ACCENTRO

REAL ESTATE AG

ANNUAL REPORT 2015

Overview Key Financial Data

ACCENTRO Real Estate AG	2015	Short Financial Year 2014	2014 (unaudited)
Income statement	**TEUR**	**TEUR**	**TEUR**
Gross profit/loss	46,993	27,868	41,264
EBIT	38,932	19,350	23,179
EBT	25,533	12,431	12,636
Consolidated income	22,786	7,070	3,785

ACCENTRO Real Estate AG	31 December 2015	31 December 2014
Balance sheet ratios	**TEUR**	**TEUR**
Non-current assets	189,594	278,092
Current assets	188,462	124,103
Equity	109,241	85,851
Equity ratio	27.6 %	21.3 %
Total assets	395,205	402,196

ACCENTRO Real Estate AG	
Company shares	
Stock market segment	Prime Standard
ISIN	DE000A0KFKB3
German Securities Code Number (WKN)	A0KFKB
Number of shares on 31 December 2015	24,678,200
Free float	13.02 %
Highest price (1 January 2015 – 31 December 2015*)	3.60 EUR
Lowest price (1 January 2015 – 31 December 2015*)	1.88 EUR
Closing price on 31 December 2015*	3.60 EUR
Market capitalisation at year-end*	88,841,520.00 EUR

* Closing prices in Xetra trading

The Annual Report includes the consolidated financial statements of ACCENTRO Real Estate AG and the Group management report for the 2015 financial year.

This translation of the original German version has been prepared for the convenience of our English-speaking shareholders.
The German version is authoritative.

The above-mentioned versions of the Annual Report are available as download at www.accentro.ag or may be requested free of charge by writing to:
ACCENTRO Real Estate AG, Uhlandstr. 165, 10719 Berlin, Germany.

Content

Reports

Letter to the Shareholders

Dear Shareholders,
Dear Ladies and Gentlemen,

Jacopo Mingazzini

With EUR 22.8 million in earnings after taxes, the 2015 reporting period was the most successful financial year in the company's history to date.

During the first six months of the year, we sold our portfolio of 1,174 apartments in Berlin-Hohenschönhausen at a profit of EUR 15.7 million. The transaction had a volume of EUR 94.7 million when including the debt taken over by the buyer. It meant a cash inflow of EUR 51.2 million for us.

Despite this sale, we managed to keep our total assets more or less on the same level by acquiring more residential units for the purpose of tenant-sensitive housing privatisation. We thus laid a sound foundation for a continued positive performance.

In the medium term, we intend to position ourselves purely as a housing privatisation firm. Accordingly, we will keep reshuffling our non-current assets in favour of our current assets. Berlin will remain our preferred market in this context. But given the price hikes of recent years and our already high share of the Berlin market, we will gradually step up our activities outside Berlin. The destinations most eligible for the expansion are Germany's other metro regions.

In analogy to the key performance indicators, the 2015 financial year also saw the share price go up by more than 79 %, from EUR 2.01 on 2015 to EUR 3.60 by 31 December 2015.

Nonetheless, ACCENTRO was rated with a price-earnings ratio of 3.9, and a discount on the EPRA-NAV (EUR 4.68) of 1.08 by 31 December. If you bear in mind that our entire privatisation portfolio (current assets) is essentially recognised not at its fair value but at cost, it is reasonable to assume that it harbours substantial hidden reserves in terms of upside potential. With hidden reserves taken into account, the imputed EPRA-NAV would equal EUR 6.66.

This makes us rather confident of our ability to keep pursuing the upward trend, and hope you will remain aboard for the promising road before us.

Finally, we would like to take the opportunity to thank our staff for their tremendous commitment and passion that made our great performance possible in the first place.

The Management Board

Jacopo Mingazzini

Report of the Supervisory Board

Dear Shareholders,
Dear Ladies and Gentlemen,

The Supervisory Board of ACCENTRO Real Estate AG conscientiously fulfilled the tasks assigned to it by law and by the articles of association throughout the 2015 financial year. Both regular meetings and one-off meetings were convened. The Supervisory Board assisted the Management Board in an advisory capacity, and monitored its activities. The Supervisory Board was always included comprehensively and promptly in important decision-making processes by the Management Board, was briefed on the business performance, the plans for expanding the business and all relevant issues concerning the company, and made the necessary decisions. The Supervisory Board was directly involved in any decision of fundamental significance for the company.

Changes in the Supervisory Board and the Management Board

There were no changes to the appointments to the Supervisory Board during the 2015 financial year. Nor were there any senior staff changes on the Management Board of ACCENTRO Real Estate AG during the 2015 financial year. Jacopo Mingazzini has been the sole member of the company's Management Board since 01 September 2014. At the same time, he serves as Managing Director of the Group's privatisation arm, Accentro GmbH.

Meetings

The Management Board reports to the Supervisory Board in joint sessions regularly convened. During the reporting period, the Supervisory Board convened four meetings in 2015, specifically on 18 March, 16 June, 29 July and 8 December. The Members of the Supervisory Board attended all of these meetings. A continuous exchange of views between the Supervisory Board and the Management Board was maintained over and above the regularly scheduled meetings of the Supervisory Board. All decisions and actions requiring approval were discussed in depth, while resolutions were made on the basis of consultations and the resulting resolution proposals by the Management Board.

In addition, the Management Board briefed the Supervisory Board on the course and status of business, the company's earnings, operational plans and other fundamental planning issues in the form of written quarterly reports.

Considering the fact that it consists of only three members pursuant to the articles of association, the Supervisory Board has refrained from forming committees. All members of the Supervisory Board were involved in every function performed by the Board.

Corporate Governance

The Supervisory Board and the Management Board share the view that the German Corporate Governance Code (DCGK) contains standards for good and responsible governance that are recognised both nationally and internationally, and are conducive to the proper management and monitoring of German listed companies.

Pursuant to Section 161, German Stock Corporation Act (AktG), the management board and supervisory board of a public company are required to issue an annual statement ("Declaration of Conformity") concerning the extent to which the company has been, and continues to be, in compliance with the recommendations issued by the Government Commission on the German Corporate Governance Code. The Declaration refers to the Code of 5 May 2015 as amended, and as published in the electronic Federal Gazette ("Bundesanzeiger") on 12 June 2015. The full-length version of the Declaration is available on the company's homepage at www.accentro.ag and reprinted in this Annual Report.

Moreover, the Declaration of Conformity is published, together with the Annual Account and the Management Report as well as other required disclosures, in the Federal Gazette and has been filed with the business register.

Separate and Consolidated Financial Statements

The Annual General Meeting elected the auditing firm Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg, as auditor for the 2015 financial year beginning 1 January and ending 31 December 2015.

The auditor reviewed the company's annual financial statements submitted by the Management Board and the Consolidated Financial Statements including the Management Report and the Group Management Report for the 2015 financial year, and issued an unqualified audit certificate for these.

The separate financial statements, consolidated financial statements, including Management Report and Group Management Report, and the audit reports on the audit of the separate and consolidated financial statements, along with the Management Board's proposed appropriation of net retained profits were submitted to the Supervisory Board in good time. At its balance sheet meeting on 29 March 2016, the Supervisory Board deliberated and discussed the documents underlying the financial statements and reports with the Management Board at length, focusing on issues relating to the valuation of current and non-current assets.

The auditor briefed the meeting on the essential findings of the audits, and was available to answer additional questions raised by the Supervisory Board. Based on its independent review of the separate financial statements, the consolidated financial statements and the management reports for the Company and the Group, the Supervisory Board approved the auditor's audit findings, and declared that, based on the conclusive findings of its examinations, it had no objections to raise. By resolution dated 29 March 2016, the Supervisory Board approved the annual financial statements, which is thereby adopted pursuant to Sec. 172, AktG, and the consolidated financial statements.

Dependency Report 2015

The Supervisory Board examined and approved the dependent company report compiled by the Management Board pursuant to Sec. 312, AktG. Based on the final outcome of its examination, the Supervisory Board raised no objections to the statement by the Management Board at the end of its report pursuant to Sec. 312, AktG.

The auditor, which is the auditing firm Ebner Stolz GmbH & Co KG in Hamburg, made no objections in its audit of this report, and the result of the audit is consistent with the findings of the Supervisory Board. The auditor issued an unqualified auditor's opinion in this respect:

"On completion of our review and assessment in accordance with professional standards, we confirm that

1. the actual disclosures contained in the report are accurate, and
2. the consideration paid by the Company for the transactions was not unreasonably high."

Members of the Supervisory Board

Pursuant to Sec. 96, AktG, the Supervisory Board is composed of shareholder representatives.

The Supervisory Board would like to thank the entire staff of ACCENTRO Real Estate AG for their faithful service, their deep commitment, and their high sense of loyalty.

Berlin, 29 March 2016

Axel Harloff
Chairman of the Supervisory Board

Corporate Governance Report

Declaration of Conformity 2016

Pursuant to Section 161, German Stock Corporation Act (AktG), the management board and supervisory board of a public company are required to issue an annual statement ("Declaration of Conformity") concerning the extent to which the company has been, and continues to be, in compliance with the recommendations issued by the Government Commission on the German Corporate Governance Code. The subsequent Declaration refers to the Code of 5 May 2015 as amended, and as published in the electronic Federal Gazette ("Bundesanzeiger") on 12 June 2015. For the full-length version of the Declaration, please go to the company's homepage at www.accentro.ag.

The Management Board and Supervisory Board of ACCENTRO Real Estate AG hereby declare:

"Since the last declaration of conformity was issued in March 2015, ACCENTRO Real Estate AG has complied with the recommendations of the German Corporate Governance Code as amended, with exceptions detailed below, and intends to continue to comply with the Code recommendations in the coming year, with exceptions detailed below:

Code Sections 2.3.1 and 2.3.2 (Postal Vote)
The company does not currently intend to conduct postal votes before or during its Annual General Meeting in addition to proxy voting by persons authorised to act as voting representatives, particularly since the company's Articles of Association do not provide for this as required by Section 118 (2), AktG. In the company's opinion, the introduction of postal voting in addition to the option already available of contributing indirectly to the votes taken in the Annual General Meeting in the form of a proxy vote by a representative appointed by the company would simply increase the outlay required for the Annual General Meeting without adding tangible benefits to the shareholder decision-making process. Neither was this option offered at the previous Annual General Meeting.

Code Section 2.3.3 (Transmission over the Internet)
The company did not transmit the 2015 Annual General Meeting, nor does it intend to transmit the 2016 Annual General Meeting through modern communication media.

Code Section 3.8 (D&O Insurance)
The D&O insurance taken out as a group contract does not currently provide any deductible for members of the Supervisory Board. The company believes that a deductible of this type is not required to motivate the members of the Supervisory Board to properly perform their monitoring duties.

Code Section 4.1.5 (Diversity)
The Management Board of Accentro Real Estate AG is committed to the promotion of female employees and the increased recruitment or female executives. However, the Management Board believes that the diversity aspect, which includes equal opportunity for women, should not be the decisive criterion for executive appointments. Rather, leadership and management skills as well as professional competence in the respective business divisions and spheres of ownership along with demonstrable professional experience should be prioritised in the best interest of the company.

Code Section 4.2.1 (Composition of the Management Board)
In deviation of Code Section 4.2.1, the Management Board of ACCENTRO Real Estate AG currently consists of one person only. Both the Supervisory Board and the Management Board believe that the size of the company justifies the arrangement. Nonetheless, the Management Board and the Supervisory Board periodically check whether the development of the company warrants an expansion of the Management Board.

Code Section 4.2.3 (Compensation)
The total compensation of the Management Board currently consists of fixed and variable components, but no remuneration components marked by long-term incentives and risk elements. Moreover, the recommendation that negative developments should be taken into account when determining the variable components of total compensation was and is not complied with. According to the Supervisory Board, neither of these aspects is necessary to ensure the loyalty of the Management Board and its commitment to the company.

Code Section 5.1.2 (Composition of the Management Board, Age Limit, and Succession Planning)
Due to the age structure of the Management Board, no age limit or long-term succession planning is currently in place.

The Supervisory Board and Management Board expressly welcome all endeavours to counteract gender-based or any other form of discrimination, and to promote diversity in appropriate ways. When appointing members to the Management Board, the Supervisory Board places emphasis solely on the competence, qualifications and experience of eligible candidates, while other characteristics such as gender and nationality have been, and continue to be, without any significance for this kind of decision.

Code Sections 5.3.1, 5.3.2 and 5.3.3 (Committees)
The Supervisory Board has refrained from forming committees so far. Specifically, it has not formed, nor will it form, an audit committee or a nomination committee as it considers three Supervisory Board members a sufficient number to function effectively in joint representation. Given the size of the Supervisory Board, it would moreover seem unreasonable to form committees, which must include at least two people or, for a quorum, at least three people.

Code Section 5.4.1 (Composition of the Supervisory Board)
The company does not yet comply with the code's recommendation to formulate specific targets for the composition of the Supervisory Board,and to publish these in the Corporate Governance Report, which targets specifically include the adequate representation of women. The legal provisions governing compliance with the mandated minimum representation of women will be complied with in the next elections of the Supervisory Board. The Supervisory Board believes that neither an age limit nor a maximum length of tenure is required to ensure the effectiveness and success of the Supervisory Board's efforts. The Supervisory Board will seek to determine to what extent these recommendations may be complied with in the future.

Code Section 5.4.2 (Composition of the Supervisory Board)
Dr. Dirk Hoffmann, currently a member of the Supervisory Board, is chairman of the supervisory board of ADLER Real Estate AG in Hamburg, chairman of the supervisory board of Squadra Immobilien GmbH & Co. KGaA, Frankfurt am Main, deputy chairman of the Bremer Kreditbank AG, Bremen, member of the supervisory board of Dexia Kommunalbank Deutschland AG, Berlin, and chairman of the supervisory board of Aggregate Holding SA, Luxembourg.

Axel Harloff is deputy chairman of the supervisory board of Westgrund AG, Berlin Carsten Wolff is a member of the supervisory board of Westgrund AG, Berlin.

Since mid-2012, the Supervisory Board is supposed to exclude members who serve in supervisory bodies of key competitors. This could have been the case with all three of the Supervisory Board members. However, there have been no signs of material conflicts of interest.

Code Section 7.1.2 (Discussion of Interim Reports by the Supervisory Board and Publication of Interim Reports)
At present, the company's quarterly reports are not discussed with the Supervisory Board prior to publication. Once a quarter, the Management Board briefs the Supervisory Board in writing about the company's state of affairs and the course of its business.

ACCENTRO Real Estate AG principally publishes its interim reports 45 days after the end of the reporting period. In exceptional circumstances there may be a slight delay due to special organisational processes. The legal requirements set out in Section 37w, Securities Trading Act (WpHG), are complied with in all cases.

Berlin, in March 2016

Management Board and Supervisory Board
ACCENTRO Real Estate AG

ACCENTRO Real Estate AG Stock Performance

The decision the European Central Bank (ECB) made in January to pump 1.1 trillion euros into the financial markets until September 2016 by buying back government bonds was the main reason for the clearly positive trend on the German stock market at the beginning of the year. This development in combination with the persistent devaluation of the euro initially relegated the discussion of a possible exit of Greece from the eurozone to the background, and the DAX responded by climbing to a historic record level of 12,390 points on 10 April 2015.

By mid-year, however, the onset of the refugee inflow to Germany and the intensifying crisis in Greece began to impact the performance of Europe's financial markets.

The VW scandal making headlines in September and the public debate concerning the costs of uncontrolled immigration for Germany seriously impacted the performance of the DAX 30, causing it to drop to an annual low of 9,325 points on 29 September 2015 before it recovered 1,080 points during the fourth quarter and regained the level of 10,743 points on the last trading day of 2015 . As a result of this development, the DAX 30 concluded 2015 with a 10 % gain, for what it's worth.

The positive performance of the DAX 30 during the last quarter of 2015 was boosted by the price trend for crude oil. Having shown an upward trend until mid-year, it plunged by nearly 40 % during the second half of the year, dropping from about US dollar 63.00 on 1 July 2015 to about US dollar toward year-end. In the eurozone, the low price of crude oil pushed the inflation rate down to just 0.2 % despite the accommodative monetary policy of the ECB.

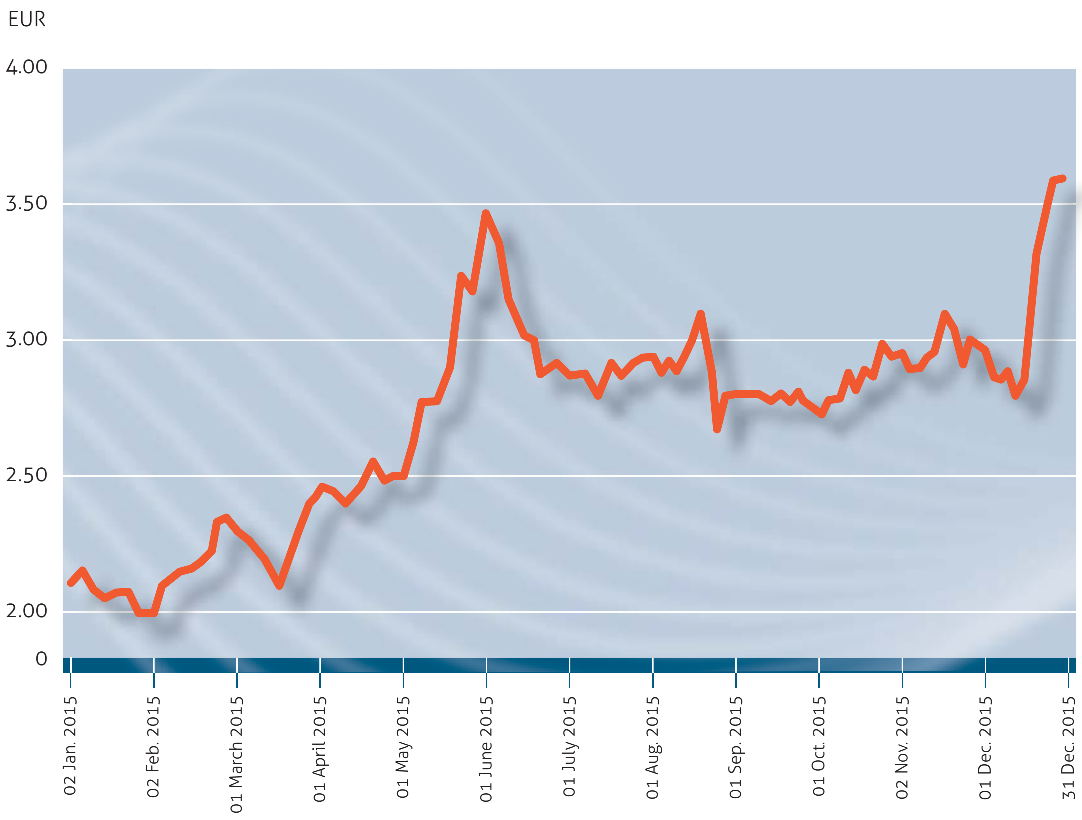
Meanwhile, the euro continued its down trend that had started in 2014, losing nearly 10 % of its value during the 2015 calendar year. While the euro still stood at 1.210 against the US dollar at the beginning of the year, the exchange rate had dropped to 1.093 by the last trading day of 2015, which benefited Germany's export-driven industries more than anybody else.

The low oil prices, the favourable interest rates, and the weak euro continued to drive consumer spending in 2015. As a result, the German economy achieved a year-end growth of 1.7 % despite the persistent refugee issue, the terrorist threat and the slowing Chinese economy.

The ACCENTRO share price, which was EUR 2.12 on the first trading day of 2015, rose by nearly 70 % in the course of the year. The closing price on the final trading day of 2015 was EUR 3.60, which implies a market capitalisation of EUR 88.84 million.

The average daily trading volume (Xetra) of ACCENTRO stock was 12,595 pieces during the 2015 financial year. Overall, 2.68 million shares of ACCENTRO Real Estate AG were traded in the Xetra trading system alone between 02 January and 30 December 2015 . The relatively low trading volume when compared to the trade of previous years is mainly explained by the reduced free float of just 13.02 %.

In addition to the largely favourable conditions of the overall market, the share performance was boosted most notably by the Annual Report issued in March reporting the excellent net income of the 2014 short financial year, by the sale of the Berlin-Hohenschönhausen portfolio in June 2015, and by the excellent forecast for the accounts of the 2015 financial year.

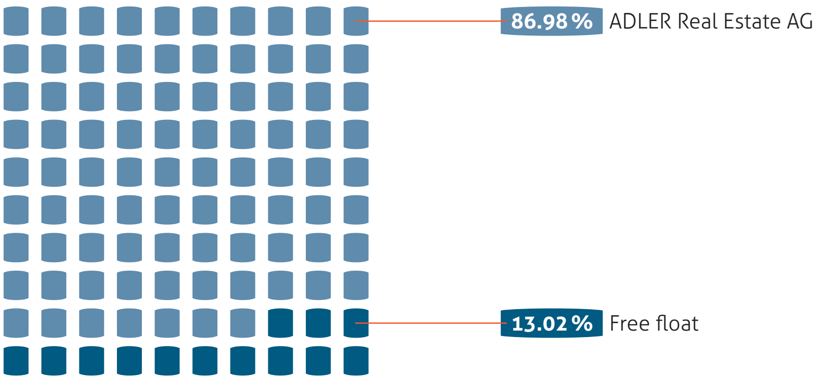


ACCENTRO share price development in the financial year 2015

Shareholder Structure

By the end of the financial year on 31 December 2015, the subscribed capital of ACCENTRO Real Estate AG totalled EUR 24.68 million. It broke down into 24,678,200 no-par value bearer shares. This is up from 24,436,464 shares and a share capital of EUR 24,436,464 at the start of the financial year on 1 January 2015.

Current shareholding structure:



Shareholder structure on 31 December 2015 (information according to last notification from investors)

ACCENTRO Shares at a Glance

ACCENTRO Real Estate AG

Share	
Stock market segment	Prime Standard
ISIN	DE000A0KFKB3
German Securities Code Number (WKN)	A0KFKB
Number of shares on 31 December 2015	24,678,200
Free float	13.02 %
Highest price (1 January 2015 – 31 December 2015*)	3.60 EUR
Lowest price (1 January 2015 – 31 December 2015*)	1.88 EUR
Closing price on 31 December 2015*	3.60 EUR
Market capitalisation at year-end*	88,841,520.00 EUR

* Closing prices in Xetra trading

Investor Relations Activities

As in previous years, regular disclosures and the dialogue with the capital market had a key priority in the 2015 financial year.

For instance, ACCENTRO Real Estate AG presented itself on the capital market with a talk and one-to-one meetings at the spring conference of the DVFA German Association for Financial Analysis and Asset Management in May 2015. The corporate development of ACCENTRO Real Estate AG is continuously monitored by analysts. The latest analyst assessments returned the following ACCENTRO stock ratings:

- 30 November 2015: sc-consult GmbH, stock rating: "Buy", upside target EUR 3.80
- 2 September 2015: sc-consult GmbH, stock rating: "Buy", upside target EUR 3.80

Management Report

Preliminary Remarks

The consolidated 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

The ACCENTRO Group is a listed property company focusing on residential real estate in Germany. Its business activities are limited, geographically speaking, to real property in Germany, particularly in economically attractive locations, including primarily so-called Class B and Class C cities and the city of Berlin. The business activities of ACCENTRO AG 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's 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 business focus is on socially responsible housing privatisation. 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 AG will maintain its dedicated focus on the privatisation of apartments from its proprietary stock as well as on behalf of third parties. ACCENTRO AG also intends to limit its further acquisitions of housing stock to its apartment retailing business line (privatisations).

1.2 Group Structure and Control System

ACCENTRO AG is the parent company of the ACCENTRO Group. ACCENTRO AG acts as an operationally active holding company for a number of member companies in which the housing stock is concentrated including one service company focused on the business area of housing privatisation. For companies in which it holds a controlling interest, ACCENTRO AG assumes the top-down responsibilities of corporate controlling, funding, and administration within the ACCENTRO Group. The sphere of ownership of ACCENTRO 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 holds major shares of the portfolio, and several property vehicles directly managed by ACCENTRO AG and largely grouped with the "Trading" Segment that own the real estate stock of the ACCENTRO Group. The subgroup and all of the property vehicles are consolidated in the Consolidated Financial Statements of ACCENTRO AG. For a list of the individual subsidiaries and associates of ACCENTRO AG, please see the Notes to the Consolidated Financial Statements.

The ACCENTRO Group subdivides into two segments, “Trading” and “Portfolio.” There are no other subdivisions. The segment reporting follows the same division structure. To control the group, ACCENTRO AG uses control variables that are fine-tuned to meet the specificities of each group segment and of the group as a whole. These have not been adjusted during the year under review, and are the same as last year.

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 EBIT 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 placed by potential buyers, among others, 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 12 months is conducted on a rolling basis. This centrally controlled responsibility helps to monitor the financial stability of the corporate group. Continuous 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

With its activities concentrated in the areas of residential 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

Germany’s national economy concluded the year 2015 with a growth of 1.7 %, thereby continuing the upward trend of the previous year. Following the stagnation that came in the wake of the European debt crisis and saw growth levels of 0.4 % (2012) and 0.3 % (2013), the German economy has been stable for two years in a row now.

Especially the low oil price and the accommodative monetary policy pursued by the European Central Bank (ECB) had a favourable influence on consumer behaviour, as did the excellent situation on the country’s labour market. Unemployment, for one, dropped to its lowest level since 1991, while the number of gainfully employed persons hit an all-time high of 43 million.

Even the refugee crisis boosted growth as it led to an increase in government spending.

Despite its unconventional monetary policy measures, the ECB proved unable to keep the inflation rate to dip briefly into the negative range. However, the threat of deflation has remained negligible because the decline in inflation rate was caused mainly by the permanently low energy prices.

The business economy has benefited from the fact that the strain on the German debt market has noticeably eased in the years since 2009. There are virtually no symptoms that would justify concern about a debt-financed real estate bubble when comparing Germany to other countries. While loans taken out for housing construction in Ireland and Spain nearly tripled during the boom phase, real estate loans in Germany show no signs of such a development at the moment.

Rather, the German real estate markets benefit from the favourable economic parameters. Residential real estate companies like ACCENTRO Real Estate AG that use substantial leverage to finance their acquisitions benefit more than others from the ECB's low-interest policy. ACCENTRO Real Estate AG, which depends on the availability of ample low-interest debt for the expansion of its portfolio, clearly benefits from the currently rather favourable refinancing options.

2.2 Development of the German Housing Market

For the residential real estate investment market, 2015 was a banner year. With 460 transactions in a total transaction volume of 25 billion euros and 360,000 residential units sold, figures doubled year on year.

There were no less than four transactions involving more than 15,000 flats each. By far the single biggest transaction of the year was the takeover of the housing company Gagfah by Deutsche Annington (now Vonovia SE), with 144,000 flats changing hands for 8 billion euros.

The Berlin metro area alone accounted for 20 % of the transaction total, as revenues from housing sales approximated 5 billion euros. This implies an increase by 60 % year on year.

The performance of Germany's real estate markets in 2015 was bolstered by the robust economic situation. Low financing charges, the auspicious situation on the labour market, and shifts in investor portfolio allocations in favour of real estate all had a clearly positive impact.

Compared to the prior-year period, asking rents for apartments in German metropolises showed nominal growth in 2015. In Berlin, the most important market for ACCENTRO Real Estate AG, rent rates rose by 4.4 %.

Asking prices for condominiums followed a clearly upward trend in 2015 when compared to previous years. Among Germany's "Big Seven" cities, the steepest price hikes were reported from Stuttgart (18.8 %), Berlin (14.4 %) and Munich (12.9 %).

Venturing a prediction for 2016, however, is difficult and complex. Although it is generally safe to assume that the rental cycle has peaked and that average rents in major German cities, with the exception of Berlin, will see little or no growth in the coming years, it is hard to say what sort of ramifications the high inflow of residents is likely to have. The increase in incoming migration will boost the demand for housing, and may actually prolong the rental cycle. Available supply will hardly be able to cover demand, and this could precipitate further rent and price growth in German metropolises.

Since Berlin remains the most important market for ACCENTRO Real Estate AG, we continue to see the market environment as auspicious for the housing privatisation business. In order to expand our spectrum of deliverables, we will monitor future trends on the residential property market and expand our footprint in other German metropolises and swarm cities.

2.3 Business Performance

Key Events During the 2015 Financial Year

The clearly positive business performance of the ACCENTRO Group in the 2015 financial year took place in an altogether favourable market environment on the residential property markets relevant for ACCENTRO. 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. The ACCENTRO Group completed 2015 with the highest profit of any year in the company's history, outperforming the forecasts for the parent group.

Group revenues increased noticeably year on year, which is essentially attributable to two influencing factors. For one thing, the disposal of the property portfolio in Berlin-Hohenschönhausen from the "Portfolio" segment had a very positive effect while, on the other hand, the net rental income improved considerably. As planned, the trading income more than doubled. Both the net rental income and the trading income is explained by the substantially increased stock of rental flats and of condominiums available for sale.

The acquisition of 1,117 units for the "Trading" segment in the 2015 financial year was intended to bolster the basis for continued stable revenues in the privatisation business.

In the "Portfolio" segment, we laid the ground for a sustainable positive income situation by launching a dedicated effort to bring down the vacancy and by initiating redevelopment measures.

The cash inflow from the sale of the Berlin-Hohenschönhausen portfolio was spent not just on new acquisitions, but was also used to repay the shareholder loan, which lowered the interest burden considerably.

Due to the switch of the financial year to coincide with the calendar year in 2014, the 12-month financial year of 2015 has only the 6-month short financial year beginning 1 July and ending 31 December 2014 as audited one-year comparison. To facilitate comparability, the presentation was supplemented with the unaudited comparables for the 12 months of the 2014 calendar year.

2.4 Earnings, Financial Position and Assets

Earnings Position

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

	2015 financial year	2014 short financial year	2014 calendar year (unaudited)
	million EUR	million EUR	million EUR
Revenues	157.0	53.7	66.1
EBIT	38.9	19.4	23.2
Consolidated income	22.8	7.1	3.8

Compared to the 2014 calendar year, the consolidated revenues of the 2015 financial year rose by EUR 90.9 million or 137.4 % to EUR 157.0 million, and break down as follows across segments:

- Portfolio: EUR 117.5 million (short financial year: EUR 38.4 million; prior-year total: EUR 43.9 million)
- Trading: EUR 39.5 million (short financial year: EUR 15.4 million; prior-year total: EUR 22.3 million)

thereof

- Other trade: EUR 0.0 million (short financial year: EUR 0.0 million; prior-year total: EUR 0.4 million)
- Privatisation: EUR 39.5 million (short financial year: EUR 15.4 million; prior-year total: EUR 21.9 million)

During the 2014 short financial year, the revenues of the "Portfolio" segment were retroactively adjusted to the audited previous year without any effect on the EBIT/consolidated net income. A deconsolidation loss of TEUR 80 that was recognised among the "Other operating expenses" for the previous year was retroactively presented as revenue (TEUR 30,706) and expense (TEUR 30,786) from the disposal of investment properties.

In the "Trading" segment, revenues in the "Privatisation" sub-segment showed substantial growth, far exceeding the prior-year level at EUR 39.5 million. The sub-segment "Other trade" no longer had any revenues to report as the entire segment was sold off (previous year: EUR 0.4 million).

The gross operating profit (EBIT) of the "Trading" segment was clearly positive at EUR 7.1 million by the end of the 2015 year under review (short financial year: EUR 2.1 million; previous year: EUR 2.9 million), which is exclusively due to the steady increase in net income of the "Privatisation" sub-segment with an EBIT of EUR 8.3 million (short financial year: EUR 2.1 million; previous year: EUR 3.0 million). The wind-up and sale of the remaining activities of the "Other trade" sub-segment resulted in EBIT in the amount of EUR –1.2 million (short financial year: EUR –0.1 million), being essentially the result of expenses in connection with the wind-down of this sub-segment.

The "Trading" segment achieved an EBIT growth by EUR 5.0 million compared to the 2014 calendar year (previous year: EUR 4.2 million). It reflects the steep increase in net income of the subsidiary Accentro Wohneigentum GmbH.

During the 2015 financial year, revenues in the "Portfolio" segment amounted to outstanding EUR 117.5 million (short financial year: EUR 38.4 million; previous year: EUR 43.9 million) and were generated mainly by sales proceeds in the amount of EUR 101.8 million. The disposal of a Berlin-based real estate portfolio for EUR 93.7 million during the year definitively contributed to the total. The rental revenues equalled EUR 15.7 million to EUR 6.9 million (previous year: EUR 11.9 million). As previously announced, there were no portfolio acquisitions in 2015. The refurbishment and revitalisation program planned in the previous period was launched according to plan during the reporting period and has produced some quick-wins by reducing the vacancy rate.

The operating result (EBIT) of the "Portfolio" segment equalled EUR 31.8 million (short financial year: EUR 17.3 million, previous year: EUR 20.3 million) and represents essentially:

- sales proceeds from the disposal of investment properties in the amount of EUR 101.8 million (short financial year: EUR 31.4 million; previous year: EUR 31.9 million),
- revenues from letting investment properties in an amount of EUR 15.7 million (short financial year: EUR 6.9 million; previous year: EUR 11.9 million),
- revenues from the capital growth of investment properties in an amount of EUR 10.5 million (short financial year: EUR 18.8 million; previous year: EUR 21.9 million), and
- expenses for administration and allowances for rent receivables.

The large sales proceeds from the disposal of investment properties in the amount of EUR 15.8 million and the first full contribution to operating income from the housing stock acquired during the previous year pushed the EBIT in the "Portfolio" segment from EUR 20.3 million by the end of the 2014 calendar year (short financial year: EUR 17.3 million) up to EUR 31.8 million by the end of the period under review. The sale of the real estate portfolio in Berlin-Hohenschönhausen alone contributed EUR 15.7 million to this rise in net income.

For a detailed presentation of the segment result, refer to the Group Notes, sec. 5.

Especially the robust sales performance both in both segments helped to achieve a positive consolidated income of EUR 22.8 million (short financial year: EUR 7.1 million; previous year: EUR 3.8 million).

The other operating income added up to EUR 2.1 million (after EUR 3.2 million by the end of the 2014 short financial year, and EUR 8.8 million by the end of the 2014 calendar year), and includes income from the dissolution of allowances and provisions in the amount of EUR 0.6 million along with other income from waived receivables and the derecognition of liabilities as a result of the statute of limitation defence in the amount of EUR 1.2 million.

The other operating expenses in the amount of EUR 4.7 million (short financial year: EUR 3.8 million; previous year: EUR 9.6 million) include, inter alia, advisory costs for general advisory services, specifically in the areas of taxes, legal, and general strategic issues. Also recognised in this item are rental expenses for the company's business premises, acquisition costs, as well as information, advertising and entertaining expenses.

The total payroll and benefit costs added up to EUR 2.3 million by the end of the reporting period, barely exceeding the sum of EUR 2.0 million for the 2014 short financial year and noticeably lower than the year-end total of the previous year (EUR 3.9 million). The payroll and benefit costs were considerably reduced by the elimination of one senior executive position and by redundancies.

The financial results of the 2015 financial year equalled EUR –14.0 million after EUR –7.1 million by the end of the short financial year (2014 calendar year: EUR –10.7 million). The massively increased interest expense reflects the fact that the financial statements of the year under review are the first to recognise the entire interest charge for financing the real estate portfolio acquired during the 2014 short financial year, along with the interest expenses for to some extend debt-finance investments in the trading portfolio, and the early termination fees due for the repaid loans of properties sold.

The earnings before taxes added up to EUR 25.5 million after EUR 12.4 million by the end of the 2014 short financial year, and EUR 12.6 million by the end of the 2014 calendar year. The income tax expense by the end of the reporting period equalled EUR 2.7 million after EUR 5.4 million for the 2014 short financial year (2014 calendar year: EUR 8.9 million), and is based essentially on deferred tax effects as a result of further appreciation of real estate assets. The very low tax ratio of 10.8 % (short financial year: 43.1 %; 2014 calendar year: 70.0 %) is attributable to the fact that disposals of corporations are largely tax-exempt pursuant to Section 8b, German Corporate Income Tax Act (KStG).

For more details on the composition and amount of the income and expenses, please see the Notes to the Consolidated Financial Statements, section 6.15.

Financial Position

Key figures from the cash flow statement

	2015 financial year	2014 short financial year
	million EUR	million EUR
Cash flow from operating activities	–74.6	–59.4
Cash flow from investment activities	68.8	–115.5
Cash flow from financing activities	5.7	176.3
Net change in cash and cash equivalents	–0.1	1.3
Decrease in cash and cash equivalents from the disposal of fully consolidated companies	–0.6	–0.1
Cash and cash equivalents at the beginning of the period	7.7	6.4
Cash and cash equivalents at the end of the period	7.0	7.7

The high cash inflow from the disposal of portfolio properties was used during to 2015 financial year to further expand the trading portfolio.

During the 2015 financial year, the cash flow from operating activities was EUR –74.6 million (short financial year: EUR –59.4 million). The negative cash flow from the operative segment is directly linked to the property acquisitions for the inventory assets whose transfer of costs and benefits occurred during the year under review, and whose initial costs negatively impacted the operating cash flow less the inventory properties sold in the course of the year with EUR 80.2 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 cash flow from operating activities is generated by rent payments and the amounts deposited in return for inventory properties sold. The operating cash flow is impaired exclusively by 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. For details, please see item 6.19 in the Notes to the Consolidated Financial Statements.

Particularly the disposal of portfolio properties and of non-current assets held for sale, which also includes portfolio properties held for sale, and the receipt of payments for real estate subsidiaries already sold in late 2014, produced a clearly positive cash flow from investment activities in the amount of EUR 68.8 million (short financial year: EUR –115.5 million). The previous year, by contrast, was defined by the acquisition of a large real estate portfolio.

The drastically reduced cash flow from financing activities in the amount of EUR 5.7 million (short financial year: EUR 176.3 million) resulted from the repayment of a shareholder loan by ADLER Real Estate AG, and from the repayment of bank loans for property disposals as planned, which were matched by much lower borrowings compared to the prior period. The buyer of one subsidiary took over a bank loan in the amount of EUR 38.2 million within the framework of acquiring a property special purpose entity, so that the reduction in long-term debt is not fully reflected in the cash flow from financing activities.

Structure of Assets and Capital

	31 December 2015		31 December 2014	
	million EUR	in %	million EUR	in %
Assets	**395.2**	**100.0 %**	**402.2**	**100.0 %**
Non-current assets	189.6	48.0 %	278.1	69.2 %
Current assets less liquid assets*	198.7	50.3 %	116.4	28.9 %
Cash and cash equivalents	6.9	1.7 %	7.7	1.9 %
Debt and equity	**395.2**	**100.0 %**	**402.2**	**100.0 %**
Equity	109.2	27.6 %	85.9	21.3 %
Non-current liabilities	186.0	47.1 %	255.7	63.6 %
Current liabilities*	100.0	25.3 %	60.6	15.1 %

* Including assets and liabilities held for sale

The Group managed to keep the funding structure stable during the 2015 financial year, most notably by using low-interest loans to finance the acquisition of assets for the trading portfolio.

The debt-to-equity ratio (debt capital/total capital) improved specifically due to the substantial increase in equity capital, and stood at 72.4 % by the end of the year under review (prior period: 78.7 %). Among the liabilities, the share of current liabilities has jumped up from 15.1 % to 25.3 % as a result of the increasing significance of the "Trading" segment. The properties itemised in the "Trading" segment are largely financed on loans whose provisions mandate the repayment of a contractually agreed amount upon disposal of a given apartment or house. Accordingly, these liabilities are recognised as current liabilities because their repayment is projected for 2016, based on the current sales planning. By contrast, the "Portfolio" segment is financed on permanent loans with scheduled repayments whose instalments for the next 12 months as contractually scheduled are recognised as current liability. The reduction of the non-current financial liabilities is primarily explained by the disposal of portfolio properties together with their financing arrangements, and by the reclassification of certain non-current liabilities as current liabilities in accordance with the sales planning for 2016.

At 1.7 %, the ratio of cash and cash equivalents to total assets dropped below the level of the prior year balance sheet date (1.9 %). The Group's cash ratio (cash and cash equivalents/short-term payables) decreased from 12.7 % to 6.9 %.

The Group was able to meet its financial obligations at all times. A rolling cash plan enables us to recognise liquidity bottlenecks well ahead of time, and to seize the necessary countermeasures, as the case may be.

The financing schemes of ACCENTRO Real Estate AG rest on several mainstays. In addition to bank loans and promissory note loans collateralised by land charges, the company employed capital-market-based financing arrangements in the form of convertible bonds and other bonds. In addition, the majority shareholder ADLER Real Estate AG has made a credit line facility in the amount of EUR 30.0 million available to the ACCENTRO Group. By the balance sheet date, an amount of EUR 2.8 million had been drawn down from this credit line (prior period: EUR 34.2 million).

In the course of the financial year, long-term payables to financial institutions decreased from EUR 190.2 million to EUR 154.6 million. The decline was mainly caused by the fact that the buyer of an existing portfolio also took over the corresponding loans, by debt repaid from sales proceeds, and by the reclassification of non-current as current liabilities on the basis of the sales plans for 2016.

As of 31 December 2015, the current liabilities to banks with a maturity of less than one year amounted to EUR 63.8 million or EUR 78.2 million when including the debt associated with assets held for sale (prior-year period: EUR 36.4 million).

The convertible bonds and corporate bonds issued in prior years were reduced through repurchases and conversions into shareholders' equity, declining slightly from EUR 21.6 million as of 31 December 2014 to EUR 21.5 million as of 31 December 2015.

Cash and cash equivalents decreased from EUR 7.7 million by 31 December 2014 to EUR 7.0 million as of 31 December 2015. ACCENTRO Real Estate AG assumes that all of the loans to be renegotiated during the 2016 financial year will be renewed in turn. Assuming that market interest rates will remain low, the company perceives this as an opportunity to keep optimising its interest expense. No financing in foreign currency was taken out by ACCENTRO Real Estate AG.

Especially the high consolidated net income and, to a lesser extent, the conversion rights exercised for the convertible bonds issued by ACCENTRO Real Estate AG (EUR 0.6 million), prompted a massive increase in equity, from EUR 85.9 million at year-end 2014 to EUR 109.2 million by 31 December 2015. As a result, the equity ratio has considerably improved from 21.3 % to 27.6 % while the total assets saw a modest drop.

For more details on the amount and composition of the Group's cash flows, please see the Consolidated Cash Flow Statement and the Group Notes, section 6.19.

Asset Position

Total assets declined by EUR 7.0 million to EUR 395.2 million (31 December 2014: EUR 402.2 million). Material changes to each balance sheet item are detailed in the summary below, and are subsequently elaborated.

	31 December 2015	31 December 2014	Change
	million EUR	million EUR	million EUR
Non-current assets	**189.6**	**278.1**	**–88.5**
Investment properties	168.3	257.9	–89.6
Other non-current assets	21.3	20.2	1.1
Current assets	**188.5**	**124.1**	**64.4**
Inventories	156.1	75.9	80.2
Trade receivables	10.4	21.2	–10.8
Other current assets	22.0	27.0	–5.0
Assets held for sale	**17.1**	**0**	**17.1**
Equity capital	**109.2**	**85.9**	**23.3**
Non-current liabilities	**186.0**	**255.7**	**–69.7**
Financial liabilities	154.6	190.1	–35.5
Shareholder loans	2.8	34.2	–31.4
Other non-current liabilities and bonds	28.6	31.4	–2.8
Current liabilities	**85.5**	**60.6**	**24.9**
Current financial liabilities	63.8	36.4	27.4
Other current liabilities and accrued expenses	21.7	24.2	–2.5
Non-current assets held for sale	**14.4**	**0**	**14.4**

The non-current assets include, in addition to the investment properties, essentially a non-depreciable goodwill in the amount of EUR 17.8 million. The clear reduction of non-current assets by EUR 88.5 million is therefore definitively attributable to the change in investment properties position by EUR –89.6 million. These declined as a result of property disposals in a book value of EUR 86.0 million, and the reclassification of properties in the balance sheet item "Non-current assets held for sale" in a book value of EUR 17.1 million. Meanwhile, the positive net valuation result in the amount of EUR 10.5 million plus the redeveloped properties recognised as portfolio additions in the amount of EUR 2.6 million had a converse effect.

Current assets increased by EUR 64.4 million to EUR 188.5 million (prior period/short financial year: EUR 124.1 million), and these, too, are represent primarily the trading portfolio real estate recognised in inventories. The increase is attributable above all to the acquisition of around 1,100 residential units at a cost of approx. EUR 102.4 million in the course of the financial year, the units being earmarked for privatisation. On balance, meaning with the year's property sales and redevelopment measures taken into account, the inventory assets increased by EUR 80.2 million. The trade accounts receivable decreased from EUR 21.2 million by year-end 2014 to EUR 10.4 million, essentially because of the purchase price payments for several subsidiaries sold.

The other receivables and other assets experienced a steep decline during the 2015 financial year, most notably because funds earmarked for specific purposes (restricted cash) were spent and caused the total to drop from EUR 6.4 million to EUR 2.9 million.

The item "Non-current assets held for sale" for the 2015 financial year recognises several investment properties in a total amount of EUR 17.1 million that are expected to be sold during the first semester of 2016. For three of the properties, legally binding SPAs are already in place. Liabilities corresponding to this item have also been separately itemised with EUR 14.4 million.

Non-current liabilities dropped noticeably to EUR 186.0 million (previous year: EUR 255.7 million) as of the balance sheet date, mainly due to the sale of the Berlin-Hohenschönhausen portfolio. The portfolio buyer also took over the long-term financing associated with it. The sales proceeds were used to repay the shareholder loan in the amount of EUR 34.2 million. A new master loan agreement over EUR 30.0 million on more favourable terms was signed with the parent company, and EUR 2.8 million thereof had been drawn down by the balance sheet date.

Current liabilities increased by EUR 24.9 million to EUR 85.5 million (prior period: EUR 60.6 million). This is essentially explained by the sales planning for the 2016 financial year because these liabilities will have to be repaid if the real property used as their collateral is disposed of.

General Statement on the Group's Business Situation

In the previous statement of account, we predicted a substantial increase in the consolidated funds from operations.

The net income realised in the 2015 financial year, the finest in the company's history, exceeded the forecast by a wide margin.

The anticipated major improvement of the contribution to operating income by the "Trading" segment was impressively borne out by a 75.8 % growth in sales proceeds and by an 81.0 % growth in net income from inventory property sales.

The predicted leap in net income also eventuated in the "Portfolio" segment when compared to the 2014 calendar year and when excluding sales and valuation results. Rental revenues from portfolio apartments rose by 31.7 % during the 2015 financial year.

Against this background, the Management Board is more than satisfied with the earnings performance in either segment. The prerequisites for a sustained positive financial performance were put in place during the 2015 financial year through the continued expansion of the "Trading" portfolio and the elimination of vacancies in the "Portfolio" segment.

The equity ratio was raised to 27.6 % (prior period: 21.3 %). The increase reflects the sound performance of the 2015 financial year, as the total assets are more or less unchanged.

2.5 Other Financial and Non-financial Performance Indicators

The technical expertise and commitment of our employees and executives are essential requirements for the ACCENTRO Group's business performance.

To help retain employee knowledge and skills, the ACCENTRO Group places a strong emphasis on attractive working conditions. These include in particular a competitive compensation system which is continuously monitored and adapted to reflect changes in the labour market as required. Group employees also benefit from options for continued professional development as needed or whenever the opportunity presents itself.

An important non-financial success factor for ACCENTRO AG, especially in the area of trading and privatisation, is the company's reputation, most notably the reputation of its subsidiary Accentro GmbH. Accentro GmbH has been active in the privatisation business since 1999, and is Germany's market leader in this field today. For some years now, Accentro GmbH has concentrated on the booming market of Berlin, exploiting the highly auspicious development on that market. By setting up its own trading portfolio outside Berlin, ACCENTRO's apartment retailing arm Accentro GmbH will expand its position as attractive and reliable partner in the area of socially responsible housing privatisation. The business success of Accentro GmbH in the privatisation business is monitored through constant control of the condominium sales, which makes the latest trend in sales performance another, non-financial performance indicator. In the portfolio business, the void rate in the properties under management serves as a main non-financial ratio for assessing the business performance.

In a bid to widen its circle of buyers beyond the German-speaking clientele, Accentro GmbH has lately started an ongoing effort to expand its international footprint that taps into new groups of leads who are interested in German real estate but do not seek to buy entire portfolios.

3 Supplementary Report

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

4 Forecast, Opportunity and Risk Report

Forecast Report

The following statements on the future business performance of ACCENTRO Group and the factors considered to be crucial in terms of the development of the market, the sector and the company are based on the estimates made by the Management Board of ACCENTRO AG and the corporate planning decisions made in December 2015. In our planning efforts, we assume that the economic and social parameters will remain largely unchanged while the moderate economic growth, the low unemployment trend and the low-interest cycle will continue. All forecasts involve the risk that the developments predicted will not actually occur, either in terms of their extent or their general trend. The material risks to which ACCENTRO Group believes it is exposed are explained in the Opportunity and Risk Report.

Corporate strategy and operative activities will centre on the Trading and Portfolio divisions both during the 2016 financial year and in subsequent years. In doing so, ACCENTRO AG will increasingly focus on the privatisation of apartments from its proprietary stock as well as on behalf of third parties. This is the focus of the acquisition strategy that ACCENTRO AG pursues.

The Management Board expects the 2016 financial year to generate consolidated funds from operations in the double-digit millions that, while certainly positive, will fall short of the high level of 2015. Based on the recent expansion of the trading portfolio, and given the continued focus on privatisation activities, we expect to the "Trading" segment to make a once again improved contribution to operating income.

In the "Portfolio" segment, the Management Board expects a like-for-like comparison to show a stable, slightly increase net income as well – ignoring changes in the fair values of portfolio properties and possible property sales. Going forward, the net income of the "Portfolio" segment will be driven mainly by the real estate portfolio acquired during the 2014 short financial year. Business in 2016 will not be able to match the gains earned from investment property sales in 2015. As the disposed-of properties will no longer contribute to it, the operating income is about to see the steep drop. Then again, a close look at the remaining property stock suggests that 2016 will bring an increase in net rental income and a further reduction in vacancies.

The massive expansion of the apartment trading volume by 1,117 units, and an investment volume of just over EUR 100 million during the 2015 financial year explain why the positive operating cash flow predicted in the previous statement of account was not achieved, because disbursements towards these investments are also classified as operating cash flow. Since the plans call for a further expansion of the trading portfolio, the associable investments make it unlikely that the operating cash flow during the 2016 financial year will remain positive.

The equity ratio was raised as forecast, and equalled 27.6 % by the end of the financial year. With a view to the positive earnings guidance, the Management Board assumes that the equity ratio will continue to improve in 2016, and will do so without a serious decline in total assets.

In regard to the main non-financial performance indicators, we have reason to believe that the sales figures in the "Trading" segment will increase sharply, and continue to strengthen the brand name ACCENTRO in the process. As far as the trend in vacancies is concerned, we assume that the ratio of 16 % as of 31 December 2015 will keep going down in 2016. In terms of employee retention, our plans for 2016 call for a continuation of the current strategy of seeking to retain our employees long-term and to keep the churn rate low. The number of employees will slightly increase because the company's human resources need to be adjusted to its size.

Opportunity and Risk Report

Risk Management

The ACCENTRO Group's risk management system is geared towards securing the value add potential of the Group's commercial activities and to permit their exploitation in such a way as to generate a sustained growth 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.

With the function of detecting and communicating significant risk factors in a prompt manner, and particularly those that are highly relevant in terms of income and liquidity and that could therefore jeopardise the group's continued existence, the ACCENTRO Group's risk management system is integrated within the planning, reporting and controlling processes of ACCENTRO AG at an organisational level. The system is managed on a centralised basis by ACCENTRO AG and comprises the systematic identification, analysis, assessment and monitoring of material risks by the company's Management Board. In light of the group's clearly defined corporate structures and business processes, the level of formalisation has so far been kept comparatively low for reasons of efficiency.

The close involvement of the Management Board in the main business transactions and projects serves to ensure that any risks arising are monitored on an ongoing basis. The monthly reporting to the Management Board of ACCENTRO AG makes explicit mention of threats and viable ways to minimise them.

The risk management system employed by ACCENTRO AG contains the following key elements:

- a controlling and reporting system that is capable of identifying adverse business developments at an early stage and communicating them to the company's management;
- periodic or event-related risk stock-taking;
- the documentation of relevant risks for the purposes of informing the company's management on a regular or case-by-case basis;
- the periodic assessment of the identified risks and the resolution of decisions on any countermeasures or the conscious acceptance of transparent risks by the Management Board of ACCENTRO AG.

The key elements of the risk management system are itemised in the subsequent overview of the risk management process:

1. Definition of specifications: The Management Board defines the methodological and thematic prescriptions for the risk management system, with the company's expectations having been pinpointed and the risk awareness enhanced.
2. Risk identification and analysis: All entrepreneurial risks are fully captured, analysed in regard to causes and effects, evaluated, and classified in five different risk categories. In addition, appropriate countermeasures are identified.
3. Reporting: The Management Board is regularly and promptly briefed about extant threats and possible countermeasures. Within the framework of the reporting cycles, these briefings are scheduled spontaneously, weekly, monthly or quarterly, depending on the case at hand and the respective threat analysis.
4. Risk management: The company will proactively respond to identified, analysed and rated threats on the basis of executive decisions regarding controlling measures.
5. Risk controlling: The purpose of risk controlling is the methodological and thematic planning, monitoring and controlling of the risk management system of ACCENTRO AG. Risk controlling covers all stages of the risk management process, and enables the Management Board to up-date the methodological and thematic prescriptions for the risk management system on a regular basis.

Presentation of Individual Risks

The ACCENTRO Group is exposed to a wide variety of risks which, individually or collectively, could adversely affect the net asset, financial and income situation of the company and its continued economic performance. It needs to be remembered that the changes resulting from the composition of the various threats that were relevant for the ACCENTRO Group during the 2014 short financial year continued to be relevant in the 2015 financial year.

The risks associated with the discontinued project development business and the also discontinued apartment retailing in the listed property sector continued to lose in significance, whereas the risks associable with the set-up and management of a property portfolio for letting and with the housing privatisation business have increased in significance for the company.

Company-specific Risks

a) Risks Arising from the Property Selection

The economic success of the ACCENTRO Group depends definitively on the selection and acquisition of properties suitable for the proprietary portfolio of let housing, or for the sale of apartments to owner-occupiers and private investors. This involves a certain risk of incorrectly appraising, or failing to detect, any negative structural, legal, commercial and other defects a property about to be purchased may have. Moreover, assumptions made in relation to the income potential of a given property could subsequently prove to be partially or wholly incorrect. In particular, the management of the respective property could fall short of the expected results, or apartments earmarked for sale could prove impossible to sell in the planned quantity, on the planned terms, and/or within the planned time frame, as a result of an incorrect assessment of the attractiveness of the property's location and other factors that investors deem crucial for their decision whether or not to buy.

These property-specific risks are countered by a thorough examination of the relevant properties. As part of the property assessment, factors such as expected renovation, maintenance and modernisation requirements and the earnings power and debt service coverage ratio are examined using standard banking benchmarks.

b) Real Estate Inventory Risks and Valuation Risks

The ACCENTRO Group holds property portfolios in order to realise a stable cash flow from managing these portfolio properties over an extended period of time. As long as the company's assets include real property, a variety of portfolio risks and valuation risks may manifest themselves that could precipitate impairments for the company. For instance, the social structures of a given location could deteriorate at some point after the acquisition of the property by ACCENTRO Group, and could thereafter negatively impact the letting activities and the realisable rental income.

Moreover, property holdings of ACCENTRO Group could experience accelerated wear and tear that would necessitate maintenance or revitalisation work earlier or on a more extensive scale than originally planned. It could moreover turn out that the structural facilities are subject to refurbishment needs that were initially not expected, which would incur added costs for the company that are not directly off-set by a corresponding increase in revenues.

In the context of these risks, but also because of other influencing factors such as the unexpected intrusion of competitors in the immediate environment of the location, could increase vacancies and reduce rental income while necessitating higher letting expenditures. Aside from negative impacts on the current operating income and expenses of the ACCENTRO Group, the risks could also negatively impact the properties held by ACCENTRO and thus the net income of ACCENTRO Group.

These risks gain in significance in proportion to the pace at which the group-held real estate portfolio expands. Property portfolio risks and valuation risks will be countered by the measures described below.

c) Letting Risks

There is a risk that changes in supply and demand on the occupier market, and a deterioration of the competitiveness of any given property within its market environment will have a direct negative impact on the rental income realised by companies of the ACCENTRO Group, as well as on the vacancy rate of the group's property portfolio. Moreover, additional costs could be generated that may or may not be recoverable from the tenants. Risks of this type are addressed through active asset management and property management. These include a continuous intense monitoring of the occupier market and analyses of tenant requirements, as well as the company's letting management and measures taken to ensure the company's competitiveness on the respective local occupier market. Such measures include specifically the continued upkeep along with refurbishments and modernisation measures necessary to preserve or enhance the attractiveness of the properties for the incumbent tenants.

d) Construction Risks

To the extent that construction measures are required for let properties or properties acquired for privatisation or leased by the group, there is a risk that the resulting construction costs could significantly exceed forecasts. This risk is countered through detailed construction cost planning and strict monitoring.

Uncertainties regarding whether, when and under what constraints and/or subsidiary conditions approval for the projects is granted under public construction law may contribute to the construction risks. This means that the company partly relies on the individual authorities exercising discretion. It also means that disputes with residents and neighbours may significantly delay or negatively influence the granting of approvals. These circumstances may mean that planned construction measures cannot be executed for the price assumed, within the timeline planned, or not at all. That is why risk factors of this sort are thoroughly examined in the run-up to a given construction measure.

e) Sales Risks

To the extent that the ACCENTRO Group relies on external sales partners in its trading and apartment retailing activities, the commercial success of such sales depends to a high degree on the Group's ability to recruit qualified estate agents and to retain them long-term. This is supposed to be achieved by offering attractive payment terms and, above all, a large property stock.

Moreover, the business success of the ACCENTRO Group in the apartment retailing sector definitively hinges on the willingness of owner-occupiers and investors to purchase the apartments offered for sale. The willingness to buy may be influenced, on the one hand, by developments within the sphere of the respective properties, such as a deterioration of the location's social environment or structural issues, but also by general developments, such as the economic situation and employment trends, on the other hand. There is a risk that developments such as these may impair a client's willingness to buy, so that apartments earmarked for sale could prove impossible to sell in the planned quantity, on the planned terms, and/or within the planned time frame.

f) Financing, Liquidity and Interest Rate Risks

Within the framework of its business activities, the ACCENTRO AG Group is exposed to a number of financing, liquidity, and interest rate risks that are addressed by the monitoring and controlling measures outlined below.

Extensive liquidity planning instruments both in the short- and medium-term sectors are used to match ongoing business processes with the planning data on the level of the parent group, of the business units, and of key subsidiaries. The Management Board is regularly and exhaustively briefed about the current liquidity and the latest liquidity forecast.

In relation to the existing loans for financing the properties held by the group, the refinancing of the ongoing business activities, and the new borrowing required to acquire additional properties, there is a risk that company-specific and market-specific developments may make it harder to borrow funds and/or make such borrowing possible only on less favourable terms. If this was to create issues for the repayment of current loans, creditors could initiate coercive realisations of mortgage collateral. Such fire sales would create serious financial issues for ACCENTRO AG. This risk is addressed, for one thing, by observing and analysing the financing market. For instance, ACCENTRO AG diversifies the group's financing risks by exploiting financing alternatives in addition to classic loan financing, e. g. by issuing corporate bonds, convertible bonds or promissory note loans. At the same time, ACCENTRO AG exploits the current market environment to hedge this risk by securing long-term restructuring for major loans.

The current business activity of the ACCENTRO Group is to a large degree influenced by the availability of financing options. The restrictive lending policy of banks over extended periods of time could negatively impact the business performance and the growth of ACCENTRO Group. In order to address this risk, the ACCENTRO Group collaborates with various banks, and closely monitors financing market trends. In addition, alternative funding options through the capital market are exploited in addition to bank financing, including the issuance of bonds and promissory note loans, for instance.

The privatisation segment is exposed to the risk that a measure may not have been completed at maturity and that a loan rollover is either impossible altogether or possible only on unfavourable terms and/or at increased costs. This risk is countered by repaying a disproportionally high amount through partial sales and by negotiating longer loan terms. The ACCENTRO Group also signed loan agreements with more than one bank, so as to counter the associated risks. In addition, the group is continuously seeking to raise its long-term debt to keep diversifying the financing structure and to align it with the asset structures.

The consolidated Group has taken out loans and issued corporate bonds in a combined amount of approximately EUR 175.5 million (previous year: EUR 207.4 million) that are subject to covenants agreed with the banks in regard to debt service coverage ratios or debt-to-equity ratios (financial covenants). Breaches of these covenants could trigger payments into blocked accounts or early repayment obligations on the basis of a contractually agreed escalation procedure. Analogously, the convertible bonds and the one corporate bond issued are subject to credit terms that, were they to eventuate, could cause a liquidity risk. If certain credit terms eventuated, e. g. in case of a change of control, the convertible bond and the corporate bond could be prematurely called for redemption. The Group uses appropriate monitoring methods to detect any early signs of a risk that covenants might be breached, and strives to prevent the breach through adequate countermeasures. All financial covenants were upheld during the 2015 financial year.

On top of that, liquidity risks may arise as a result of possible rent losses. In order to minimise these risks as much as possible, regular credit checks are run on tenant prospects ahead of any lease signed.

Interest rate risks exist for debt coming up for rollover financing or refinancing as well as for loans the company planned to take out to finance properties. In order to protect itself from the adverse effects of interest rate changes, the ACCENTRO Group relies on fixed interest rates for financing arrangements in the portfolio segment, though always with a view to the market situation and to the market forecasts. In the privatisation segment, by contrast, sensitivity analyses are conducted both in the context of drafting the business plans and in line with the continuous risk monitoring, so as to be able to predict the possible ramifications of interest rate changes for the Group's economic performance. The ongoing disproportionate repayments from properties sold rarely make long fixed-interest periods a sensible proposition.

The direct impact of changes in the general interest rate level on the company's performance through changes in cash flow pose a small risk compared to the conceivable indirect impact of changes in the general interest rate level on real estate demand (for more details on this, see the elaboration on economic risks).

g) Bad Debt Risks
In the Trading segment, this risk is reduced by not handing over the property until the purchase price has been paid in full. This also applies whenever properties require refurbishment work. Given the broad customer structure especially in apartment retailing, bad debt risks in regard to the purchase price payment for retailed apartments play but a secondary role in this context when considered in isolation. The same is true for the default risk associable with rental claims vis-à-vis individual tenants in the apartment letting segment. Yet despite the risk diversification, allowances for rent receivables in a total amount of more than EUR 0.3 million had to be made during the year under review.

The company also bears the credit risk in the event that it enforces rights of rescission or warranty against the seller of a property and the seller defaults on the repayment of the purchase price or the fulfilment of the warranty rights.

Finally, property purchases are subject to a certain credit risk, as rent payments frequently continue to be paid to the seller even after the respective rights, entitlements and obligations have been transferred, meaning that the seller is then required to pass these payments on to the ACCENTRO Group. However, this concerns only those tenant shares that are not paid via direct debiting, and amount to less than 10 % of the net rents of the acquired properties.

h) Legal Risks
In the context of their business activities, ACCENTRO Group companies may, in particular, become involved in legal disputes and be confronted by (potential) warranty and compensation claims without being able to enforce claims against third parties in their own right. Warranty risks arise specifically from cases in which liability exemption has not been agreed in conjunction with property sales.

When selling individual apartments, ACCENTRO Group companies and their external sales partners also perform consultancy services that could lead to compensation claims from third parties.

Adequate provisions have been set aside for the legal risks to which the Group is currently exposed. There are no other legal risks at this time, particularly no risks arising from legal disputes that could have a significant adverse effect on the financial position of the ACCENTRO Group.

Market-specific Risks

a) Economic Risks
The ACCENTRO Group has so far generated its revenues exclusively inside Germany. As such, a deterioration of the domestic economic parameters, combined with a rise in unemployment, could bring about a (significant) drop in demand for property investments, negatively impact rent and price levels, and impair the credit rating of potential property tenants and buyers. Moreover, the market environment in Germany is indirectly affected by global economic trends, too.

The development of interest rates in Germany is particularly important to domestic real estate demand. An increase in interest rates would make property investments more difficult due to rising interest payments. This scenario would also drive up the borrowing costs for the loans taken out by the companies of the ACCENTRO Group, with a corresponding negative impact on earnings.

b) Sector Risks

Deterioration in the general conditions on the German property market could have a negative influence on the business performance of ACCENTRO Group. Softening property prices would make it harder to realise sales profits from portfolio properties, and diminish the earnings in the privatisation sector. At the same time, additions of attractively priced (portfolio) properties could be limited as potential sellers are unwilling to sell on account of the low price level.

Moreover, the development of the property sector is largely determined by the availability of finance instruments. A persistently restrictive lending policy could negatively impact the demand for property as a whole, and thus result in impairments for the portfolio property of ACCENTRO AG and in lower privatisation proceeds.

The property sector is characterised by intense competition among numerous providers. So there is the obvious danger that mounting competition will intensify the price pressure and push down margins. For the subsidiary Accentro GmbH, this risk is particularly relevant whenever margin arrangements are signed.

Finally, demand for residential properties could also be negatively impacted by the expected decline in the German population and the resulting potential downturn in living space requirements.

c) Legal Parameters

As the business activities of the ACCENTRO Group are regulated by the specific legal parameters that apply to property, they may be adversely affected by amendments to national and/or European legislation or the changed interpretation or application of existing legislation, including tenancy laws, public construction laws, and tax laws. These include, without being limited to, rental law, public building law, and fiscal law.

The Management Board reviewed the possible ramifications that the so called "rent freeze" rent control legislation soon to become effective could have for the ACCENTRO Group. While the business of ACCENTRO is focused on the real estate market in Berlin, the Management Board assumes on the basis of its current real estate inventory that no material changes are to be expected for the "Portfolio" segment because the rent rates currently collected in Berlin generally match the rack rent. It is yet too early to fully predict the consequences for the "Trading" segment, but the Management Board does not expect the rent freeze to have a sustained negative impact on this segment either.

Risk Concentrations

The business success of the ACCENTRO Group is in some ways disproportionately dependent on a small number of projects and portfolios that account for a major share of its revenues. Aside from the client dependence that is generally associable with the fact, there is a risk that possible delays or issues arising in the context of the privatisation of this portfolio would disproportionately impact the business success of the ACCENTRO Group.

The investments of ACCENTRO focus in particular on the real estate market in Berlin. Accordingly, if Berlin as real estate location was to develop a generally adverse trend, the development could definitively impair the assets, finances and earnings of the ACCENTRO Group. For the time being, the Management Board rates the opportunities that present themselves on Berlin's real estate market as far greater than its potential threats, especially against the background of the company's long-term experience in the city's property sector. There are currently no signs of overheating on Berlin's real estate market.

Moreover, specific one-off risks keep arising in connection with construction work, especially the threats of cost overruns, project delays, delinquency, which can arise in connection with building measure that involve portfolios acquired by the ACCENTRO Group, for instance within the framework of modernisations.

Other Influencing Factors

In addition to the risks identified above, there are general influences that are unforeseeable, and that can therefore not be pre-empted. These include political changes, social influences, and force major such as natural disasters or terrorist attacks. These factors could have a adverse effects on the economic environment and hence indirectly impair the future business performance of the ACCENTRO Group.

Assessment of the Overall Risk

During the reporting period, the ACCENTRO Group continued to optimise its financing structure in 2015, taking advantage of the generally low level of interest rates to acquire more real estate for the "Trading" portfolio. Accordingly, the risk situation of the ACCENTRO Group in regard to financing has noticeably improved. With a view to the persistently auspicious market environment and the great marketing outlook in the wake of completed property acquisitions there are currently no signs of material risks to the ACCENTRO Group's going concern status.

Opportunities Created by Future Developments

With the assets acquired in November 2014 successfully integrated now, the residential portfolio of ACCENTRO AG has a regional expanse including cities in Berlin, Bavaria, Brandenburg, North Rhine-Westphalia and Saxony, these being cities that with growth upside waiting to be realised.

Having a sound mix of apartment sizes and micro-locations within each region, and offering close state-of-the-art tenant support, is instrumental for generating continuous returns and cash flows from the proprietary portfolio. In the years to come, the elimination of vacancies and the realisation of potential rental growth upsides within the portfolio will provide the basis for continued organic appreciation of the properties. The generally sound market conditions in the real estate sector opens up an opportunity for ACCENTRO AG to optimise its proprietary portfolio through pin-point disposals.

Meanwhile, ACCENTRO AG continued to expand its trading portfolio by acquiring new property during the 2015 financial year. The portfolio now includes locations throughout Germany, including Bavaria, North Rhine-Westphalia and Berlin. Especially its strong position in Berlin gives ACCENTRO AG a great chance to exploit the exceptional dynamic of Berlin's housing market. The extensive geographic footprint of its privatisation segment makes ACCENTRO AG a fast-growing and reliable sales partner in its collaboration with its business partners.

Its subsidiary Accentro GmbH has market leadership status in Germany's privatisation sector. This presents an opportunity for ACCENTRO AG, too, as it permits the Group to expand faster than the competition and simultaneously to have easier access to new properties earmarked for privatisation. The robust market position in connection with the demonstrable track record in apartment retailing also implies the chance to acquire new third-party contracts for privatisation services.

Taken together, the above factors form the basis for a successful implementation of the corporate strategy, and will facilitate future fund raising efforts both on the capital markets and among banks.

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 looking forward. 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 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 its income and financial position to stabilise on a sustained high level. In the coming year, the group is planning to generate a net income in the lower double-digit millions that, while robust, will probably fall short of the net income achieved in 2015.

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

The financial risk management of the ACCENTRO Group is geared towards managing and limiting the financial risks arising from operating activities. In particular, this is intended to counter significant bad debt losses that could jeopardise the company's economic development. Another objective of financial risk management is to ensure optimised Group financing. The availability of sufficient funds for the company is monitored by a rolling liquidity control.

The appropriateness of the risk early warning system implemented by the Group is examined by the auditor in the course of the annual audit of ACCENTRO AG's external financial reporting. Potential improvements identified as a result are subsequently incorporated into the system.

To ensure the regularity of financial reporting in the consolidated financial statements, the Group management report and the quarterly reports, ACCENTRO AG has integrated preventative and monitoring controls for the company's accounting processes in its internal control system (IKS). These measures include the separation of functions, pre-defined approval principles and computer processes for the processing of accounting data. The key organisational measures are a component of the IKS handbook, which sets out the company's core business processes. If necessary, special areas of accounting are covered by deploying external consultants. As it becomes part of the group structure of ADLER Real Estate AG, ACCENTRO AG will also be integrated into the parent group's risk management and early risk warning system. This will result in a further enhancement of the internal control and risk management processes.

The consistency of accounting processes of the subsidiaries included in the consolidated financial statements is guaranteed by a central coordination and execution of the accounting at the parent company. The reliability of the IFRS accounting records of the consolidated companies and their consolidation in the group accounting process is principally ensured by the centralised group accounting done by the parent company. The separate IFRS accounts of the companies included in the consolidation for the group accounting process is reviewed by various experts at the parent company before being reconciled with the group's financial statements.

6 Disclosures pursuant to Sec. 289 (4), Sec. 315 (4), German Commercial Code (HGB)

ACCENTRO Real Estate AG is a stock corporation ("Aktiengesellschaft") based in Germany and has issued voting shares that are listed on an organised market as defined by Section 2 (7), German Securities Acquisition and Takeover Act (WpÜG), namely the Regulated Market of the Frankfurt Stock Exchange (Prime Standard).

Managing Body

The legal managing and representative body of ACCENTRO Real Estate AG is its Management Board. The composition of the Management Board and the appointment of its members are based on Sections 76, 84 and 85, German Stock Corporation Act (AktG), in conjunction with Section 6 of the Company's Articles of Association. In accordance with these provisions, the Management Board is composed of one or several members. The Supervisory Board determines the number of members of the Management Board. The Supervisory Board may appoint up to five Management Board members and specify a Management Board member to act as chairman. At the moment, the company's Management Board consists of a single member.

In accordance with Section 84, AktG, the members of the Management Board are appointed by the Supervisory Board for a maximum term of five years. They may be reappointed or their term be extended for a maximum of five years in each case. At the moment, the contract signed with the sole member of the Management Board specifies a term of three years. The appointment and reappointment of members requires a corresponding resolution by the Supervisory Board to be principally passed pursuant to the provisions of Section 83, AktG. The Supervisory Board may revoke the appointment of a Management Board member prior to the expiration of his or her term for good cause.

Amendment of the Articles of Association

In accordance with Section 179, German Stock Corporation Act (AktG), any amendment to the Articles of Association requires a resolution by the General Meeting. This does not apply to amendments and additions to the Articles of Association that relate solely to their wording, the responsibility for which has been transferred to the Supervisory Board in accordance with Section 11 (2) of the Articles of Association.

In accordance with Sections 133 and 179, AktG, in conjunction with Section 13 (3) of the Articles of Association, resolutions by the General Meeting on amendments to the Articles of Association require a simple majority of the votes cast and a simple majority of the share capital represented when the resolution is adopted, unless a larger majority is prescribed by law or the Articles of Association in a given case.

Capital Structure

Share Capital

As of 31 December 2015, the issued capital (share capital) of ACCENTRO Real Estate AG amounted to EUR 24,678,200. It was composed of 24,678,200 no-par value bearer shares. There are no different stock classes. At the start of the 2015 financial year, the share capital amounted to EUR 24,436,464 and increased during the reporting period when the conversion rights from two convertible bonds issued by ACCENTRO Real Estate AG were exercised.

Authorisation to Acquire Treasury Shares

The Management Board was authorised through a resolution by the General Meeting of the ACCENTRO Real Estate AG on 16 February 2010 to acquire up to 809,942 treasury shares and sell or recall them subject to the Supervisory Board's approval and excluding subscription rights, up to and including 15 February 2015. During the reporting period, the Management Board did not exercise its authorisation.

Authorisation to Issue Bonds

In accordance with the resolution of the Annual General Meeting of 27 February 2013, the Management Board is also authorised, with the approval of the Supervisory Board, to issue convertible or warrant bonds or participation rights with or without conversion or pre-emptive rights (also referred to collectively below as "bonds") with a total nominal amount of up to EUR 200 million on one or more occasions up to and including 26 February 2018. The bearers of bonds can be granted conversion or pre-emptive rights for up to 25,000,000 bearer shares of the company with a proportionate share of the share capital in the amount of up to a total of EUR 25,000,000. Subject to the conditions described below, shareholders are granted pre-emptive rights. Subject to the conditions described below, shareholders are granted pre-emptive rights.

The Management Board is authorised, with the approval of the Supervisory Board, to exclude shareholders' pre-emptive rights in the following cases:

I. for fractional amounts arising from pre-emptive rights;
II. to offer convertible and/or option bonds and/or profit participation certificates with conversion or pre-emption rights for subscription to individual investors, provided that, in accordance with Section 186 (3), Sentence 4, German Stock Corporation Act (AktG), mutatis mutandis, the shares issued on account of these bonds do not exceed 10% of the existing share capital at the time this authorisation comes into effect or at the time of the resolution to exercise this authorisation, and that the issue price of the bonds is not significantly less than the theoretical fair value of the bonds as calculated in accordance with recognised financial methods. The amount of 10% of the share capital must include the amount relating to shares issued or disposed of on the basis of a different corresponding authorisation with pre-emption rights disapplied under direct or mutatis mutandis application of Section 186 (3), Sentence 4, AktG, if such inclusion is required by law;
III. to offer profit participation certificates without conversion or pre-emptive rights for subscription to individual investors provided that the issue price is not significantly less than the theoretical fair value of the participation rights as calculated in line with recognised actuarial methods, and provided further that the participation rights only have the characteristics of a debenture, i.e. if they do not constitute any shareholder rights in the company, nor any conversion or pre-emptive rights, do not grant any entitlement to the liquidation proceeds and if the amount of the interest yield is not based on the net profit for the period, balance sheet profit or dividend;
IV. to grant, to the extent necessary, bearers of conversion or pre-emptive rights that were

V. granted by the company or group companies shares of the company, pre-emptive rights to bonds issued under this authorisation in the amount they would be entitled to after exercising their conversion or pre-emptive rights or after meeting a possible conversion obligation (dilution protection), or
VI. if bonds are issued in exchange for non-cash contributions and the disapplication
VII. of pre-emptive rights is overwhelmingly in the interests of the company.

The Management Board is also responsible, with the approval of the Supervisory Board, for determining the further details of the issue and features of the bonds, including in particular the term, issue and exercise periods, termination, issue price, interest rate, denomination, adjustment of the subscription price and grounds for a conversion obligation.

Authorisation of 2013 to Launch a Stock Option Program
Moreover, the Management Board was authorised through a resolution passed by the Annual General Meeting on 27 February 2013 to issue, subject to the approval by the Supervisory Board, on one or more occasions before 26 February 2016 up to 1,400,000 options to current or new members of the board and the top tier management, which options entitle their bearers, subject to the options terms, to acquire new shares in ACCENTRO Real Estate AG (2013 stock option program). To the extent that options are to be issued to members of the company's Management Board, only the Supervisory Board is entitled to issue the options. The Management Board of ACCENTRO Real Estate AG was authorised, subject to the approval by the Supervisory Board – and the Supervisory Board being exclusively authorised to do so whenever the Management Board itself is concerned – to define all further structuring details for the 2013 stock option program, specifically to fix the number of individuals or groups entitled to the issued options, the rules governing the handling of options in special cases, the rules governing other reasons for expiration, exemptions from the reasons for expiration, as well as the detailed expiration modalities, and the adjustment of the share subscriptions in conjunction with possible corporate actions and the conversion of ACCENTRO Real Estate AG itself.

The Management Board of ACCENTRO Real Estate AG has not exercised its authorisation by the Annual General Meeting.

Contingent Capital

Contingent Capital 2014 (Redemption of Convertible Bonds)
A resolution passed by the Annual General Meeting on 27 February 2013 authorised the Management Board, subject to the Supervisory Board's approval, to issue – up to and including 26 February 2018 – one or more convertible bonds and/or warrant bonds with or without conversion or pre-emptive rights in an aggregate minimal amount of up to EUR 200,000,000.00 with a maximum maturity of 20 years, and to grant the bearers of these debenture bonds conversion or pre-emptive rights for up to 25,000,000 no-par-value bearer shares in the company, equal to a proportionate share in the share capital in a total amount of EUR 25,000,000.00. The authorisation by the Annual General Meeting of 13 December 2010, as amended by the resolution of the Annual General Meeting on 9 December 2011, the authorisation by the Annual General Meeting of 16 February 2010, as well as the authorisation by the Annual General Meeting of 20 February 2009, concerning the issuance of convertible bonds, warrant bonds and/or participation rights were repealed, to the extent that these had not been exercised yet, through a resolution by the Annual General Meeting on 27 February 2013. Pursuant to a resolution passed by the Annual General Meeting on 10 January 2014, the share capital was conditionally increased by up to EUR 4,136,631 through the issue of up to 4,136,631 new no-par-value bearer shares in order to redeem the conversion and pre-emptive rights arising from these debenture bonds ("Contingent Capital 2014").

In March 2014, the company issued convertible bonds in a nominal volume of EUR 15,000,000. The exercise period for the conversion right commenced on 1 July 2014.

A resolution by the Annual General Meeting of 16 June 2015 restructured the Contingent Capital 2014 as follows: The share capital has been conditionally increased by up to EUR 10,534,529.00 through the issuance of up to 10,534,529 new no-par-value bearer shares (Contingent Capital 2014). The conditional capital increase will go ahead only to the extent that (I.) the bearers of convertible and/or option bonds and/or profit participation certificates with conversion or pre-emption rights issued by the company or its subordinate Group companies on the basis of the authorisation resolution by the Annual General Meeting on 27 February 2013 exercise their conversion or pre-emption rights and the company decides to serve the conversion or pre-emption rights from this contingent capital, or (II.) the bearers of convertible and/or option bonds and/or profit participation certificates with conversion or pre-emption rights with a con-version obligation issued by the company or its subordinate Group companies on the basis of the authorisation resolution by the Annual General Meeting on 27 February 2013 meet their obligations and the company decides to serve the conversion or pre-emption rights from this contingent capital. The share issuance shall proceed in line with the provisions of the authorisation resolution by the Annual General Meeting of 27 February 2013, i. e. in particular at a price equal to no less than 80 % of the average stock market price of the company shares in the opening auction in Xetra trading (or a successor system) on the last ten trading days before the resolution by the Management Board to issue the respective bonds, taking into account adjustments pursuant to the dilution protection regulations of the resolution by the Annual General Meeting of 27 February 2013 under agenda item 8 lit. g).

The Supervisory Board is authorised to amend the Articles of Association in their effective version to reflect the respective scope of the share capital increase through the Contingent Capital 2014.

Exercised conversion rights in the convertible bond reduced the contingent capital 2014 by EUR 400 down to EUR 10,534,129 during the 2015 financial year.

Contingent Capital 2013/II (Redemption of Stock Options)
The Contingent Capital 2013/II was created for the purpose of settling stock options that were issued on the basis of the authorisation by the Annual General Meeting on 27 February 2013 for the period ending on 26 February 2016. Accordingly, the company's share capital was conditionally increased on the basis of the authorisation resolution by the Annual General Meeting of 27 February 2013 by up to EUR 1,400,000.00 against the issue of up to 1,400,000 no-par-value bearer shares (Contingent Capital 2013/II). The conditional capital increase will go ahead only if bearers of the issued options exercise their right to subscribe shares of the company, and if the company draws on the Contingent Capital 2013/II to settle these options. Shares from the Contingent Capital 2013/II are issued at their issue price, as defined in the authorisation. So far, the Management Board has not exercised the aforesaid authorisation.

Contingent Capital 2010 (Redemption of Convertible Bonds)
Moreover, the share capital is conditionally increased by up to EUR 3,579,838.00 against the issue of up to 3,579,838 no-par-value bearer shares (Contingent Capital 2010). The purpose of the capital increase is the conversion of the convertible bond issued on 30 May 2012. The shares are issued in accordance with the requirements defined in the Management Board's resolution of 30 May 2012, i. e. specifically at an issue price of EUR 2.40 with the adjustments according to the requirements of said board resolution taken into account for the sake of dilution protection. Exercised conversion rights in the convertible bond reduced the Contingent Capital 2010 by EUR 2,202,582 down to EUR 1,377,256 during the 2013/14 financial year.

Exercised conversion rights in the convertible bond reduced the Contingent Capital 2010 by EUR 1,093,553 down to EUR 283,703 during the 2014 short financial year.

The company's Management Board resolved on 14 July 2015 to terminate the remaining convertible bonds prematurely due to the insignificance of the amount still outstanding in accordance with Art. 3 of the bond terms as of 18 September 2015 pursuant to Art. 16 of the bond terms. Another 241,336 no par value shares were created during the 2015 financial year up to 18 September 2015 when the conversion rights of the debenture bonds were exercised.

Authorised Capital

Authorised Capital 2014/II

The Management Board was authorised by resolution by the Annual General Meeting of 27 November 2014 to increase, subject to the approval by the Supervisory Board, the share capital of the company by up to EUR 12,212,423.00 by issuing, on one or several occasions, up to 12,212,423 new no-par value bearer shares in exchange for non-cash and/or cash contributions up to and including 26 November 2019 (Authorised Capital 2014/II). The Management Board was moreover authorised to exclude the shareholders subscription rights wholly or in part, subject to the Supervisory Board's approval.

A resolution by the Annual General Meeting on 16 June 2015 dissolved the Authorised Capital 2014/II created on 27 November 2014, and replaced it with another authorised capital of larger volume (Authorised Capital 2015).

Authorised Capital 2015

The Management Board was authorised by resolution by the Annual General Meeting of 16 June 2015 to increase, subject to the approval by the Supervisory Board, the share capital of the company by up to EUR 12,218,232.00 by issuing, on one or several occasions, up to 12,218,232 new no-par value bearer shares in exchange for non-cash and/or cash contributions up to and including 15 June 2020 (Authorised Capital 2015). The Management Board is moreover authorised to exclude the shareholders subscription rights wholly or in part, subject to the Supervisory Board's approval. However, the exclusion of the shareholders' subscription rights is permitted in the following instances only:

I. for capital increases against cash contributions if shares in the company are traded on a stock market (regulated market or OTC or the successors to these segments), the capital increase does not exceed 10 % of the share capital and the issue price of the new shares does not significantly undercut the market price of shares in the company of the same class and features already traded on the stock market within the meaning of Sections 203 (1) and (2), 186 (3), Sentence 4, German Stock Corporation Act (AktG). The amount of 10 % of the share capital must include the amount relating to shares issued or disposed of on the basis of a different corresponding authorisation with pre-emptive rights disapplied under direct or implicit application of Section 186 (3), Sentence 4, AktG, if such inclusion is required by law. For the purposes of this authorisation, the issue price for the purchase of new shares by an intermediary with the simultaneous obligation of such intermediary to offer the new shares for purchase by one or more third parties designated by the company is deemed to be the amount that must be paid by the third party or third parties;

II. for capital increases against non-cash contributions, particularly for the acquisition of companies, parts of companies and investments in companies, industrial property rights, such as e. g. patents, brands or licences to these, or other product rights or other non-cash contributions, including debenture bonds, convertible bonds and other financial instruments;

III. to the extent required in order to grant holders or creditors of the debenture bonds with warrant or conversion rights or obligations issued by the company or group companies subscription rights to new shares to extent to which they would be entitled to these after exercising their option or conversion privileges or after having fulfilled their warrant or conversion obligations, or
IV. for fractional amounts arising from subscription ratios; or
V. in other cases in which the exclusion of subscription rights is understood to be in the company's best interest.

A resolution by the Annual General Meeting on 27 November 2014 dissolved the Authorised Capital 2014 created on 10 January 2014, and replaced it with the Authorised Capital 2014/II.

Transfer and Voting Right Restrictions

The shares of ACCENTRO Real Estate AG were not subject to any voting right restrictions in accordance with statutory provisions or the Articles of Association as of the balance sheet date. All shares issued as of 31 December 2015 carry full voting rights and each grant the holder one vote at the Annual General Meeting.

Equity Interests and Rights of Control

As of 31 December 2015, ADLER Real Estate AG with registered office in Frankfurt am Main held 86.98 % of the shares of ACCENTRO Real Estate AG. The increase in the share capital of ACCENTRO Real Estate AG caused by the exercise of conversion rights in two convertible bonds diminished the pro-rata interest that ADLER Real Estate AG holds in ACCENTO Real Estate AG since the previous annual accounts of ACCENTRO Real Estate AG dated 31 December 2014.

None of the shares issued by ACCENTRO Real Estate AG carry rights that grant the holders special rights of control.

There is no information on voting right controls for employees holding equity interests in the company who do not directly exercise their rights of control.

Impacts of Potential Takeover Bids

The company is subject to the following significant agreements that include provisions governing a change of control as could be brought about, for instance, by a takeover bid:

Financing Agreements

The ACCENTRO Group signed financing agreements that include change-of-control provisions, which could come into play in the event of a successful takeover bid. These provisions stipulate that the borrower is obliged to notify the lender whenever a change of control has transpired. The lender may cite the change of control as good cause for terminating the credit relationship. By the reporting date, loans in an aggregate volume of EUR 209.9 million were subject to change-of-control provisions.

Convertible Bonds and Corporate Bond

In addition to the financing agreements, change-of-control provisions are included in each of the bonds issued by ACCENTRO Real Estate AG, specifically the 2012/2017 convertible bond (terminated as of 18 September 2015) and the 2014/2019 convertible bond (the outstanding nominal value being EUR 13,488,765.00 – not including 600,000 debenture bonds that were bought back during the financial year at a price of EUR 2.50 against new shares issued, as well as 4,094 debenture bonds for which the conversion right was exercised during the 2014 short financial year and 400 debenture bonds for which the conversion right was exercised during the 2015 financial year). In case of an intervention, the noteholders may request, at their discretion, (I.) the early repayment of the convertible partial debenture at its nominal amount plus the interest accrued on the nominal amount, or (II.) the conversion in ACCENTRO Real Estate AG shares at an adjusted conversion price. The bond terms of the 2014/2019 convertible bond specify in this context, however, that no change of control as defined in the bond terms exists if ADLER Real Estate AG becomes the legal or beneficial owner of more than 50% of the voting rights of ACCENTRO Real Estate AG.

The 2013/2018 bond (outstanding nominal value: EUR 10,000,000.00) also contains a change-of-control provision, which entitles each noteholder in the event of a change of control to request redemption by ACCENTRO Real Estate AG or, at the discretion of ACCENTRO Real Estate AG, the buy-back of the noteholder's bond units at the early redemption amount, either whole or in part ("put option"). An exercise of the put option shall, however, only become valid if during the put period noteholders of notes with a principal amount of at least 30% of the aggregate principal amount of the notes then outstanding have exercised the put option.

ACCENTRO Real Estate AG has not concluded any agreement that provides for the compensation of members of the Management Board or employees in the event of a takeover bid.

7 Corporate Governance Statement Pursuant to Section 289a, German Commercial Code (HGB)

The Corporate Governance Statement pursuant to section 289a, German Commercial Code (HGB) is published annually on the company's homepage, and may be accessed (in German) via this hyperlink: http://www.accentro.ag/en/investor-relations/corporate-governance/corporate-governance.html

8 Key Features of the Remuneration System for Board Members

The employment contract with CEO Jacopo Mingazzini, which was still in place at the start of the 2015 financial year, expired in March 2015 as it reached the end of its regular three-year term. A new contract with Jacopo Mingazzini for another three-year term was drawn up in March 2015.

The contract of Jacopo Mingazzini does not provide for an ordinary termination during the contract term. In the event of a change of control, however, the contract stipulates a break option. The remuneration paid to the CEO consists of a fixed annual basic remuneration and a variable bonus to be jointly defined by Management Board and Supervisory Board. In addition, the CEO is granted a health insurance allowance, while an accident and disability insurance has also been taken out for him. The CEO moreover has the use of a company car, and ACCENTRO Real Estate AG has taken out D&O and accident insurance policies on his behalf.

No other remuneration components with a long-term incentive effect have been agreed with the CEO at this time. Moreover, the CEO has been granted neither pension commitments nor other retirement benefits. No arrangements for benefits upon early termination have been agreed with the CEO, except for a provision entitling the company to release the CEO out of his duties during the statutory notice period and in the event of dismissal, subject to the continued payment of salary, and except for the CEO's right to demand immediate disbursement of the remuneration for the residual term in this case. The CEO's employment contract also prescribes a subsequent restraint on competition.

In addition to the reimbursement of their expenses, the members of the Supervisory Board receive a fixed annual compensation for each full financial year they have served on the Supervisory Board.

For a detailed account of the total remuneration of the Management Board and Supervisory Board members and the individual compensation paid out to them, please see the Group Notes to the Consolidated Financial Statements.

Berlin, 18 March 2016

Jacopo Mingazzini
CEO

Consolidated Financial Statements

Consolidated Balance Sheet

ACCENTRO Real Estate AG

Assets	Notes	31 Dec. 2015 TEUR	31 Dec. 2014 TEUR
Non-current assets			
Goodwill	6.1.1	17,776	17,776
Other intangible assets	6.1	47	41
Property, plant and equipment	6.1	188	171
Investment property	6.1.3	168,337	257,861
Advanced payments and related costs of investment properties	6.1.3	0	0
Equity investments	6.1.6	1,188	1,175
Equity interests accounted for using the equity method	6.1.5	1,593	1,068
Deferred tax assets	6.10	465	0
Total non-current assets		**189,594**	**278,092**
Current assets			
Inventories	6.2	156,121	75,897
Trade receivables	6.3	10,422	21,232
Other receivables and other assets	6.3	14,885	19,173
Current income tax receivables	6.3	54	119
Cash and cash equivalents	6.4	6,981	7,681
Total current assets		**188,462**	**124,103**
Non-current assets held for sale		17,149	0
Total assets		**395,205**	**402,196**

Consolidated Balance Sheet

ACCENTRO Real Estate AG	Notes	31 Dec. 2015	31 Dec. 2014
Equity		TEUR	TEUR
Subscribed capital	6.5	24,678	24,436
Capital reserves	6.5	53,095	52,757
Retained earnings	6.5	30,873	8,225
Attributable to parent company shareholders		108,646	85,419
Attributable to minorities		595	432
Total equity		**109,241**	**85,851**
Liabilities		TEUR	TEUR
Non-current liabilities			
Provisions	6.7	17	30
Financial liabilities	6.6	154,562	190,152
Bonds	6.6	21,338	21,463
Shareholder loans	6.6	2,824	34,194
Deferred income tax liabilities	6.10	7,288	9,859
Total non-current liabilities		**186,027**	**255,698**
Current liabilities			
Provisions	6.7	2,540	2,066
Financial liabilities	6.6	63,804	36,434
Bonds		137	166
Advanced payments received	6.8	9,253	9,084
Current income tax liabilities	6.9	2,014	1,363
Trade payables	6.8	4,114	3,147
Other liabilities	6.8	3,655	8,387
Total current liabilities		**85,515**	**60,646**
Liabilities held for sale		14,421	0
Total assets		**395,205**	**402,196**

Consolidated Income Statement

for the Financial Year Beginning on 1 January 2015 and Ending 31 December 2015*

ACCENTRO Real Estate AG	Notes	1 Jan. 2015– 31 Dec. 2015	1 July 2014– 31 Dec. 2014	1 Jan. 2014– 31 Dec. 2014 (unaudited)
		TEUR	TEUR	TEUR
Revenues from sales of inventory property	6.11	31,429	12,758	17,364
Expenses from sales of inventory property	6.12	–25,876	–10,616	–14,418
Capital gains from inventory property		**5,553**	**2,142**	**2,946**
Revenues from sales of investment property	6.11	101,779	31,406	31,910
Expenses from sales of investment property	6.12	–86,004	–31,453	–31,957
Capital gains from investment property		**15,775**	**–47**	**–47**
Capital gains from property sales		**21,329**	**2,095**	**2,899**
Letting revenues	6.11	21,457	8,048	13,372
Letting expenses	6.12	–9,740	–4,732	–6,894
Net rental income		**11,717**	**3,316**	**6,478**
Revenues from services	6.11	2,314	1,504	3,488
Expenses from services	6.12	–942	–1,073	–2,276
Net service income		**1,372**	**431**	**1,213**
Other operating income	6.15	2,111	3,180	8,759
Measurement of investment property	6.16	10,465	18,846	21,916
Earnings from other income		**12,576**	**22,026**	**30,674**
Gross profit or loss		**46,993**	**27,868**	**41,264**
Total payroll and benefit costs	6.13	–2,256	–2,018	–3,882
Depreciation and amortisation of intangible assets and property, plant and equipment	6.1	–97	–280	–329
Impairments of inventories and accounts receivable	6.14	–1,000	–2,378	–4,236
Other operating expenses	6.15	–4,708	–3,842	–9,639
EBIT (earnings before interest and income taxes)		**38,932**	**19,350**	**23,179**
Net income from associates	6.1.5	525	124	161
Other income from investments	6.1.6	48	18	21
Interest income	6.6	306	118	177
Interest expenses	6.6	–14,279	–7,178	–10,902
Net interest income		**–13,973**	**–7,060**	**–10,725**
EBT (earnings before income taxes)		**25,533**	**12,431**	**12,636**
Income taxes	6.17	–2,747	–5,361	–8,852
Consolidated income		**22,786**	**7,070**	**3,785**
thereof attributable to non-controlling interests		148	–64	–46
thereof attributable to shareholders of the parent company		22,638	7,134	3,831
Earnings per share (EUR)				
Basic earnings per share	6.18	0.92	0.29	0.15
Diluted earnings per share	6.18	0.78	0.25	0.16

* Revenues and the costs of materials were retroactively broken down into more detail to enhance the transparency of the sources of revenue and earnings.

Consolidated Cash Flow Statement

for the Financial Year Beginning on 1 January 2015 and Ending 31 December 2015

	ACCENTRO Real Estate AG	1 Jan. 2015–31 Dec. 2015	1 July 2014–31 Dec. 2014
		TEUR	TEUR
	Consolidated income	22,786	7,070
+	Depreciation/amortisation of non-current assets	97	49
–/+	Net income from associates carried at equity	–525	–124
+/–	Increase/decrease in provisions	461	768
+	Impairment on assets held for sale	0	231
+/–	Changes in the fair value of investment property	–10,465	–18,846
+/–	Other non-cash expenses/income	4,016	7,504
–/+	Gains/losses from the disposal of non-current assets	1	–33
–/+	Increase/decrease in inventories, trade receivables and other assets that are not attributable to investing or financing activities	10,739	18,426
+/–	Increase/decrease in trade payables and other liabilities that are not attributable to investing or financing activities	–5,518	–8,188
–	Cash outflows for investments in fully consolidated companies with properties held as trading assets	–10	–6,354
–/+	Income from disposal of investment property	–15,775	47
–/+	Gains/losses from disposals of subsidiaries	–150	–111
+/–	Other income tax payments	–26	–1,075
=	**Operating cash flow before de-/reinvestment in trading assets**	**5,631**	**–636**
–/+	Increase/decrease in inventories (trading properties)	–80,224	–58,796
=	**Cash flow from current operating activities**	**–74,593**	**–59,432**
+	Proceeds from disposal of investment property (less costs of disposal)	71,581	250
+	Interest received	0	18
–	Cash outflows for investments in intangible assets	–35	–3
–	Cash outflows for investments in property, plant and equipment	–88	–36
–	Cash outflows for investments in investment properties	–2,682	–115,700
–	Cash outflows for investments in fully consolidated companies	0	–27
=	**Cash flow from investment activities**	**68,776**	**–115,498**

Continued on page 56

ACCENTRO Real Estate AG		1 Jan. 2015 – 31 Dec. 2015	1 July 2014 – 31 Dec. 2014
		TEUR	TEUR
Continued from page 55			
+	Payments from issuing bonds and raising (financial) loans	75,814	209,145
–	Repayment of bonds and (financial) loans	–57,477	–27,804
–	Interest paid	–12,747	–5,068
+	Interest paid	108	0
=	**Cash flow from financing activities**	**5,698**	**176,273**
	Net change in cash and cash equivalents	–118	1,343
+	Increase in cash and cash equivalents from investments in fully consolidated companies	0	644
–	Decrease in cash and cash equivalents from the disposal of fully consolidated companies	–583	–745
+	Cash and cash equivalents at the beginning of the period	7,681	6,439
=	**Cash and cash equivalents at the end of the period**	**6,981**	**7,681**

Consolidated Statement of Changes in Equity

for the Financial Year Beginning on 1 January 2015 and Ending 31 December 2015

ACCENTRO Real Estate AG	Issued capital	Capital reserve	Retained earnings	Minority interests	Total
	TEUR	TEUR	TEUR	TEUR	TEUR
As of 1 January 2015	**24,436**	**52,756**	**8,225**	**432**	**85,851**
Consolidated income	–	–	22,638	148	22,786
Other comprehensive income	–	–	0	0	0
Total consolidated income	–	–	22,638	148	22,786
Costs of raising equity	–	–	–	–	0
Changes in non-controlling interests	–	–	10	15	25
Convertible bonds converted	242	338	–	–	580
As of 31 December 2015	**24,678**	**53,095**	**30,873**	**595**	**109,241**

Consolidated Statement of Changes in Equity

for the Short Financial Year Beginning on 1 July 2014 and Ending 31 December 2014

ACCENTRO Real Estate AG	Issued capital	Capital reserve	Retained earnings	Minority interests	Total
	TEUR	TEUR	TEUR	TEUR	TEUR
As of 1 July 2014	**23,339**	**51,627**	**1,092**	**418**	**76,476**
Consolidated income	–	–	7,134	–64	7,070
Other comprehensive income	–	–	0	0	0
Total consolidated income	–	–	7,134	–64	7,070
Costs of raising equity	–	–	–	–	0
Companies acquired	–	–	–	254	254
Companies sold	–	–	–	–417	–417
Changes in non-controlling interests	–	–	–	241	241
Convertible bonds converted	1,098	1,129	–	–	2,227
As of 31 December 2014	**24,436**	**52,756**	**8,225**	**432**	**85,851***

* Accordingly, adding the values of the individual line items may result in slight differences compared to the sum totals posted.

Notes to the Consolidated 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 31 December 2015, ACCENTRO Real Estate AG acts as the operating holding company for a number of property management companies.

The Annual General Meeting of 27 November 2014 resolved that the financial year of ACCENTRO Real Estate AG shall coincide with the calendar year in the future. Accordingly, the Annual General Meeting resolved to end the financial year begun on 1 July 2014 as a short financial year as of 31 December 2014. The fact that the reporting period of the 2014 short financial year covers only six months limits the comparability of its financial statements with those of the 2015 financial year of twelve months. In order to make the income statement more informative, it was supplemented, in addition to the verified figures of the prior short financial year of 2014, with a separate column listing the unaudited figures of the 2014 calendar year.

These Consolidated Financial Statements will probably be released for publication at the end of the Supervisory Board meeting on 29 March 2016.

All amounts contained in the notes and tables are disclosed in thousands of euro (TEUR) unless stated otherwise. 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.

2 Significant Accounting Policies

The following section describes the accounting policies applied in preparing the consolidated financial statements.

2.1 Principles

The Consolidated Financial Statements for the 2015 financial year of ACCENTRO Real Estate AG were prepared in accordance with the provisions of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council dated 19 July 2002 concerning the application of international accounting standards in the form of the International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB) as required in the European Union for companies with an orientation to the capital market.

The requirements of the IFRS whose application is mandatory in the EU were met in full and provide a true and fair account of the net assets, financial position and results of operations of the ACCENTRO Group. In order to improve the clarity of presentation, some balance sheet items are presented in aggregated form. These items are discussed in the Notes.

The income statement is structured in accordance with the nature of expense method.

Posting revenues and the costs of materials in the income statement was retroactively adjusted. For the 2014 short financial year, the other operating income included an expense item of

TEUR 80 on balance that relates to the deconsolidation of commercial property companies. In the 2015 Consolidated Financial Statements, this deconsolidation expense will be presented together with the disposals in the 2015 financial year, without being offset, as revenues from sales of investment properties (TEUR 31,706) and as expense from the sale of investment properties (TEUR 30,786). This change of presentation does not affect the net income of the 2014 short financial year.

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

The financial statements were prepared using the historical cost approach. That said, the investment properties represent a significant exception from this principle as they are appraised at fair value.

The estimates and assumptions applied in preparing the IFRS financial statements affect the measurement of assets and liabilities, the disclosure of contingent assets and liabilities at the respective balance sheet dates, and the amount of income and expenses during the period under review. Although these assumptions and estimates are made to the best knowledge of the company's senior management and on the basis of current events and measures, actual results may ultimately differ from these estimates.

The accounting methods employed in the Consolidated Financial Statements are the same as those on which the Consolidated Financial Statements as of 31 December 2014 were based, except for certain changes elaborated below.

Accounting Guidance Applied for the First Time during the 2015 Financial Year

Adoption of the following new or amended accounting standards and interpretations became mandatory for the first time in the IFRS consolidated financial statements for the 2015 financial year:

Standard/interpretation		Amended/new
IFRIC 21	Levies	new
IFRS 2011–2013	Improvements project 2011-2013, amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40	amended

IFRIC 21 – Levies

IFRIC 21 is an interpretation of IAS 37. Its principal purpose is to provide guidance as to when a present obligation to government-imposed levies exists, and when to recognise a provision or liability. Not included in the scope of this interpretation are specifically penalties and levies resulting from public-law contracts or contract that are governed by other IFRS, such as IAS 12 "Income Taxes." According to IFRIC 21, a debit item must be recognised for the levies whenever the event triggering the tax liability occurs. The triggering event that creates the liability is defined in turn by the wording of the underlying standard. Accordingly, its formulation is a critical accounting factor.

For real estate companies, the adoption of IFRIC 21 could cause a slightly earlier recognition of the property tax expense. The new interpretation has no material effects on the Consolidated Financial Statements.

Improvements Project IFRS 2011 – 2013
Four standards were amended within the framework of the annual improvement project. The purpose of the adjusted phrasing in selected IFRS was to clarify existing rules and regulations. The standards involved are IFRS 1, IFRS 3, IFRS 13 and IAS 40.

The amendments have no effects on the consolidated financial statements of ACCENTRO Real Estate AG.

Accounting Guidance Already Published but Not yet Subject to Mandatory Adoption
No accounting standards were applied early. The following accounting standards that have been published or amended by the IASB and, in some cases, not yet endorsed by the European Union will only be required to be adopted in preparing future financial statements – subject to their endorsement by the European Union. Unless stated otherwise, the ramifications for the ACCENTRO Consolidated Financial Statements are currently under review.

Standard/interpretation		Application mandatory for ACCENTRO AG	Adoption by the EU (by 31 December 2015)	Prospective effects
IAS 1	Presentation of Financial Statements – Disclosure Initiative	1 January 2016	yes	Amendment of the disclosure requirements in the notes
IFRS 9	Financial Instruments: Classification and Valuation	1 January 2018	no	Replaces IAS 39 – the potential effects have not been examined yet.
IFRS 10/ IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	*	no	none
IFRS 10/12/ IAS 28	Investment Entities: Applying the Consolidation Exception	1 January 2016	no	none
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016	no	none
IFRS 14	Regulatory Deferral Accounts for Rate-Regulated Activities	1 January 2016	no	none
IFRS 15	Revenue from Contracts with Customers	1 January 2018	no	no material effects anticipated
IAS 16/ IAS 38	Methods of Depreciation and Amortisation for Property, Plant and Equipment and Intangible Assets	1 January 2016	yes	none
IAS 27	Equity Method in Separate Financial Statements	1 January 2016	yes	none
IAS 16/ IAS 41	Bearer Plants: Accounting Analogous to Property, Plant and Equipment	1 January 2016	yes	none
IASB 2012–2014	Improvements Project 2014	1 January 2016	yes	none
IASB 2010–2012	Improvements Project 2010	1 February 2016	yes	none

* First-time adoption postponed indefinitely

IFRS 9 – Financial Instruments
The IFRS 9, issued in July 2014, takes the place of the existing guidelines in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 contains the revised guidelines for the classification and valuation of financial instruments, including a new model for anticipated credit defaults that should be used to calculate the impairment of financial assets, along with the new general hedge accounting requirements. It also takes over the guidelines governing the recognition and derecognition of financial instruments from IAS 39.

First-time adoption of IFRS 9 – assuming endorsement under EU law – is mandatory for financial years beginning on 1 January 2018 or thereafter. Since hedges and allowances for receivables play an altogether negligible role for ACCENTRO Group at the moment, the application of IFRS 9 will probably warrant no material adjustments.

IFRS 15 – Revenue from Contracts with Customers
IFRS 15 establishes a comprehensive framework for the recognition of revenue from contracts with customers, specifically the amount of, and the time at which, the revenues should be recognised. It takes the place of existing guidelines for the recognition of revenues, including IAS 18 Revenues, IAS 11 Construction Contracts, and IFRIC 13 Customer Loyalty Programmes.

First-time adoption of IFRS 15 – assuming endorsement under EU law – is mandatory for financial years beginning on 1 January 2018 or thereafter. Early application is permitted.

The introduction of IFRS 15 will not result in material changes to the representation of the revenue recognition in the Consolidated Financial Statements of ACCENTRO Real Estate AG as far as the identification and recognition of performance obligations and the capitalisation of order acquisition costs go.

2.2 Consolidation

a) Principles for Determining the Entities to be Included in Consolidation
The consolidated financial statements present the parent company, ACCENTRO Real Estate AG, and the subsidiaries that it controls and that are included in the basis of consolidation as one economic entity.

A controlling interest in a subsidiary is given whenever ACCENTRO Real Estate AG benefits from variable returns from its commitment in the company or is entitled to such returns and has the power to control the returns through its decision-making authority over the company. ACCENTRO Real Estate AG has decision-making authority over a company if it currently has the necessary rights to control the relevant activities of that company either directly or through third parties. Relevant activities are considered those that materially influence the returns, depending on the nature and purpose of the entity. Variable pay-back is considered any kind of pay-back that could vary depending on the entity's productivity. Accordingly, returns from the commitment in another company may be either positive or negative. Variable returns include dividends, fixed and variable interest rates, payments and fees, fluctuations in the value of the investments, and other economic benefits.

Whether or not ACCENTRO Real Estate AG has decision-making authority over a given company is determined on the basis of that company's relevant activities and the influencing competencies of ACCENTRO Real Estate AG. The assessment considers voting rights as well as other contractual rights to control relevant activities, provided no economic or other obstacles stand in the way of exercising the existing rights. Decision-making authority based on voting rights is vested in ACCENTRO Real Estate AG if the latter holds, due to equity instruments or contractual agreements, more than 50 % of the voting rights and if this share of the voting rights comes with robust decision-making authority in regard to the relevant activities. Other contractual rights that could facilitate a dominant influence are essentially rights to appoint and recall members to governing bodies, liquidation rights and other decision-making rights. Contractual agreements that fail to grant ACCENTRO Real Estate AG any rights to modify the terms of agreement but merely protect their interests as creditors, and thus serve the purpose of safeguarding the loan, do not qualify as criteria confirming decision-making powers. ACCENTRO Real Estate AG controls a subsidiary if the full set of contractual rights bestows on it the power to control the relevant activities of the company in question.

Subsidiaries also principally include structured entities that are controlled by ACCENTRO Real Estate AG. Structured entities are entities where the assessment of control is dominated by factors other than voting rights or similar rights. There are currently two structured entities that the Group factually controls without having a voting rights majority. These represent property vehicles whose privatisation process and financing arrangements were supervised and controlled by the ACCENTRO Group, so that the ACCENTRO Group participated definitively in variable returns.

b) Subsidiaries

All the subsidiaries of ACCENTRO Real Estate AG are included in the Consolidated Financial Statements. For a list of the companies included in the consolidation, please see section 2.2 e. All the subsidiaries were fully consolidated and are included in the Consolidated Financial Statements of ACCENTRO Real Estate AG.

Acquired companies are recognised using the purchase method. The cost of acquisition corresponds to the fair value of the assets given up, equity instruments issued and liabilities created or incurred at the date of exchange, plus any costs directly attributable to the acquisition. On initial consolidation, any assets, liabilities and contingent liabilities identified in the course of the business combination are recognised at their fair value as of the acquisition date. An excess in the cost of acquisition over the Group's interest in the fair value of the net assets of the company acquired is recognised as goodwill. If the acquisition costs are lower than the fair value of the (proportionate) net assets of the company acquired, the difference is directly recognised in the income statement following a re-examination. Acquisitions of shares in subsidiaries after control has been established are recognised as equity transactions. The difference between the purchase price of the shares and the outgoing minority interest is directly offset against re-tained earnings in equity.

Interests in the subsidiary's equity that are held by other partners are recognised with the Group's equity as shares without controlling influence, unless they represent shares in consolidated trading partnerships held by outside shareholders. The interest without controlling influence is that part of the profit/loss for the period and the net assets of a subsidiary which represents shares not directly held by the parent company or a group member company. Non-controlling ownership interests in subsidiaries and the resulting profits or losses as well as the summarised financial information of subsidiaries with significant but non-controlling interests are disclosed in section 6.1.4.

Intercompany receivables, liabilities and income are eliminated for the purposes of the Consolidated Financial Statements within the framework of the debt consolidation and the consolidation of income and expenses, respectively. Expenses and income created by intercompany assignments of assets are also eliminated. The accounting policies of subsidiaries are applied uniformly throughout the Group.

c) Joint Ventures

Joint arrangements are based on contractual agreements between two or more parties, and serve in turn as basis for a business activity that is subject to joint control by these parties. Joint control is established whenever the parties need to cooperate in order to control the relevant activities of the joint arrangement, and whenever decisions require the unanimous consent of the participating parties. In a joint arrangement taking the form of a joint venture, the parties that exercise joint control have rights to the net assets of the arrangement and obligations for the liabilities thereof.

The Consolidated Financial Statements of ACCENTRO Real Estate AG include, as they did the year before, a joint venture accounted for using the equity method pursuant to IAS 28.

d) Associates

Associates are entities over which ACCENTRO Real Estate AG has significant but not controlling influence, be it directly or indirectly through subsidiaries. The term "significant influence" refers to the power to participate in the financial and operating policy decisions of another entity without controlling it. Significant influence principally exists if ACCENTRO Real Estate AG in its role as investor holds at least 20 % of the entity's voting rights, be it directly or indirectly through subsidiaries. Even a holding of less than 20 % of the voting right could qualify as an associate if ACCENTRO Real Estate AG has other ways to participate in the financial and operating policy decisions of the respective company on the basis of other factors. Such factors include in particular the representation of ACCENTRO Real Estate AG on the governing body of the company, and contractual rights to manage or realise assets. If ACCENTRO Real Estate AG has only approval, consent, and veto rights, it is not assumed to have significant influence.

Investments in associates and joint ventures that are of significance for the Group's assets, financial and earnings position are taken into account in the Consolidated Financial Statements using the equity method. To this end, the Group's investments in the joint venture or associate are recognised at their initial costs when added, and subsequently increased or decreased by the Group's share of the profits and losses of the joint venture or associate, as the case may be. The relevant interests are posted in separate items in the balance sheet. Disclosures on the risks associated with the interests that ACCENTRO Real Estate AG holds in joint ventures and associates are posted along with summarised financial information on these entities in section 6.1.5. The summarised financial information for joint ventures and associates that are, on an individual basis, immaterial are presented in aggregate form.

Interests in joint ventures or associates that are not taken into account in the consolidated financial statements using the equity method because of their negligible significance for the assets, financial and earnings position of ACCENTRO Real Estate AG are measured in accordance with the accounting and valuation requirements in IAS 39 as financial instruments of the Available for Sale (AfS) category, and posted with the financial assets. If no information is available to ACCENTRO Real Estate AG as of the balance sheet date that would permit a reliable measurement of these interests, the valuation will be based on the initial costs, as it would for non-consolidated subsidiaries.

e) Consolidated Group

As of 31 December 2015, the Consolidated Financial Statements of ACCENTRO Real Estate AG included 26 (previous year: 27) subsidiaries, one joint venture, and two associates. The consolidated Group changed as follows since 31 December 2014:

Subsidiaries Bought

During the 2015 financial year, the basis of consolidation was expanded to include a management company as well as four property companies for the privatisation segment. No business operations were taken over during that time.

Subsidiaries Sold

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 m² as of 1 July 2015. 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 the latter 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 disposal of the three companies resulted in a total net income of TEUR 15,240 for the ACCENTRO Group.

The following list shows the companies included in the consolidated group in addition to ACCENTRO Real Estate AG.

List of equity interests in subsidiaries whose shares are fully held by ACCENTRO Real Estate AG or one of its subsidiaries

Company	Domicile	31 Dec. 2015 Interest in net assets (in %)*	31 Dec. 2014 Interest in net assets (in %)*
ESTAVIS Wohneigentum GmbH	Berlin	100 %	100 %
RELDA 36. Wohnen GmbH	Berlin	100 %	100 %
ESTAVIS 37. Wohnen GmbH & Co. KG	Berlin	100 %	100 %
RELDA 38. Wohnen GmbH	Berlin	100 %	100 %
RELDA 39. Wohnen GmbH	Berlin	100 %	100 %
ESTAVIS 43. Wohnen GmbH & Co. KG	Berlin	100 %	100 %
RELDA 45. Wohnen GmbH	Berlin	100 %	100 %
Accentro GmbH (agency services)	Berlin	100 %	100 %
Accentro Wohneigentum GmbH (formerly ESTAVIS 5. Wohnen GmbH)	Berlin	100 %	100 %
ESTAVIS 6. Wohnen GmbH	Berlin	100 %	100 %
ESTAVIS 7. Wohnen GmbH	Berlin	100 %	100 %
ESTAVIS 8. Wohnen GmbH	Berlin	100 %	100 %
ESTAVIS 9. Wohnen GmbH	Berlin	100 %	100 %
ESTAVIS Sachsen Verwaltungsgesellschaft mbH	Berlin	100 %	100 %
MBG 2. Sachsen Wohnen GmbH & Co. KG (formerly ESTAVIS Zweite Sachsen Wohnen GmbH & Co. KG)	Berlin	100 %	100 %
ESTAVIS Friedrichshöhe GmbH	Berlin	100 %	100 %
Magnus-Relda Holding Vier GmbH	Berlin	100 %	100 %
Accentro Verwaltungs GmbH (acquired in Q1 2015)	Berlin	100 %	
Koppenstraße Wohneigentum GmbH (acquired in Q3 2015)	Berlin	100 %	
Stresemannstr. 32 Projekt GmbH (acquired in Q4 2015)	Berlin	100 %	

* The disclosures in this table comply with the provisions of the German Commercial Code (HGB).

List of equity interests in subsidiaries whose shares are fully held by ACCENTRO Real Estate AG or one of its subsidiaries

Company	Domicile	31 Dec. 2015 Interest in net assets (in %)*	31 Dec. 2014 Interest in net assets (in %)*
Subsidiaries with non-controlling interests			
Phoenix F1 Neubrandenburgstrasse GmbH	Erlangen	94,9 %	94,9 %
Uhlandstraße 79 Immobilien GmbH	Berlin	50 % + 1 vote	50 % + 1 vote
RELDA Bernau Wohnen Verwaltungs GmbH	Berlin	94 %	94 %
ESTAVIS Beteiligungs GmbH & Co. KG	Berlin	94 %	94 %
Kantstraße 130b/Leibnizstraße 36, 36a GbR	Berlin	38.40 %	
Kantstraße 130b/Leibnizstraße 36, 36a Immobilien Gesellschaft mbH	Berlin	40.80 %	
Companies removed during the financial year			
ESTAVIS Filmfabrik GmbH & Co. KG	Berlin	100 %	100 %
ESTAVIS Vermögensverwaltungs GmbH	Berlin	100 %	100 %
ESTAVIS Berlin Hohenschönhausen GmbH	Berlin	100 %	100 %

* The disclosures in this table comply with the provisions of the German Commercial Code (HGB).

The following companies were moreover amalgamated or merged during the financial year in order to streamline the Group structure:

Amalgamations during the financial year

Company	Domicile	31 Dec. 2015 Interest in net assets (in %)	31 Dec. 2014 Interest in net assets (in %)
SIAG Dritte Wohnen GmbH & Co. KG (amalgamated into ESTAVIS Beteiligungs GmbH & Co. KG as of 31 December 2015)	Berlin	100 %	100 %
Zweite Sachsen Wohnbauten GmbH & Co. KG (amalgamated into ESTAVIS Beteiligungs GmbH & Co. KG as of 31 December 2015)	Berlin	100 %	100 %
Estavis Grundstücksgesellschaft mbH (merged with ACCENTRO Real Estate AG as of 1 July 2015)	Berlin	100 %	100 %

The commercial partnerships included in the above list of subsidiaries are exempt from the reporting, audit, and disclosure requirements for annual accounts and management reports that apply to corporations pursuant to Section 264b, German Commercial Code (HGB). Accentro GmbH is also exempt from the reporting, audit, and disclosure requirements for annual accounts and management reports that apply to corporations pursuant to Section 264 (3), HGB.

List of equity interest accounted for using the equity method

Company	Domicile	31 Dec. 2015 Interest in net assets (in %)	31 Dec. 2014 Interest in net assets (in %)
Wohneigentum Berlin GbR (Joint Venture)	Berlin	33.33 %	33.33 %
SIAG Sechzehnte Wohnen GmbH & Co. KG (associate)	Berlin	50 %	50 %
Malplaquetstr. 23 Grundstücksverwaltungsgesellschaft mbH (associate)	Berlin	50 %	50 %

Group Affiliation

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

2.3 Segment Reporting

Segment reporting is in line with internal reporting to the ACCENTRO Real Estate AG Management Board, which is the highest management body as defined by IFRS (management approach). It covers the business segments "Trading" and "Portfolio." The Group only deals in property located in Germany. Therefore no geographical segmentation has been undertaken.

Given the negligible significance of the interest income, the company's senior management controls the segments on the basis of the financial results that represent the balance of interest income and interest expenses.

2.4 Foreign Currency Translation

a) Functional Currency and Reporting Currency
ACCENTRO Real Estate AG prepares its consolidated financial statements in euro (EUR).

The euro is the currency of the primary business environment in which ACCENTRO Real Estate AG and its subsidiaries operate, and is therefore their functional currency. Transactions in other currencies are thus foreign currency transactions.

b) Transactions and Balances
Foreign currency transactions are translated into the functional currency of the respective Group company using the exchange rates applicable at the transaction date. After initial recognition, monetary foreign currency items are translated at the exchange rate of the respective balance sheet date.

Currency translation differences resulting from the fulfilment of foreign currency transactions or the translation of monetary foreign currency items at the balance sheet date exchange rate are recognised in the income statement as foreign currency gains or losses.

2.5 Fair Value

Under IFRS 13, fair value is defined as the price at which an asset could be exchanged within the framework of an arm's-length transaction between knowledgeable, willing and independent market participants under current market conditions at the measurement date. The fair value may be determined using either the market-based approach, the cost-based approach, or the income-based approach. The fair value measurement maximises the use of definitive observable market-based inputs while minimising the use of unobservable inputs.

The measurement hierarchy divides into the following levels of inputs:
- Level 1: Quoted (unadjusted) prices on active markets for identical assets and liabilities, assuming the entity has access to these active markets at the measurement date (IFRS 13 – Appendix A, IFRS 13.76)
- Level 2: Directly or indirectly observable inputs not included within Level 1 (IFRS 13 – Appendix A, IFRS 13.81)
- Level 3: Unobservable inputs (IFRS 13 – Appendix A, IFRS 13.86)

If the various inputs are categorised into different levels of the fair value hierarchy, they are broken up into significant and insignificant inputs in the first step of the measurement process. Next, the fair value measurement is categorised in its entirety on the level of the lowest level input that is significant to the entire measurement (IFRS 13.73 ff.).

2.6 Investment Property

The real estate held as a financial investment comprises real estate held in the long term to earn rental income or for capital appreciation. Unlike real estate contained in inventory assets, active resale activities for these properties are generally developed only after a prolonged holding period within the scope of portfolio reallocations. They are initially measured at cost and thereafter at fair value. Changes to the fair value are recognised in the income statement and reported separately.

The fair value of property is defined by IFRS 13 as the price at which a given property could be exchanged within the framework of an arm's length transaction between knowledgeable, willing and independent market participants at the measurement date, subject to current market conditions. The fair value was measured using a discounted cash flow model.

The cash value of investment property held by the Group is appraised by an independent surveyor at the time of allocation to this category and in time for the balance sheet dates. The future cash inflow and outflow to be expected and to be duly considered for the purpose of determining the fair value on the basis of the discounted cash flow model include, on the one hand, the sustainably realisable net rents, with possible vacancies and risk of rent loss duly taken into account, and, on the other hand, the accruing management costs for maintenance, vacancy costs, and administration. The resulting net cash flows are discounted using a risk-adequate interest rate (benchmark returns for comparable properties). The cash value returned represents the appraised values for the recognised fair value of the property.

If property is initially acquired for trading purposes and accordingly assigned to inventories, it is reclassified to investment property if there are indications that the company has reconsidered its intention to sell the property and is planning to keep it in the proprietary portfolio instead and to develop it over an extended period of time (redevelopment, reletting) for the purpose of long-term rental income and appreciation.

Whenever an investment property is sold, the property is appraised at its sales price as of the effective date of the disposal, while any difference from the previous carrying amount is posted in the income statement in the item "Change in value of investment property".

2.7 Intangible Assets and Goodwill

a) Goodwill

The term "goodwill" as it is used here refers to the intangible value of the Group's interest in an acquired company in excess of the fair value of that company's net assets at the acquisition date. It is recognised in the balance sheet as an intangible asset. The goodwill resulting from the acquisition of an associate is included in the carrying amount of the interest in the respective associate. Goodwill is subjected at least once a year, and moreover whenever an impairment event has occurred, to an impairment test, and carried at original cost less accumulated impairment losses. Goodwill is not subject to scheduled depreciation.

b) Other Intangible Assets

This category includes software purchased. Purchased software is carried at cost and amortised on a straight-line basis over its useful life. The useful life for acquired software is three to five years.

2.8 Property, Plant and Equipment

The property, plant and equipment represent essentially computer hardware, other office equipment and motor vehicles. These are recognised at their initial costs minus their accumulated scheduled depreciation and impairment losses. Depreciation is recognised on a straight-line basis, taking into account the residual value and applying the following useful lives:

- Computer hardware 3 years
- Other office equipment 8–13 years
- Motor vehicles 6 years

The useful life of motor vehicles is based on the useful life for tax purposes, which is 6 years, in order to avoid tax deferrals.

The residual values and remaining useful lives are reviewed at each balance sheet date and adjusted as necessary.

Subsequent expenditure is only capitalised if it is probable that the company will receive an economic benefit from the respective expenditure in the future. All other repair and maintenance measures are posted as expenses in the financial year in which they are incurred.

If the carrying amount of an asset exceeds its estimated recoverable amount, it is written down to the latter (see also section 2.9 on the subject).

Gains and losses from the disposal of property, plant and equipment are determined by comparing the sales proceeds with the carrying amount, and are listed with the "Other operating result".

2.9 Impairment of Assets

The goodwill is reviewed at least once a year, and moreover whenever events or indicators suggest a possible impairment. Property, plant and equipment and intangible assets that are subject to depreciation or amortisation are tested for impairments whenever events or indicators suggest that their carrying value may not be recoverable. Impairment losses are recognised in the amount by which the carrying value of an asset exceeds its recoverable amount. The latter corresponds to the higher amount, derived from the fair value of the asset less the costs of disposal, and the discounted net cash flow from its continued use (value in use). In order to determine impairment, assets are combined at the lowest level to form cash-generating units for which cash flows can be identified largely independently from the rest of the company. Goodwill impairment is determined at the level of the segment to which the respective goodwill is allocated.

If the reasons for impairment no longer apply, impairment losses can be reversed up to a maximum of the amortised cost of the respective asset. Goodwill impairment losses may not be reversed.

2.10 Financial Instruments

2.10.1 Financial Assets

Acquisitions and dispositions of financial assets are aggregated as of the settlement date. These are recognised at their fair value at the time added while taking directly attributable transactions costs into account, unless they are recognised in income at fair value. In this context, financial assets are divided into the following measurement categories: financial assets recognised at fair value through profit or loss, loans and receivables, held-to-maturity financial assets, and financial assets available for sale. The classification of financial assets depends on the purpose for which they were acquired. The company's management is responsible for determining the categorisation of financial assets on initial recognition and reviewing it periodically. Under IFRIC 9, the allocation may be changed after contractual amendments or whenever special conditions pursuant to IAS 39.50 ff pertain. During the period under review and the prior period, the Group only had financial assets in the categories loans and receivables and available-for-sale financial assets to report.

a) Loans and Receivables (LaR)
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise whenever the Group directly provides a debtor with money, goods or services without intending to use the corresponding receivables for trading purposes. Loans and receivables are classified as current assets if they have a maturity of twelve months or less from the balance sheet date. Otherwise, they are reported under non-current assets. Loans and receivables are recognised in the balance sheet under trade receivables and other receivables and other assets. Within the framework of subsequent valuations, they are carried at amortised cost.

Trade receivables are initially carried at their fair value, and subsequently at amortised costs, unless they are short-term in nature. Trade receivables are written down if there is objective evidence that the amounts due may not be collectable in full.

Identifiable individual risks are subject to valuation allowances that are recognised in the respective net book value. If the default of a certain portion of the receivables portfolio is likely, impairment allowances are effected in proportion to the anticipated loss. Objective indications of the impairment of receivables exist whenever debts are in default or in arrears, or whenever bankruptcy or economic conditions are impending that positively correlate with defaults. Such impairments are recognised in income.

In the case of rent receivables older than three months, their carrying amount is adjusted, as in previous years, by the following allowances:

- 3 to 6 months: 25 %
- 6 to 9 months: 50 %
- 9 to 12 months: 75 %
- above 12 months: 100 %

As soon as it becomes evident that a rental claim may not be recovered, the full amount is derecognised in income.

If the reasons for an impairment cease to apply, either in full or in part, the impairment is reversed up to a maximum of the amortised cost of the receivable and the amount of the reversal is recognised in income.

b) Available-for-Sale Financial Assets (AfS)
Available-for-sale financial assets are non-derivative financial assets that have been allocated to this category or that cannot be allocated to any of the other categories. These are reported under "Non-current assets" if the company's management does not intend to dispose of them within twelve months of the balance sheet date. Available-for-sale financial assets include equity interests, securities held as fixed assets, and other long-term investments.

On initial recognition, available-for-sale financial assets are carried at fair value, with the transaction costs incurred duly taken into account. The unrealised gains and losses resulting from the fair value appraisal are recognised, with the deferred taxes deducted, as equity component (under "Other comprehensive income") until they are realised. If sold, any unrealised gain or loss recognised in the equity position must be recognised as income in the income statement.

At the end of each reporting period, ACCENTRO Real Estate AG examines whether there is any objective evidence of impairment. If such evidence exists, any cumulative losses previously recognised outside profit or loss are reclassified and recognised in profit or loss. To this end, all available information, including market conditions or the duration and scale of the impairment, are taken into account. An objective indication regarding an impairment is assumed whenever the fair value of an equity instrument earmarked for sale falls short of its historic costs by 20% or more, or whenever the fair value has undercut the historic cost by 10% or more on average for longer than a year. Reversals of impairments concerning equity instruments earmarked for sales are exclusively recognised directly on equity. No financial instruments associable with other categories are being used at the moment, and are therefore not separately discussed.

2.10.2 Financial Liabilities

On first-time recognition, financial liabilities other than derivatives are carried at fair value less transaction costs. In subsequent periods, they are carried at amortised cost (AmC). Any difference between the amount disbursed (less transaction costs) and the settlement amount is recognised in income over the term of the respective liability in accordance with the effective interest method.

Financial liabilities are classified as current if the Group does not have the unconditional right to settle the liability at a date at least twelve months after the balance sheet date.

For the purpose of calculating the fair value, the expected future cash flow is discounted on the basis of a maturity-matched market interest rate. The individual features of the financial instruments being measured are taken into account using standard credit and liquidity spreads.

The fair value of the ACCENTRO Group's financial assets and liabilities is determined on the basis of the input factors of Levels 1, 2 and 3.

2.11 Inventory Properties

The inventories of the ACCENTRO Group consist of property acquired for resale. They are carried at the lower of cost and net realisable value. The cost includes the purchase price for the respective properties plus directly attributable expenses, such as brokerage fees, real property transfer taxes, notaries' fees and land register costs. Refurbishment costs that result in a material improvement of the respective property are capitalised. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.12 Cash and Cash Equivalents

Cash and cash equivalents are carried at cost. For the purposes of the cash flow statement, cash and cash equivalents are composed of cash on hand, sight deposits placed with banks, and other short-term, highly liquid investments with a remaining term of no more than three months at the time of acquisition.

2.13 Provisions

Provisions are recognised if the company has a current legal or constructive obligation based on events in the past, if settlement of the obligation is likely to require an outflow of resources, and if the amount of the obligation can be reliably estimated. If the company expects the reimbursement of an amount for which a provision has been recognised (e.g. under an insurance policy), it must record the right to reimbursement as a separate asset, providing that reimbursement is effectively guaranteed in the event of a claim being asserted on the respective obligation.

The company recognises provision for unprofitable business if the unavoidable costs of meeting the obligation under the respective contract are greater than the expected benefits from the contractual claim.

Provisions are measured at the amount of the probable outflow of resources. The measurement of non-current provisions includes discounting at a risk-adequate interest rate.

2.14 Non-current Assets available for Sale

Non-current assets or a group of available-for-sale financial assets are categorised "as held-for-sale" if the associated carrying amount is to be realised mainly through a sale transaction rather than through continued use, or else if the asset is immediately available for sale and it is safe to assume that the asset will find a buyer. The measurement will adopt either the most recent carrying amount or the fair value, whichever is lower, minus the costs of disposal. Within the balance sheet, these assets or groups of assets and the associable liabilities will be posted separately.

Whenever ACCENTRO Real Estate AG resolves to sell investment properties, the properties at issue are reclassified as held for sale, assuming the properties are immediately marketable, and assuming further that the intended sale will go ahead within one year of the resolution to sell. The measurement will continue to adopt the fair value.

If the decision to sell involves an entire business unit, all assets and liabilities of that business unit will be categorised as "discontinued operation." The measurement will adopt either the most recent carrying amount or the fair value, whichever is lower, minus the costs of disposal. Within the balance sheet, these assets and the associable liabilities will be posted separately. Within the income statement, the cash flow statement, and the comprehensive income, the discontinued operation represents a separate component. The prior year comparative figures are adjusted accordingly.

2.15 Deferred Taxes

Deferred taxes are recognised in accordance with the liability method for temporary differences between the tax base and the IFRS carrying amount of assets and liabilities, as well as for unused tax loss carryforwards. Deferred taxes are calculated by applying the rate that is expected to be in effect when the temporary difference is reversed in accordance with the information available at the end of the respective reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which temporary differences or tax loss carryforwards can be utilised.

Changes in deferred tax items are recognised in income. Exceptions to this include the addition in equity of deferred tax items as part of the purchase price allocation of company acquisitions and deferred tax items in connection with changes in value recognised as other comprehensive income, which are also recognised under "Other comprehensive income".

2.16 Revenue Recognition

Revenues are composed of the amounts invoiced for the sale of properties held as inventory assets. Revenue from the sale of a property is recognised when substantially all the risks and rewards incident to ownership of the respective property are transferred to the buyer. This is generally the case when possession, benefits, duties and risks associated with the property are transferred. In the case of the sale of special-purpose entities, this date is generally the date on which the transfer of the shares in the respective entity is completed.

If renovation work is still in progress by the date on which the property is sold and this refurbishment work is negligible compared to the volume of the transaction as a whole, the company recognises a provision for the additional costs that are expected to be incurred.

Rental income is recognised on an accrual basis in accordance with the terms of the underlying contracts. Rental income is recognised as revenues. The incidental expenses invoiced to tenants are offset against the corresponding expenses as the allocable expenses are considered to have been advanced in the interest of the tenants.

Interest income is recognised on a time proportion basis that takes into account the outstanding liability and the effective yield over the remaining term.

2.17 Brokerage Commission

Commission for brokering an actual business contract is recognised by the Group as an expense whenever the brokered transaction has been fulfilled. Any commission paid before this time is reported under "Miscellaneous receivables".

2.18 Leases

Certain Group companies act as lessees.

Leases under which the Group companies bear the substantial risks and rewards of ownership of the leased property are classified as finance leases. Assets held under finance leases are capitalised at the start of the lease term at their fair value or the present value of the minimum lease payments, whichever is lower. At the same time, a lease liability in the same amount is recognised under non-current financial liabilities. The portion of the lease liability that is due within twelve months of the balance sheet date is reported under current financial liabilities. Each lease instalment is then divided into the finance charge and the reduction of the outstanding liability in order to ensure a constant periodic return on the outstanding lease liability. The interest portion is recognised in the income statement as an interest expense. Items of property, plant and equipment held under finance leases are depreciated over their useful life, which may be limited by the lease term, taking into account any residual value.

Leases not classified as finance leases are classified as operating leases. The operating leases entered into involve motor vehicles, some office and business equipment, and business premises. These leases do not contain purchase options. Leases for office space contain extension options at standard market conditions. Payments made in connection with operating leases (less incentive payments by the lessor) are recognised in the income statement on a straight-line basis over the term of the lease.

The Group acts as a lessor in connection with the leasing of properties. These agreements are classified as operating leases. See 6.21 for information on accounting for rental income.

2.19 Residual Interests and Dividend Distributions

ACCENTRO Real Estate AG includes subsidiaries in the legal form of partnerships in which it holds minority interests in its group accounts. The partner position that the Group holds through these minority interests must be recognised in the Group accounts under IAS 32 as debt due to their statutory right to termination that cannot be contracted away. When these liabilities arise, they are measured at the present value of the partner's compensation claim. This is generally the amount of the partner's capital contribution. Subsequent to initial recognition, the liability is adjusted depending on the company's results prior to the recognition of the change in the respective liability. The change in liability is recognised in the income statement unless it is based on capital contributions and withdrawals. If the adjustment results in a notional claim from the partner, it must be suspended until it would result in a liability against the partner again.

For corporations within the Group, liabilities for distributions to shareholders are only recognised in the period in which the corresponding resolution on the appropriation of net retained profits is adopted by the Annual General Meeting.

2.20 Cash Flow Statement

The cash flow statement shows the development of the Group's cash flows during the financial year. The Consolidated Financial Statement uses the indirect method for a breakdown of the cash flow, with non-cash items deducted and cash items added to the consolidated income. The cash flow statement represents the cash flows from the operational activities, from the investing activities, and from the financing activities.

3 Capital and Financial Risk Management

Using its capital management, ACCENTRO Real Estate AG pursues the goal of sustainably strengthening the Group's liquidity and equity basis, providing funds for the group's equity-financed growth and generating an appropriate return on capital employed. In the context of the ACCENTRO Group's property activities, as far as possible purchasing volumes are financed by debt capital in line with tax consideration on account of the continuing relatively favourable refinancing situation. The Group's accounting equity acts as a passive control criterion. The active control variables are revenues and EBIT.

Once a quarter, and ahead of large-scale transactions, the risk management department reviews the Group's capital structure. To this end, the cost of capital and the threat associated with each class of capital is taken into account. In order to satisfy the banking industry standards of the external capital requirements, the accounting ratios are regularly updated. These include principal repayment ratios for each asset, loan-to-value ratios, as well as contractually agreed balance relations and success relations.

Financial risk management (see also the elaborations in the Group Management Report) describes the management and limitation of the financial risks resulting from the Group's operating activities. Particular risks include the liquidity risk (avoiding disruptions to solvency) and risk of default (risk of a loss if one contractual party fails to meet its contractual obligations).

Responsibility for the liquidity risk management lies with the Management Board, which has established an appropriate system for controlling short, medium and long-term finance and liquidity requirements. The Group controls liquidity risks by maintaining appropriate liquid funds, credit lines with banks and other facilities as well as constant monitoring of forecast and actual cash flows as part of ongoing, rolling liquidity controlling and by coordinating the maturity profiles of financial assets and liabilities.

In order to avoid risks of default, the Group only enters into sales relationships with parties of sound creditworthiness. In order to further limit default risk, ownership of sold properties is only transferred to the buyer after the purchase price has been paid into an escrow account.

4 Estimates and Accounting Decisions at the Company's Discretion

In preparing the Consolidated Financial Statements, the company uses forward-looking estimates and assumptions based on the conditions prevailing by the balance sheet date. The estimates thus obtained may deviate from the actual events going forward.

The following estimates were used within the framework of measuring the balance sheet items:

- Impairment testing for the goodwill that is allocated to the "Trading" segment requires the use of estimate ranges in respect to future revenues and trading margins in particular. The sales prices and sold quantities underlying these figures are used for a planning period of 5 years based on market development forecasts and past empirical evidence. The cash operating surplus determined in the process are discounted, taking market-consistent costs of equity and debt as well as a market-consistent risk interest on its cash value into account. For the annual accounts, that measurement from a variety of scenarios is chosen which most adequately reflect the fair market value when all known inputs are taken into account.

- The fair values of the investment properties are based on valuation reports of independent external valuers. The latter determine the fair value of the property assets by applying the discounted cash flow method (DCF method). The appraisal takes estimates of future rent revenues, vacancies, and possible refurbishment measures into account. Uncertainties concerning the development of the market conditions as well as the nature and use of the properties are reflected in a market-consistent discount interest rate that includes a risk premium.

- In estimating the net selling prices of properties held for trading, the calculation of realistic selling prices is subject to considerable uncertainty. Selling prices are estimated on the basis of the assessed attractiveness of micro-environments and the expected development of the spending power. The range of sales prices obviously depends on the location of a given trading property. The adequacy of a certain price and thus of the amount posted in the balance sheet are periodically reviewed and adjusted as needed.

- Estimates define particularly the appraisal of the intrinsic value of the rent receivables. Assumptions regarding the collectability of an outstanding receivable are based on the age structure of that receivable. Based on empirical evidence, the probability of default for accounts receivable older than three months is imputed to be somewhere between 25 % and 100 %, which is reflected in a valuation allowance over a corresponding amount.

- There are a range of estimates as to possible future expenses to the Group in the context of the recognition of provisions.

- Current and deferred taxes are necessarily recognised on the basis of estimates. Since the proper interpretation of complex tax issues is far from clear, differences between actual results and the assumptions or future changes in the estimates may lead to changes in tax results in future periods.

Concerning the financial reporting and valuation rules, ACCENTRO Real Estate AG made the following discretionary decisions:

- Whenever real estate packages are added or sold, it is up to the company to decide whether this involves the acquisition or disposal, respectively, of a business operation.

- By each balance sheet date, it has to be decided whether a given property held by the Group is reported as financial investment or as inventory property.

- When recognising financial instruments for the first time, you need to choose one of four measurement categories to allocate it to: financial assets recognised at fair value through profit or loss, loans and receivables, held-to-maturity financial assets, and available-for-sale financial assets, as the case may be.

- The companies Kantstraße 130b/Leibnitzstraße 36, 36a GbR and Kantstraße 130b/Leibnitzstraße 36, 36a Immobilien Gesellschaft mbH are itemised as Group subsidiaries under 6.1.4 although the Group only holds minority stakes of 39 % and 41 %, respectively, because the Group controls the key operating decisions and definitively participates in the returns through financing arrangements and marketing agreements.

Whenever errors in the accounting estimates and in the fair value measurements become apparent during the periods following the balance sheet date, the provisions of IAS 8 apply. Accordingly, material omissions or misstatements are retroactively corrected for all prior reporting periods affected up to the current period's financial statement whenever they could impact the economic decisions that the recipients of the statements may have made on the basis of the financial statement.

5 Segment Reporting

The ACCENTRO Group is organised into the following segments:

1. **Trading:** the buying and selling of property, with apartments usually sold to private investors. The estate agency business within the framework of apartment retailing is also included in this segment.
2. **Portfolio:** This segment includes investment property and portfolio property that is not intended for apartment retailing.

As in the previous year, the "Trading" segment was posted in the sub-segments "Privatisation" and "Other Trade." The segment "Other trade" covers the win-up of residual activities from the company's discontinued business of listed property trading.

The segment results for the financial year ended 31 December 2015 are shown below:

	Trading						Portfolio		Group	
	Total		Privatisation		Other trade					
	2015	2014 short FY	2015	2014 short FY	2015	2014 short FY	2015	2014 short FY	2015	2014 short FY
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Revenues (external)	39,496	15,361	39,510	15,363	–14	–2	117,482	38,355	156,979	53,716
thereof										
Letting	5,753	1,138	5,753	1,138			15,703	6,910	21,457	8,048
Disposals	31,429	12,758	31,443	12,760	–14	–2	101,779	31,406	133,208	44,164
Brokerage	2,314	1,465	2,314	1,465				39	2,314	1,504
Changes in the value of investment property							10,465	18,846	10,465	18,846
EBIT	**7,095**	**2,054**	**8,263**	**2,100**	**–1,168**	**–46**	**31,838**	**17,296**	**38,932**	**19,350**
Result from financial investments	573	124	573	113		11		17	573	142
Financial results	**–2,321**	**–1,168**	**–1,946**	**–647**	**–375**	**–521**	**–11,078**	**–5,751**	**–13,399**	**–6,919**
Net profit before income taxes	**4,774**	**886**	**6,317**	**1,454**	**–1,544**	**–567**	**20,760**	**11,545**	**25,533**	**12,431**

* The presentation of revenues was adjusted for the short financial year, see item 2.1

To facilitate comparison of the segment performance, the table below pairs the audited figures of the 2015 financial year with the unaudited figures of the 2014 calendar year.

	Trading						Portfolio		Group	
	Total		Privatisation		Other trade					
	2015	2014*	2015	2014*	2015	2014*	2015	2014*	2015	2014*
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Revenues (external)	39,496	22,264	39,510	21,911	–14	352	117,482	43,870	156,979	66,134
thereof										
Letting	5,754	1,451	5,754	1,449		2	15,703	11,921	21,457	13,372
Disposals	31,429	17,364	31,443	17,013	–14	350	101,779	31,910	133,208	49,273
Brokerage	2,314	3,488	2,314	3,488				39	2,314	3,488
Changes in the value of investment property							10,465	21,916	10,465	21,916
EBIT	**7,095**	**2,897**	**8,263**	**2,992**	**–1,168**	**–95**	**31,838**	**20,282**	**38,932**	**23,179**
Result from financial investments	573	165	573	154		11		17	573	182
Financial results	**–2,321**	**–2,324**	**–1,946**	**–1,519**	**–375**	**–805**	**–11,078**	**–8,219**	**–13,399**	**–10,542**
Net profit before income taxes	**4,774**	**573**	**6,317**	**1,473**	**–1,544**	**–900**	**20,760**	**12,003**	**25,533**	**12,636**

* unaudited

During the 2015 financial year, the consolidated revenues rose by 137.4 % to EUR 157.0 million compared to the 2014 calendar year. They break down into the following segments:

- Portfolio: EUR 117.5 million (short financial year: EUR 38.4 million; prior-year total: EUR 43.9 million)
- Trading: EUR 39.5 million (short financial year: EUR 15.4 million; prior-year total: EUR 22.3 million)

thereof

- Other trade: EUR 0.0 million (short financial year: EUR 0.0 million; prior-year total: EUR 0.4 million)
- Privatisation: EUR 39.5 million (short financial year: EUR 15.4 million; prior-year total: EUR 21.9 million)

In the "Trading" segment, revenues in the "Privatisation" sub-segment showed substantial growth, far exceeding the prior-year level at EUR 39.5 million. The sub-segment "Other trade" no longer had any revenues to report as the entire segment was sold off (previous year: EUR 0.4 million).

The gross operating profit (EBIT) of the "Trading" segment was clearly positive at EUR 7.1 million by the end of the 2015 year under review (short financial year: EUR 2.1 million; previous year: EUR 2.9 million), which is exclusively due to the steady increase in net income of the "Privatisation" sub-segment. The wind-up and sale of the remaining activities of the "Other trade" sub-segment resulted in a modest negative effect on earnings in the amount of EUR –1.2 million (prior-year: EUR –0.9 million).

During the 2015 financial year, revenues in the "Portfolio" segment amounted to outstanding EUR 117.5 million (short financial year: EUR 38.4 million, previous year: EUR 43.9 million) and were generated mainly by sales proceeds in the amount of EUR 101.8 million. The rental revenues equalled EUR 15.7 million to EUR 6.9 million (previous year: EUR 11.9 million). As previously announced, there were no portfolio acquisitions in 2015. The refurbishment and revitalisation program planned in the previous period was launched according to plan during the reporting period and has produced some quick-wins by reducing the vacancy rate.

The large sales proceeds from the disposal of investment properties in the amount of EUR 15.8 million and the first full contribution to operating income from the housing stock acquired during the previous year pushed the EBIT in the "Portfolio" segment from EUR 20.3 million by the end of the 2014 calendar year (short financial year: EUR 17.3 million) up to EUR 31.8 million by the end of the period under review.

Depreciation and write-downs of property, plant and equipment and amortisation and write-downs of intangible assets and the changes in the value of investment property were attributable to the segments as follows in the financial year:

	Trading (total)		Portfolio		Group	
	2015	2014 short FY	2015	2014 short FY	2015	2014 short FY
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Depreciation and amortisation of property, plant and equipment	–24	–19	–44	–17	–68	–35
Depreciation and amortisation of intangible assets	–6	–8	–23	–5	–29	–13
Change in value of investment property			10,465	18,846	10,465	18,846

Segment assets, segment liabilities and segment investments were recognised as follows by 31 December 2015:

	Trading	Portfolio	Group
	TEUR	TEUR	TEUR
Segment assets	187,549	206,063	393,612
Equity interests accounted for using the equity method	1,593		1,593
Total segment assets	**189,142**	**206,063**	**395,205**
Segment liabilities	**126,811**	**159,153**	**285,964**
Segment investments	102,409	3,164	105,696

The 2014 short financial year returned the following figures:

	Trading	Portfolio	Unallocated	Consoli-dation	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
Total segment assets	**132,142**	**552,149**	**41,236**	**–323,332**	**402,196**
Segment liabilities	**87,557**	**415,434**	**105,684**	**–292,330**	**316,345**
Segment investments	61,816	130,690			192,505

Due to the adjustment of the representation of the segment assets, the segment liabilities and the segment investments for the 2015 financial year, comparability of the figures with those of the short financial year is limited. During the 2015 financial year, all consolidation entries were assigned to their respective segments. Moreover, general expenses that used to be a major item in the unallocated assets and liabilities are also distributed across the various segment using a distribution key, because the 2015 financial year was the first year in which this sort of internal settlement was practised.

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.

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.

6 Supplementary Notes to the Individual Items of the Financial Statements

6.1 Statement of Changes in Non-current Assets

Non-current assets have changed as follows during the financial year beginning 1 January 2015 and ending 31 December 2015:

	Miscellaneous intangible assets	Property, plant and equipment
	TEUR	TEUR
Acquisition costs/costs of goods sold	174	688
Cumulative depreciation, amortisation and write-downs	133	517
Carrying amount as of 1 January 2015	**41**	**171**
Additions (+)	35	88
Disposals (–)	0	3
Depreciation, amortisation and write-downs (–)	29	68
Carrying amount as of 31 December 2015	**47**	**188**
Acquisition costs/costs of goods sold	209	773
Cumulative depreciation, amortisation and write-downs	162	585

Non-current assets changed as follows during the short financial year from 1 July 2014 to 31 December 2014:

	Other intangible assets	Property, plant and equipment
	TEUR	TEUR
Acquisition costs/costs of goods sold	172	686
Cumulative depreciation, amortisation and write-downs	120	482
Carrying amount as of 1 July 2014	**52**	**204**
Additions (+)	3	36
Disposals (–)	1	34
Depreciation, amortisation and write-downs (–)	13	35
Carrying amount as of 31 December 2014	**41**	**171**
Acquisition costs/costs of goods sold	174	688
Cumulative depreciation, amortisation and write-downs	133	517

6.1.1 Intangible Assets and Goodwill

The table under section 6.1 shows the changes in other intangible assets over the past two financial years.

Goodwill is allocated to the "Trading" segment. The recoverable amount is determined for impairment testing by calculating the segment's value in use. The calculation is based on forecast cash flows derived from the five-year plan approved by the Management Board. The company's Management Board determined the budgeted cash flow for the detailed planning phase on the basis of favourable past events in the privatisation business and positive expectations regarding future market developments. These are based on the forecast development of sold or brokered residential units, the assumption being that – presupposing an upward learning curve in the "Trading" segment – the contribution to operating income per residential unit will increase.

The budgeted cash flow of the five-year plan was discounted using a weighted average cost of capital rate of 7.78 % (2014 short financial year: 9.18 %). This post-tax discount rate (pre-tax discount rate: 11.14 %) reflects the specific risks of the "Trading" segment compared to the market portfolio. In order to factor in the risks associable with the future market development, a growth premium of 0.5 % (2014 short financial year: 1.3 %) is assumed, as in the previous year, for the cash flows following the five-year period.

The goodwill impairment test conducted as of the reporting date revealed substantial excess collateralisation of the goodwill. Given the high level of overcollateralization, we saw no need to identify any sensitivities.

6.1.2 Property, Plant and Equipment

The property, plant and equipment represent essentially computer hardware, other office equipment and motor vehicles. These are recognised at their initial costs minus their accumulated scheduled depreciation and impairment losses. Depreciation is recognised on a straight-line basis, taking into account the residual value and applying the following useful lives:

- Computer hardware 3 years
- Other office equipment 8–13 years
- Motor vehicles 6 years

Property, plant and equipment acquired during the 2015 financial year included computer hardware and other office equipment at a cost of TEUR 88. The additions are matched by disposals in the amount of TEUR 3. The values of the other property, plant and equipment represent the amortised costs carried forward.

6.1.3 Investment Property

Investment property developed as follows:

	2015	Short FY 2014
	TEUR	TEUR
Start of financial year	**257,861**	**156,168**
Additions*	0	128,496
Other additions following their acquisition	600	0
Refurbishment	2,564	2,178
Disposals	–86,003	–45,649
Appreciation	23,427	22,138
Impairment	–12,963	–5,470
Reclassifications	–17,149	0
End of financial year	**168,337**	**257,861**

* The additions during the 2014 short financial year included down-payments and incidental acquisition costs toward investment properties in the amount of EUR 14,776 dating back to the 2013/14 financial year.

The total fair values of investment property were determined as a total of TEUR 162,771 (2014 short financial year: TEUR 257,861) by third-party experts as at the balance sheet date. In accordance with IAS 40.53, no fair value was determined for one property with a book value of TEUR 5,566 because of extensive redevelopment work. Assets with a carrying amount of TEUR 162,771 are encumbered with land charges as collateral for bank debt.

The investment property includes 2 commercial properties (previous year: 3), 110 residential properties (previous year: 117), and 25 mixed-use properties (previous year: 25), which break down into 154 commercial units (previous year: 182) with a total floor area of 20,138 m² (previous year: 21,791 m²) and 3,277 flats (previous year: 5,268) with a total floor area of 209,222 m² (previous year: 357,334 m²).

In addition to the change in value due to the remeasurement at fair value in the amount of TEUR 10,465 as of the end of the reporting period, the income statement also includes the following items relating to investment property:

	2015*	Short FY 2014
	TEUR	TEUR
Rental income (revenues)	15,703	6,905
Cost of materials	–4,433	–1,189
Maintenance costs (material costs)	–3,854	–3,251

* The rental income and the cost of materials for the 2015 financial year also include properties that are recognised in the balance sheet item "Non-current assets held for sale" as of 31 December 2015.

Out of the expenses, vacant investment property account for TEUR 973 (previous year: TEUR 371).

Measurement Approach

The calculation of the fair value of the investment property in the amount of TEUR 162,771 (previous year: TEUR 257,861) is based on the discounted cashflow method (DCF) for assets added to the portfolio by 31 December 2015. The Management Board defines the valuation methods and techniques used by the Group, and coordinates the process. Valuations are undertaken by external valuers on the basis of data as of the respective measurement date, which data are made available primarily by the asset management of ADLER Real Estate AG. This ensures that property appraisals represent market-consistent and end-of-period valuations. Year-on-year changes in fair values are checked for plausibility by the accounts department and by the asset management. In the next step, the valuation results are discussed with the Management Board.

Any prospective cash operating surplus of a given property is discounted to the measurement date using the DCF method. To this end, the net cash flows from the respective property are determined within a detailed planning period of 10 years. They are derived from the anticipated incoming and outgoing payments. While incoming payments generally represent net rents, (gross) outgoing payments represents mostly management costs to be borne by the owner. The net cash flows of each period are discounted using a market-consistent, property-specific discount interest rate (discount rate) as of the measurement date of 31 December 2015.

This produces the capital value of the net cash flows for the respective period. For the end of the detailed planning period, a potential discounted sale value (terminal value) is predicted for the appraised property. It reflects the price most likely to be paid in an arm's length transaction by the end of the detailed planning period. In this context, the discounted net cash flows received are capitalised at the so-called capitalisation rate (exit rate) as a perpetual annuity. The sum total of the cash operating surplus and the discounted potential sale value produces the gross capital value of the subject property. The market-specific transaction costs of a potential buyer are deducted from this gross capital value, and so the net capital value is recognised as a result.

The overview below shows essential assumptions and results used to determine the fair value as of 31 December 2015 within the valuation framework in accordance with the DCF method:

Valuation parameter	Unit	Mean value	Spread
Discount interest rate	%	5.97	5.00–7.05
Maintenance costs	EUR/m²	9.53	6.00–12.00
Administrative overhead in EUR	Per rental unit/year	251.75	250–300
Valuation results			
Actual rent multiplier		13.49	8.85–40.53
Market value/m²	EUR/m²	649	270–1,310

The prior-year figures were adjusted to ensure uniform presentation within the Group. The 2014 valuation was based on the following parameters:

Valuation parameter			
	Unit	Mean value	Spread
Discount interest rate	%	6.3	2.80–8.00
Maintenance costs	EUR/m²	9.66	6.00–20.00
Administrative overhead	EUR/m²	4.2	0.99–13.33
Valuation results			
Actual rent multiplier		14.32	7.60–46.59
Market value/m²	EUR/m²	722	88–6,111

The assumptions used to appraise the portfolio properties were defined by the independent surveyor on the strength of the surveyor's own professional experience of many years. All valuations commissioned by the Group are subject to the rules and regulations of the Royal Institution of Chartered Surveyors (RICS). Additional information not yet available by the measurement date could cause the risk premium assessments to be higher or lower, as the case may be. If the capitalisation rate (discount interest rate) on which the calculation of the fair value is based had been increased by 0.5 percentage points, the market value as of the end of the reporting period would have been TEUR 135,403 (short financial year: TEUR 238,384). Inversely, if the interest rate had been lowered by 0.5 percentage points, the market value would have been TEUR 181,244 (short financial year: TEUR 280,654).

The assumptions concerning the net rental income expected for the entire detailed planning period are also subject to uncertainties because both the macro-environment and the micro-environment of the real property appraised are subject to change going forward. If the headline rent underlying the measurement of the fair value had been 10 % lower, this would have resulted in a total market value of TEUR 140,749 by the measurement date (short financial year: TEUR 229,407). Inversely, if the headline rent had been raised by 10 %, it would have resulted in a total market value of TEUR 183,993 (short financial year: TEUR 287,489).

Reconciliation Accounts

The reconciliation accounts below list the development of the portfolio properties that were recognised at fair value and belong in the level 3 of the fair value hierarchy:

Reconciliation accounts	31 Dec. 2014	Addition*	Disposal	Reclassifications	Valuation results**	31 Dec. 2015
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Residential/commercial buildings	256,092	600	86,003	16,810	12,838	166,717
Commercial real estate	1,769	0	0	339	190	1,620
Total	**257,861**	**600**	**86,003**	**17,149**	**13,028**	**168,337**

* The addition involves exclusively the post-acquisition historic costs in the amount of TEUR 600.
** The valuation result including refurbishment measures in the amount of TEUR 2,564.

During the 2015 financial year, TEUR 17,149 worth of investment properties were reclassified as non-current assets available for sale. The reclassification reflects the decision by ACCENTRO Real Estate AG to sell off its investment properties. The Group expects the planned disposals to go ahead within a year's time. Out of the total amount of TEUR 17,149 in non-current assets available for sale, TEUR 13,849 represent assets whose sales contracts have already been notarised.

The changes in fair value recognised in income are attributable to the revaluation of the investment properties, all of which were still part of the portfolio by 31 December 2015.

6.1.4 Subsidiaries with substantial but non-controlling Interests

The table below contains detailed information on subsidiaries of ACCENTRO Real Estate AG in which third parties hold significant but non-controlling interests:

Name	Capital share of the non-controlling interests in % (proportion of voting rights, in %)	Consolidated income representing non-controlling interests	Book value of the non-controlling interests as of 31 Dec. 2015	Dividends paid out to the non-controlling interests during the reporting period
	%	TEUR	TEUR	TEUR
Phoenix F1 Neubrandenburgstrasse GmbH	5.1	–4	332	–
Uhlandstraße 79 Immobilien GmbH	50 –1 vote	168	215	–
RELDA Bernau Wohnen Verwaltungs GmbH	6	1	242	–
Kantstraße 130b/Leibnizstraße 36, 36a GbR	61	–89	–34	–
Kantstraße 130b/Leibnizstraße 36, 36a Immobilien Gesellschaft mbH	59	–15	0	–

Listed below are the summarised financial details of subsidiaries in which ACCENTRO Real Estate AG holds substantial but non-controlling interests as of 31 December 2015 and as of 31 December 2014.

31 December 2015	Phoenix F1 Neubrandenburgstrasse GmbH	Uhlandstraße 79 Immobilien GmbH	RELDA Bernau Wohnen Verwaltungs GmbH	Kantstraße 130b/Leibnizstraße 36, 36a GbR	Kantstraße 130b/Leibnizstraße 36, 36a Immobilien Gesellschaft mbH
	TEUR	TEUR	TEUR	TEUR	TEUR
Total of current assets	13,412	2,646	2,661	4,287	522
Total of non-current assets	0	54	13,434	0	0
Total of current liabilities		13,434	0	0	523
Total of non-current liabilities	6,179	2,271	2,157	4,342	523
Earnings/revenues	**721**	**0**	**9,898**	**0**	**0**
Annual net income/net loss	**–75**	**336**	**–12**	**–143**	**–26**
thereof attributable to the share-holders of ACCENTRO Real Estate AG	–71	168	–11	–55	–11
thereof attributable to the non-controlling interests	–4	168	–1	–88	–15

31 December 2014	Phoenix F1 Neu-brandenburgstrasse GmbH	Uhlandstraße 79 Immobilien GmbH	RELDA Bernau Wohnen Verwal-tungs GmbH
	TEUR	TEUR	TEUR
Total of current assets	16,732	7,276	2,437
Total of non-current assets	9	146	12,400
Total of current liabilities	10,154	1,516	10,506
Total of non-current liabilities	0	5,693	279
Earnings/revenues	**279**	**180**	**421**
Annual net income/net loss	**53**	**–96**	**22**
thereof attributable to the share-holders of ACCENTRO Real Estate AG	50	–48	21
thereof attributable to the non-controlling interests	3	–48	1

6.1.5 Equity Interests Accounted for Using the Equity Method

The equity interests accounted for using the equity method performed as follows:

	2015	Short FY 2014
	TEUR	TEUR
Start of financial year	**1,068**	**947**
Additions	0	0
Disposals	0	3
Amortisations	–122	0
Shares in gains and losses	646	124
End of financial year	**1,593**	**1,068**

The section below lists the summarised financial information for the associates and joint ventures of significance for ACCENTRO Real Estate AG along with a reconciliation to the book value of the interest held by ACCENTRO Real Estate AG as of 31 December 2015 and 31 December 2014, appraised according to the equity method:

31 December 2015	Malplaquetstr. 23 Grundstücks-verwaltungs-gesellschaft mbH	SIAG Sechzehnte Wohnen GmbH & Co. KG	Wohneigentum Berlin GbR (joint venture)
	TEUR	TEUR	TEUR
Earnings/revenues	1,565	0	7,428
Profit/loss for the year, overall performance	142	–263	1,734
Total of current assets	886	118	7,931
Total of non-current assets	0	0	0
Total of current liabilities	718	161	3,668
Total of non-current liabilities	0	0	0
Net assets of the associates	186	–48	4,527
ACCENTRO Real Estate AG's interest in net assets of the associate	49.82 %	47 %	33.33 %
Book value of ACCENTRO Real Estate AG's interest, appraised using the equity method	83	0	1,509

31 December 2014	Malplaquetstr. 23 Grundstücks-verwaltungs-gesellschaft mbH	SIAG Sechzehnte Wohnen GmbH & Co. KG	Wohneigentum Berlin GbR (joint venture)
	TEUR	TEUR	TEUR
Earnings/revenues	1,112	0	6,479
Profit/loss for the year, overall performance	80	0	574
Total of current assets	1,931	373	13,677
Total of non-current assets	0	0	0
Total of current liabilities	1,879	161	1,424
Total of non-current liabilities	0	0	7,750
Net assets of the associates	52	212	4,503
ACCENTRO Real Estate AG's interest in net assets of the associate	50 %	50 %	33.33 %
Book value of ACCENTRO Real Estate AG's interest, appraised using the equity method	16	121	931

For the risks and constraints to which ACCENTRO Real Estate AG is exposed by each of the associates and joint ventures, please see the elaborations in section 6.23.

6.1.6 Equity Investments

The equity investments represent an interest of 5.1 % in the company Immeo Berlin C GmbH with a book value of TEUR 1,188 that matches the initial costs. The revenues earned from these during the 2015 financial year added up to TEUR 48.

6.2 Inventory Properties

The company's inventory include available-for-sale properties and down-payments for such properties. The item breaks down as follows:

	31 Dec. 2015	31 Dec. 2014
	TEUR	TEUR
Ready-for-sale properties	155,337	75,897
Advanced payments	784	0
Total	**156,121**	**75,897**

Properties are carried at cost, including accrued renovation costs. There was no income from reversals of impairments for properties held as inventory assets. The properties reported as inventory assets serve as collateral for financial liabilities.

Inventory properties with a carrying value of TEUR 76,652 (short financial year: TEUR 42,565) are expected to be sold after more than twelve months.

6.3 Trade Receivables and Other Receivables

Trade receivables represent purchase price receivables and into rent receivables. The development of trade receivables is shown in the following table:

	31 Dec. 2015	31 Dec. 2014
	TEUR	TEUR
Trade receivables (gross)	10,926	21,506
Allowances	–504	–274
Trade receivables (net)	**10,422**	**21,232**

The table below lists the trade receivables by maturity:

	31 Dec. 2015	31 Dec. 2014
	TEUR	TEUR
Trade receivables	10,422	21,232
thereof neither impaired as of the reporting date nor overdue	1,980	19,239
thereof not impaired as of the reporting date nor overdue for another 30 days	1,347	488
thereof not impaired as of the reporting date nor overdue for another 31 to 60 days	514	161
thereof neither written down as of the reporting date nor overdue for another 61 to 90 days	370	408
thereof neither written down as of the reporting date nor overdue for another 91 to 180 days	297	422
thereof neither written down as of the reporting date nor overdue for another 181 to 360 days	1,261	263
thereof neither written down as of the reporting date nor overdue for more than 360 days	4,545	109
Net value of written-down trade receivables	108	142

The receivables past due but not yet impaired largely represent largely accounts receivable from the listed properties sold, and result, inter alia, from purchase price retentions and purchase price receivables for properties where certain prerequisites have yet to be met before the purchase price becomes due for payment.

The one-off allowances for trade receivables developed as follows:

	2015	Short FY 2014
	TEUR	TEUR
As of 1 January/1 July	**274**	**1,805**
Change in consolidated group	–1	–216
Additions (write-downs)	327	201
Reclassified with the allowances for miscellaneous receivables	0	–254
Reversals	–93	-
Derecognition	–4	–1,262
As of 31 December	**504**	**274**

The miscellaneous receivables and other assets include:

	31 Dec. 2015	31 Dec. 2014
	TEUR	TEUR
Receivables from operating costs not yet invoiced	9,843	5,860
Restricted-use cash in banks	2,898	6,380
Receivables from investment companies	426	419
Receivables from advance commission payments	0	53
Miscellaneous other receivables	1,718	6,461
Total	**14,885**	**19,173**

The receivables from operating costs not yet recovered involve claims arising from recoverable, but not yet invoiced, service charges. The restricted cash in banks may only be drawn upon to repay certain short-term financial debt or to pay for upcoming maintenance measures, and are therefore not recognised among the liquid assets but among miscellaneous receivables. The receivables from investment companies are associable with a loan granted to the company Malplaquetstr. 23 Grundstücksverwaltungsgesellschaft mbH and with receivables from the company Wohneigentum Berlin GbR.

The miscellaneous other liabilities add up to TEUR 1,718 (short financial year: TEUR 6,461). They include a sales tax receivable from the inland revenue office in the amount of TEUR 975 (short financial year: TEUR 3,086), representing a tax reclaim in connection with the latest tax law rulings concerning developer projects and the area of governance subject to Section 13b, Turnover Tax Act (UStG). These accounts receivable are matched by accounts payable in the amount of TEUR 975. With a view to applicable statutory rules and regulations, ACCENTRO Real Estate AG assumes that the inland revenue authorities will request corrected invoices from former suppliers. Other receivables are subject to allowances in the amount of TEUR 442 (short financial year: TEUR 660).

The other receivables are or short-term character because they predominantly arise from contractual relationships that will be settled within a year.

6.4 Cash and Cash Equivalents

Cash and cash equivalents are primarily composed of small amounts of cash and bank balances predominantly held at call.

6.5 Equity Capital

As of the balance sheet date, the issued capital of ACCENTRO Real Estate AG was EUR 24,678, representing 24,678,200 fully paid in no-par-value shares with an imputed share in the share capital of EUR 1.00 each. At the start of the 2015 financial year, the share capital amounted to EUR 24,436,464 and increased during the reporting period when the conversion rights from two convertible bonds issued by ACCENTRO Real Estate AG were exercised.

During the financial year concluded, the company's subscribed capital was increased several times through the conversion of convertible bonds in a total amount of EUR 242. For details, please see the elaborations on the contingent capital.

ACCENTRO Real Estate AG bought back none of its own shares during the 2015 financial year, nor during the previous year.

The capital reserves result from amounts paid in the past in capital increases exceeding the amount of issued capital less the capital-raising costs after taxes. The additional paid-in capital increased by an amount of TEUR 338 during the financial year as a result of conversion rights exercised.

The retained earnings includes the Group's net income up to the balance sheet date that was not distributed.

The composition of and changes in equity are shown in the statement of changes in equity.

Contingent Capital and Authorised Capital

Based on the resolutions of the annual general meetings of past years, the following contingent capital and authorised capital is available:

Contingent Capital 2014 (Redemption of Convertible Bonds)
A resolution passed by the Annual General Meeting on 27 February 2013 authorised the Management Board, subject to the Supervisory Board's approval, to issue – up to and including 26 February 2018 – one or more convertible bonds and/or warrant bonds with or without conversion or pre-emptive rights in an aggregate minimal amount of up to EUR 200,000,000.00 with a maximum maturity of 20 years, and to grant the bearers of these debenture bonds conversion or pre-emptive rights for up to 25,000,000 no-par-value bearer shares in the company, equal to a proportionate share in the share capital in a total amount of EUR 25,000,000.00. The authorisation by the Annual General Meeting of 13 December 2010, as amended by the resolution of the Annual General Meeting on 9 December 2011, the authorisation by the Annual General Meeting of 16 February 2010, as well as the authorisation by the Annual General Meeting of 20 February 2009, concerning the issuance of convertible bonds, warrant bonds and/or participation rights were repealed, to the extent that these had not been exercised yet, through a resolution by the Annual General Meeting on 27 February 2013. Pursuant to a resolution passed by the Annual General Meeting on 10 January 2014, the share capital was conditionally increased by up to EUR 4,136,631 through the issue of up to 4,136,631 new

no-par-value bearer shares in order to redeem the conversion and pre-emptive rights arising from these debenture bonds (Contingent Capital 2014).

In March 2014, the company issued convertible bonds in a nominal volume of EUR 15,000,000. The exercise period for the conversion right commenced on 1 July 2014.

A resolution by the Annual General Meeting of 16 June 2015 restructured the Contingent Capital 2014 as follows: The share capital has been conditionally increased by up to EUR 10,534,529.00 through the issuance of up to 10,534,529 new no-par-value bearer shares (Contingent Capital 2014). The conditional capital increase will go ahead only to the extent that (I.) the bearers of convertible and/or option bonds and/or profit participation certificates with conversion or pre-emption rights issued by the company or its subordinate Group companies on the basis of the authorisation resolution by the Annual General Meeting on 27 February 2013 exercise their conversion or pre-emption rights and the company decides to serve the conversion or pre-emption rights from this contingent capital, or (II.) the bearers of convertible and/or option bonds and/or profit participation certificates with conversion or pre-emption rights with a conversion obligation issued by the company or its subordinate Group companies on the basis of the authorisation resolution by the Annual General Meeting on 27 February 2013 meet their obligations and the company decides to serve the conversion or pre-emption rights from this contingent capital. The share issuance shall proceed in line with the provisions of the authorisation resolution by the Annual General Meeting of 27 February 2013, i. e. in particular at a price equal to no less than 80 % of the average stock market price of the company shares in the opening auction in Xetra trading (or a successor system) on the last ten trading days before the resolution by the Management Board to issue the respective bonds, taking into account adjustments pursuant to the dilution protection regulations of the resolution by the Annual General Meeting of 27 February 2013 under agenda item 8 lit. g).

The Supervisory Board is authorised to amend the Articles of Association in their effective version to reflect the respective scope of the share capital increase through the Contingent Capital 2014.

Exercised conversion rights in the convertible bond reduced the contingent capital 2014 by EUR 400 down to EUR 10,534,129 during the 2015 financial year.

Contingent Capital 2013/II (Redemption of Stock Options)
The Contingent Capital 2013/II was created for the purpose of settling stock options that were issued on the basis of the authorisation by the Annual General Meeting on 27 February 2013 for the period ending on 26 February 2016. Accordingly, the company's share capital was conditionally increased on the basis of the authorisation resolution by the Annual General Meeting of 27 February 2013 by up to EUR 1,400,000.00 against the issue of up to 1,400,000 no-par-value bearer shares (Contingent Capital 2013/II). The conditional capital increase will go ahead only if bearers of the issued options exercise their right to subscribe shares of the company, and if the company draws on the Contingent Capital 2013/II to settle these options. Shares from the Contingent Capital 2013/II are issued at their issue price, as defined in the authorisation. So far, the Management Board has not exercised the aforesaid authorisation.

Contingent Capital 2010 (Redemption of Convertible Bonds)
Moreover, the share capital is conditionally increased by up to EUR 3,579,838.00 against the issue of up to 3,579,838 no-par-value bearer shares (Contingent Capital 2010). The purpose of the capital increase is the conversion of the convertible bond issued on 30 May 2012. The shares are issued in accordance with the requirements defined in the Management Board's resolution of 30 May 2012, i. e. specifically at an issue price of EUR 2.40 with the adjustments

according to the requirements of said board resolution taken into account for the sake of dilution protection.

Exercised conversion rights in the convertible bond reduced the Contingent Capital 2010 by EUR 2,202,582 down to EUR 1,377,256 during the 2013/2014 financial year.

Exercised conversion rights in the convertible bond reduced the Contingent Capital 2010 by EUR 1,093,553 down to EUR 283,703 during the 2014 short financial year.

The company's Management Board resolved on 14 July 2015 to terminate the remaining convertible bonds prematurely due to the insignificance of the amount still outstanding in accordance with Art. 3 of the bond terms as of 18 September 2015 pursuant to Art. 16 of the bond terms. Another 241,336 no par value shares were created during the 2015 financial year up to 18 September 2015 when the conversion rights of the debenture bonds were exercised.

Authorised Capital

Authorised Capital 2014/II

The Management Board was authorised by resolution by the Annual General Meeting of 27 November 2014 to increase, subject to the approval by the Supervisory Board, the share capital of the company by up to EUR 12,212,423.00 by issuing, on one or several occasions, up to 12,212,423 new no-par value bearer shares in exchange for non-cash and/or cash contributions up to and including 26 November 2019 (Authorised Capital 2014/II). The Management Board was moreover authorised to exclude the shareholders subscription rights wholly or in part, subject to the Supervisory Board's approval.

A resolution by the Annual General Meeting on 16 June 2015 dissolved the Authorised Capital 2014/II created on 27 November 2014, and replaced it with another authorised capital of larger volume (Authorised Capital 2015).

Authorised Capital 2015

The Management Board was authorised by resolution by the Annual General Meeting of 16 June 2015 to increase, subject to the approval by the Supervisory Board, the share capital of the company by up to EUR 12,218,232.00 by issuing, on one or several occasions, up to 12,218,232 new no-par value bearer shares in exchange for non-cash and/or cash contributions up to and including 15 June 2020 (Authorised Capital 2015). The Management Board is moreover authorised to exclude the shareholders subscription rights wholly or in part, subject to the Supervisory Board's approval. However, the exclusion of the shareholders' subscription rights is permitted in the following instances only:

I. for capital increases against cash contributions if shares in the company are traded on a stock market (regulated market or OTC or the successors to these segments), the capital increase does not exceed 10 % of the share capital and the issue price of the new shares does not significantly undercut the market price of shares in the company of the same class and features already traded on the stock market within the meaning of Sections 203 (1) and (2), 186 (3), Sentence 4, German Stock Corporation Act (AktG). The amount of 10 % of the share capital must include the amount relating to shares issued or disposed of on the basis of a different corresponding authorisation with pre-emptive rights disapplied under direct or implicit application of Section 186 (3), Sentence 4, AktG, if such inclusion is required by law. For the purposes of this authorisation, the issue price for the purchase of new shares by an intermediary with the simultaneous obligation of such intermediary to offer the new shares for purchase by one or more third parties designated by the company is deemed to be the amount that must be paid by the third party or third parties;

II. for capital increases against non-cash contributions, particularly for the acquisition of companies, parts of companies and investments in companies, industrial property rights, such as e. g. patents, brands or licences to these, or other product rights or other non-cash contributions, including debenture bonds, convertible bonds and other financial instruments;
III. to the extent required in order to grant holders or creditors of the debenture bonds with warrant or conversion rights or obligations issued by the company or group companies subscription rights to new shares to extent to which they would be entitled to these after exercising their option or conversion privileges or after having fulfilled their warrant or conversion obligations, or
IV. for fractional amounts arising from subscription ratios; or
V. in other cases in which the exclusion of subscription rights is understood to be in the company's best interest.

6.6 Financial Liabilities

The following table shows the company's current and non-current financial liabilities:

	31 Dec. 2015	31 Dec. 2014
	TEUR	TEUR
Non-current financial liabilities		
Liabilities to banks	154,562	190,152
Bond liabilities	21,338	21,463
Shareholder loans	2,824	34,194
Total non-current financial liabilities	**178,724**	**245,809**
Current financial liabilities		
Liabilities to banks	63,804	36,434
Bond liabilities	137	166
Total current financial liabilities	**63,941**	**36,600**
Total financial liabilities	**242,665**	**282,409**

Liabilities to Banks

The carrying amount of non-current financial liabilities to banks can be broken down into parts of loans with a remaining term of between one and five years (TEUR 37,388; previous year: TEUR 71,588) and those with a remaining term of more than five years (TEUR 117,175; short financial year: TEUR 118,594).

The decline in non-current liabilities toward banks in the amount of TEUR 67,085 resulted essentially from the repayment of the shareholder loan to ADLER Real Estate AG in the course of the year, and from the financial liabilities in the amount of TEUR 38,643 the company divested itself by selling the company ESTAVIS Berlin Hohenschönhausen GmbH.

The rise in current financial liabilities in the amount of TEUR 27,341 is primarily explained by the fact that inventory properties were earmarked for sale during the 2016 financial year by the company's sales planning, and that this implies prepayment of the associated loan debt. The share of repayments from property sales itemised among the current financial liabilities amounts to a projected total of TEUR 64,843 for the 2016 financial year.

Bond Liabilities

On 5 March 2014, the company issued 6,000,000 convertible bonds with a par value of EUR 2.50 each (2014/2019 convertible bond). The original par value of the bearer bonds was TEUR 15,000. The convertible bond draws an interest of 6.25 % and will mature on 27 March 2019. The company bought back 600,000 bonds by 31 December 2015, and converted 4,494 bonds into shares. Out of the carrying amount of the bond liabilities, the 2014/2019 convertible bond with a remaining term of 3 years accounts for TEUR 11,768 (short financial year: TEUR 11,345).

The company's Management Board resolved on 14 July 2015 to terminate the convertible bond 2012/2017 prematurely due to the insignificance of the amount still outstanding in accordance with Art. 3 of the bond terms as of 18 September 2015 pursuant to Art. 16 of the bond terms. Another 241,336 no par value shares were created during the 2015 financial year up to 18 September 2015 when the conversion rights of the debenture bonds were exercised.

The current financial liabilities include outstanding interest on bonds in the amount of TEUR 137 (short financial year: TEUR 166).

In addition, the bond liabilities include a corporate bond with a five-year maturity in a volume of EUR 10 million that was placed in November 2013. The bond has a denomination of EUR 1,000.00 per bond. The interest rate paid for the loan is 9, 25 %. The bond will mature on 14 November 2018, and is fully recognised in the non-current financial liabilities. The bond has a book value of TEUR 9,570 (previous year: TEUR 9,449).

Shareholder Loans

ACCENTRO Real Estate AG was granted a credit line facility in the amount of TEUR 30,000 by its majority shareholder ADLER Real Estate AG, the loan being earmarked for the real estate portfolios acquired during the year under review. By 31 December 2015, TEUR 2,824 out of the total amount of TEUR 30,000 had been drawn down (short financial year: TEUR 34,194). The loan will have to be fully repaid by 30 June 2017. The loan originally had an interest rate of 6.25 % p.a. that dropped to 5 % p.a. as of 1 July 2015. The shareholder loan is collateralised through hypothecation of the shares in the company Accentro Wohneigentum GmbH.

Securities and Financial Covenants

Liabilities to banks are secured by the property stock in a carrying amount of TEUR 184,826 (short financial year: TEUR 257,861) for which they were incurred, and by the rent and sale receivables resulting from them. The financing arrangements for the property held as inventories are moreover collateralised over an amount of TEUR 155,044 (short financial year: TEUR 75,897). There are also restricted cash assets in the amount of TEUR 2,898.

In addition, financial liabilities worth TEUR 175,493 are subject to contractual covenants to maintain certain financial benchmarks (financial covenants) so as to continue to qualify for the loans and the corporate bonds. Depending on the type of leveraged property, the benchmarks to be maintained include a debt service coverage ratio (DSCR) between 101 % and 105 %, an interest coverage ratio (ICR) of at least 1.1 or 2.11, respectively, and a loan-to-value (LTV) ratio between 75 % and 80 % or a loan-to-mortgage lending value (LTMLV) of 60 % or less. Certain loan facilities stipulate a minimum scope of mandatory reinstatement work. If the reinstatement measures agreed in the loan facilities are not performed, a cash provision over an amount corresponding to the expenses of the reinstatement work must be deposited in restricted accounts.

Interest Expenses

For liabilities toward banks and non-bank lenders, interest expenses recognised in income and other expenses in a total amount of TEUR 11,938 (previous year: TEUR 5,236) were incurred, while the bonds caused another TEUR 2,341 (previous year: TEUR 1,199) in interest expenses recognised in income and other expenses. The interest expense was matched by TEUR 306 (previous year: TEUR 118) in interest earned.

6.7 Provisions

Provisions developed as follows during the 2015 financial year:

	31 Dec. 2014	Net cash outflow from business disposals	Consumed	Dissolved	Added	31 Dec. 2015
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Provision for warranty obligations	10	0	0	0	1,042	1,052
Provisions for payroll costs	377	0	371	0	9	15
Provision for miscellaneous costs	1,679	12	655	134	595	1,473
Provision for record-keeping obligations	30	0	0	16	3	17
Total	**2,096**	**12**	**1,026**	**150**	**1,648**	**2,557**

Provisions earmarked for warranty obligations include a guarantee to the buyer that arises from the disposal of ESTAVIS Berlin Hohenschönhausen GmbH in the amount of TEUR 1,028.

The provisions that existed as of 31 December 2014 and that had been set aside for payroll costs concerned essentially the claim to remuneration by a former Member of the Management Board in the amount of TEUR 280, which sum was consumed during the financial year.

Provisions for miscellaneous costs consist essentially of provisions for building work yet to be completed in the amount of TEUR 539, provisions for bonus payments in the amount of TEUR 426, and provisions for tenant compensations within the framework of privatisation efforts in the amount of TEUR 75.

Other provisions with a carrying amount of TEUR 2,540 (short financial year: TEUR 2,065) are expected to result in a cash outflow during the coming twelve months.

The other provisions are appraised in an amount that would have to be paid, according to reasonable assumptions, to settle the obligation by the balance sheet date or would have to be paid at the time of transfer if the obligation was transferred to a third-party. Risks and uncertainties are taken into account by applying adequate appraisal methods while also considering the probability of occurrence.

During the 2014 short financial year, the provisions developed as follows:

	1 July 2014	Consumed	Dissolved	Added	31 Dec. 2014
	TEUR	TEUR	TEUR	TEUR	TEUR
Provisions for warranty obligations	10	0	0	0	10
Provisions for payroll costs	592	356	197	338	377
Provisions for miscellaneous costs	651	367	99	1,494	1,679
Provisions for record-keeping obligations	75	2	43	0	30
Total	**1,328**	**725**	**339**	**1,832**	**2,096**

6.8 Trade Payables and Liabilities, Down-Payments received, and Other Liabilities

The development of trade payables as well as of other liabilities is listed in the following table:

	31 Dec. 2015	31 Dec. 2014
	TEUR	TEUR
Trade payables	4,114	3,147
Down payments received	9,253	9,084
Liabilities to related parties	346	272
Miscellaneous other liabilities	3,309	8,115
Total	**17,022**	**20,618**

The down-payments received break down into operating costs not yet invoiced in the amount of TEUR 8,581 (short financial year: TEUR 6,240) and down-payment for plots available for sale in the amount of TEUR 672 (short financial year: TEUR 2,844).

The miscellaneous other liabilities add up to TEUR 3,309. They include, inter alia, accounts payable to shareholders in the amount of TEUR 677, accounts payable from the accounting and auditing costs in the amount of TEUR 495 and accounts payable from sureties in the amount of TEUR 299, along with liabilities in the amount of TEUR 975 (short financial year: TEUR 3,086) associable with the recognition of a sales tax receivable from the inland revenue office, representing a tax reclaim in connection with the latest tax law rulings concerning developer projects and the area of governance subject to Section 13b, Turnover Tax Act (UStG). With a view to applicable statutory rules and regulations, ACCENTRO Real Estate AG assumes that the inland revenue authorities will request corrected invoices from former suppliers.

6.9 Current Income Tax Liabilities

The current income tax liabilities in the amount of TEUR 2,014 (short financial year: TEUR 1,363) include corporation tax liabilities in the amount of TEUR 967 (short financial year: TEUR 1,245) and trade tax liabilities in the amount of TEUR 1,047 (short financial year: TEUR 117).

6.10 Deferred Taxes

The balance sheet contains the following deferred taxes:

	31 Dec. 2015	31 Dec. 2014
	TEUR	TEUR
Deferred tax assets	465	0
Deferred tax liabilities	7,288	9,859

Deferred taxes developed as follows:

	2015	Short FY 2014
	TEUR	TEUR
Deferred tax liabilities	–11,086	–5,058
Deferred tax assets	1,227	0
Balance of deferred taxes at start of financial year	**–9,859**	**–5,058**
Expense (–)/income (+) reported under tax expense	–1,034	–5,460
Disposals from the sale of property vehicles	4,070	659
Balance of deferred taxes at end of financial year	**–6,823**	**–9,859**

The deferred taxes break down as follows:

Differences relating to	Investment properties	Properties in the inventory assets	Miscellaneous receivables	Other items	Differences from loss carryforwards	Total
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
31 December 2014 (prior to closing) – deferred tax liabilities	**–9,320**	**–36**	**0**	**–1,730**	**0**	**–11,086**
31 December 2014 (prior to closing) – latent tax assets	**1**	**6**	**0**	**546**	**674**	**1,227**
31 December 2014 (after closing)						**–9,859**
Amounts recognised under tax expense	–11,047	–1,694	0	7,641	4,066	–1,034
Disposals from the sale of property vehicles	12,030	0	0	–6,714	–1,245	4,071
31 December 2015 (prior to closing) – deferred tax liabilities	**–8,336**	**–1,780**	**0**	**–1,319**		**–11,435**
31 December 2015 (prior to closing) – latent tax assets	**0**	**56**	**0**	**1,062**	**3,495**	**4,613**
31 December 2015 (after closing)						**–6,822**

The deferred tax liabilities result essentially from deviations between tax valuations and IFRS-based valuations of investment properties. The deferred taxes based on other differences represent, on the one hand, the difference in the appraisal of financial liabilities under the IFRS (using the effective interest method) and, on the other hand, the maintenance reserves set aside for tax reasons.

Deferred tax assets from tax loss carryforwards are carried at the amount of future taxable profit that is expected to be required to realise the corresponding tax benefits.

6.11 Revenues

	2015	Short FY 2014	2014 (unaudited)
	TEUR	TEUR	TEUR
Revenues from sales of inventory properties	31,429	12,758	17,364
Revenues from transactions fees	2,314	1,504	3,488
Rental income from investment property	15,748	6,910	11,921
Rental income from properties held as inventories	5,754	1,138	1,451
Revenues from sales of investment properties	101,779	31,406	31,910
Total	**156,979**	**53,716**	**66,134**

* The presentation of revenues was retroactively changed, see item 2.1

Revenues from sales of inventory properties increased by TEUR 14,065 since the 2014 calendar year. Definitive for the trend was the start of sales for a privatisation portfolio of 859 residential units that was acquired during the 2014 short financial year.

The rental income both from the investment properties and from the inventory properties rose by a combined total of TEUR 8,085. The background to this is that both the "Portfolio" segment and the "Privatisation" segment expanded after the acquisition of a portfolio of around 4,300 units was successfully concluded in October 2014. Moreover, 1,117 units were acquired in Berlin for the inventory properties during the 2015 financial year.

Revenues from sales of investment properties in the amount of TEUR 101,779 represents mainly the sold interests in the ESTAVIS Berlin Hohenschönhausen GmbH with its residential property portfolio of 1,174 units and a total usable area of 76,386 m².

6.12 Cost of Materials

	2015	Short FY 2014	2014 (unaudited)
	TEUR	TEUR	TEUR
Acquisition costs for properties sold and construction costs	25,876	10,616	14,418
Services contracted for brokerage transactions	942	1,073	2,276
Management costs of investment property	8,287	4,140	6,199
Management costs of inventory properties	1,453	592	695
Expenses from sales of investment properties	86,004	667	31,957
Total	**122,562**	**17,088**	**55,545**

The increased turnover in the "Trading" segment is also reflected in the initial costs of the properties sold and in the construction costs. At the same time, the reduced volume in the brokerage segment caused the value of contracted services to drop to TEUR 942.

As a result of the acquisition of a portfolio of around 4,300 units during the 2014 short financial year and of another 1,117 units for the inventory assets in 2015, the management costs of the investment properties rose in sync with the rental income to TEUR 8,287 while the management costs for the properties held as inventory assets climbed to TEUR 1,453.

The expenses from the disposal of investment properties represent mainly the expenditures involved in the disposal of ESTAVIS Berlin Hohenschönhausen GmbH.

6.13 Staff Costs

The Group employed an average of 30 people (previous year: 42) during the financial year. Out of this workforce, 3 staff (short financial year: 3 staff) were in marginal employment, while all others were full-time employees. The total payroll and benefit costs break down as follows:

	2015	Short FY 2014	2014 (unaudited)
	TEUR	TEUR	TEUR
Salaries and other benefits	2,051	1,891	3,634
Employer contributions to statutory social insurance	205	127	248
Total	**2,256**	**2,018**	**3,882**

The changes 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) during the 2014 short financial year.

Aside from the reduced workforce, the decline in payroll and benefit costs in the amount of TEUR 1,626 since the 2014 calendar year is essentially attributable to a much leaner Group structure with a single-member Management Board. It also needs to be remembered that staff costs in 2014 had been weighed down by one-off claims to remuneration raised by one prior member of the Management Board.

6.14 Impairments of Inventories and Accounts Receivable

The impairments of inventories and receivables in the amount of TEUR 1,000 (previous year: TEUR 4,236) include allowances for rent receivables in the amount of TEUR 305 (previous year: TEUR 1,439), impairment allowances for other receivables and assets in the amount of TEUR 574 (previous year: TEUR 2,796) as well as amortisation of current assets in the amount of TEUR 121.

6.15 Other Operating Income and Expenses

Other operating income can be broken down as follows:

	2015	Short FY 2014	2014 (unaudited)
	TEUR	TEUR	TEUR
Income from the dissolution of provisions and accruals	515	339	1,203
Income from the dissolution of allowances	94	1,411	1,620
Miscellaneous other operating income	1,502	1,430	5,936
Total	**2,111**	**3,180**	**8,759**

The other operating income adds up to TEUR 2,111 (previous year: TEUR 8,759). The miscellaneous other operating income of the 2015 financial year included derecognised statute-barred liabilities in the amount of TEUR 736.

Other operating expenses can be broken down as follows:

	2015	Short FY 2014	2014 (unaudited)
	TEUR	TEUR	TEUR
Legal and professional fees	1,531	1,281	2,103
Information, advertising and entertaining expenses	819	388	708
Expenses for compiling and auditing the financial statements	434	456	752
EDP expenses	337	150	278
Rental expenses	233	127	269
Provision for expenses generated by properties already sold	0	643	643
Miscellaneous other operating expenses	1,354	797	4,886
Total	**4,708**	**3,842**	**9,639**

The other operating expenses in the amount of TEUR 4,708 include advisory costs for general advisory services in the amount of TEUR 1,531. They break down essentially into advisory services concerning taxes, capital market transactions, real estate transactions, legal, while also including general strategic issues.

The remaining other operating expenses in the amount of TEUR 1,354 (previous year: TEUR 4,886) include essentially downstream real estate transfer taxes and other expenses for sold subsidiaries in the amount of TEUR 481 along with expenses for members of the Supervisory Board in the amount of TEUR 107.

6.16 Valuation Result for Investment Properties

This item includes the profits and losses from the valuation of the investment properties at fair value. For more details, please see the elaborations under section 6.1.3.

6.17 Income Tax

The income tax expense reported in the income statement consists of current and deferred taxes as follows:

	2015	Short FY 2014
	TEUR	TEUR
Current income tax expense	1,713	–99
Deferred income tax expense	1,034	5,460
Total	**2,747**	**5,361**

The current income tax expense/income includes TEUR 197 for prior years (short financial year: TEUR 293).

The reported tax expense differs from the theoretical amount calculated by applying the company's average income tax rate to its earnings before taxes:

Tax reconciliation

	2015	Short FY 2014
	TEUR	TEUR
Pre-tax profit	25,533	12,431
Taxes calculated on the basis of the parent company's income tax rate	7,705	3,751
Trade tax effects	699	57
Account balance of tax-free income/non-deductible expenses	-6,548	15
Valuation allowance for net deferred tax assets	267	1,410
Taxes for previous years		
Deferred taxes	948	0
Original taxes	–197	–293
Other factors	–127	421
Reported income tax expense	**2,747**	**5,361**

A tax rate of 30.175 % (previous year: 30.175 %) was used for the parent company.

The tax ratio of 10.8 % (previous year: 43.1 %) is definitively attributable to the legal structure of a share deal that was chosen for the disposal of the real estate portfolio in Berlin because the taxable capital gain from sold interests in corporations is largely tax-exempt pursuant to Section 8b, German Corporate Income Tax Act (KStG). The previous year, by contrast, was impacted by value adjustments on deferred tax assets.

6.18 Earnings per Share

Basic earnings per share are calculated as the ratio of the net profit attributable to the shareholders of the parent company to the average number of shares in circulation during the financial year, not including treasury shares held by the company.

	2015	Short FY 2014	2014 (unaudited)
Consolidated income	TEUR	TEUR	TEUR
Net profit before minority interests – basic	22,786	7,070	3,785
Interest expenses for bonds	612	447	809
Consolidated income before minority interests – diluted	23,398	7,517	4,594
Number of shares	in thousands	in thousands	in thousands
Unweighted number of shares outstanding	24,678	24,436	24,436
Weighted number of shares outstanding – basic	24,534	24,252	22,370
Effect of the conversion of convertible bonds	5,396	5,677	5,677
Weighted number of shares – diluted	29,930	29,929	28,047
Earnings per share (EPS)	EUR	EUR	EUR
unweighted – basic	0.92	0.29	0.15
weighted – basic	0.93	0.29	0.17
weighted – diluted	0.78	0.25	0.16

The convertible bonds 2012/2017 and 2014/2019 issued by the company are detailed in section 6.6. As at balance sheet date, no conversion rights existed in conjunction with the 2012/2017 convertible bond that could dilute the earnings per share, while 5,395,506 such conversion rights existed in conjunction with the 2014/2019 convertible bond.

6.19 Cash Flow Statement

The cash flow statement distinguishes between cash flows from current activities, investing activities and financing activities.

The cash flow from current operations measured using the indirect method is negative at TEUR –74,593 (previous year: TEUR –59,432), and defined above all by the ongoing expansion of the trading portfolio as planned. As a result of investments in the trading portfolio and of disposals, changes in inventory assets amounted to TEUR 80,224 (short financial year: TEUR 58,796). By contrast, the other working capital, understood as balance of other operating assets and liabilities, dropped from TEUR 10,238 to TEUR 5,521 year on year, but did remain in the positive range. The operating cash flow was moreover adjusted for non-cash earnings and expenses from the valuation result of investment properties (TEUR 10,465; short financial year: TEUR 18,846), other non-cash items (TEUR 4,016; short financial year: TEUR 7,551) and the capital gains from investment properties in the amount of TEUR 15,775 (short financial year: TEUR –80). The capital gains from investment properties, provided they are cash items, are recognised in the cash flow from investment activities.

The cash flow from investing activities adds up to TEUR 68,776 (short financial year: TEUR –115,498) and represents mainly the cash inflow from disposals of investment properties (less costs of disposal) in the amount of TEUR 71,581. The previous year, by contrast, was defined by the acquisition of a large real estate portfolio. Payments-in represent, on the one hand, purchase prices received for property companies sold the previous year in the amount of TEUR 32,898 and, on the other hand, the purchase price payments received for three property companies sold in 2015. The cash flow from investment activities was reduced by the non-cash assumption of debt in the amount of TEUR 39,950 by a buyer within the framework of a share deal.

The cash flow from funding activities adds up to TEUR 5,698 (short financial year: TEUR 176,273) and includes essentially the cash outflow for the repayment of the shareholder loan including interest in the amount of TEUR 32,313. On top of that, there were other disbursements to repay financial liabilities in the amount of TEUR 26,951. For the purpose of financing additional real estate acquisitions in the "Trading" segment, financial liabilities in the amount of TEUR 75,814 were taken out.

During the financial year, 3 fully consolidated companies were sold. The company's cash funds dropped by TEUR 582 in conjunction with this sale.

6.20 Other Financial Obligations and Contingent Liabilities

Pursuant to IAS 17, the company has entered into non-cancellable operating leases relating to business premises, office equipment and motor vehicles.

The future cumulative minimum lease payments under non-cancellable operating leases are as follows:

	31 Dec. 2015	31 Dec. 2014
	TEUR	TEUR
Up to 1 year	296	233
Between 1 and 5 years	341	129
More than 5 years	0	0

On top of that, the acquisition of 4 multi-dwelling buildings in Berlin whose transfer of ownership is expected for February and March of 2016 created obligations associated with the sales contracts in the amount of TEUR 6,250.

Group member companies are liable, in their role as partners, for the debt of two civil-law partnerships in the amounts of TEUR 4,342 and TEUR 3,668, respectively.

ACCENTRO Real Estate AG is liable vis-à-vis one buyer of a member company for the risk associated with a lawsuit. The historic value in dispute of this lawsuit is TEUR 8,321, and could go as high as TEUR 17,845. Inversely, ACCENTRO Real Estate AG has recourse claims over the same amount, and, having sought legal counsel, considers the risk that the counterparty will claim its rights of recourse as negligible. Security for the recourse claims has been provided in the form of a cash collateral of TEUR 1,000.

6.21 Minimum Lease Payments from Operating Leasing Agreements

Claims to minimum lease payments from long-term operating leasing agreements are a standard aspect of letting commercial real estate. The leases signed for residential real estate, by contrast, generally specific the statutory notice period of 3 months. They include no other claims to minimum lease payments.

Disclosures on operating leasing in accordance with IAS 17.56				
	2015	2016	2017 to 2020	beginning in 2021
		up to 1 year	1 to 5 years	more than 5 years
		TEUR	TEUR	TEUR
Total of the future minimum lease payments due to non-cancellable operating lease contracts as lessor	6,877	6,877	0	0

Disclosures on operating leasing in accordance with IAS 17.56				
	2014	2015	2016 to 2019	beginning in 2020
		up to 1 year	1 to 5 years	more than 5 years
		TEUR	TEUR	TEUR
Total of the future minimum lease payments due to non-cancellable operating lease contracts as lessor	6,728	6,728	0	0

6.22 Additional Information on Financial Instruments

a) Classes and Measurement Categories

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:

2015 financial year	Book value	IAS 39 category	Fair value	Measurement hierarchy
	TEUR		TEUR	
Assets				
Equity investments*	1,188	AfS	1,188	Level 3
Trade receivables	10,422	LaR	10,422	Level 3
Miscellaneous receivables and capital assets	10,497	LaR	10,497	Level 3
Cash and cash equivalents	6,981	–	6,981	Level 2
Total financial assets	**29,088**		**29,088**	
Liabilities				
Long-term payables to banks	154,562	AmC	154,562	Level 3
Bond liabilities	21,474	AmC	27,637	Level 1
Shareholder loans	2,824	AmC	2,824	Level 3
Short-term payables to banks**	78,224	AmC	78,224	Level 3
Trade payables	4,114	AmC	4,114	Level 3
Other short-term payables	1,608	AmC	1,608	Level 3
Total financial liabilities	**262,807**		**268,969**	

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

2014 short financial year	Book value	IAS 39 category	Fair value	Measurement hierarchy
	TEUR		TEUR	
Assets				
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	LaR	7,681	Level 2
Total financial assets	**47,379**		**47,379**	
Liabilities				
Long-term payables to banks	190,152	AmC	190,152	Level 3
Bond liabilities	21,629	AmC	23,952	Level 1
Shareholder loans	34,194	AmC	34,194	Level 3
Short-term payables to banks	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
Total financial liabilities	**290,745**		**291,423**	

* Since no range can be identified for the fair value measurement of the 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.

Net earnings in line with IAS 39 measurement categories are therefore as follows:

	Loans and Receivables (LaR)		Financial Liabilities measured at Amortized Cost (AmC)	
	2015 financial year	Short FY 2014	2015 financial year	Short FY 2014
	TEUR	TEUR	TEUR	TEUR
Interest income	306	118	–	–
Interest expenses	–	–	–14,279	–6,435
Gains or losses on impairments	–562	–2,378	–	–
Gains or losses on derecognition of financial instruments	317	–	–	736
Net earnings	**–694**	**2,260**	**–13,142**	**–6,435**

The interest income and interest expenses are shown in the corresponding items of the consolidated income statement. All other expenses and income are recognised in the items "Other operating expenses," "Other operating income" and "Impairments of inventories and accounts receivable". The impairment charge is accounted for with TEUR 305 (short financial year: TEUR 1,069) by the "Trade receivables," and with TEUR 574 (short financial year: TEUR 1,309) by the "Other receivables". The gains on derecognition of liabilities are the result of having used to option to assert the statute of limitations defence.

b) Financial Risks

The Group's business activities expose it to a variety of risks. In particular, these include liquidity, default and interest rate risks. Targeted financial risk management is intended to minimise the negative effects of these risks on the Group's net asset, financial and earnings situation and cash flows. For a description of the risk management system, please see section 4 in the Management Report.

Liquidity Risk

The following tables show the undiscounted, contractually agreed interest and principal payments of the financial liabilities under the scope of application of IFRS 7:

	31 December 2015					
	Carrying amount	Total cash outflow	Cash outflow up to 1 year	Cash outflow 1 to 3 years	Cash outflow 3 to 5 years	Cash outflow after 5 years
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Cash outflow for financial liabilities	**256,947**	**324,309**	**87,886**	**70,033**	**35,976**	**130,414**
Current income tax liabilities from trade payables	4,114	4,114	4,114	–	–	–
Other liabilities	1,530	1,530	1,530	–	–	–
Cash outflow for trade payables and other liabilities	**5,644**	**5,644**	**5,644**	**–**	**–**	**–**
Cash outflow for liabilities within the scope of IFRS 7	**262,592**	**329,954**	**93,531**	**70,033**	**35,976**	**130,414**

	31 December 2014					
	Carrying amount	Total cash outflow	Cash outflow up to 1 year	Cash outflow 1 to 3 years	Cash outflow 3 to 5 years	Cash outflow after 5 years
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Cash outflow for financial liabilities	**282,408**	**366,843**	**48,598**	**86,764**	**76,048**	**155,434**
Current income tax liabilities from trade payables	3,147	3,147	3,147	–	–	–
Other liabilities	5,189	5,189	5,189	–	–	–
Cash outflow for trade payables and other liabilities	**8,336**	**8,336**	**8,366**	**–**	**–**	**–**
Cash outflow for liabilities within the scope of IFRS 7	**290,744**	**375,179**	**56,934**	**86,764**	**76,048**	**155,434**

The interest rates at the respective balance sheet date were used to determine interest payments for interest-bearing loans with variable interest rates in future reporting periods.

The share of repayments from trading property sales itemised among the current financial liabilities and liabilities held for sale amounts to TEUR 73,341 for the 2016 financial year. Short-term cash outflow in a total amount of TEUR 87,886 are anticipated next year, with interest and scheduled repayments taken into account.

The ACCENTRO Group kept cash and cash equivalents of TEUR 6,981 (previous period: TEUR 7,681) on hand as at the balance sheet data to cover its cash outflow. An additional TEUR 10,621 in trade receivables and an estimated TEUR 79,469 worth of inventory properties can be liquidated within one year. Short-term payables from operating costs in the amount of TEUR 8,581 not yet settled are matched by short-term receivables in the amount of TEUR 9,843 for operating costs not yet settled.

Financial Covenants

The consolidated Group has taken out loans in a total amount of approximately EUR 175.5 million (previous year: EUR 207.4 million) that are subject to covenants agreed with the banks in regard to debt service coverage ratios or debt-to-equity ratios (financial covenants). Breaches of these covenants could trigger payments into blocked accounts or early repayment obligations on the basis of a contractually agreed escalation procedure.

Analogously, the convertible bonds and the one corporate bond issued are subject to credit terms that, were they to eventuate, could cause a liquidity risk. If certain credit terms eventuated, e. g. in case of a change of control, these convertible bonds and the corporate bond could be prematurely called for redemption.

Possible breaches of contract concerning the financial covenants are remedied directly with the banks, with whom the Group remains in close contact. Moreover, the Group uses appropriate monitoring methods to detect any early signs of a risk that covenants might be breached, and strives to prevent the breach through adequate countermeasures. Covenant breaches may entitle the bank to call parts of loans, which means that the company has to brace itself for unplanned cash outflows.

The main existing financial covenants are detailed in section 6.6 of the notes to the consolidated financial statements among the explanatory notes on the liabilities to banks.

Bad Debt Risk

The carrying amounts of the financial assets represent the maximum default risk of the ACCENTRO Group. Due to the nature of its business activities, the ACCENTRO Group is not exposed to significant risks of bad debts.

Interest Rate Risk

Interest rate risks are created by signing loan facilities with variable interest rates, through possible follow-up financing, or whenever the conditions on the capital market undergo drastic changes. Most of the variable-interest loan facilities taken out by the Group are short-term, so that the threat of increased interest payments for the incurred financial debt is rather limited.

All of the Group's current and non-current financial liabilities with variable interest rate were subjected to a sensitivity analysis in order to determine the interest rate risk, with fixed-interest periods duly taken into account. In analogy to the interest rate scenarios for the valuation of the investment property, two interest rate scenarios for the loans were studied: Set in relation to the financial liabilities outstanding as of 31 December 2015, an increase/decrease in loan interest by 0.5 % would have caused the interest expense to rise or fall by TEUR 459, as they case may be.

With a view to the present interest rate sensitivities, we rate the interest rate risk as moderate because of the negligible impact on carrying amount and net income as well as because of the current conditions on the capital market, which are persistently favourable.

6.23 Related-Party Transactions

The ACCENTRO Group has a current liability of TEUR 17 (previous year: TEUR 273) to its associate SIAG Sechzehnte Wohnen GmbH & Co. KG. This amount resulted from settlement transactions between the two companies. The liability still on the books the previous year has since been settled and released to income.

One subsidiary of ACCENTRO Group (Estavis Wohneigentum GmbH) 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 1,861. Moreover, there are accounts receivable from the Wohneigentum Berlin GbR in the amount of TEUR 211 that is matched by accounts payable to Wohneigentum 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 Malplaquetstr. 23 Grundstücksverwaltungsgesellschaft mbH. The accounts receivable from the loan including interest equal 221 TEUR. The accounts payable also include TEUR 6 for sales commissions.

ACCENTRO Real Estate AG was granted a credit line in the amount of TEUR 30,000 by its majority shareholder ADLER Real Estate AG, the loan being earmarked for the real estate portfolios acquired during the year under review. By 31 December 2015, TEUR 2,824 out of the total amount of TEUR 30,000 had been drawn down (previous year: TEUR 34,194). The loan will have to be fully repaid by 30 June 2017. The loan originally had an interest rate of 6.25 % p. a. that dropped to 5 % p. a. as of 1 July 2015. The shareholder loan is collateralised through hypothecation of the shares in the company Accentro Wohneigentum GmbH.

During the 2015 financial year, ADLER Real Estate AG provided asset management services (TEUR 214) as well as legal services (TEUR 164) and technical advisory services for several property vehicles within the ACCENTRO Real Estate AG consolidated Group. In addition, a property was sold to a member company of ADLER Real Estate AG for the appraised value of TEUR 740,000 during the 2015 financial year. Parallel to, but in no way related to, the takeover of Westgrund AG by ADLER Real Estate AG, the latter acquired a property portfolio in Berlin for the price of EUR 33.3 million from a subsidiary of Westgrund AG.

The members of the Management Board of ACCENTRO Real Estate AG received the following compensation and benefits:

	2015 financial year			2014 short financial year		
	Fixed	Variable	Total	Fixed	Variable	Total
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Jacopo Mingazzini	271	204	475	120	102	222
Torsten Cejka (until 31 August 2014)	280	47	327	241	59	300

The expenses for the sole active member of the Management Board recognised in the separate financial statement amounted to TEUR 451 in the year under review, and break down into TEUR 271 (salary and non-cash remuneration) and the bonus provision recognised in the financial statement (TEUR 180). The bonus was not yet due for payment in 2015.

Collectively, the total remuneration of the CEO amounted to TEUR 475 for the 2015 financial year. The remuneration includes the paid-out fixed remuneration of TEUR 271 as well as the bonus claimed for previous years (TEUR 204).

Variable remuneration and compensation in the amount of TEUR 327 were disbursed to the board member that left the company during the previous year. Provisions previously set aside for the purpose were thereby consumed. A final disbursement to another, former board member in early 2015 amounted to TEUR 2.5.

The members of the Supervisory Board were exclusively paid fixed remunerations for the financial years shown:

	2015	Short financial year 2014
	fixed	fixed
	TEUR	TEUR
Axel Harloff (Chairman since 1 September 2014)	40	13
Dr. Dirk Hoffmann (Deputy Chairman since 1 September 2014)	30	10
Carsten Wolff (since 1 September 2014)	20	7
Dr. Karl-Josef Stöhr (Chairman until 10 January 2014	0	18
Rolf Elgeti (Deputy Chairman until 10 January 2014)	0	17
Dr. Philipp K. Wagner (until 10 January 2014)	0	12
Thomas Bergander (Chairman from 10 January 2014 until 31 August 2014)	0	7
Alexandra Timoschenko (from 10 January 2014 until 31 August 2014)	0	3
Andre Pernhold (Dep. Chairman from 10 January 2014 until 31 August 2014)	0	5
Total	**90**	**92**

7 Events After the Reporting Date

Beyond that, no other events of major significance for the economic development of the ACCENTRO Group have occurred since the end of the 2015 financial year.

8 Other Disclosures

The auditor was paid the following remuneration for services provided to the ACCENTRO Group:

	2015	Short FY 2014
	TEUR	TEUR
Audits of financial statements*	302*	190
Other assurance services	0	0
Tax advisory services	0	0
Other services	3	0
Total	**305**	**190**

* Out of the total of professional fees and expenses for auditor services, TEUR 63 represent the previous year. In addition, the item includes TEUR 29 representing a one-off expense in connection with the audit of the compa-ny that was sold in the course of the year, ESTAVIS Berlin Hohenschönhausen GmbH.

The declaration on the Corporate Governance Code in accordance with Section 161, German Stock Corporation Act (AktG), was issued on 18 March 2015 and made permanently available to the shareholders on the homepage of ACCENTRO Real Estate AG (www.accentro.ag).

Berlin, 18 March 2016

Jacopo Mingazzini
Management Board

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, while the Group Management Report includes a fair review of the development and performance of the Group's business and state of affairs, together with a description of the principal opportunities and risks associated with the Group's prospective development going forward.

Berlin, 18 March 2016

Jacopo Mingazzini
Management Board

Independent Auditors' Report

"We have audited the consolidated financial statements prepared by **ACCENTRO Real Estate AG, Berlin,** comprising the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the consolidated financial statements, together with the Group management report for the business year from January 1 to December 31, 2015. The preparation of the consolidated financial statements and group management report in accordance with IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a (1) German Commercial Code (HGB) are the responsibility of the legal representatives of the Company. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB [Handelsgesetzbuch; "German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in the consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU and the additional requirements of German Commercial Law pursuant to § 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group, in accordance with these requirements. The Group management report is consistent with the consolidated financial statements, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Hamburg, 18 March 2016

Ebner Stolz GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Dirk Schützenmeister	Florian Riedl
Wirtschaftsprüfer	Wirtschaftsprüfer

Further Information

Directors and Officers

Supervisory Board

Axel Harloff (Chairman)
Member of the Supervisory Board since 1 September 2014
CEO of ADLER Real Estate AG
Deputy Chairman of the Supervisory Board of Westgrund Aktiengesellschaft, Berlin

Dr. Dirk Hoffmann (Deputy Chairman)
Member of the Supervisory Board since 1 September 2014
Attorney at law
Other mandates:
Chairman of the Supervisory Board of ADLER Real Estate AG, Frankfurt am Main
Chairman of the Supervisory Board of SQUADRA Immobilien GmbH & Co. KGaA, Frankfurt am Main
Deputy Chairman of the Supervisory Board of Bremer Kreditbank AG, Bremen
Member of the Supervisory Board of Dexia Kommunalbank Deutschland AG, Berlin
Chairman of the Supervisory Board of Aggregate Holding SA, Luxemburg

Carsten Wolff
Member of the Supervisory Board since 1 September 2014
Head of Accounting and Finance at ADLER Real Estate AG
Member of the Supervisory Board of Westgrund Aktiengesellschaft, Berlin

Management Board

Jacopo Mingazzini
Initial appointment: 16 March 2012
Current appointment ends: 15 March 2018
Merchant

Forward-looking Statements

This annual 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 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 to differ materially from or disappoint expectations expressed or implied by these statements. The operating activities of ACCENTRO are subject to a number of risks and uncertainties that may also cause a forward-looking statement, estimate or prediction to become inaccurate.

Financial Calendar

2016

9–11 May 2016	DVFA spring conference
13 May 2016	Quarterly report – 1st quarter 2016
2 June 2016	Annual General Meeting
12 August 2016	Half year report – First six months 2016
11 November 2016	3rd quarter report – First nine months 2016

All dates are provisional. Please check our website www.accentro.ag for confirmation.

Credits

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REAL ESTATE AG

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Jacopo Mingazzini

Chairman of the Supervisory Board

Axel Harloff, Hamburg

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Management Board: Art & Photo Urbschat, Marco Urban

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