ACCENTRO Real Estate AG

Investor in Residential Real Estate and Germany's Leading Housing Privatisation Company

Company Presentation H1 2023

Agenda

At a glance

H1 2023 & Outlook

Business segments

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At a glance

Germany's leading housing privatisation company with a strong track record

- Strong market position and track record in sales to retail & institutional investors built up in >20 years
- Sold >18,000 units for >EUR 2 bn transaction value since 2009
- Structural growth of German residential real estate market being basis for ACCENTRO's success

Business model focusing on 3 pillars

- Sales to retail & institutional investors
- Residential investor & landlord
- Service provider

- Trading business with focus on Berlin and other attractive German metro regions
- Rental portfolio with significant rental and value upside potential in Central Germany and NRW
- Strategic partnerships in service business with established players

Attractive real estate portfolio

- 5,815 units
- 338,965 sqm total area
- EUR 6.8/sqm average rent p.m.
- EUR 602.2m book value
- EUR 644.5m market value

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Persistent challenging market environment

Macroeconomic environment

- Inflation rate in Germany at 6.4% in June 2023
  - Slight decline since December 2022 (8.6%), but still on a high level
- Monetary policy remains tight, further interest rate increases are likely
  - ECB key interest rate increased to 4.25% (+175 bps since the beginning of the year)
  - Mortgage rates stay at a level of around 4% in H1 2023

German residential real estate market

- Residential property was traded for only EUR 2.6bn in H1 2023 (Source: BNP Paribas Real Estate)
  - 63% decline y-o-y
  - Lowest volume since H1 2011
- Residential properties prices in Q2 2023 fell 5.4% y-o-y and 0.9% q-o-q (Source: vdp property price index)
  - Prices in Berlin developed relatively robust, but also being down 3.6% y-o-y and 1.5% q-o-q
- New contract rents in multifamily houses rose again in Q2 2023
  - Increase of 6.1% y-o-y, +0.9% q-o-q (Source: vdp property price index)
- Supply situation on the housing market continues to worsen; persistent high housing demand meets significantly declining new construction volume

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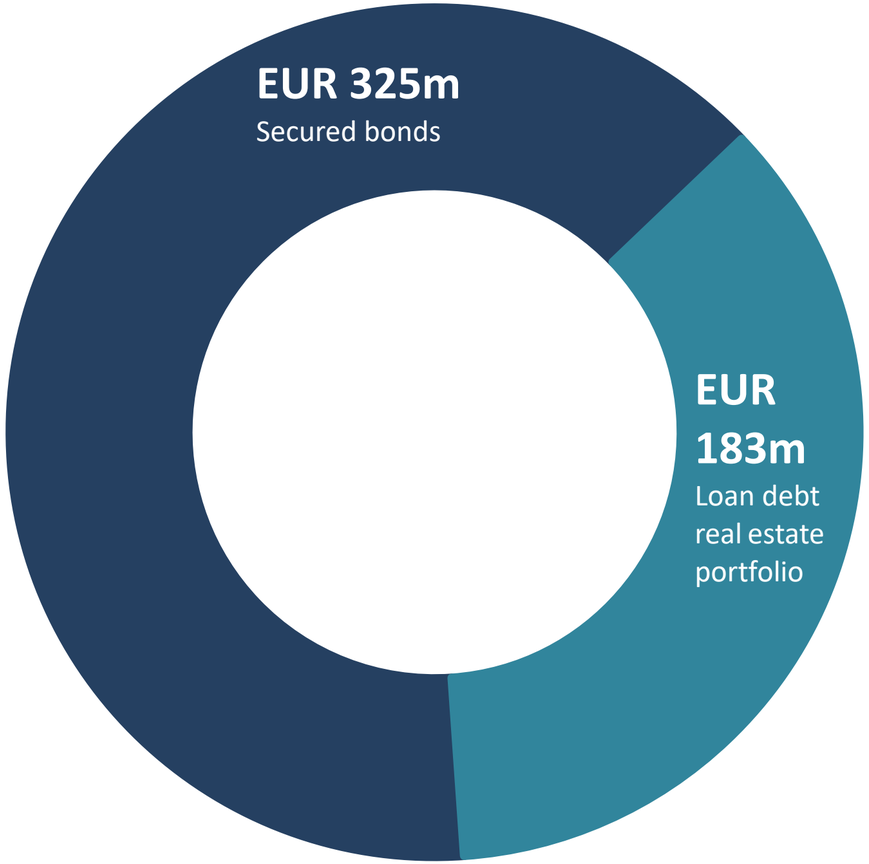
Business development significantly impacted by difficult parameters

- **Group revenues** of EUR 36.1m (prev. year: EUR 93.5m)
- **Group EBIT** of EUR -9.4m (prev. year: EUR 9.0m)
- **Property sales revenues** of EUR 26.7m (prev. year: EUR 84.8m)
  - H1 2023 notarisation volume in individual privatisation down ~60% y-o-y (units and transaction value)
  - Gross margin of 6.6% (prev. year: 29.0%)
  - Performance impacted by declining notarisation volume since H2 2022 as well as adverse market price development
- **Rental revenues** of EUR 9.1m (prev. year: EUR 7.8m)
  - 16.7% revenue growth due to portfolio expansion last year as well as rent increases
  - Gross margin improved to 43.4% (prev. year: 18.4%) due to among others lower maintenance spent y-o-y
- **Group total income** of EUR -24.6m (prev. year: EUR -2.3m)
  - Despite operational business development, decline also caused by increased interest expenses due to refinancing of bonds
- **FY 2023 forecast**
  - Previous forecast not achievable due to business development to date and ongoing weak market performance
  - Temporarily suspended forecast because of low visibility of business and market development in the remaining year

Diversified financing structure



Funding strategy

- Diversified financing structure with a broad range of financing banks, institutional investors and other financing partners involved
- **Secured bonds:**
  - EUR 225m (2020/2026; coupon: 5.625%)
  - EUR 100m (2021/2029; coupon: 6.125%)

Financial liabilities as of 30 June 2023	Nominal volume (EUR '000)	Ø interest rate (%)	Ø maturity (years)
Loan debt real estate portfolio	183,309	3.0	2.4
Bonds (20-26/21-29)	325,000	5.8	3.5
Total	**508,309**	**4.6**	**3.0**

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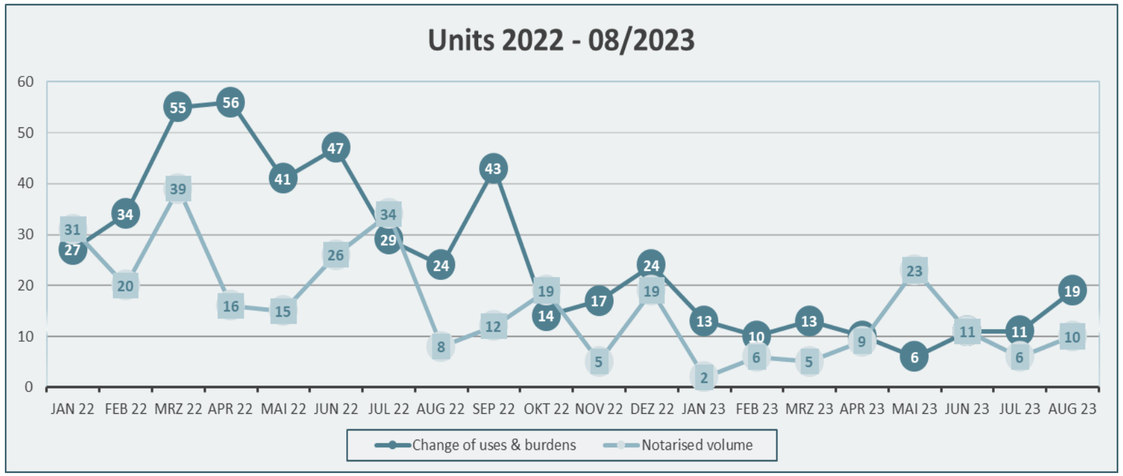
FY 2023 outlook & trading update

FY 2023 outlook temporarily suspended:

- Considering the current business development and a continuing extremely tense market situation as well as persistently weak demand on the housing market, the forecasted consolidated revenues (EUR 100 - 120m) and EBIT (EUR 0 - 2m) for FY 2023 are not expected to be achieved
- Due to the unpredictable business environment, it is presently not possible to provide a well-founded and reliable forecast scope for the current financial year
- However, a significant reduction in consolidated revenues and EBIT compared to the previous forecast must be expected for FY 2023

Trading update:

- High inflation and mortgage rates of around 4% continue to weigh on transaction activity
- The notarisation volume in individual privatisation has been significantly affected by the market development since H2 2022
- Recently increasing number of units with uses & burdens change supporting cash flow generation
- Ongoing exchange with potential buyers of block transactions



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Key facts

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Portfolio key figures (as of 30/06/23)

- 1,128 units
- 61,624 sqm total area
- 50% vacancy rate
- EUR 7.4/sqm average rent p.m.
- EUR 216m book value
- EUR 257m market value
- 491 units (38,109 sqm) available for sales in individual privatisation

Strategy

- Inventory properties with strong footprint in Berlin (~60% by sqm) and other attractive German metro regions
- Revenue & Value Add Streams:
  Sale to owner-occupiers and private buy-to-let investors;
  block sales to institutional investors

Berlin (Tiergarten)

Typical project

Transactions
Acquisition

→

Project Management
Strategic repositioning upgrade measure

→

Project- and Asset Management
Performing upgrade

→

Sales
Market sale

Implementation period of approx. 2-3 years →

Strong focus
on units with substantial potential

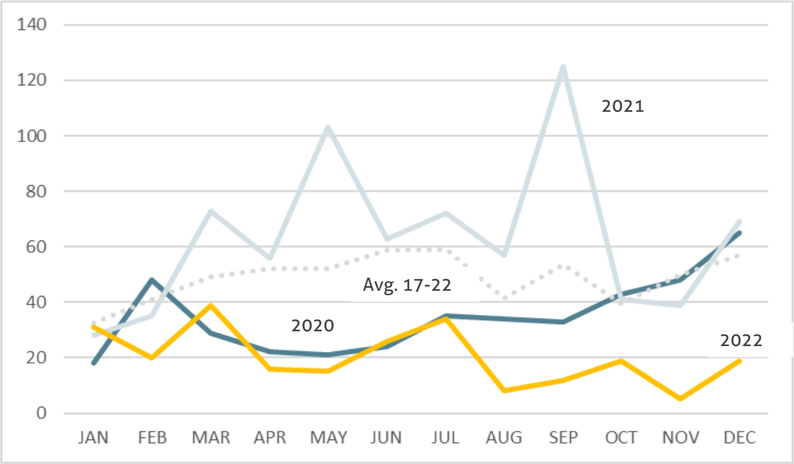
Strategic repositioning
With questioning customer alignment, letting or selling strategies as well as the following upgrade stage to realise the previous set strategic focus

Single-Unit-Sale
to private individuals

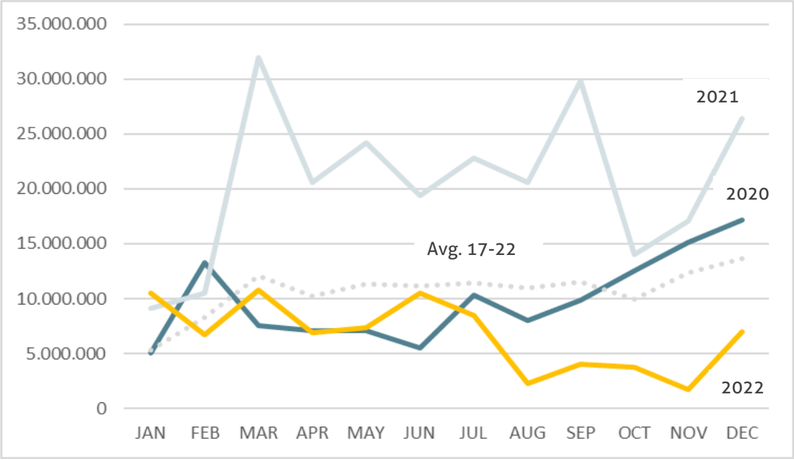
Blocksale
to institutional investors

Positive track record of property sales

Sold units (Condominiums)



Sales volume (€, Condominiums)



Condominiums	2018	2019	2020	2021	2022
Apartments sold (units)	440	463	420	761	244
thereof Berlin	68%	59%	65%	75%	79%
thereof Rest of Germany	32%	41%	35%	25%	21%
thereof Owner Occupiers	32%	41%	49%	40%	33%
thereof Buy-to-Let	68%	59%	51%	60%	67%
Transaction value (€ m)	79.2	109.8	118.7	246.5	80.1

Total property sales (€ m)	2018	2019	2020	2021	2022
Revenues from property sales	194.0	129.5	112.4	172.8	146.1
Expenses for property sales	160.9	99.7	92.8	125.1	107.9
Capital gains from property sales	33.1	29.8	19.6	47.7	38.2
Gross margin (at cost level)	20.6%	29.9%	21.1%	38.1%	35.4%
Sales margin	17.1%	23.0%	17,4%	27.6%	26.2%

Key facts

Portfolio key figures (as of 30/06/23)

- 4,676 units
- 274,203 sqm total area
- 28% vacancy rate
- EUR 6.4/sqm average rent p.m.
- EUR 363m book value

Strategy

- Since 2020 built-up of portfolio with sustainable rental potential in B-and C-locations with different regional focus and strategic approach
- Revenue & Value Add Streams:
  - Attractive recurring rental yields
  - Property development by increasing occupancy rates
  - Leading to improved financing conditions and value increase

Regional focus

- **Central German Portfolio** (~80% by sqm)
  - Metro regions Leipzig, Halle, Dresden
  - Turnaround portfolios with strong rental potential through mid-term vacancy reduction
- **West German Portfolio** (~10% by sqm)
  - Metro region Rhine-Ruhr
  - Well developed portfolio with low vacancy

Gera (Federal state: Thuringia)

Key facts

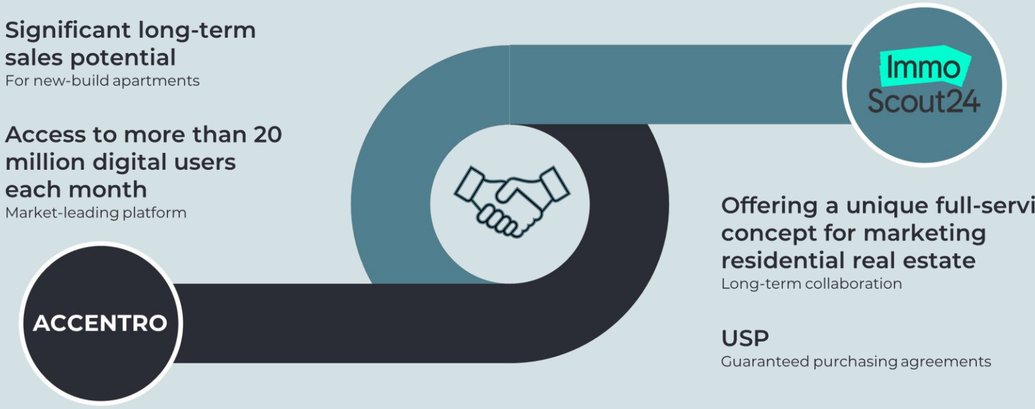
Strategy

- Benefiting from own strong sales expertise and broad network
- Sales services and backstop provisions for 3rd parties
  - a.o. sales order from a large German landlord for >500 units. The sales launch is currently being prepared for around half of the portfolio.
- JV with developers and real estate companies to market properties

ACCENTRO and ImmoScout24 form comprehensive marketing partnership

Significant long-term sales potential
For new-build apartments

Access to more than 20 million digital users each month
Market-leading platform



Offering a unique full-service concept for marketing residential real estate
Long-term collaboration

USP
Guaranteed purchasing agreements

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Consolidated Balance Sheet - Assets

TEUR

	30/06/2023	31/12/2022
ASSETS		
Non-current assets		
Intangible assets and goodwill	22,388	23,245
Owner-occupied properties and buildings	23,368	23,611
Property, plant and equipment	2,734	2,865
Investment properties	362,772	361,458
Advance payments and incidental acquisition costs on investment properties	628	0
Other receivables and other assets	29,973	27,471
Equity investments	7,500	7,470
Equity interests accounted for using the equity method	6,035	5,954
Deferred tax assets	1,012	1,541
Total non-current assets	**456,410**	**453,615**
Current assets		
Inventory properties	216,058	234,935
Contract assets	980	5,504
Trade receivables	21,615	17,753
Other receivables and other assets	51,184	60,755
Current income tax receivables	2,425	3,780
Cash and cash equivalents	38,067	100,784
Total current assets	**330,329**	**423,511**
Assets	**786,739**	**877,126**

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Consolidated Balance Sheet – Equity and liabilities

TEUR

	30/06/2023	31/12/2022
EQUITY		
Subscribed capital	32,438	32,438
Capital reserves	79,988	79,958
Retained earnings	96,512	120,787
Other reserves	792	792
Attributable to parent company shareholders	209,729	233,975
Attributable to non-controlling interests	13,491	13,731
Total equity	**223,220**	**247,706**
LIABILITIES		
Non-current liabilites		
Provisions	46	46
Financial liabilities	47,464	108,383
Bonds	274,312	99,394
Deferred income tax liabilities	11,815	12,731
Total non-current liabilities	**333,637**	**220,554**
Current liabilities		
Provisions	858	807
Financial liabilities	135,676	103,052
Bonds	43,516	255,929
Advance payments received	12,624	8,850
Current income tax liabilities	9,953	9,170
Trade payables	3,850	3,934
Other liabilities	23,405	27,124
Total current liabilities	**229,882**	**408,866**
Equity and liabilities	**786,739**	**877,126**

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Consolidated Statement of Comprehensive Income (1/2)

TEUR

	01/04/2023–30/06/2023	01/04/2022–30/06/2022	01/01/2023–30/06/2023	01/01/2022–30/06/2022
Consolidated revenues	**15,342**	**59,806**	**36,092**	**93,481**
Revenues from sales of inventory properties	10,478	55,528	26,715	84,812
Expenses for sales of inventory properties	–9,333	–37,357	–24,965	–60,228
Capital gains from property sales	**1,144**	**18,171**	**1,751**	**24,584**
Letting revenues	4,667	3,788	9,144	7,787
Letting expenses	–2,630	–4,893	–5,175	–6,356
Net rental income	**2,037**	**–1,105**	**3,969**	**1,431**
Revenues from services	197	490	233	882
Expenses for services	–95	–353	–48	–596
Net service income	**102**	**138**	**186**	**287**
Other operating income	1,785	193	2,004	247
Interim result	**5,068**	**17,396**	**7,909**	**26,548**
Gain or loss on fair value adjustments of investment properties	**0**	**0**	**0**	**0**
Payroll and benefit costs	–2,714	–2,675	–5,242	–5,182
Depreciation and amortisation of intangible assets and property, plant and equipment	–1,276	–540	–2,385	–1,075
Impairments of receivables and other assets	–897	–4,133	–1,051	–4,133
Other operating expenses	–4,954	–4,619	–8,678	–7,129
EBIT (earnings before interest and income taxes)	**–4,773**	**5,429**	**–9,447**	**9,029**

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Consolidated Statement of Comprehensive Income (2/2)

TEUR

	01/04/2023–30/06/2023	01/04/2022–30/06/2022	01/01/2023–30/06/2023	01/01/2022–30/06/2022
Net income from associates measured using the equity method	24	152	24	152
Income from equity investments	9	48	18	56
Interest income	874	813	1,998	2,215
Interest expenses	–7,687	–5,975	–16,459	–11,819
Net interest result	**–6,814**	**–5,162**	**–14,461**	**–9,604**
EBT (earnings before income taxes)	**–11,553**	**467**	**–23,865**	**–366**
Income taxes	–1,657	–1,279	–696	–1,913
Consolidated results for the period	**–13,210**	**–812**	**–24,561**	**–2,279**
thereof attributable to non-controlling interests	–82	–152	–327	111
thereof attributable to shareholders of the parent company	–13,128	–660	–24,234	–2,390
Undiluted net income per share (32,437,934 shares; previous year 32,437,934 shares)	–0.40	–0.02	–0.75	–0.07
Diluted net income per share (32,437,934 shares; previous year 32,437,934 shares)	–0.40	–0.02	–0.75	–0.07
Other comprehensive income				
Net gain / (loss) on equity instruments designated at fair value among the other comprehensive income	0	0	0	0
Other comprehensive income	**0**	**0**	**0**	**0**
Consolidated total income	**–13,210**	**–812**	**–24,561**	**–2,279**

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Consolidated Cash flow Statement (1/2)

TEUR

		01/01/2023–30/06/2023	01/01/2022–30/06/2022
	Consolidated result for the period	–24,561	–2,279
+	Depreciation/amortisation of non-current assets	2,385	1,075
–/+	At-equity earnings/net income from investments	–42	–209
+/–	Increase / decrease in provisions	51	57
+	Interest expenses from financial liabilities and bonds	15,863	11,669
+/–	Other non-cash expenses / income	–399	511
+/–	Loss/gain from the disposal of fully consolidated subsidiaries	67	–4,561
–/+	Increase / decrease in trade receivables and other assets that are not attributable to investing or financing activities	–1,500	2,630
+/–	Increase / decrease in trade payables and other liabilities that are not attributable to investing or financing activities	1,241	13,695
+/–	Other income tax payments	2,059	–1,098
=	**Operating cash flow before de-/reinvestment in inventory properties**	**–4,836**	**21,489**
–/+	Cash investments in (–)/divestments of (+) in inventory properties (net after partial non-cash debt assumption)	20,815	27,347
=	**Cash flow from operating activities**	**15,979**	**48,836**

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Consolidated Cash flow Statement (2/2)

TEUR

		01/01/2023–30/06/2023	01/01/2022–30/06/2022
+	Interest received	33	1,295
+	Cash received from disposals of property, plant and equipment	151	0
–	Cash outflows for investments in intangible assets	–946	–531
–	Cash outflows for investments in property, plant and equipment	–358	–477
+	Cash received from disposals of financial assets	0	52
–	Cash outflows for investments in financial assets	–30	0
–	Cash outflows for the purchase of investment property	–1,314	–274
–	Disbursements for loans granted	–500	–15,370
+	Cash received from distributions/disposals of shares accounted for using the equity method	0	16,000
+	Repayment of loans granted	200	4,394
=	**Cash flow from investing activities**	**–2,765**	**5,088**
+	Cash proceeds from the issuance of bonds and from (financial) borrowings	17,086	42,675
–	Disbursements for the repayment of bonds and of (financial) borrowings	–71,715	–54,236
–	Interest paid and financing costs	–21,081	–12,124
=	**Cash flow from financing activities**	**–75,710**	**–23,684**
	Net change in cash and cash equivalents	–62,496	30,240
+/–	Consolidation change in cash and cash equivalents	–221	–1,072
+	Cash and cash equivalents at the beginning of the period	100,784	121,502
=	**Cash and cash equivalents at the end of the period**	**38,067**	**150,670**

Management board and organisational set-up

Management Board

Jörg Neuß (CEO)

- Member of the Management Board (CEO) since 20 June 2023.
- With his background as former General Counsel of ACCENTRO Real Estate AG, his many years as a lawyer in national and international law firms and his work as a member of various advisory and supervisory boards, he has extensive expertise in dealing with listed companies.
- From 2007 to 2017, Jörg Neuß was initially in-house Counsel, later managing director and member of the board of directors at a globally operating US entertainment group and responsible for the companies in Germany, Austria and Switzerland.

Dr Gordon Geiser (CIO)

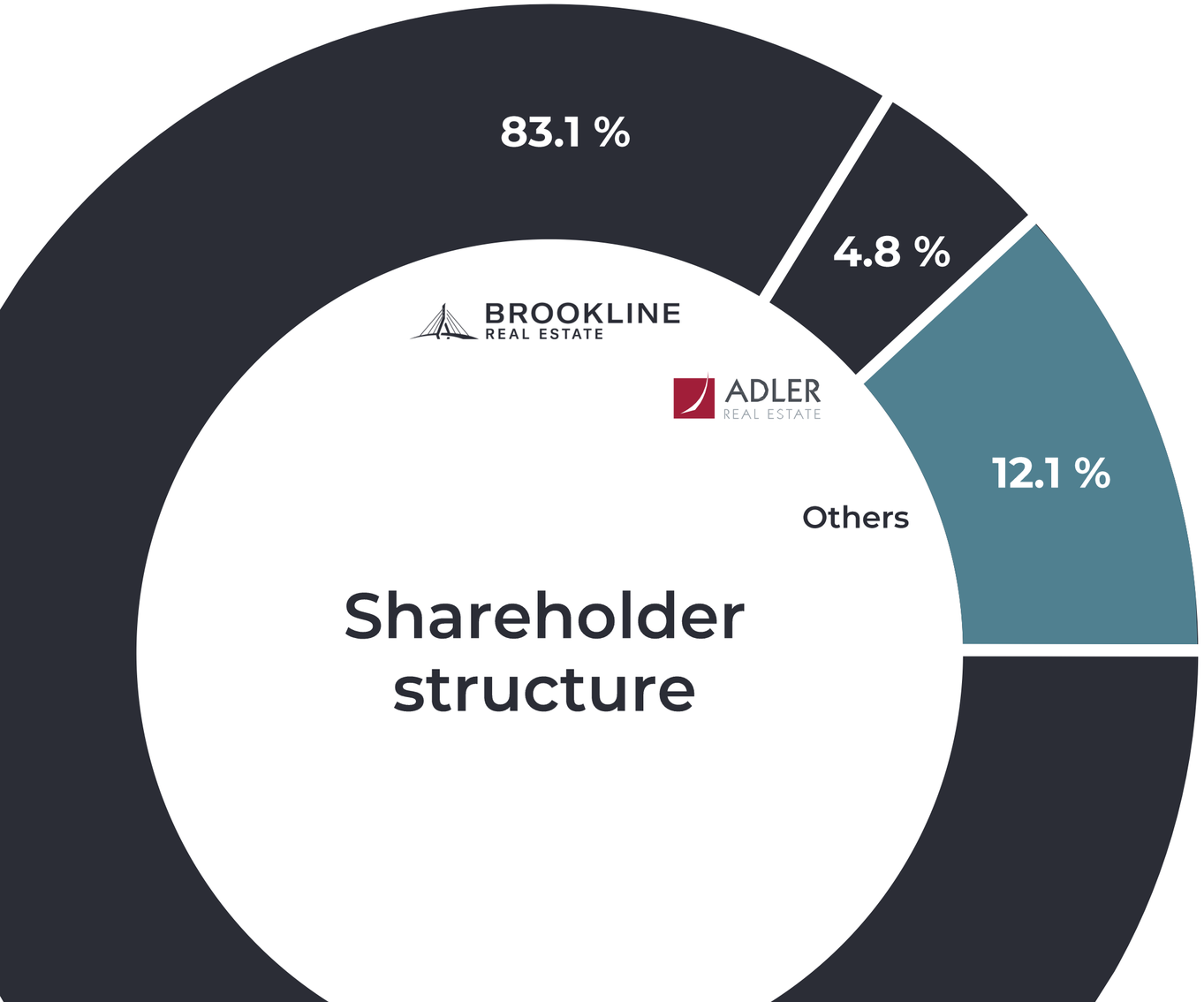
- Member of the Management Board (CIO) since 10 February 2023.
- His appointment as Chief Investment Officer is limited in time in accordance with the terms of the refinancing transaction and will end as soon as the nominal value of the 2020/2026 bond is EUR 125 million or less due to the contractually guaranteed repayments.
- Due to his many years of experience, Gordon Geiser has a comprehensive and deep understanding of the real estate and real estate financing sectors and has previously assisted many companies in similar processes as a member of the management team.

Organisational set-up

Project Management | Asset Management | Transactions | Legal | Human Resources | Accounting | Controlling | Finance & Treasury | Investor & Media Relations

101 employees (as of 30 June 2023)

Shareholders & key share information



1.88 €

Share price (as of 30 June 2023)

61.0m €
Market capitalisation (as of 30 June 2023)

32,437,934
Shares outstanding

16.9% Free Float
(acc. to definition of Deutsche Boerse)

Frankfurt am Main
Listing

Prime Standard
Segment

A0KFKB · DE000A0KFKB3
WKN · ISIN

Research coverage

ACCENTRO

Philipp Kaiser
Warburg Research

Rating temporarily suspended

Christian Bruns, Patrick Speck
Montega AG

Target	Date	
2.80 €	**29.09.2023**	Buy

Stefan Scharff, Christopher Mehl
SRC-Research

Target	Date	
1.50 €	**05.09.2023**	Hold

Financial calendar 2023

28	April 2023	**Release of Annual Report 2022**
31	May 2023	**Release of Interim Statement as of 31 March 2023**
07	June 2023	**Annual General Meeting Berlin**
22	June 2023	**Bondholder Call (Q1 2023)**
31	August 2023	**Release of Interim Report as of 30 June 2023**
12	September 2023	**SRC Forum Real Estate & Financials Frankfurt/Main**
14	September 2023	**Bondholder Call (H1 2023)**
30	November 2023	**Release of Interim Statement as of 30 September 2023**

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