

# ACCENTRO

REAL ESTATE AG

Interim Report  
First nine months 2015  
1 January 2015 – 30 September 2015

## Overview Key Financial Data

ACCENTRO Real Estate AG	Q3 2015 01 July 2015 – 30 Sep. 2015	Q3 2014 01 July 2014 – 30 Sep. 2014	9 months 2015 01 Jan. 2015 – 30 Sep. 2015	9 months 2014 01 Jan. 2014 – 30 Sep. 2014
<b>Income statement</b>	<b>TEUR</b>	<b>TEUR</b>	<b>TEUR</b>	<b>TEUR</b>
Gross profit/loss	6,469	3,900	41,170	17,303
EBIT	4,971	1,733	35,433	5,604
EBT	2,788	-93	26,036	154
Consolidated income	2,185	142	22,225	-3,144

ACCENTRO Real Estate AG	30 September 2015	30 September 2014
<b>Balance sheet ratios</b>	<b>TEUR</b>	<b>TEUR</b>
Non-current assets	199,194	192,007
Current assets	204,431	68,783
Equity	108,681	78,777
Equity ratio	26.9%	30.2%
Total assets	403,625	260,791

ACCENTRO Real Estate AG	
<b>Company shares</b>	
Stock market segment	Prime Standard
ISIN	DE000A0KFKB3
German Securities Code Number (WKN)	A0KFKB
Number of shares on 30 September 2015	24,678,200
Free float	13.02%
Highest price (1 January 2015 – 30 September 2015*)	3.50 EUR
Lowest price (1 January 2015 – 30 September 2015*)	1.88 EUR
Closing price on 30 September 2015*	2.73 EUR
Market capitalisation at 30 September 2015*	EUR 67.37 million

\* Closing prices in Xetra trading

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## ■ Letter to the Shareholders

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Dear Shareholders,  
Dear Ladies and Gentlemen,

The third quarter of 2015 was marked by increased sales of inventory properties. While the net income of the first semester was still bolstered by extraordinarily robust contributions to operating income from non-current asset disposals, the Q3 result presented today contains virtually no one-off items of this kind. Meanwhile, we kept driving the core business of ACCENTRO Real Estate AG forward, increasing revenues from inventory properties by 111% to EUR 15.18 million. This is up from the EUR 7.21 million we had earned by the end of the prior-year quarter. Economies of scale caused this leap in revenues to have direct positive ramifications: The capital gains from property sales shot up by 117%. Since the net absorption grew by 70% during the same time, the gross profit soared by 66% to EUR 6.47 million, mitigating the fact that the housing privatisation business proved unable to match the great performance of the first two quarters.

The German market for condominiums has maintained its high level. Last year, roughly 129,000 condominiums were sold in Germany's 82 largest cities, a year-on-year decline by 3.3%. Revenues and the number of sales also declined in Berlin, where supply contracted slightly.

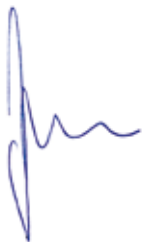
On the whole, however, we have every reason to be content with the evolving situation. Our sound cash position enabled us to terminate the outstanding debenture bonds from the 2012/2017 convertible bond (ISIN DE000A1PHDA3, WKN A1PHDA), which paid an interest rate of 7.75%, as of 18 September. What entitled us to do so was the low principal amount remaining of the bond, representing less than 20% of the original issuance volume. After a majority of the debenture bond bearers had taken advantage of the attractive conversion ratio, we converted this relatively costly form of debt capital into equity. By the end of the reporting period, the share capital had increased to EUR 24.68 million. This was up from EUR 24.44 by year-end 2014. The sum total of our assets has continued to grow. At EUR 403.6 million, our total assets are now at a new all-time high. Even with the portfolio in Hohen-schönhausen successfully sold, the sum exceeds the year-end total of 2014. The increase is explained exclusively by the expanded volume of inventory properties, which increased by EUR 83 million, whereas the volume of investment properties dropped by EUR 70 million. Our equity ratio rose to 26.9% by 30 September. As a reminder: This is up from 21.3% as of 31 December 2014.

Going forward, we intend to exploit buying opportunities that present themselves by acting quickly and flexibly in order to replenish our stock of properties for housing privatisations, which is subject to constant change as a predictable result of our business model.

Since we successfully serve a niche market in Germany with our business model, our company ended the first nine months of this year once again with an attractive performance. By streamlining our internal process flows and by intensifying our focus on the core business, we succeeded in lowering the total payroll and benefit costs by more than EUR 1.2 million compared to the nine-month period 2014. We also radically reduced write-downs and impairments of inventories and accounts receivable, so that the EBIT for Q3 grew significantly to EUR 4.97 million. After interest and taxes, ACCENTRO earned a consolidated income of EUR 22.23 million by 30 September. The earnings per share climbed to an excellent EUR 0.90 (diluted EUR 0.74). This is the best nine-month result since the initial public offering of the former Estavis AG in 2007, and it does not take a whole lot of imagination to predict that 2015 will return the highest net income in the annals of ACCENTRO Real Estate AG.

I should like to seize the opportunity to thank our dedicated staff above all for their tireless and skilful work, without which the positive performance of ACCENTRO Real Estate AG, which fills me with optimism, would have been quite impossible.

The Management Board



Jacopo Mingazzini

## ■ ACCENTRO Real Estate AG Stock Performance

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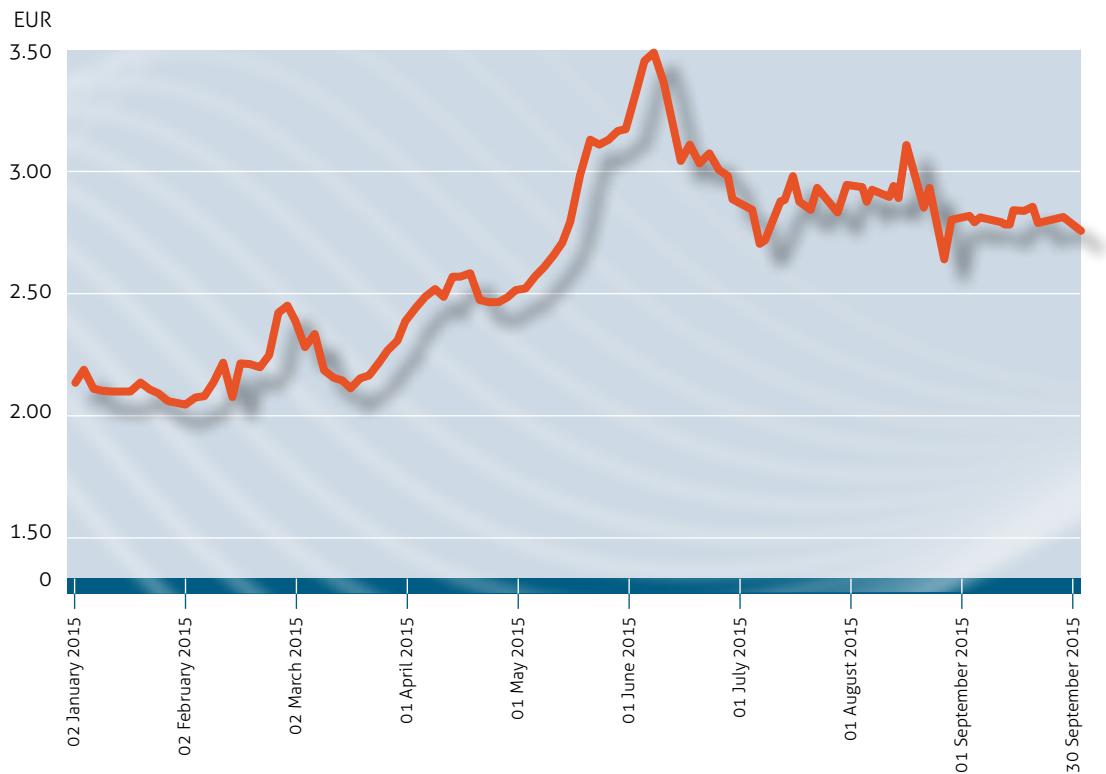
Stock exchanges worldwide experienced a trend reversal during the third quarter after an auspicious start into the year. The leading index for freely convertible Chinese stocks, Hong Kong's Hang Seng, lost nearly 20% in value during Q3. Muted growth expectations caused the index to drop by around 5,000 points to 20,700 points. Neither was Germany's blue-chip index DAX 30 able to escape the gravitational pull of this downturn. Having regained a high level (more than 11,700 points) on 20 July, the index lapsed back soon after. Similarly, the high hopes raised by a nascent recovery in early September (after a very slow performance in August) were dashed by the ominous news concerning VW Group. Sentiment was also impacted by the ongoing debate about the costs of uncontrolled refugee immigration. At 9,450 points, the DAX 30 dropped to its lowest level this year to date on 29 September, and concluded the quarter with a loss of nearly 12% at 9,660 points on 30 September.

The tentative recovery that the oil price, which remains on a low level in a multi-year comparison, experienced in Q2 stalled the next quarter as the price plunged from USD 62 to USD 47. Meanwhile, the foreign exchange market saw the euro make marginal gains on the US dollar as its value climbed to USD 1.12. These two developments put serious constraints on any price upsurge in Germany. In a year-on-year comparison, the inflation rate equalled 0.2% in July and August, and 0.0% in September. Yet the favourable parameters neither stimulated the economy, nor did they translate into any quantifiable ramifications for the stock market.

In addition to the stock of two major utility providers, Volkswagen and K+S suffered above-average impairments. On 21 September, Vonovia SE, the former Deutsche Annington, became the first real estate company to move up into the DAX 30.

The stock of ACCENTRO Real Estate AG largely ignored the poor overall performance of the stock market. But despite the company's robust business situation, it suffered a 5.2% fall in share price in Q3. This is surely explained not least by the profit-taking, because our share price continued to make substantial gains as recently as the first semester. On 1 July, the share price was quoted at EUR 2.88. On the last trading day of the quarter it was down to EUR 2.73. It equalled a market capitalisation of EUR 67.37 million, whereas the Net Asset Value (NAV) equalled EUR 4.77 on 30 September. This means that our stock traded at a discount of 42% on the NAV.

### ACCENTRO share price development from 1 January 2015 to 30 September 2015



The average daily trading volume (Xetra) of ACCENTRO stock was 8,044 pieces during the third quarter of 2015. So the volume is only half as high as it was during the first semester, a fact that can surely be blamed on the sparse flow of information during that time. The fungibility of our stock was more or less the same as during H2 2014. Increased investor interest was manifest just before and right after the publication of our semi-annual report. Between 1 July and 30 September, a total of 442,000 ACCENTRO Real Estate AG shares were traded in the Xetra trading system alone.

#### Shareholding structure

The number of ACCENTRO Real Estate AG shares in circulation experienced a modest increase from 24,436,864 to 24,678,200 by the end of the reporting period (30 September 2015) after some convertible bonds were exercised. The number of no-par value bearer shares outstanding by year-end 2014 was 24,436,464.

86.98% of the shares are held by ADLER Real Estate AG while 13.02% are in free float.

## Share price performance of ACCENTRO Real Estate AG at a glance

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### ACCENTRO Real Estate AG

Company shares	
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### Investor relations activities

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Presenting the market action in transparent ways, maintaining an open dialogue with the capital market and reporting regularly on relevant corporate events – these aspects have played a key role for ACCENTRO in the 2015 financial year, just like they did in previous years. The Management Board elaborated its company policy and business model in several public communiqués in both print and online media, while always remaining available for direct investor dialogue to address inquiries and issues.

# ■ Interim Management Report

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## ■ Preliminary Remarks

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

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

## ■ 1 Basic Structure of the Group

### 1.1 Group business model, objectives and strategies

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The ACCENTRO Group is a listed property company focusing on residential real estate in Germany. Its business activities are limited to real property in Germany, particularly in economically attractive locations, primarily including so-called Class B and Class C cities and the city of Berlin. The business activities of ACCENTRO focus, on the one hand, on the management of residential real estate holdings, and, on the other hand, on trading residential properties within the framework of apartment retailing. The dual focus is reflected in the division of the ACCENTRO Group business into the two segments of "Portfolio" and "Trading."

#### **Portfolio**

In the Portfolio segment, the ACCENTRO Group identifies housing stock with a sustainable positive cash flow and high value-added potential, and exploits its management know-how to raise this potential efficiently and to ensure regular cash flows from the management of the acquired portfolios.

#### **Trading**

The "Trading" segment of the ACCENTRO Group includes the buying and selling of residential properties and individual apartments, especially the retailing of apartments to owner-occupiers and buy-to-let investors within the framework of retail privatisations of housing portfolios. The circle of potential clients includes, in addition to domestic buyers, a considerable share of private foreign investors who seek to acquire condominiums in Germany, either for owner-occupation or as private investments let to third-party tenants. The privatisation services provided by the ACCENTRO Group involve both the retailing of apartments from proprietary property stock of the ACCENTRO Group and the provision of privatisation services on behalf of third parties.

Going forward, ACCENTRO Real Estate AG will intensify its focus on the privatisation of apartments from its proprietary stock as well as on behalf of third parties. ACCENTRO Real Estate AG also intends to limit its future acquisitions of housing stock to its apartment retailing business line (privatisations).



## 1.2 Group structure and control system

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ACCENTRO Real Estate AG is the parent company of the ACCENTRO Group. It acts as the operative holding company for a number of entities. For entities in which it holds a controlling interest, ACCENTRO Real Estate AG assumes the top-down responsibilities of corporate controlling, funding, and administration within the ACCENTRO Group. The sphere of ownership of ACCENTRO Real Estate AG includes core divisions such as Legal, Accounting, Controlling, Risk Management, Funding, and IT.

The ACCENTRO AG Group consists of the subgroup Magnus-Relda Holding Vier, which was formed during the previous financial year, and which holds major shares of the portfolio as well as several property vehicles that own the real estate inventory of the ACCENTRO Group. The subgroup and all of the property vehicles are consolidated in the consolidated interim financial statements of ACCENTRO AG.

The ACCENTRO Group subdivides into two divisions, "Trading" and "Portfolio." There are no other subdivisions. The segment reporting follows the same division structure. To control the Group, ACCENTRO Real Estate AG uses control variables that are fine-tuned to meet the specificities of each Group segment and of the Group as a whole. The first nine months of 2015 saw no changes compared to the consolidated financial statements of the 2014 short financial year in this regard.

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

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

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

## 1.3 Research and development

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With its activities concentrated in the areas of residential and commercial property letting and of property trading, the ACCENTRO Group has no need to conduct research and development activities, nor is it dependent on licenses and patents.

## ■ 2 Economic Report

### 2.1 Macro-economic development

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Germany's national economy is going through a cycle of stable if muted growth at the moment. The Q2 figures published in August recognise a quarter-on-quarter GDP growth of 0.4 % when adjusted for calendar effects. Concerning the year as a whole, the German economy is said to show growth opportunities that exceed the pan-European average. The Federal Ministry of Economic Affairs and Technology projects a GDP growth of 1.7 %, the Council of Experts 1.8 %, the EU Commission 1.9 %, and the IW Economic Institute in Cologne an actual 2.25 %. Among the larger EU countries, only the United Kingdom and Poland are expected to see higher growth rates, whereas the other eurozone member states suffer from the austerity policy. The Ifo Business Climate Index for the commercial economy of Germany, with a score of 100 representing an unchanged economic outlook, declined slightly in October, but maintained a high level of 108.2 points. The latest assessments of the situation did not quite meet the top marks of 2014.

Inflation expectations remain muted. While the OECD puts the price upsurge at a barely noticeable rate close to zero, the German Ministry of Economic Affairs predicts an annual inflation rate of 0.3 %. During Q3, the year-on-year price growth equalled 0.2 % each in July and August, whereas the rate in September was 0.0 %. The German labour market also remained robust throughout the reporting period. In September, the unemployed figure dropped by 99,800 to 2,708,000 year on year. At the same time, 608,000 new jobs were registered, bringing social security-covered employment up to a total of 30,729 million jobs.

Borrowing parameters remained favourable during Q3 for residential real estate companies such as ACCENTRO Real Estate AG that rely on debt capital. Then again, the lack of investment alternatives and the enormous liquidity, which is further boosted by the ECB's bond-buying scheme, acted as price drivers on the residential property market.

### 2.2 Development of the German housing market

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The third quarter did not see any spectacular investments of the sort registered the previous year, such as the takeover of Gagfah by Deutsche Annington or the takeover of GSW Immobilien by Deutsche Wohnen AG. When taking a long-term view, however, the sales transacted on the German housing market between July and September were certainly substantial at nearly EUR 1.9 billion. Compared to the first semester, when more than EUR 15 billion worth of residential portfolios changed hands, it implied a dip, though.

According to a survey by BNP Paribas Real Estate, almost 70 % of all transactions were deals worth less than EUR 25 million. Sales by property developers accounted for a respectable 8 %. Listed property companies were responsible for the vast majority of the acquisitions, with institutional funds, private investors and other real estate companies trailing far behind. Domestic buyers accounted for 88 % of the investment turnover. For the year as a whole, the turnover is expected to equal at least EUR 20 billion by the end of 2015.

Since 2010, German residential real estate has increasingly moved centre stage as an asset class of choice among investors from inside and outside Germany. The trend has triggered a price hike that started in the most coveted German metropolises (Berlin, Munich, Hamburg, Cologne and Frankfurt) and later expanded to include secondary cities. The favourable devel-

opment is reflected in the 2015 Homeownership Report published by ACCENTRO Real Estate AG itself. Although the number of metropolitan apartments sold experienced a year-on-year decline by 3.3% in 2014, the selling prices went up by 3.6% during the same period of time. In the core market of Berlin, prices continued to push up across all residential locations. Since Berlin represents the most important one among the relevant markets, especially in the privatisation segment, we keep rating the market environment as favourable for our business model.

### 2.3 Business performance

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During the first three quarters of 2015, the business performance of the ACCENTRO Group on the residential property markets relevant for the Group coincided with an altogether favourable market environment. This goes both for the tenant demand in the "Portfolio" segment and for the condominium demand by owner-occupiers or buy-to-let investors in the "Trading" segment. In terms of income after taxes, the ACCENTRO Group achieved its most successful nine-month result on record that was driven by the sale of one subsidiary from the "Portfolio" segment and a considerable sales increase in the privatisation business. So far, the ACCENTRO Group has achieved an obviously positive result, thus living up to the forecast for the parent Group.

The Group's revenues rose by EUR 21.4 million since the same nine-month period last year, which is essentially attributable to two influencing factors. On the one hand, the letting take-up in the "Portfolio" segment has predictably surged year on year as a direct result of the assets acquired for the portfolio in late 2014. On the other hand, sales in the "Trading" segment were substantially boosted in 2015, as predicted, by the privatisation of assets that had been acquired during the short financial year. Revenues from services were the one segment that fell short of growth expectations, with their share in the total revenues declining by approximately EUR 1 million.

ACCENTRO AG earned a net income of TEUR 15,951 from final consolidations by selling its interest in a company with a residential property portfolio in Berlin-Hohenschönhausen with altogether 1,174 units and a usable area of 76,386 m<sup>2</sup>, as well as by selling off the companies remaining from its prior activities in the listed building sector.

The company's share capital changed during the reporting period when 400 convertible bonds from the 2014/2019 convertible bond and 241,336 convertible bonds from the 2012/2017 convertible bond were converted into one share in ACCENTRO Real Estate AG each, so that the share capital totalled EUR 24,678,200.00 as of 30 September 2015.

The latter 2012/2017 convertible bond was redeemed in September 2015 as announced.

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

## 2.4 Earnings, financial position and assets

### Earnings position

The ACCENTRO Group's key revenue and earnings figures developed as follows during the first nine months of the 2015 financial year:

	9 months 2015	9 months 2014
	million EUR	million EUR
Revenues	44.7	23.3
EBIT	35.4	5.6
Consolidated income	22.2	-3.1

The consolidated revenues added up to EUR 44.7 million during the nine-month period of the 2015 financial year. They break down into the following segments:

- Portfolio: EUR 13.2 million (prior-year period: EUR 8.6 million)
- Trading: EUR 31.5 million (prior-year period: EUR 14.7 million)  
thereof
- Other trade: EUR 0.0 million (prior-year period: EUR 0.4 million)
- Privatisation: EUR 31.5 million (prior-year period: EUR 14.7 million)

The growth in consolidated revenues is attributable to both the "Portfolio" segment and the "Trading" segment. As predicted, the sub-segment "Other trade" in the "Trading" segment no longer contributes to the consolidated revenues.

The gross operating profit (EBIT) of the "Trading" segment of the 2015 period under review increased from EUR 2.0 million at the end of the reference period to EUR 5.0 million. This is primarily explained by an increase in sales and in rental income from a considerably expanded privatisation portfolio.

Sales in the "Portfolio" segment amounted to EUR 13.2 million (reference period: EUR 8.6 million) during the 2015 period under review. The rise in rent revenues is essentially attributable to the fact that newly acquired properties that were added to the portfolio in 2014 have boosted the turnover total. The loss of the rental income from the Hohenschönhausen portfolio that was sold has had the inverse effect.

The operating result (EBIT) of the "Portfolio" segment equalled EUR 30.6 million (reference period: EUR 3.8 million). The increase compared to the prior-year period reflects essentially the expansion of the proprietary portfolio, earnings from the capital growth of investment properties and the profit generated by the final consolidation of the company ESTAVIS Berlin Hohenschönhausen GmbH.

For a detailed income list by segment, please see the elaborating notes on the nine-month financial statements in section 4.1.

The consolidated income by the end of the reporting period equalled EUR 22.2 million (reference period: EUR -3.1 million). The clearly positive net income matches the forecast ventured for the development of the 2015 financial year in conjunction with the statements of account presented as of 31 December 2014.

The other operating income rose to a total of EUR 17.1 million, after EUR 5.8 million in the reference period. The key factor responsible for the growth is the disposal of the company ESTAVIS Berlin Hohenschönhausen GmbH.

The total payroll and benefit costs during the reporting period were EUR 1.7 million lower than in the reference period a year ago (EUR 3.0 million), which is essentially due to the elimination of one-off items and the reduced workforce after the companies J2P Real Estate AG and J2P Service GmbH were sold during the 2014 short financial year.

The financial results of Q1–3 2015 equalled EUR –9.4 million after EUR –5.5 million during the reference period. The increase in interest expense is essentially explained by the financing of the real estate portfolios acquired during the 2014 short financial year.

The earnings before taxes equal EUR 26.0 million, down from EUR 0.2 million at the end of the reference period. Taking into account income taxes of EUR –3.8 million (reference period: EUR –3.3 million), this results in a consolidated profit of EUR 22.2 million.

## Financial position

### Key figures from the cash flow statement

	9 months 2015	9 months 2014
	million EUR	million EUR
Cash flow from operating activities	–70.0	–15.6
Cash flow from investment activities	53.7	–37.0
Cash flow from financing activities	17.0	51.3
Net change in cash and cash equivalents	0.8	–1.3
Cash and cash equivalents at the beginning of the period	7.7	6.7
Cash and cash equivalents at the end of the period	7.9	5.5

During the first nine months of the 2015 financial year, the cash flow from operating activities was EUR –70.0 million (reference period: EUR –15.6 million). The net cash used in operating activities breaks down into the cash profit for the period and cash-effective changes in current working capital. A positive impact on the net cash used in operating activities was generated by rent payments and the amounts deposited in return for inventory properties sold. The operating cash flow is impaired by all of the operating expenditures, including income tax payments. Earnings from unrealised increases in the value of real estate inventories were also eliminated from the operating cash flow as non-cash items. On top of that, the cash flow from operating activities was influenced by gains or losses, as the case may be, from the disposals of subsidiaries. The negative cash flow, which is quite high at EUR –70.0 million, is essentially explained by cash outflow for properties bought for the trading portfolio, whose total value is now at EUR 82.8 million.

The cash flow from investment activities amounted to EUR 53.7 million during the reporting period (reference period: EUR –36.9 million). It reflects essentially the purchase price payments the Group received in H1 2015 for several subsidiaries sold.

The cash flow from financing activities amounted to EUR 17.0 million during the period under review (previous year: EUR 51.3 million), and breaks down into new loans taken out for the purpose of expanding the property stock, payment outflows for the principal repayment of

bonds and financial liabilities, and the one-off full repayment of the shareholder loan to the parent company Adler Real Estate AG, as well as loan repayments associable with the sale of properties in the "Trading" portfolio.

Liquid assets amounted to EUR 7.9 million by 30 September 2015 (when taking the companies earmarked for sale into account), compared to EUR 7.7 million by 31 December 2014.

During the reporting period, the shareholders' equity of the ACCENTRO Group rose from EUR 85.9 million as of 31 December 2014 to EUR 108.7 million as of 30 September 2015. The increase reflects essentially the result of the first nine months in the amount of EUR 22.2 million, and the increase in convertible bond conversions into shareholders' equity in the amount of EUR 0.6 million. This translates into an equity ratio of 26.9%, which is significantly higher than the equity ratio as of the balance sheet date of the prior financial year (21.3%).

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

### **Asset position**

The total assets increased by EUR 1.4 million since the balance sheet date of the previous financial year, going up slightly to a total of EUR 403.6 million. The decline in investment property caused by selling the portfolio in Berlin-Hohenschönhausen was modestly overcompensated by new acquisitions for the "Trading" portfolio.

Non-current liabilities decreased by EUR 33.9 million since the balance sheet date of the previous financial year. The decline is essentially due to the repayment of the shareholder loan, the reduction in non-current financial liabilities by selling several companies, and the reclassification of non-current as current liabilities in connection with contemplated property sales and the corresponding need to repay the loans associated with these properties.

Current liabilities rose by EUR 12.5 million to EUR 73.1 million (previous year: EUR 60.6 million). The increase can essentially be traced back to the reclassification of liabilities that were originally non-current but have now become current liabilities in conjunction with contemplated sales and the loan repayments associable with them.

### **General statement on the Group's business situation**

In the annual report for the 2014 short financial year, the Management Board assumed that the consolidated funds from operations would substantially increase in the course of the 2015 financial year. With this objective in mind, the Management Board predicted noticeably enhanced earnings in the "Trading" segment and a sustainably stable contribution to operating income in the "Portfolio" segment. The reporting period experienced a growth in net income in the "Trading" segment. With steady improvement of its occupancy, the "Portfolio" segment is well on its way toward a sustainable positive contribution to operating income. The sales of certain subsidiaries resulted in a net income of EUR 16.0 million. With this in mind, the Management Board of ACCENTRO Real Estate AG continues to expect substantial growth in revenue and earnings by the end of the 2015 financial year.

### ■ 3 Supplementary Report

In the time since the reporting date, property sales from the portfolio and privatisation segments that involved 95 residential units with a total residential floor area of 3,596 m<sup>2</sup> and two commercial units with a total commercial floor area of 270 m<sup>2</sup> in an aggregate value of TEUR 7,545 in Berlin and Nuremberg were notarised whose transfer of rights and duties will most likely take place in Q4.

No other events of major significance for the business development of the ACCENTRO Group have occurred since the end of Q3 of the 2015 financial year.

### ■ 4 Forecast, Opportunity and Risk Report

#### Forecast Report

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The forecasts and other disclosures regarding the future business performance of the ACCENTRO Group that were ventured in the 2014 consolidated financial statements are being upheld.

Going forward, ACCENTRO Real Estate AG will intensify its focus on the privatisation of apartments from its proprietary stock as well as on behalf of third parties as it continues to expand, and keeps buying new property.

#### Opportunity and Risk Report

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

The risks for the ACCENTRO Group identified in the Risk Report of the Group Management Report for the previous short financial year of 2014 underwent no major revision during the period under review, so that reference should be made to the aforesaid Risk Report.

#### Overall assessment

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

ACCENTRO Real Estate AG intends specifically to boost its revenues by stepping up its activities in the housing privatisation sector. On the basis of a stable business performance and viable cost income ratios, the company expects to see a sustained improvement of its income and financial position during the next two years.

The massive incoming migration in Germany that gathered momentum in Q3 2015 will, in the company's opinion, have sustained ramifications for the rental housing market. This context presents demonstrable development opportunities for real estate stock with increased void levels. ACCENTRO AG also associates this recent development with a great chance for the positive and sustainable redevelopment of its "Portfolio" segment.

The Group continues to aim for a clearly positive net income in the ongoing year.



## ■ Consolidated Balance Sheet

ACCENTRO Real Estate AG		30 Sep. 2015	31 Dec. 2014
Assets		TEUR	TEUR
<b>Non-current assets</b>			
Goodwill		17,776	17,776
Other intangible assets		55	41
Property, plant and equipment		188	171
Investment property		178,399	257,861
Equity investments		1,188	1,175
Equity interests accounted for using the equity method		1,590	1,068
<b>Total non-current assets</b>		<b>199,194</b>	<b>278,092</b>
<b>Current assets</b>			
Inventory properties		158,649	75,897
Trade receivables		10,308	21,232
Other receivables and other assets		17,305	19,173
Current income tax receivables		44	119
Cash and cash equivalents		7,868	7,681
<b>Total current assets</b>		<b>194,174</b>	<b>124,103</b>
Non-current assets held for sale		10,257	–
<b>Total assets</b>		<b>403,625</b>	<b>402,196</b>

## Consolidated Balance Sheet

ACCENTRO Real Estate AG	30 Sep. 2015	31 Dec. 2014
<b>Equity</b>	TEUR	TEUR
Subscribed capital	24,678	24,436
Capital reserves	53,117	52,757
Retained earnings	30,194	8,225
Attributable to parent company shareholders	107,989	85,419
Attributable to non-controlling interests	692	432
<b>Total equity</b>	<b>108,681</b>	<b>85,851</b>
<b>Liabilities</b>	TEUR	TEUR
<b>Non-current liabilities</b>		
Provisions	30	30
Financial liabilities to banks	192,321	190,152
Debentures	21,194	21,463
Shareholder loans	0	34,194
Deferred taxes	8,270	9,859
<b>Total non-current liabilities</b>	<b>221,815</b>	<b>255,698</b>
<b>Current liabilities</b>		
Provisions	2,612	2,066
Financial liabilities to banks	42,082	36,434
Debentures	836	166
Down payments received	10,250	9,084
Current income tax liabilities	284	1,363
Trade payables	3,523	3,147
Shareholder loans	2,305	0
Other liabilities	6,462	8,387
<b>Total current liabilities</b>	<b>68,355</b>	<b>60,646</b>
Non-current assets held for sale	4,774	–
<b>Total assets</b>	<b>403,625</b>	<b>402,196</b>

## Consolidated Income Statement

ACCENTRO Real Estate AG	Q3 2015 01 July 2015 – 30 Sep. 2015	Q3 2014 01 July 2014 – 30 Sep. 2014	9 months 2015 01 Jan. 2015 – 30 Sep. 2015	9 months 2014 01 Jan. 2014 – 30 Sep. 2014
	TEUR	TEUR	TEUR	TEUR
Revenues from sales of inventory properties	15,188	7,206	26,022	11,812
Expenses from sales of inventory properties	-11,979	-5,581	-20,996	-9,382
<b>Capital gains from inventory properties</b>	<b>3,209</b>	<b>1,625</b>	<b>5,027</b>	<b>2,430</b>
Revenues from sales of investment properties	0	250	740	754
Expenses from sales of investment properties	0	-217	-740	-721
<b>Capital gains from investment properties</b>	<b>0</b>	<b>33</b>	<b>0</b>	<b>33</b>
<b>Capital gains from property sales</b>	<b>3,209</b>	<b>1,658</b>	<b>5,027</b>	<b>2,463</b>
Letting revenues	4,998	2,874	16,395	8,198
Letting expenses	-1,964	-1,088	-6,515	-3,251
<b>Net rental income</b>	<b>3,034</b>	<b>1,786</b>	<b>9,879</b>	<b>4,948</b>
Revenues from services	252	571	1,565	2,555
Expenses from services	-115	-378	-977	-1,581
<b>Net service income</b>	<b>137</b>	<b>193</b>	<b>588</b>	<b>974</b>
Other operating income	79	226	17,176	5,811
Result from the valuation of investment properties	10	37	8,500	3,107
<b>Earnings from other income</b>	<b>89</b>	<b>263</b>	<b>25,676</b>	<b>8,918</b>
<b>Gross profit or loss</b>	<b>6,469</b>	<b>3,900</b>	<b>41,170</b>	<b>17,303</b>
Staff costs	-532	-1,087	-1,744	-2,951
Depreciation and amortisation of intangible assets and property, plant and equipment	-27	-23	-73	-73
Impairments of inventories and accounts receivable	-28	-137	-259	-1,994
Other operating expenses	-910	-920	-3,661	-6,681
<b>EBIT (earnings before interest and income taxes)</b>	<b>4,971</b>	<b>1,733</b>	<b>35,433</b>	<b>5,604</b>
Net income from associates	642	0	657	41
Interest income	138	74	170	134
<b>Interest expense</b>	<b>-2,963</b>	<b>-1,900</b>	<b>-10,225</b>	<b>-5,624</b>
<b>EBT (earnings before income taxes)</b>	<b>2,788</b>	<b>-93</b>	<b>26,036</b>	<b>154</b>
Income taxes	-603	234	-3,811	-3,298
Consolidated income from continuing operations	2,185	142	22,224	-3,209
Earnings after taxes of discontinued operations	0	0	0	65
<b>Consolidated income</b>	<b>2,185</b>	<b>142</b>	<b>22,224</b>	<b>-3,144</b>
thereof attributable to non-controlling interests	66	-9	235	9
thereof attributable to shareholders of the parent company	2,119	150	21,990	-3,153
<b>Earnings per share</b>				
Basic earnings per share	0.09	0.01	0.90	-0.15
Diluted earnings per share	0.08	0.02	0.75	-0.09

## ■ Consolidated Cash Flow Statement

ACCENTRO Real Estate AG	9 months 2015 01 Jan. 2015 – 30 Sep. 2015	9 months 2014 01 Jan. 2014 – 30 Sep. 2014
	TEUR	TEUR
Consolidated income	22,224	-3,144
+ Depreciation/amortisation of non-current assets	73	73
+/- Increase/decrease in provisions	914	932
+ Impairment on assets held for sale	100	0
+/- Changes in the value of investment property	-8,500	-3,390
+/- Other non-cash expenses/income	5,364	3,481
-/+ Gains/losses from the disposal of non-current assets	2	-32
-/+ Increase/decrease in inventories, trade receivables and other assets that are not attributable to investing or financing activities	-73,420	-15,651
+/- Increase/decrease in inventories, trade payables and other liabilities that are not attributable to investing or financing activities	-746	2,768
- Cash outflows for investments in fully consolidated companies with properties held as trading assets	-10	0
-/+ Gains/losses from disposals of subsidiaries	-15,951	0
+/- Interest expenses/interest income	0	0
+/- Other income tax payments	-27	-673
<b>= Cash flow from operating activities</b>	<b>-69,976</b>	<b>-15,637</b>
+ Proceeds from the disposal of intangible assets	0	0
+ Proceeds from the disposal of property, plant and equipment	0	12
+ Proceeds from the disposal of investment property	0	650
+ Payments received for the disposal of financial assets	0	0
+ Proceeds from the disposal of fully consolidated companies	54,614	58
+ Interest received	0	2
- Cash outflows for investments in intangible assets	-35	-4
- Cash outflows for investments in property, plant and equipment	-92	-50
- Cash outflows for investments in investment properties	-745	-21,475
- Cash outflows for investments in non-current assets	0	-1,175
- Cash outflows for investments in fully consolidated companies	0	-14,935
<b>= Cash flow from investment activities</b>	<b>53,742</b>	<b>-36,917</b>

Continued on page 21

## ■ Consolidated Cash Flow Statement

ACCENTRO Real Estate AG	9 months 2015 01 Jan. 2015 – 30 Sep. 2015	9 months 2014 01 Jan. 2014 – 30 Sep. 2014
	TEUR	TEUR
Continued from page 20		
+ Payments made by shareholders	0	3,612
– Payments to shareholders	0	0
+ Payments from issuing bonds and raising (financial) loans	69,992	62,143
– Repayment of bonds and (financial) loans	–46,356	–10,819
– Interest paid	–6,611	–3,644
<b>= Cash flow from financing activities</b>	<b>17,024</b>	<b>51,292</b>
Net change in cash and cash equivalents	791	–1,262
+ Increase in cash and cash equivalents from investments in fully consolidated companies	0	175
– Decrease in cash and cash equivalents from the disposal of fully consolidated companies	–604	–38
+ Cash and cash equivalents at the beginning of the period	7,681	6,674
<b>= Cash and cash equivalents at the end of the period</b>	<b>7,868</b>	<b>5,549</b>

## Consolidated Statement of Changes in Equity

for the period from 1 January 2015 to 30 September 2015

	Issued capital	Capital reserve*	Retained earnings	Total	Non-controlling interests	Total
ACCENTRO Real Estate AG	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
<b>As of 1 January 2015</b>	<b>24,436</b>	<b>52,757</b>	<b>8,225</b>	<b>85,419</b>	<b>432</b>	<b>85,851*</b>
Consolidated income	–	–	21,990	21,990	234	22,224
Other comprehensive income	–	–				
Total consolidated profit/loss	–	–				
Company acquisition	–	–	–	–	26	26
Convertible bonds converted	242	338		580		580
<b>As of 30 September 2015</b>	<b>24,678</b>	<b>53,096</b>	<b>30,215</b>	<b>107,410</b>	<b>692</b>	<b>108,681</b>

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

## Consolidated Statement of Changes in Equity

for the period from 1 January 2014 to 30 September 2014

	Issued capital	Capital reserve	Retained earnings	Total	Non-controlling interests	Total
ACCENTRO Real Estate AG	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
<b>As of 1 January 2014</b>	<b>18,233</b>	<b>44,489</b>	<b>4,395</b>	<b>67,117</b>	<b>368</b>	<b>67,485</b>
Consolidated income	–	–	–3,153	–3,153	–5	–3,158
Other comprehensive income	–	–	0	0	0	0
Total consolidated profit/loss	–	–	–3,153	–3,153	–5	–3,158
Increase in kind	1,097	1,597		2,694	46	2,740
Costs of raising equity		–236		–236		–236
Companies acquired				0	–67	–67
Companies sold				0		0
Changes in non-controlling interests				0		0
Issuance of convertible debenture		1,739		1,739		1,739
Cash capital increase	1,806	1,806		3,612		3,612
Convertible bonds converted	3,300	3,362		6,662		6,662
<b>As of 30 September 2014</b>	<b>24,436</b>	<b>52,757</b>	<b>1,242</b>	<b>78,435</b>	<b>342</b>	<b>78,777</b>

# ■ Selected Disclosures on Condensed Consolidated Interim Financial Statements

## ■ 1 Basic Information

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

As of 30 September 2015, ACCENTRO Real Estate AG acted as the operating holding company for a number of property vehicles.

These condensed consolidated interim financial statements were approved for publication by the company's Management Board in November 2015. The condensed consolidated interim financial statements were not checked by an auditor or subjected to review.

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

## ■ 2 Significant Accounting Policies

The condensed consolidated interim financial statements for the third quarter of the 2015 financial year, which ended on 30 September 2015, were prepared in accordance with the provisions of IAS 34 "Interim Financial Reporting" as adopted by the EU by way of a regulation. The condensed consolidated interim financial statements should be read in conjunction with the most recent consolidated financial statement of ACCENTRO Real Estate AG for the year ended 31 December 2014.

With the following exceptions, the accounting policies applied in the condensed interim consolidated financial statements are the same as those applied in the preparation of the most recent consolidated financial statements for the year ended 31 December 2014.

In the ongoing financial year, the application of the following new or amended accounting standards and interpretations has become mandatory in IFRS consolidated financial statements for the first time:

Standard/interpretation	
IFRS 2010–2012	Annual Improvements to IFRS 2010–2012 Cycle
IFRS 2011–2013	Annual Improvements to IFRS 2011–2013 Cycle
IAS 19	Employee Benefits

Their introduction necessitated no material changes to the financial reporting for the consolidated financial statements of ACCENTRO Real Estate AG. No accounting standards were applied early.

All amounts posted in the balance sheet, income statement, statement of changes in equity, and cash flow statement, as well as in the notes and tabular overviews, are quoted in thousands of euro (TEUR), unless otherwise noted. Both individual and total figures represent the value with the smallest rounding difference. Small differences can therefore occur between the sum of the individual values represented and the reported totals. The comparability of the two is limited because the basis of consolidation has undergone material changes as a result of major acquisitions and dispositions of real estate portfolios in the time since H1 of the 2014 calendar year. On top of that, the structure of the income statement was adjusted to reflect standard industry practice in accounts presentations.

## ■ 3 Consolidation

### 3.1 Consolidated group

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As of 30 September 2015, the condensed interim consolidated financial statements of ACCENTRO Real Estate AG included 28 subsidiaries, one joint venture, and two associates. During the financial year's nine-month period ending 30 September 2015, the basis of consolidation as of 31 December 2014 (27 subsidiaries, one joint venture, two associates) expanded to include one shelf company and three companies created for the privatisation unit. No business operations were taken over during that time. In addition, three subsidiaries were sold by 30 September 2015.

The ACCENTRO Group will be included in the interim financial statements of ADLER Real Estate AG, Hamburg, as its top-tier parent company.

### 3.2 Significant transactions during the interim report period

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In line with its ongoing efforts to realign its strategic focus with the privatisation segment, the company divested itself of the companies ESTAVIS Berlin Hohenschönhausen GmbH, ESTAVIS Filmfabrik GmbH & Co. KG and ESTAVIS Vermögensverwaltungs GmbH during the second quarter.

On 30 April 2015, ACCENTRO Real Estate AG signed a deed selling its interests in the company ESTAVIS Berlin Hohenschönhausen GmbH with its residential property portfolio of altogether 1,174 units and a usable area of 76,386 m<sup>2</sup>. Moreover, all interests in the partnership ESTAVIS Filmfabrik GmbH & Co. KG and its general partner company ESTAVIS Vermögensverwaltungs GmbH were sold during the second quarter. The sales of these companies concluded the wind-down of the Group's property development and listed property activities, and the "Other Trade" sub-segment will therefore be omitted from future segment reporting. The final consolidation of the three companies resulted in a net income of TEUR 15,951 for the ACCENTRO Group.

Preparatory measures for selling the company MBG 2. Sachsen Wohnen GmbH (formerly ESTAVIS Zweite Sachsen Wohnen GmbH & Co. KG) were already implemented during the first six months of 2015. The intention to dispose of the company in the near term is, however, not being pursued at this time.

The future business focus on the privatisation segment was further deepened during the third quarter. The legal transfer of four assets from the portfolio segment will most likely go ahead during the next 12 months.



Accordingly, the operations are categorised as disposal group or as assets held for sale.

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

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

### 4.1 Segment information

Quarter on quarter, the segment results for the third quarter of the 2015 financial year present themselves as shown below:

	Total		Privatisation		Trading		Portfolio		Group	
	2015	2014	2015	2014	Other trade		2015	2014	2015	2014
	TEUR	TEUR	TEUR	TEUR	2015	2014	TEUR	TEUR	TEUR	TEUR
Revenues (external)	17,033	7,898	17,033	7,898	0	0	3,405	3,003	20,438	10,901
thereof										
Letting	1,592	121	1,592	121	0	0	3,405	2,753	4,998	2,874
Disposals	15,188	7,206	15,188	7,206	0	0	0	250	15,188	7,456
Brokerage	252	571	252	571	0	0	0	0	252	571
Changes in the value of investment property							10	37	10	37
<b>Operating income</b>	<b>3,569</b>	<b>975</b>	<b>3,756</b>	<b>1,139</b>	<b>-187</b>	<b>-164</b>	<b>1,402</b>	<b>756</b>	<b>4,971</b>	<b>1,732</b>
Result from the equity interests accounted for, using the equity method	642	0	642	0					642	0
<b>Financial results</b>	<b>136</b>	<b>-495</b>	<b>71</b>	<b>-258</b>	<b>66</b>	<b>-237</b>	<b>-2,319</b>	<b>-1,330</b>	<b>-2,183</b>	<b>-1,825</b>
<b>Net profit before income taxes</b>	<b>3,705</b>	<b>480</b>	<b>3,827</b>	<b>881</b>	<b>-121</b>	<b>-401</b>	<b>-917</b>	<b>-573</b>	<b>2,788</b>	<b>-93</b>

The positive financial result in the privatisation segment is essentially attributable to the net income from associates that was taken into account.

Compared to the prior-year period, the segment results for the first nine months of the 2015 financial year present themselves as shown below:

	Total		Privatisation		Trading		Portfolio		Group	
	2015	2014	2015	2014	Other trade		2015	2014	2015	2014
	TEUR	TEUR	TEUR	TEUR	2015	2014	TEUR	TEUR	TEUR	TEUR
Revenues (external)	31,497	14,676	31,497	14,321	0	354	13,225	8,643	44,723	23,319
thereof										
Letting	3,927	309	3,927	307	0	2	12,468	7,889	16,395	8,198
Disposals	26,005	11,812	26,005	11,459	0	352	740	754	26,762	12,566
Brokerage	1,565	2,555	1,565	2,555	0	0	0	0	1,565	2,555
Changes in the value of investment property							8,500	37	8,500	37
<b>Operating income</b>	<b>4,763</b>	<b>1,818</b>	<b>5,959</b>	<b>2,031</b>	<b>-1,196</b>	<b>-213</b>	<b>30,671</b>	<b>3,784</b>	<b>35,433</b>	<b>5,603</b>
Result from the equity interests accounted for, using the equity method	657	41	657	41	0		0		657	41
<b>Financial results</b>	<b>-1,102</b>	<b>-1,610</b>	<b>-723</b>	<b>-1,089</b>	<b>-380</b>	<b>-521</b>	<b>-8,295</b>	<b>-3,839</b>	<b>-9,397</b>	<b>-5,449</b>
<b>Net profit before income taxes</b>	<b>3,660</b>	<b>208</b>	<b>5,237</b>	<b>942</b>	<b>-1,577</b>	<b>-734</b>	<b>22,376</b>	<b>-54</b>	<b>26,036</b>	<b>154</b>

The one-year increase in net income realised in the "Privatisation" sub-segment within the "Trading" segment during the first nine months of 2015 is essentially explained by the increased number of sales and the increased rental income from property earmarked for privatisation.

As predicted, the sub-segment "Other trade" in the "Trading" segment no longer contributes to the consolidated revenues. The sub-segment income is defined by the wind-up of the company's development and listed property activities. The negative income is essentially attributable to intra-group allocations and the final consolidation of the ESTAVIS Filmfabrik GmbH & Co. KG.

The result of the "Portfolio" segment was essentially defined by the disposal of the company ESTAVIS Berlin Hohenschönhausen GmbH during Q2 2015. A reappraisal of the investment properties that was conducted in conjunction with this sale in Q1 resulted in a repricing in the amount of TEUR 8,490. Moreover, the segment result was enhanced when the acquisition of a real estate portfolio including roughly 3,400 units during Q4 2014 widened the revenue base of the "Portfolio" segment accordingly.

Segment assets, segment liabilities and segment investments were recognised as follows by 30 September 2015:

	Trading	Portfolio	Unallocated	Group
	TEUR	TEUR	TEUR	TEUR
Segment assets	215,881	164,159	21,996	402,036
Equity interests accounted for, using the equity method	1,468	122		1,590
<b>Total segment assets</b>	<b>217,349</b>	<b>164,281</b>	<b>21,996</b>	<b>403,625</b>
<b>Segment liabilities</b>	<b>124,560</b>	<b>128,864</b>	<b>41,520</b>	<b>294,944</b>
Segment investments	102,723	469		103,192

The figures by the reporting date of the 2014 short financial year were as follows:

	Trading	Portfolio	Unallocated	Consolidation	Group
	TEUR	TEUR	TEUR	TEUR	TEUR
Segment assets	131,195	552,025	41,236	-323,328	401,128
Equity interests accounted for, using the equity method	947	124		-3	1,068
<b>Total segment assets</b>	<b>132,142</b>	<b>552,149</b>	<b>41,236</b>	<b>-323,332</b>	<b>402,196</b>
<b>Segment liabilities</b>	<b>87,557</b>	<b>415,434</b>	<b>105,684</b>	<b>-292,330</b>	<b>316,345</b>
Segment investments	61,816	130,690			192,505

Due to the adjustment of the mid-year 2015 representation of the segment assets, the segment liabilities and the segment investments, comparability of the figures with those of the short financial year is limited.

Segment assets primarily relate to property, plant and equipment, investment property, inventories, receivables, and receivables from third parties and from the other segment. Goodwill is allocated to the "Trading" segment. Not allocated are equity interests, furniture, fixtures and equipment, as well as licences and concessions.

The change in assets and liabilities is essentially explained by the revised representation. In addition, both segment assets and segment liabilities for the portfolio properties previously held by ESTAVIS Berlin Hohenschönhausen GmbH were substantially reduced by selling the interests in that company whose residential property portfolio accounted for a total of 1,174 residential units in the "Portfolio" segment. Conversely, the privatisation portfolio was further expanded, resulting in an increase in associated segment assets and segment liabilities.

The segment liabilities include financial liabilities, operating liabilities, and the liabilities vis-à-vis the other segment. Not allocated are accounts payable from bonds, liabilities vis-à-vis ADLER Real Estate AG, trade payables, and other liabilities.

The drop in segment liabilities is essentially attributable to the sale of the company ESTAVIS Berlin Hohenschönhausen GmbH along with its financial liabilities, and to the repayment of the shareholder loan to Adler Real Estate AG.

Segment investments include additions to property, plant and equipment and intangible assets as well as investment properties and properties earmarked for the trading portfolio.

## 4.2 Investment properties

The reappraisal of the real estate inventory by an external valuer in the course of the year, and deeds already signed for properties sold out of the Portfolio segment returned a valuation result from investment property valuations in the amount of TEUR 8,500. The result from the valuation of investment properties breaks down into earnings from fair value adjustments in the amount of TEUR 17,979 and expenditures from fair value adjustments in the amount of TEUR 9,479.

## 4.3 Earnings per share

The termination, and with it the repayment, of the 2012/2017 convertible bond took place on 18 September 2015 due to the insignificance of the amount still outstanding. The 2014/2019 convertible bond issued during the 2013/14 financial year created 5,395,906 conversion rights, entitling the bearer to one ACCENTRO Real Estate AG share each, which could dilute the earnings per share. The maturity of less than one year has created a dilution effect.

During the second quarter of 2015, a total of 400 convertible bonds from the 2014/2019 convertible bond were converted into one share in ACCENTRO Real Estate AG each.

Within the framework of the termination, a total of 241,336 convertible bonds from the 2012/2017 convertible bond were converted prematurely during Q3 2015.

Compared to the prior-year period, the earnings per share for the first nine months of the 2015 financial year present themselves as shown below:

	2015	2014
	EUR	EUR
<b>Earnings per share</b>		
basic	0.90	-0.15
diluted	0.75	-0.09

#### 4.4 Disclosures on financial instruments

The following tables show the reconciliation of the carrying amounts of financial instruments to the IAS 39 measurement categories and the fair values of the financial instruments with the source of measurement for each class:

30 September 2015	Book value	IAS 39 category	Fair Value	Measurement hierarchy
	TEUR		TEUR	
<b>Assets</b>				
Equity investments*	1,188	AfS	1,188	n/a
Trade receivables	10,308	LaR	10,308	Level 3
Miscellaneous receivables and capital assets	15,560	LaR	15,560	Level 3
Cash and cash equivalents	7,868	LaR	7,868	Level 2
<b>Total financial assets</b>	<b>34,924</b>		<b>34,924</b>	
<b>Liabilities</b>				
Long-term payables to banks and other lenders	192,321	AmC	192,321	Level 3
Bond liabilities	22,030	AmC	25,615	Level 1
Shareholder loans	2,305	AmC	2,305	Level 3
Short-term payables to banks and other lenders	42,082	AmC	42,082	Level 3
Trade payables	3,523	AmC	3,523	Level 3
Other short-term payables	3,914	AmC	3,914	Level 3
Non-current assets held for sale	4,774	AmC	4,774	Level 3
<b>Total financial liabilities</b>	<b>270,949</b>		<b>274,534</b>	

\* Since no range can be identified for the fair value measurement of the other equity investments, these are not categorised in the measurement hierarchy according to IAS 39 and the "at cost" valuation method, because the fair value cannot be determined with certainty, and because they are not earmarked for sale.

AfS = Available for Sale; LaR = Loans and Receivables; AmC = Amortized Cost

Short financial year 2014	Book value	IAS 39 category	Fair Value	Measurement hierarchy
	TEUR		TEUR	
<b>Assets</b>				
Equity investments*	1,175	AfS	1,175	Level 3
Trade receivables	21,232	LaR	21,232	Level 3
Miscellaneous receivables and capital assets	17,291	LaR	17,291	Level 3
Cash and cash equivalents	7,681	–	7,681	Level 2
<b>Total financial assets</b>	<b>47,379</b>		<b>47,379</b>	
<b>Liabilities</b>				
Long-term payables to banks and other lenders	190,152	AmC	190,152	Level 3
Bond liabilities	21,629	AmC	24,779	Level 1
Short-term payables to banks and other lenders	34,194	AmC	34,194	Level 3
Shareholder loans	36,434	AmC	36,434	Level 3
Trade payables	3,147	AmC	3,147	Level 3
Other short-term payables	5,189	AmC	5,189	Level 3
<b>Total financial liabilities</b>	<b>290,745</b>		<b>293,895</b>	

\* Since no range can be identified for the fair value measurement of the other equity investments, these are not categorised in the measurement hierarchy according to IAS 39 and the "at cost" valuation method, because the fair value cannot be determined with certainty, and because they are not earmarked for sale.  
AfS = Available for Sale; LaR = Loans and Receivables; AmC = Amortized Cost

Cash and cash equivalents, trade receivables and other receivables have remaining terms of short-term character. Accordingly, their carrying amounts equalled their fair value by the balance sheet date. The same applies, mutatis mutandis, to the trade payables and the other current liabilities.

The ACCENTRO Group's long and short-term payables vis-à-vis banks were posted at fair value on initial recognition, minus the transaction costs, these values always matching the initial costs. The accounts payable of recently acquired companies vis-à-vis banks were measured at fair value on initial recognition. Going forward, the carrying amount of all long-term and short-term payables vis-à-vis banks as of the balance sheet date equals the amount that application of the effective interest method would return as amortised costs. At the same time, the carrying amount of the accounts payable owed to banks is matched with its fair value.

The valuation of the bond without conversion rights was recognised at fair value minus transaction costs on initial recognition, the value matching the initial costs including transaction costs, and thereafter at amortised costs using the effective interest method as of the balance sheet date. The bonds with conversion rights were measured at fair value on initial recognition, with a market-consistent comparative interest rate taken into account and with transaction costs deducted. This present value represents the debt component of the bonds, which is posted in the bond liabilities. Their carrying amount represents a revaluation using the effective interest method.

#### 4.5 Related party transactions

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The ACCENTRO Group has a current liability of TEUR 272 to its associate SIAG Sechzehnte Wohnen GmbH & Co. KG. This amount resulted from settlement transactions between the two companies.

One subsidiary of ACCENTRO Group is a fully liable partner of the Wohneigentum Berlin GbR joint venture. This results in a warranty for loan debt of this civil-law partnership in the amount of TEUR 2,555. Moreover, there are accounts receivable from the Wohneigentum Berlin GbR in the amount of TEUR 344 that is matched by accounts payable to Wohneigentum Berlin GbR in the amount of TEUR 329.

The ACCENTRO Group has claims from sales commissions and a loan vis-à-vis its associate, the property company Malplaquetstrasse 23 Grundstücksverwaltungsgesellschaft mbH. The accounts receivable from the loan including interest equal 429 TEUR. Other accounts receivable add up to TEUR 129.

The ACCENTRO Group has a liability in the amount of TEUR 2,305 from a shareholder loan vis-à-vis its parent company. This liability arises from a shareholder loan granted by ADLER Real Estate AG at an interest rate of 5 %.

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

On 4 June 2015, the ACCENTRO Group signed a deed for the acquisition of 419 centrally located residential units in Berlin with a total residential area of 22,186 m<sup>2</sup> and an annual net rent of EUR 1.5 million for a purchase price of EUR 33.3 million. The assets were acquired from Westgrund AG, a company taken over by the parent company ADLER Real Estate AG in June 2015.

#### 4.6 Employees

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The ACCENTRO Group employed 24 staff by the end of Q3. This is down from 34 staff at the end of the prior-year period. On average, 42 employees were on the Group's payroll during the preceding short financial year. The change in human resources is explained by the fact that 12 employees left the Group with the companies sold (J2P Real Estate AG and J2P Service GmbH).

#### 4.7 Events after the reporting date

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In the time since the reporting date, property sales from the portfolio and privatisation segments that involved 95 residential units with a total residential floor area of 3,596 m<sup>2</sup> and two commercial units with a total commercial floor area of 270 m<sup>2</sup> in an aggregate value of TEUR 7,545 in Berlin and Nuremberg were notarised whose transfer of rights and duties will most likely take place in Q4.

## ■ Financial Calendar

2016

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**21 March 2016** Annual Report for the 2015 financial year

All dates are provisional. Please check our website [www.accentro.ag](http://www.accentro.ag) for confirmation.

## ■ Forward-looking Statements

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

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

This translation of the original German version of the quarterly report of ACCENTRO Real Estate AG for the first nine months of the 2015 financial year has been prepared for the convenience of our English-speaking shareholders.

The German version is authoritative.

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



## ■ Credits

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### Layout and design

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