

ACCENTRO Real Estate AG

Germany's Market Leader in Residential Property Privatisation

Company Presentation, 6th November 2018

Interim Financial Report for the 3rd quarter 2018,
30th September 2018



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Overview and business model



Berlin-Neukölln



Berlin-Lichtenberg

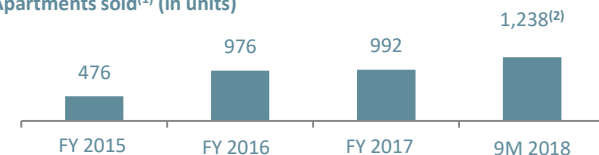


Berlin-Wilmersdorf

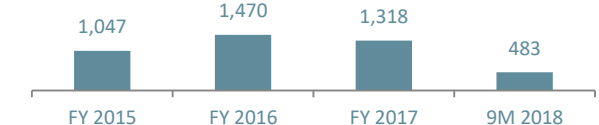
Core business activities	<ul style="list-style-type: none"> Privatisation of residential real estate in attractive German metro regions Third-party property sales and backstop services for real estate investors and property developers Joint ventures with strategic equity participation
Track record	<ul style="list-style-type: none"> Dynamic built-up of a proprietary privatisation pipeline through portfolio investments of EUR 579m (purchase prices) since 2015 3,682 condominiums and properties sold with a total sales value of EUR 413.3m since 2015
USPs	<ul style="list-style-type: none"> Unique business model with compelling risk-return profile in listed sector Unprecedented expertise in major local German residential markets High-powered sales and marketing platform of international reach Exclusive joint ventures with renowned real estate companies and developers
Regional focus and pipeline	<ul style="list-style-type: none"> 1,199 residential units currently available for sale in Berlin – home market of ACCENTRO Successful expansion launched into growth markets such as the Leipzig, Hamburg, Hanover, Cologne/Bonn and Rhine-Main metro regions. Additional acquisitions of 510 units in Berlin, Greater Berlin, Leipzig, Rostock and Cologne already signed but not closed in 2018 YTD
Key ratios and financials	<ul style="list-style-type: none"> Highly profitable core business showing a gross margin of 31.6% in the 9 months of 2018 Placement of a EUR 100m bond to further accelerate growth EBIT guidance between EUR 36m and EUR 40m for 2018

Key operational metrics

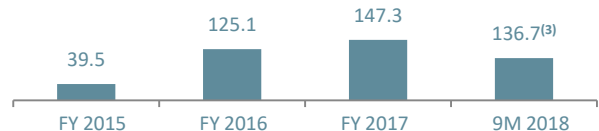
Apartments sold⁽¹⁾ (in units)



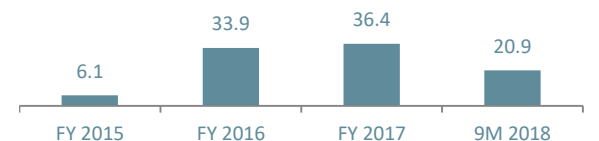
Apartments sourced⁽¹⁾ (in units)









Revenues (in mEUR)



EBIT (in mEUR)



Notes: (1) Transaction closed in corresponding year (2) including 675 units of the project development Gehrensee (3) Including EUR 42.4m of the project development Gehrensee

	Privatisations	Services & Ventures
What we do	<ul style="list-style-type: none"> ▪ Investing in residential real estate in attractive German metro regions with focus on Berlin ▪ Active asset management and capex measures ▪ Privatisation of single units to individual investors and homeowners ▪ Block sales of properties to institutional investors 	<ul style="list-style-type: none"> ▪ Sales services to third parties, such as developers and real estate companies ▪ Backstop provisions for developers in course of single units sales ▪ Joint ventures (ACCENTRO typically holds a minority equity stake) with developers and real estate companies to market and sell properties on single unit basis and as block sales
Sources of income	<ul style="list-style-type: none"> ▪ Revenues from property letting ▪ Revenues from property sales 	<ul style="list-style-type: none"> ▪ Revenues from services ▪ Revenues from equity investments
Current portfolio	<ul style="list-style-type: none"> ▪ 2,145 residential units (as of 30 September 2018) ⁽¹⁾ ▪ Book value of EUR 292.4m accounted at cost (as of 30 September 2018) ⁽¹⁾ 	<ul style="list-style-type: none"> ▪ Over 3,000 units lined up for exclusive sale ▪ Sample of current partners: <div>       </div>

Notes: (1) without buildings for personal use

Substantial growth in revenues and earnings in 9M 2018

Consistently profitable and dynamic performance

- Strong market position reaffirmed: 1,238 residential units sold during the nine month of 2018
- 9M 2018: Consolidated revenues increase by 53.6% ⁽¹⁾ to EUR 136.7m, EBIT on a high level at EUR 20.9m
- Gross profit margin from sales remains on a high level at 31.6%

Positive market development continues

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

Successful expansion of business model

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

Steady build-up of privatisation portfolio

- The acquisition of residential units has raised the value of the privatisation portfolio to EUR 305.8m
- EUR 28m in capital expenditures for the property portfolio to boost appreciation over the next twelve months
- A corporate bond over EUR 100m and a successful capital increase over EUR 20m in October 2018 will serve as basis for future growth

Bright outlook and dividend increased

- Disbursement of a dividend in the amount of EUR 0.17 per share paid in May 2018
- Bright outlook: top line sales growth in the double-digit percentage range and EBIT between EUR 36m and EUR 40m
- Company remains on course for further growth. Deeds for another 510 units, acquired for a purchase price of EUR 112.7m, have already been notarised

Notes: (1) Without Project Gehrensee increase of 6.0% to EUR 94.2m

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Portfolio and platform



Köln-Nippes



Bedburg, Nordrhein-Westfalen



Hannover-Linden

CURRENT BALANCE SHEET PORTFOLIO

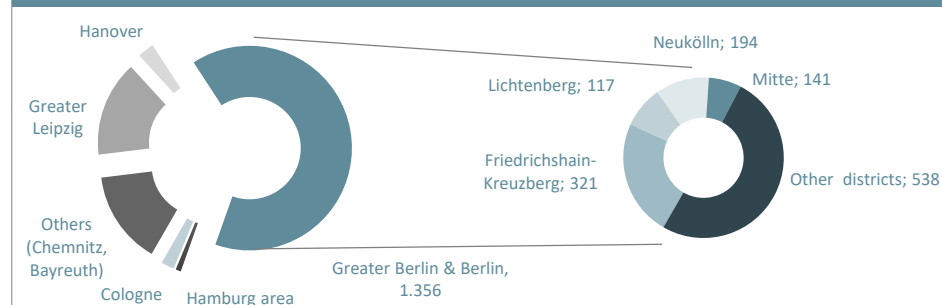
Berlin-focused privatisation portfolio of intrinsic value

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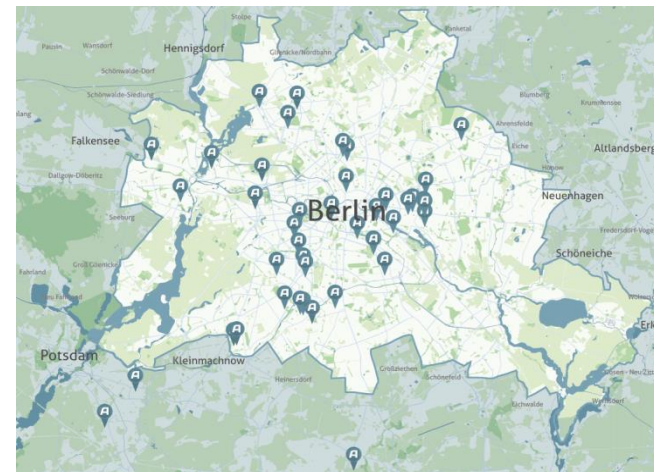
Privatisation portfolio as of 30 September 2018

City	Book value/purchase price (in mEUR)	Units	sqm ('000)	Selling prices (EUR/sqm)
Berlin	216.6	1,199	78,817	3,679
Greater Berlin	25.4	157	16,793	1,771
Greater Leipzig	12.9	316	18,163	946
Hanover	10.5	62	5,428	2,248
Cologne	5.9	42	2,639	3,135
Hamburg area	3.0	19	1,527	2,682
Others (Chemnitz, Bayreuth)	18.1	350	20,080	1,036
Total	292.4	2,145	143,447	2,664

Privatisation portfolio broken down by region



Attractive growth upside in the Berlin core region



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

OPERATING AND PRIVATISATION TRACK RECORD

Development of a profitable portfolio of high-quality assets

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Key facts of the privatisation portfolio				
	FY 2015	FY 2016	FY 2017	9M 2018
Number of units	1,919	2,422	2,885	2,145
Book value (purch. price), in mEUR	155.2	216.1	302.2	292.4
Gross margin of sales, in %	21.7%	45.1%	33.6%	31.6%
Annual rental income, in mEUR	7.2	7.9	8.7	9.3
Interest coverage ratio (EBITDA/net interest expense)	2.8	3.8	4.1	3.2
LTC in %*	69.2%	43.5%	39.4%	52.2%
WACD**	4.4%	2.9%	2.6%	2.9%
<p>* Net debt / GAV (accounted at cost)</p> <p>** Weighted average cost of debt</p>				

Notes

- Current privatisation portfolio generates an annual rental income of EUR 9.3m
- Sustainable improvement of the interest coverage ratio through optimisation of the funding structure
- Economies of scales through consistent expansion of the inventory assets



Berlin-Charlottenburg



Berlin-Tegel

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Financials



Ahrensburg, Schleswig-Holstein



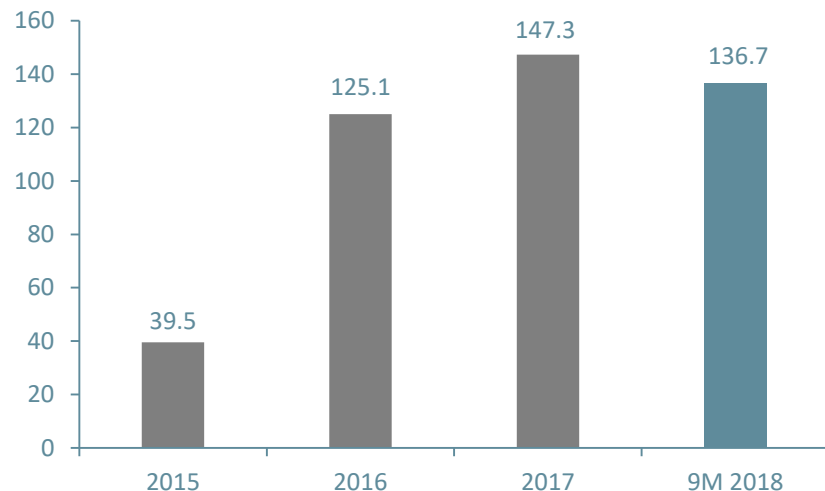
Berlin-Lichtenberg



Berlin-Wilmersdorf

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

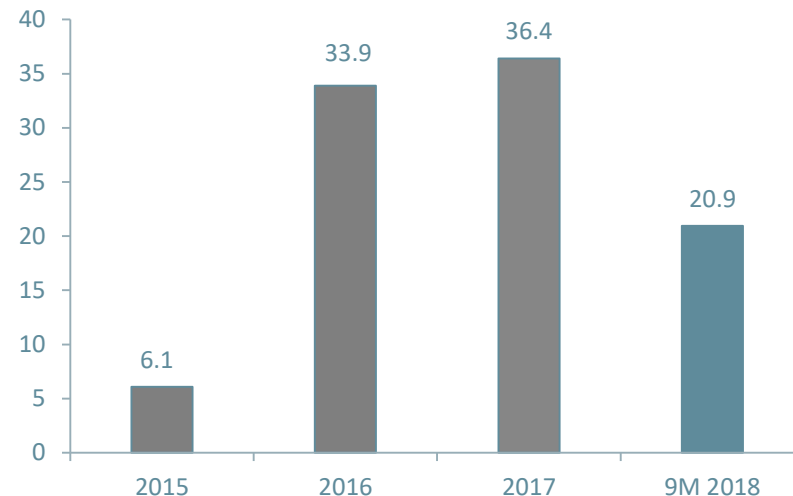
Total revenues (in mEUR)



- 2018 financial year off to a successful start with EUR 136.7m ⁽¹⁾ in total revenues during the 9 months
- Successful property sales as main growth driver, boasting a sales revenue share of over 93.0% during the 9 months of 2018

Notes: (1) revenues of EUR 94.25m without Gehrensee project

EBIT (in mEUR)



- Fast EBIT growth in recent years
- EBIT on a high level at EUR 20.9m.

FINANCIALS—INCOME STATEMENT—9M 2018

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Income statement shows high profitability of business model

Income statement (in EUR '000)	9M-2017	9M-2018	Δ in %	Sources of Income	Notes
Revenues from sales of inventory property	82,034	127,102	54.9%	Revenue from property sales	<ul style="list-style-type: none">High profitability with sales margins of over 31.6%Capital gains from inventory property remained at approximately high level as last yearEarnings per share at EUR 0.28 during 9 months 2018Total payroll and benefit costs and other operating expenses on a low level compared to revenuesNegative net interest result increased by 57.9% through the successful bond placement and increased effective interest due to the higher transaction costIncreased tax rate of 33.9% of the EBT, because of extraordinary effects from a tax audit
Expenses for sales of inventory property	-60,694	-106,528	75.5%		
Capital gains from inventory property	21,339	20,574	-3.6%	Net income from property letting	
Net rental income	4,155	4,709	13.3%		
Net service income	689	1,725	150.3%	Net income from services	
Other operating income	1,533	1,141	-25.6%	Return from equity investments	
Gross profit or loss	27,717	28,148	1.6%		
Total payroll and benefit costs	-2,229	-2,985	34.0%		
Depreciation and amortisation of intangible assets and property, plant and equipment	-77	-201	162.0%		
Impairments of inventories and accounts receivable	0	-190	-		
Other operating expenses	-3,156	-3,812	20.8%	Return from equity investments	
EBIT	22,255	20,959	-5.8%		
Other income from investments	197	-7	-103,3%		
Net interest income	-5,003	-7,943	57.9%		
EBT	17,422	13,010	-25.3%		
Income taxes	-5,116	-4,416	-13.7%	Return from equity investments	
Consolidated income	12,306	8,594	-30.2%		
Total gross margin ⁽¹⁾	44.1%	41,3%	-6.4%		
Gross margin from sales (cost basis) in % ⁽¹⁾	35.2%	31.6%	-3.6%		
Net income margin ⁽¹⁾	13.8%	9.1%	-34.1%		
Earnings per share	0.49	0.28	-42.1%		

Notes: ⁽¹⁾ KPIs with respect to the results of the Group's operating activities

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

Financial position with large hidden reserves

Financial position (in EUR '000)	FY 2017	9M 2018	Δ in %
Goodwill	17,776	17,776	0.0%
Other non-current assets	4,404	51,186	1,062.3%
Total non-current assets	22,179	68,961	210.9%
Inventory properties	304,027	305,770	0.6%
Accounts receivable and other assets	13,704	22,478	64.0%
Cash and cash equivalents	7,875	10,711	36.0%
Total current assets	325,605	338,959	4.1%
Total assets	347,785	407,921	17.3%
Subscribed capital	24,925	30,318	21.6%
Additional paid-in capital	53,462	60,836	13.8%
Retained earnings	73,576	76,625	4.1%
Attributable to non-controlling companies	1,734	3,141	81.2%
Total equity	153,697	170,920	11.2%
Financial liabilities and bond	42,439	134,589	217.1%
Other non-current liabilities	986	1,154	17.0%
Total non-current liabilities	43,425	135,743	212.6%
Financial liabilities and bond	98,946	62,081	-37.3%
Other short-term payables	51,715	39,176	-24.2%
Total current liabilities	150,662	101,257	-32.8%
Total current and non-current liabilities	194,088	237,000	22.1%
Total assets	347,785	407,921	17.3%
LTV (at cost)	39.4%	52.2%	25.6%
Equity ratio	44.2%	41.9%	-5.2%

Notes

- Increase in other non-current assets due to founding of joint venture and other cooperations and also due to the acquisition for a new office building
- Real estate assets further increased despite the deconsolidation of the Gehrensee project
- Equity ratio remains high despite a dividend payment in May 2018
- Corporate bond over EUR 100m issued to boost the ongoing growth
- Premature redemption of the convertible bond successfully completed in March
- Comfortable LTC of 52.2% despite the issue of a bond

FINANCING—FUNDING STRUCTURE

Exploiting the favourable funding environment to reduce the cost of capital

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Funding strategy

- Selling off the former proprietary property portfolio in the medium term in order to focus on the core business
- Premature redemption of the outstanding convertible bond successfully completed in March
- Corporate bond over EUR 100m with a coupon interest of 3.75% successfully placed

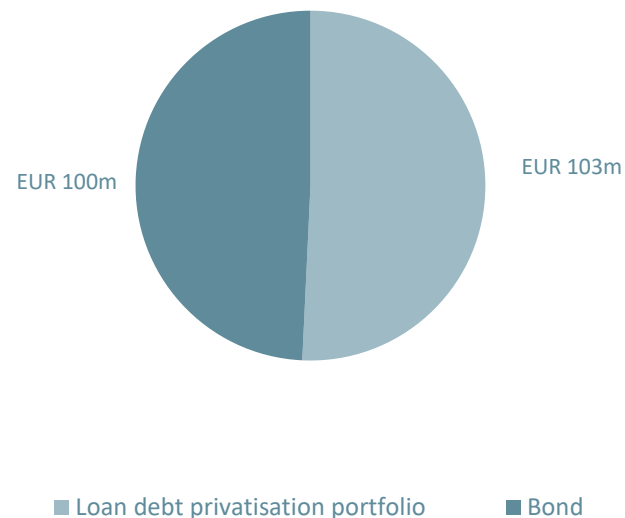
Financial liabilities	Nominal volume (EUR '000)	Average interest rate (%)	Average loan term (years)
Loan debt Privatisation portfolio	103,041	2.00	3.24
Bond (2018/2021)	100,000	3.75	2.33
Sum total	203,041	2.86	2.79

Key financial covenants of outstanding ACCENTRO bond 2018/2021

Covenant	Ratio	Current status ⁽¹⁾
Limitation on net financial indebtedness	< 60%	52.2%
Limitation on capital market indebtedness	> 150%	169.4%
Maintenance of interest coverage ratio	> 2.0	3.16

Notes: (1) Based on 9M 2018 numbers

Funding structure as at 30 September 2018

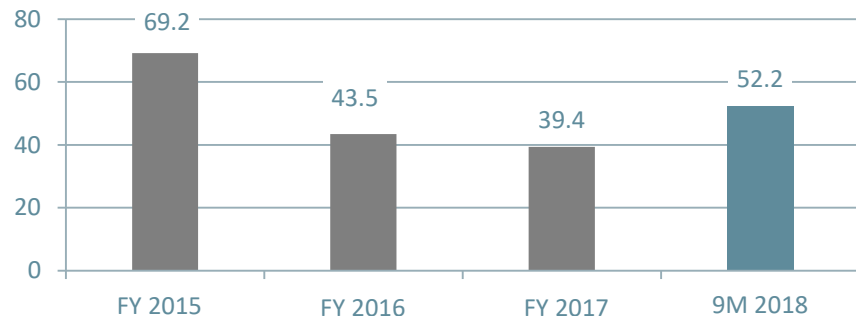


FINANCING—KEY RATIOS

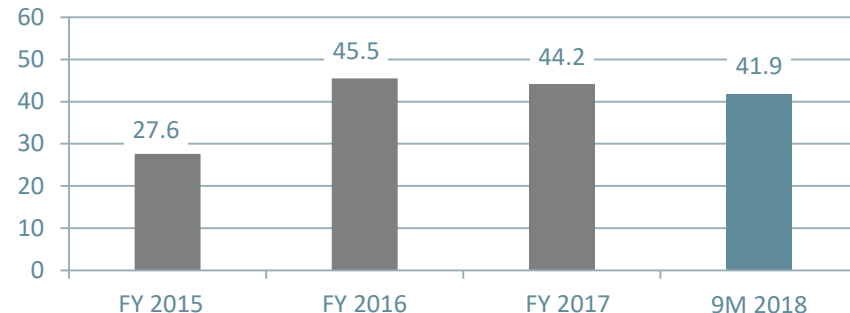
Healthy financing structure, with an equity ratio of 41.9%

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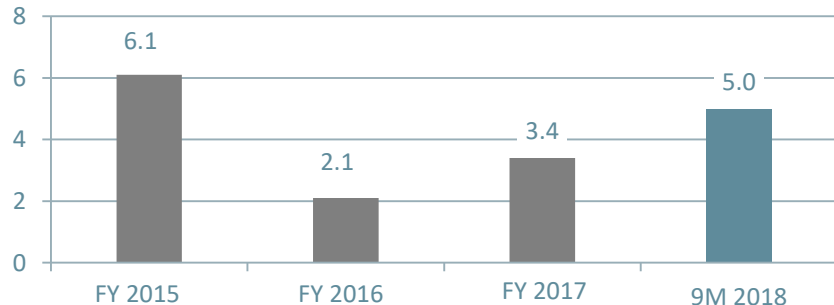
LTC in %⁽¹⁾



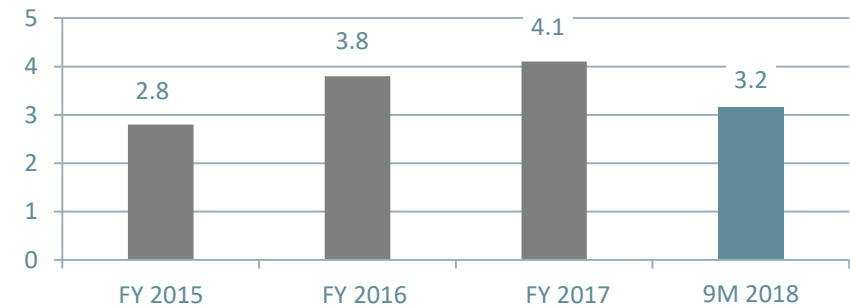
Equity ratio in %



Net debt /EBITDA adj.



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



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

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Capital markets profile



Berlin-Spandau



Berlin-Friedrichshain



Berlin-Zehlendorf

ACCENTRO SHARE INFORMATION

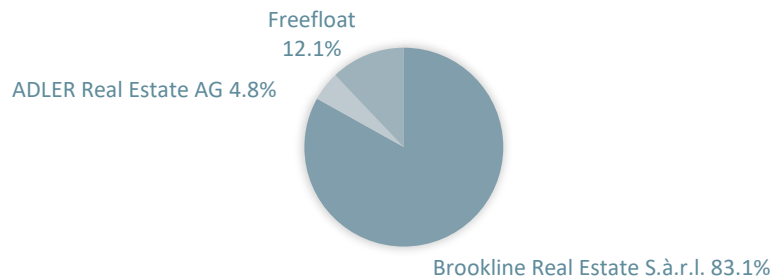
Shareholders and share price performance

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Key share information

Listing	Frankfurt
Segment	Prime Standard
WKN	A0KFKB
ISIN	DE000A0KFKB3
Shares outstanding	32,437,934 shares
Free float	12.1%
Market capitalisation (as of 31.10.2018)	EUR 318.5m

Shareholder structure (as of 31 October 2018)



Share price development LTM (as of 31 October 2018)



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Strategy and outlook



Berlin-Charlottenburg



Berlin-Tegel



Leipzig-Böhlen

Strategic Priorities

Opening up new markets

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

Growing privatisation portfolio

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

Relying on a professional network

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

Market environment offers opportunities

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

Dynamic operating activities

- 2018 will see a steady expansion of the privatisation portfolio (the deeds for the next 510 units in Berlin, Leipzig, Rostock and Cologne have already been notarised)
- **A property development joint venture was set up** by selling a 75% interest in the subsidiary ACCENTRO Gehrensee GmbH
- The business model is being expanded to include attractive metro regions elsewhere in Germany by **widening the sales network**

Compelling financial performance

9M 2018

- Capital gains from inventory property remained at approximately high levels as last year
- EBIT at a persistently high level

2018 Management Guidance

- Revenue growth in the double-digit percentage range expected
- EBIT expected between EUR 36m and EUR 40m
- Sustainable dividend policy

Profitable business model—attractive market environment—large growth upside

Core Business

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

Track record

- Dynamic expansion of the privatisation portfolio since 2014
- 3,682 condominiums in a total value of EUR 413.3m sold since 2015
- Prospering partnerships with property developers in the sales area (e.g. T&T)

USPs

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

Regional focus and pipeline

- 1,199 residential units currently available for sale on the company's home market of Berlin
- Successful expansion into growth markets such as the Leipzig, Rostock Hamburg, Hanover, Cologne/Bonn and Rhine-Main metro regions with additional acquisitions of 510 units in 2018 whose deeds have already been notarized

Key ratios and financials

- Highly profitable core business showing a gross margin of 31.6% in the 9 months of 2018
- Placement of a EUR 100m bond to speed up the expansion
- EBIT guidance between EUR 36m and EUR 40m for 2018

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ACCENTRO Real Estate AG (“ACCENTRO”)

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