin			100	-910,137.45	-347,487.53
6	ACCENTRO 23. Wohneigentum GmbH			100	-468,617.30	-417,444.76
7	ACCENTRO 24. Wohneigentum GmbH			100	960,828.75	971,767.14
8	ACCENTRO 25. Wohneigentum GmbH			100	23,265.14	-1,195.54
9	ACCENTRO 6. Wohneigentum GmbH, Berlin			100	1,435,413.27	1,753,308.01
10	ACCENTRO East Holding GmbH			100	46,434,395.94	-111,075.33
11	ACCENTRO GmbH, Berlin			100	220,861.44	0.00
12	ACCENTRO Sachsen GmbH, Berlin			100	3,095,778.36	680,710.55
13	ACCENTRO Verwaltungs GmbH, Berlin			100	29,136.17	-1,825.42
14	ACCENTRO Wohneigentum GmbH, Berlin			100	519,504.10	0.00
15	ESTAVIS 43. Wohnen GmbH & Co. KG, Berlin			100	1,933,460.53	-64.00
16	Kantstr. 44, 45 Verwaltungsgesellschaft mbH, Berlin			100	-4,551,347.24	-946,401.06
17	LHC Beteiligungs GmbH			100	-5,730,162.86	-1,709,528.03
18	Quartier Danziger Straße 143 GmbH, Berlin			100	351,745.30	340,932.35
19	Quartier Dietzgenstraße GmbH, Berlin			100	-53,629.71	-13,108.04
20	Quartier Hasenheide GmbH, Berlin			100	4,524,136.95	1,342,101.05
21	Riehmers Hofgarten Grundbesitz GmbH, Berlin			100	-13,205,644.60	-2,079,884.92

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SER. NO.	COMPANY NAME AND REGISTERED OFFICE	VIA	INDIRECT %	DIRECT %	SHAREHOLDERS' EQUITY IN EUR	PROFIT/LOSS FOR THE YEAR IN EUR
22	Uhlandstr. 79 Immobilien GmbH, Berlin			100	112,712.78	72,539.62
23	Riehmers Dachgeschoss Grundbesitz GmbH, Berlin ²			100	-1,413,147.11	-1,115,755.80
24	Seeländer Wohnungsgesellschaft mbH			100	355,088.80	164,819.04
25	COMMIT Services GmbH			95	-2,351,339.32	-1,658,488.03
26	ACCENTRO Binz GmbH, Berlin			94.9	-481,802.69	311,285.28
27	Düsseldorfer Straße 68–69 Projektgesellschaft mbH, Berlin			94.9	1,437,103.31	389,672.57
28	Wintersteinstraße 7, 9 Liegenschaften 1 GmbH, Berlin			94.9	926,653.81	-22,258.17
29	ESTAVIS Beteiligungs GmbH & Co. KG, Berlin			94	5,447,559.92	21,367.73
30	ESTAVIS Wohneigentum GmbH, Berlin			94	2,928,269.29	0.00
31	ACCENTRO 2. Sachsen GmbH, Berlin			89.9	638,393.69	160,390.86
32	ACCENTRO NRW GmbH			89.9	-821,730.21	-469,063.94
33	ACCENTRO Rhein Ruhr GmbH, Oberhausen			89.9	330,421.04	-44,227.82
34	Lekova 26 GmbH			89.9	-389,117.32	-435,102.94
35	Werdauer Weg 3 Immobilien Projektentwicklungs GmbH			89.9	-10,855,320.90	-133,301.10
36	Wintersteinstraße 7, 9 Liegenschaften 2 GmbH, Berlin			89.9	-386,011, 70	-75,463.28
37	Berliner Platz UG			89.9	-379,256.28	-162,215.30
38	Johanniterstr. 3–6 Liegenschaften GmbH, Berlin			89.5	12,882,427.51	7,570,933.92
39	Wissmannstr. 15 Grundbesitz GmbH			89.5	-747,563.47	-282,545.77
40	Kaiser 102 Projektentwicklungs GmbH			51	289,426.22	257,205.27
41	DEUWA Real GmbH			50	2,353,729.27	13,468.57
42	Düne 38 Projektentwicklungs GmbH, Berlin ¹			44	884,804.90	266,513.85
43	Gutshof Dahlewitz 2 GmbH, Berlin			44	4,937.58	3,304.85
44	Gutshof Dahlewitz 1 GmbH, Berlin ¹			44	925.17	11,635.61
45	ACCENTRO Bayern GmbH (formerly ACCENTRO 19. Wohneigentum GmbH), Berlin			10.1	0.00	-739,281.80
46	DELTA VIVUM Berlin I GmbH, Berlin ¹			5.1	-17,215,270.69	-14,269,090.88
47	DELTA VIVUM Berlin II GmbH, Berlin ¹			5.1	2,179,645.43	2,296,143.99

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48	Estavis 6. Wohnen GmbH, Berlin ¹			5.1	6,484,573.46	0.00
49	Estavis 7. Wohnen GmbH, Berlin ¹			5.1	-73,154.47	0.00
50	HRP Hamburg Residential S.a.r.l., Luxembourg ²			5.1	7,870,646.02	18,196,137.26
51	Jühnsdorfer Weg Immobilien GmbH (formerly ACCENTRO 5. Wohneigentum GmbH, Berlin) ¹			5.1	-6,792,264.29	-1,698,766.44
52	Phoenix Spree Gottlieb GmbH, Berlin ¹			5.1	123,124.97	0.00
53	Phoenix Spree Mueller GmbH, Berlin ¹			5.1	2,766,430.00	0.00
54	RELDA 36. Wohnen GmbH, Berlin ¹			5.1	140,409.35	67,290.13
55	LHC 1 GmbH, Zossen	68	100		1,031,972.56	1,273,406.67
56	LHC 2 GmbH, Zossen	68	100		0.00	7,843.15
57	LHC 3 GmbH, Zossen	68	100		792,025.75	434,244.35
58	LHC 5 GmbH, Zossen	68	100		7,859.41	-7,704.76
59	Koppenstraße Wohneigentum GmbH, Berlin	14	100		118,743.22	-88,434.84
60	Kantstraße 130b/Leibnizstraße 36, 36a GbR, Berlin	71	94		182,568.02	43,722.23
61	ACCENTRO Dessau Wohnen GmbH	10	89.9		-1,337,962.30	-1,009,807.54
62	ACCENTRO Gera Wohnen 2 GmbH	10	89.9		-4,738,653.83	-2,639,202.43
63	ACCENTRO Gera Wohnen GmbH	10	89.9		-508,924.46	-376,704.21
64	ACCENTRO Halle Wohnen GmbH	10	89.9		-1,982,844.94	-1,564,794.19
65	Lekova 19 GmbH	10	89.9		-382,433.38	-384,557.35
66	GeSoNa Verwaltungs GmbH, Berlin	1	89.84		32,089.16	18,157.16
67	GeSoNa Verwaltungs GmbH & Co. KG Hermannstraße KG, Berlin	1	75.02		248,146.96	47,350.19
68	LHC Holding GmbH & Co. KG, Zossen	17	50		12,151,296.58	0.00
69	LHC Holding 2 GmbH & Co. KG, Zossen	17	50		0.00	-7,137.63
70	Urbanstraße 5 Projekt GmbH, Berlin ³	14	44		112,712.78	72,539.62
71	Kantstraße 130b/Leibnizstraße 36, 36a Immobilien Gesellschaft mbH, Berlin	30	41		-147,959.49	-21,638.91
72	Wohneigentum Berlin GbR		33.33		580,349.66	-23,091.45

¹ Provisional HGB figures from 2022

² Figures from 2021

³ In liquidation

**5.8 Disclosures on the Existence of an Equity Interest in the
Company of which the Company was Notified pursuant to
Art. 21, Sec. 1, 1a, WpHG**

According to the voting rights notification dated 3 August 2020, the shareholding ratio of Brookline Real Estate S.à r.l equalled more than 75% of the ACCENTRO Real Estate AG stock. No control agreement was signed between Brookline Real Estate S.à r.l and ACCENTRO Real Estate AG.

5.9 Group Affiliation

ACCENTRO Real Estate AG is the parent company of the companies listed in sub-section 5.7, above. The Consolidated Financial Statements of the group of companies was compiled in accordance with IFRS as of 31 December 2022. The Consolidated Financial Statements are published in the Federal Gazette.

5.10 Average Number of Staff Employed during the Financial Year

The employee categories listed below were employed by the Company as of 31 December 2022:

EMPLOYEE CATEGORIES

Employees	83
thereof:	
full-time employees	76
part-time employees	7

The total number of staff employed during the financial year was 78 on average.

5.11 Disclosures on the Class of Shares

As of 31 December 2022, the share capital amounted to EUR 32,437,934.00, unchanged since the prior year balance sheet date.

The share capital breaks down as follows:

32,437,934 no-par value shares with a pro-rata amount in the share capital of EUR 1.00 each. The shares are bearer shares.

5.12 Disclosures on the Authorised and Conditional Capital

The subscribed capital (share capital) of ACCENTRO Real Estate AG amounted to EUR 32,437,934.00 as of 31 December 2022. It breaks down into 32,437,934 no-par value bearer shares. The Group does not issue different classes of shares.

ACCENTRO AG has the following authorised and conditional capital at its disposal:

	AMOUNT EUR	NO-PAR VALUE SHARES	PURPOSE
Authorised Capital 2020	16,218,967	16,218,967	Capital increase against contributions in cash and/or in kind (until 23 June 2025)
Conditional Capital 2020/I	3,243,793	3,243,793	Servicing stock option plan 2020
Conditional Capital 2020/II	12,975,174	12,975,174	Servicing bonds (convertible bonds and/or warrant bonds and/or profit participation rights)

Other than that, see the Group Management Report for mandatory disclosures pursuant to Art. 315a, Sec. 1, HGB.

5.13 Declaration on the Corporate Governance Code

The declaration pursuant to Art. 285, No. 16, HGB, i. c. w. Art. 161, AktG, concerning compliance with the recommendations of the German Corporate Governance Code (DCGK) that ACCENTRO Real Estate AG is required to issue as a listed company was most recently issued by the Company's Management Board and Supervisory Board in March 2023, and has been made permanently accessible to the shareholders on the home page of ACCENTRO Real Estate AG (www.accentro.de) in the "Investor Relations" section [HTTPS://INVESTORS.ACCENTRO.DE/ERKLAERUNG-GEMAESS-289F-HGB](https://investors.accentro.de/erklaerung-gemaess-289f-hgb).

5.14 Report on Subsequent Events**Bond Debt Rollover**

On 16 December 2022, ACCENTRO Real Estate AG concluded a so-called lock-up agreement with around 56% of the invested noteholders of the 2020/2023 bond over an amount of EUR 250,000,000. The agreement specifies that the noteholders concerned agree to an extension and thus to the refinancing of the 2020/2023 bond on arm's length terms and subject to the condition that an additional member be appointed to the Management Board. The agreed refinancing arrangement includes a three-year extension until 13 February 2026 while raising the interest rate by 2 percentage points to 5.625%. Other provisions of the agreement include a one-off repayment at the time the refinancing arrangement becomes effective, additional annual minimum repayments that are contractually guaranteed (starting in December 2023) as well as one mandatory prepayment out of the net proceeds from the disposal of investment properties and from certain loans and financial investments. Moreover, the new terms of the 2020/2023 bond include constraints on new borrowings and on the acquisition of new properties. The agreement stipulates specifically that ACCENTRO Real Estate AG shall acquire no further investment properties until 80% of the face value of the refinanced 2020/2023 bond is repaid, and that it shall be subject to constraints in regard to the acquisition of new inventory assets until certain minimum repayments of the refinanced 2020/2023 bond have been made. The agreement also includes the obliga-

tion not to disburse any dividend payments or other distributions to shareholders of ACCENTRO Real Estate AG before the end of the extended maturity.

In a vote without assembly in accordance with the SchVG, the noteholders of the 2020/2023 bond approved the already published terms with the required majority on 10 January 2023. The votes cast represent a total of 78.41% of the outstanding nominal value of the 2020/2023 bond, and the approval rate was 99.75%. The bond value amounts to EUR 250,000,000 as of 31 December 2022 (previous year: EUR 250,000,000).

The 2021/2026 bond with a nominal value of EUR 100,000,000 was placed on 23 March 2021. The unsecured bond was fully subscribed by a pension fund. It has a five-year maturity until 23 March 2026, and bears 4.125% in annual interest. On 27 December 2022, ACCENTRO Real Estate AG concluded with the sole noteholder of the 2021/2026 bond a modification agreement for the adjustment of the bond terms and for refinancing on the same terms as those agreed for the 2020/2023 bond on 16 December 2022.

Among the most important conditions for the refinancing of the 2021/2026 bond are the increase of the interest rate, again by 2 percentage points to 6.125%, the extension of the maturity by three years from the original date of 23 March 2026 to 23 March 2029, contractually guaranteed annual minimum repayments (starting in December 2026) and the equal distribution of payments toward the revenue-based mandatory prepayments among the two refinanced bonds as soon as the outstanding nominal amount of the refinanced 2020/2023 bond has been brought down to or below EUR 100,000,000. In all other respects, the adjusted conditions for refinancing the 2020/2023 bond were essentially adopted for refinancing the 2021/2026 bond as well. The recognised carrying amount of the bond is EUR 100,000,000 as of 31 December 2022 previous year: EUR 100,000,000).

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On 28 February 2023, ACCENTRO received confirmation from the competent court of law that no legal challenges to the execution of the refinancing scheme for the 2020/2023 bond (in a volume of EUR 250,000,000) had been filed by the expiry of the contestation period on 13 February 2023. By that time, only the provision of collateral by a portfolio company was still outstanding. On 3 March 2023, all conditions for the successful implementation of the scheme to refinance the 2020/2023 bond (in a volume of EUR 250,000,000) and the 2021/2026 bond (in a volume of EUR 100,000,000) were fulfilled, and the one-off repayment in the amount of EUR 25,000,000 due on the effective date of the refinancing scheme was disbursed. The closing date for the bonds was 6 March 2023.

Appointment of New Management Board Member

As of the date of 10 February 2023, Dr. Gordon Geiser was appointed as new member of the Management Board of ACCENTRO Real Estate AG. Dr. Geiser serves as Chief Investment Officer of the Company.

Realisation of Accounts Receivable Connected to the Rescinded Acquisition of DIM Holding AG

The outstanding receivables in the amount of EUR 19,730,945.60 from DIM Holding AG due to the rescission of the acquisition of that company and from the purchase price not yet repaid were significantly reduced after the balance sheet date because EUR 8,246,000.00 were secured via initial realisation measures and offset against the outstanding receivables. On the one hand, these consist of share purchase agreements concluded with three Berlin-based project companies over a total amount of EUR 5,665,000.00, whose notarised purchase price was offset against ACCENTRO's outstanding receivables. On the other hand, a notarised offsetting arrangement was made on the grounds of the mutual claim and debt relations between ACCENTRO and the debtor that releases ACCENTRO from payments due for purchase price liabilities in the amount of EUR 2,580,843.61 from transactions closed, and offsets them against the outstanding claims mentioned above. The Group is in the process of implementing further realisation

measures. As at 31 March 2023, the outstanding receivables from the rescission of the acquisition and the purchase price not yet repaid by DIM Holding AG amount to EUR 11,485,101.99.

5.15 Auditor's Fee

For details on the auditor's fee, please see the Notes to the Consolidated Financial Statements in accordance with Art. 285, No. 17, HGB.

6 Annexes to the Notes

Annex 1 – Statement of Changes in Fixed Assets

Annex 2 – Schedule of Liabilities

Berlin, 27 April 2023

Management Board of ACCENTRO Real Estate AG

Lars Schriewer

Member of the
Management Board

Dr. Gordon Geiser

Member of the Management Board

Statement of Changes of Fixed Assets

1 January 2022 to 31 December 2022

EUR

	ACQUISITION OR MANUFACTURING COSTS				
	01/01/2022	ADDITIONS	DISPOSALS	RECLASSIFI- CATIONS	31/12/2022
I. Intangible assets					
Concessions acquired for consideration, industrial property rights and similar rights and values, as well as licenses to these rights and values	1,335,393.51	1,804,558.92	0.00	0.00	3,139,952.43
II. Property, plant and equipment					
Furniture, fixtures and equipment	1,800,018.18	307,069.85	0.00	0.00	2,107,088.03
Advance payments	19,635.00	317,778.16	307,069.85	0.00	30,343.31
	1,819,653.18	624,848.01	307,069.85	0.00	2,137,431.34
III. Financial investments					
1. Interests in associates	107,804,908.45	21,261,568.59	25,000.00	0.00	129,041,477.04
2. Advance payments made on interests in associates	13,340.95	1.00	13,340.95	0.00	1.00
3. Equity investments	6,944,938.08	0.00	1,246,026.63	0.00	5,698,911.45
4. Lendings to companies in which the Company holds equity interests	13,093,482.82	0.00	13,093,482.82	1,534,430.77	1,534,430.77
5. Securities held as fixed assets	678,137.07	150,000.00	52,137.07	0.00	776,000.00
6. Other lendings	19,788,998.04	857,913.10	2,454,358.63	-1,534,430.77	16,658,121.74
	148,323,805.41	22,269,482.69	16,884,346.10	0.00	153,708,942.00
	151,478,852.10	24,698,889.62	17,191,415.95	0.00	158,986,325.77

EUR

				WRITE-DOWNS	DEPRECIATED BOOK VALUE	
	01/01/2022	ADDITIONS	DISPOSALS	31/12/2022	31/12/2022	01/01/2022
I. Intangible assets						
Concessions acquired for consideration, industrial property rights and similar rights and values, as well as licenses to these rights and values	372,267.27	665,069.92	0.00	1,037,337.19	2,102,615.24	963,126.24
II. Property, plant and equipment						
Furniture, fixtures and equipment	539,992.18	273,129.85	0.00	813,122.03	1,293,966.00	1,260,026.00
Advance payments	0.00	0.00	0.00	0.00	30,343.31	19,635.00
	539,992.18	273,129.85	0.00	813,122.03	1,324,309.31	1,279,661.00
III. Financial investments						
1. Interests in associates	4,502,282.88	0.00	0.00	4,502,282.88	124,539,194.16	103,302,625.57
2. Advance payments made on interests in associates	0.00	0.00	0.00	0.00	1.00	13,340.95
3. Equity investments	4,999.20	0.00	4,999.20	0.00	5,698,911.45	6,939,938.88
4. Lendings to companies in which the Company holds equity interests	343,482.82	0.00	343,482.82	0.00	1,534,430.77	12,750,000.00
5. Securities held as fixed assets	0.00	0.00	0.00	0.00	776,000.00	678,137.07
6. Other lendings	0.00	0.00	0.00	0.00	16,658,121.74	19,788,998.04
	4,850,764.90	0.00	348,482.02	4,502,282.88	149,206,659.12	143,473,040.51
	5,763,024.35	938,199.77	348,482.02	6,352,742.10	152,633,583.67	145,715,827.75

Schedule of Liabilities

as of 31 December 2022

EUR

	TOTAL		WITH A MATURITY	
		OF UP TO ONE YEAR	OF MORE THAN ONE YEAR AND UP TO FIVE YEARS	OF MORE THAN FIVE YEARS
1. Bonds	350,000,000.00	250,000,000.00	100,000,000.00	0.00
prior year	350,000,000.00	0.00	350,000,000.00	0.00
2. Trade payables	1,337,391.51	1,337,391.51	0.00	0.00
prior year	1,850,251.32	1,850,251.32	0.00	0.00
3. Liabilities to associates	17,361,295.58	17,361,295.58	0.00	0.00
prior year	48,557,521.38	15,042,659.36	33,514,862.02	0.00
4. Other liabilities	10,507,978.00	10,507,978.00	0.00	0.00
prior year	9,593,471.48	9,593,471.48	0.00	0.00
	379,206,665.09	279,206,665.09	100,000,000.00	0.00
prior year	410,001,244.18	26,486,382.16	383,514,862.02	0.00

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Responsibility Statement by the Legal Representatives

To the best of our knowledge, and in accordance with the applicable accounting principles, the annual financial statements give a true and fair account of the assets, liabilities, financial position and profit or loss of the ACCENTRO Real Estate AG, and the summarising management report presents a true and fair view of the business performance, including the results of operations and the Company's situation, as well as a description of the principal opportunities and risks associated with the Company's prospective development.

Berlin, 27 April 2023

Lars Schriewer

Member of the Management Board

Dr. Gordon Geiser

Member of the Management Board

Independent Auditor's Report

To ACCENTRO Real Estate AG, Berlin

Report on the audit of the annual financial statements and the management report

Audit Opinions

We have audited the annual financial statements of ACCENTRO Real Estate AG, Berlin, which comprise the balance sheet as at 31 December 2022 and the income statement for the business year from 1 January 2022 to 31 December 2022, and the notes to the financial statements, including a description of the accounting policies. In addition, we have audited the combined management report and group management report (hereafter: management report) of ACCENTRO Real Estate AG, Berlin, for the financial year from 1 January 2022 to 31 December 2022. In accordance with German legal requirements, we have not audited the content of the corporate governance statement pursuant to section 289f HGB and section 315d HGB or the remuneration report, each of which is referred to in the management report.

In our opinion, based on the findings of our audit, the consolidated financial statements are as follows:

- › the attached annual financial statements comply in all material respects with the German commercial law provisions applicable to corporations and give a true and fair view of the financial position of the Company as at 31 December 2022 and of its financial performance for the financial year from 1 January 2022 to 31 December 2022 in accordance with German principles of proper accounting; and

- › the enclosed management report as a whole provides a suitable view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements, and accurately presents the opportunities and risks of future development. Our opinion on the management report does not cover the content of the above-mentioned corporate governance statement and the above-mentioned remuneration report.

In accordance with section 322 para. 3 sentence 1 of the German Commercial Code (HGB), we declare that our audit has not led to any reservations concerning the correctness of the annual financial statements and the management report.

Basis for the audit judgements

We conducted our audit of the annual financial statements and the management report in accordance with section 317 HGB and the EU Regulation on Auditors (No. 537/2014; hereinafter "EU-APrVO") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under those provisions and standards is further described in the "Auditor's responsibility for the audit of the annual financial statements and the management report" section of our auditor's report. We are independent of the Company in accordance with European law as well as German commercial law and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. Furthermore, pursuant to Article 10 (2) (f) EU-APrVO, we declare that we have not performed any prohibited non-audit services according to Article 5 (1) EU APrVO. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the financial statements and the management report.

Reference to any other facts

The financial statements and management report of ACCENTRO Real Estate AG for the previous financial year ending 31 December 2021 were audited by another auditor, who issued unmodified audit opinions on these financial statements and management report dated 30 April 2022.

Particularly important audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the year ended 31 December 2022. These matters were considered in the context of our audit of the financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

In the following, we present the audit matters that we consider to be of particular importance:

- › Valuation of shares in affiliated companies and receivables from these affiliated companies
- › Recoverability of certain loan receivables not arising from real estate transactions

We have structured our presentation of these key audit matters as follows:

- a) Risk to the financial statements
- b) Audit approach
- c) Reference to related disclosures

VALUATION OF SHARES IN AFFILIATED COMPANIES AND RECEIVABLES FROM THESE AFFILIATED COMPANIES

a) Risk to the financial statements

ACCENTRO Real Estate AG shows “Shares in affiliated companies” in the amount of EUR 124.5 million (22.7% of the balance sheet total) and “Receivables from affiliated companies” in the amount of EUR 319.8 million (58.4% of the balance sheet total) in the balance sheet of the annual financial statements. The shares in and receivables from affiliated companies thus have a significant influence on the financial position of the company.

Receivables from affiliated companies include, in particular, EUR 262.4 million in loans granted by ACCENTRO Real Estate AG to companies for the acquisition or redevelopment of real estate. In addition, there are other receivables from affiliated companies, especially from ACCENTRO Wohneigentum GmbH in the amount of EUR 36.4 million and ACCENTRO GmbH in the amount of EUR 23.1 million.

The valuation of shares in affiliated companies and receivables under commercial law is based on the acquisition costs or the nominal value and the lower fair value.

The basis for the determination of the fair values as well as the assessment of whether there are indications for an impairment or a reversal of impairment of these items are, in principle, the future cash flows resulting from the planning calculations for the respective companies prepared by the legal representatives and approved by the Supervisory Board. These planning calculations are based on expectations of future market and revenue developments. The assessment of the recoverability of shares in affiliated companies, including the receivables from these affiliated companies, thus

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requires a large number of discretionary decisions. In the case of real estate companies, these essentially relate to the expected future net payment surpluses from the properties held by the respective real estate company. For this assessment, the legal representatives of ACCENTRO Real Estate AG utilise the appraisals prepared for the valuation of the properties by various external real estate experts using the discounted cash flow method.

The determination of fair values is highly dependent on the estimation of individual valuation parameters and is therefore subject to considerable estimation uncertainties. Planning calculations require future-oriented discretionary estimates, e.g. of future net cash surpluses, growth rates and the determinants underlying the discount rate (including risk-free interest, market risk premium, beta factor). Against this background and due to the complexity of the applied valuation model, the assessment of the recoverability of the shares in affiliated companies as well as the receivables from these companies was a particularly important audit matter in the context of our audit.

b) Auditing procedure

As part of our audit, we first obtained an understanding of the process implemented at ACCENTRO Real Estate AG for identifying indications of impairment losses that have occurred or reversals of impairment losses that are necessary, and assessed whether the procedure is suitable for identifying objective indications of changes in fair values.

For this purpose, we obtained and assessed an understanding of the planning system and the planning process as well as the material assumptions and expectations made by the legal representatives in the plans.

In order to be able to assess whether the valuation reports of the properties can be used for the valuation of the shares in and receivables from the affiliated companies, we also assessed the competence, capability and objectivity of the external property valuers engaged and gained an understanding of their activities. In doing so, we assessed the appropriateness of their findings by evaluating the appropriateness of the data used and assumptions made in our audit of the property valuations with the assistance of our internal property valuation specialists. To this end, we assessed the accuracy and completeness of the data used for the property portfolios as well as the appropriateness of the valuation assumptions used (including discount and capitalisation rates applied, market rents, expected rental price development and planned maintenance costs), among other things using external market data. Furthermore, we carried out on-site inspections of individual properties in order to assess their respective condition. Furthermore, we assessed the mathematical and financial accuracy of the valuation models. For selected properties, we performed our own sensitivity analyses; their selection was based on our assessment of the valuation assumptions used and other qualitative aspects.

c) Reference to related information

The accounting and valuation principles can be found in section 2 of the notes. The information on shares in affiliated companies is contained in section 3.1 and in the statement of changes in fixed assets, and the information on receivables from affiliated companies is contained in section 3.2 of the notes.

RECOVERABILITY OF CERTAIN LOAN RECEIVABLES NOT ARISING
FROM REAL ESTATE TRANSACTIONS

a) Risk to the financial statements

The balance sheet of ACCENTRO Real Estate AG includes loan receivables in the amount of EUR 16.7 million and loan receivables in the amount of EUR 32.0 million under the balance sheet items “Other loans” and “Other assets”, respectively, that did not arise directly from real estate transactions of ACCENTRO Real Estate AG. On the one hand, these are loans granted to jointly managed project development companies and other business partners. The other is the loan claim resulting primarily from the purchase price reclaim due to the reversal of the share acquisition in DIM Holding AG, which was declared in May 2021.

Loan receivables are measured at amortised cost, taking into account any impairments. ACCENTRO Real Estate AG reviews the recoverability of material loan receivables as at the reporting date on the basis of various indicators as well as an analysis of the earnings and financial strength of the respective debtors, taking into account existing collateral.

The assessment of the legal representatives of ACCENTRO Real Estate AG with regard to the recoverability of the loan receivables is subject to considerable uncertainty due to the associated scope for discretion and estimation uncertainties. Potentially necessary value adjustments could have a significant impact on the net assets and results of operations of ACCENTRO Real Estate AG. Against this background, these loan receivables were of particular importance for our audit.

b) Auditing procedure

As part of our audit, we first obtained an understanding of the process established by ACCENTRO Real Estate AG to assess the recoverability of the loan receivables included in the financial statement items “Other loans” and “Other assets”, as well as the controls relevant to that process.

Based on this, we assessed the appropriateness of the valuations, among other things, on the basis of discussions with the legal representatives, responsible employees of the company as well as descriptions of the facts and contractual documents submitted to us, taking into account the collateral granted. We evaluated the assumptions made by the legal representatives and their derivation that were relevant for the assessment of the recoverability. In addition, we examined the information relevant for the assessment of the recoverability of the loan receivables for consistency of content and whether it was appropriately included in the assessment of the recoverability. We have traced the calculation. Finally, we assessed whether, on the basis of the information available as at the reporting date, a valuation allowance recognised during the year was reversed appropriately.

c) Reference to related information

The accounting and valuation principles can be found in section 2 of the notes. Information on the items “Other loans” and “Other assets” can be found in section 3.1 of the notes and on “Other loans” in the statement of changes in fixed assets.

Other information

The legal representatives or the supervisory board are responsible for the other information. The other information includes

- › the corporate governance statement pursuant to § 289f HGB and § 315d HGB, to which reference is made in the management report,
- › the remuneration report, to which reference is made in the management report,
- › the assurances of the legal representatives according to § 264 para. 2 sentence 3 HGB and according to § 289 para. 1 sentence 5 HGB on the annual financial statements and the management report ,
- › but not the financial statements, not the audited content of the management report and not our audit opinion thereon.

The legal representatives and the Supervisory Board are responsible for the declaration pursuant to § 161 of the German Stock Corporation Act (AktG) on the German Corporate Governance Code, which forms part of the corporate governance declaration. In all other respects, the legal representatives are responsible for the other information.

Our audit opinions on the financial statements and the management report do not cover the other information and, accordingly, we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, we have a responsibility to read the other information referred to above and, in doing so, assess whether the other information is

- › are materially inconsistent with the financial statements, the content of the audited information in the management report or our knowledge obtained in the course of the audit; or
- › otherwise appear to be materially misrepresented.

If, based on the work we have performed, we conclude that there has been a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the legal representatives and the supervisory board for the annual financial statements and the management report

Management is responsible for the preparation and fair presentation of these financial statements in accordance with German principles of proper accounting and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error (i.e. manipulation of the accounting system or misstatement of assets).

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern. They are also responsible for disclosing, as applicable, matters related to going concern. Furthermore, they are responsible for preparing the financial statements on the basis of the going concern principle, unless this is precluded by factual or legal circumstances.

Furthermore, management is responsible for the preparation of the management report, which as a whole provides a suitable view of the Company's position and is consistent in all material respects with the annual financial statements, complies with German legal requirements and suitably presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) that they have deemed necessary to enable the preparation of a management report in accordance with the applicable German

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legal requirements and to provide sufficient appropriate evidence for the statements made in the management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and the management report.

Auditor's responsibility for the audit of the annual financial statements and the management report

Our objective is to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides a suitable view of the Company's position and is consistent, in all material respects, with the annual financial statements and the audit findings, complies with German legal requirements and suitably presents the opportunities and risks of future development, and to issue an auditor's report that includes our audit opinion on the annual financial statements and the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee, that an audit conducted in accordance with § 317 HGB and EU-APrVO and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and management report.

During the audit, we exercise professional judgement and maintain a critical attitude. Furthermore

- › Identify and assess the risks of material misstatement of the financial statements and management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error because fraud may involve collusion, forgery, intentional omissions, misleading representations, or the override of internal controls.
- › Obtain an understanding of internal control relevant to the audit of the financial statements and of the arrangements and actions relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those systems of the Company.
- › we evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- › Conclude on the appropriateness of the going concern basis of accounting used by management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the management report or, if such disclosures are inadequate, to modify our respective audit opinions. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. However, future events or conditions may result in the Company being unable to continue as a going concern.

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- › we assess the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in such a way that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting.
- › we assess the consistency of the management report with the annual financial statements, its compliance with the law and the understanding of the Company's position given by it.
- › We perform audit procedures on the forward-looking statements made by management in the management report. On the basis of sufficient appropriate audit evidence, we in particular verify the significant assumptions underlying the forward-looking statements made by the legal representatives and assess the appropriate derivation of the forward-looking statements from these assumptions. We do not express an independent opinion on the forward-looking statements or the underlying assumptions. There is a significant unavoidable risk that future events may differ materially from the forward-looking statements.

We discuss with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We make a declaration to those charged with governance that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that may reasonably be thought to bear on our independence and, where relevant, the actions taken or safeguards implemented to address independence threats.

From the matters we discussed with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure of the matter.

Other statutory and other legal requirements**Report on the audit of the electronic reproductions of the annual financial statements and the management report prepared for the purpose of disclosure in accordance with section 317 (3a) HGB****Audit opinion**

Pursuant to section 317 (3a) of the German Commercial Code (HGB), we have performed a reasonable assurance audit to determine whether the financial statements contained in the file ACCENTRO_JA_2022.zip, with the hash value 8a921c43983dafdeba4a38e4a7d03e0f77f1d48fb7914a865898ec9661b96b6e, calculated using SHA256, and prepared for the purpose of disclosure of the annual financial statements and the management report (hereinafter also referred to as “ESEF documents”) comply with the requirements of section 328 para. 1 HGB for the electronic reporting format (“ESEF format”) in all material respects. In accordance with the German statutory provisions, this audit only covers the transfer of the information of the annual financial statements and the management report into the ESEF format and therefore neither the information contained in these reproductions nor any other information contained in the aforementioned file.

In our opinion, the reproductions of the annual financial statements and the management report contained in the aforementioned file and prepared for the purpose of disclosure comply in all material respects with the requirements of section 328 (1) of the HGB concerning the electronic reporting format. We do not express any opinion on the information contained in these reproductions or on the other information contained in the above-mentioned file beyond this opinion and our opinions on the accompanying annual financial statements and the accompanying management report for the financial year from 1 January 2022 to 31 December 2022 contained in the preceding “Report on the audit of the annual financial statements and management report”.

Basis for the audit opinion

We conducted our audit of the reproductions of the annual financial statements and the management report contained in the above-mentioned file in accordance with § 317 (3a) HGB and IDW Prüfungsstandards: Prüfung der für Zwecke der Offenlegung erstellten elektronischen Wiedergaben von Abschlüssen und Lageberichten nach § 317 Abs. 3a HGB (IDW PS 410 (06.2022)). Our responsibility thereafter is further described in the section “Auditor’s Responsibility for the Audit of the ESEF Documents”. Our auditing practice has the quality management system requirements of the IDW Quality Management Standard: Anforderungen an das Qualitätsmanagement in der Wirtschaftsprüferpraxis (IDW QMS 1 (09.2022)).

Responsibility of the legal representatives and the supervisory board for the ESEF documents

The legal representatives of the company are responsible for the preparation of the ESEF documents with the electronic reproductions of the annual financial statements and the management report in accordance with section 328 (1) sentence 4 no. 1 HGB.

Furthermore, the company’s management is responsible for the internal controls as they deem necessary to enable the preparation of the ESEF documents that are free from material non-compliance, whether due to fraud or error, with the requirements of section 328 (1) HGB regarding the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

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Auditor's responsibility for the audit of the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance, whether due to fraud or error, with the requirements of section 328 (1) HGB. During the audit, we exercise professional judgement and maintain a critical attitude. Furthermore

- › Identify and assess the risks of material non-compliance with the requirements of section 328 (1) HGB, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion;
- › Obtain an understanding of internal control relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those controls;
- › we assess the technical validity of the ESEF documentation, i.e. whether the file containing the ESEF documentation meets the requirements of Delegated Regulation (EU) 2019/815, as amended at the reporting date, for the technical specification for that file;
- › we assess whether the ESEF documentation provides a consistent XHTML representation of the audited financial statements and the audited management report.

Other information according to Article 10 EU-APrVO

We were elected as auditors by the Annual General Meeting on 31 August 2022. We were appointed by the Supervisory Board on 5 December 2022. We have served as the auditors of ACCENTRO Real Estate AG, Berlin, since the 2022 financial year.

We declare that the audit opinions contained in this audit opinion are consistent with the additional report to the Supervisory Board pursuant to Article 11 EU -APrVO (audit report).

Other matters – use of the audit opinion

Our audit opinion should always be read in conjunction with the audited annual financial statements and the audited management report as well as the audited ESEF documents. The annual financial statements and management report converted to the ESEF format – including the versions to be entered in the register of companies – are merely electronic reproductions of the audited annual financial statements and the audited management report and do not replace them. In particular, the ESEF note and our opinion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

Auditor in charge

The auditor responsible for the audit is Stefanie Weisner.

Berlin, 27 April 2023

Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Niclas Rauscher
Auditor

Stefanie Weisner
Auditor

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