

# ACCENTRO

REAL ESTATE AG

Half-Year Financial Report  
for the Period  
1 January Through 30 June 2017

## Overview Key Financial Data

ACCENTRO Real Estate AG	1st half-year 2017 1 January 2017 – 30 June 2017	1st half-year 2016 1 January 2016 – 30 June 2016
<b>Income statement</b>	<b>TEUR</b>	<b>TEUR</b>
Gross profit	14,985	19,604
EBIT	11,200	15,880
EBT	7,533	13,001
Consolidated income	5,120	7,350

ACCENTRO Real Estate AG	30 June 2017	31 December 2016
<b>Balance sheet ratios</b>	<b>TEUR</b>	<b>TEUR</b>
Non-current assets	19,436	18,897
Current assets	277,161	259,949
Equity	138,655	136,836
Equity ratio	44.1 %	45.5 %
Total assets	314,473	300,546

ACCENTRO Real Estate AG	
<b>Company shares</b>	
Stock market segment	Prime Standard
ISIN	DE000AOKFKB3
German Securities Code Number (WKN)	AOKFKB
Number of shares on 30 June 2017	24,906,258
Free float	13.72 %
Highest price (1 January 2017–30 June 2017)*	EUR 12.05
Lowest price (1 January 2017–30 June 2017)*	EUR 7.34
Closing price on 30 June 2017*	EUR 8.83
Market capitalisation at 30 June 2017*	EUR 219,922,258

\* Closing prices in Xetra trading

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## ■ Letter to the Shareholders

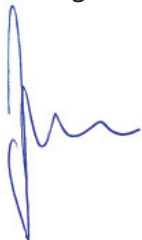
Dear Shareholders,  
Dear Ladies and Gentlemen,

The last time we raised funds on the capital market (via the 2014/2019 convertible bond) was 2014, the year the company was acquired by Adler Real Estate AG. Since then, we have continued to grow steadily and profitably without further fundraising: As recently as year-end 2013, our current assets (meaning our privatisation assets) added up to barely 15 million euros. Now, at mid-year 2017, that total stands at around 260 million euros – more than 17 times as much. Despite the brisk growth, we managed to repay the 2013/2018 debenture with an aggregate par value of 10 million euros prematurely during Q2 2017, and to pay out a dividend for the first time since our IPO in 2007.

Going forward, we intend to maintain this positive performance. The idea is to continue to grow at a steady pace, and to keep expanding our footprint across Germany step by step. Recent acquisitions included assets in Cologne and Hanover. In addition to Berlin, we are now active in the regions of Leipzig, Hanover, Hamburg, Cologne and Bonn. Other cities are under review.

In operational terms, the first half-year of 2017 met our expectations. We are planning to see greater net profit shares by the end of the second half-year. In early August 2017, we took a major step toward this goal by successfully selling two properties in Berlin while also divesting ourselves of the property portfolio in Bonn. These transactions contribute more than EUR 5 million to our earnings before interest and tax (EBIT). Today, we thus reaffirm our profit prediction for 2017 in the amount of EUR 34 million before interest and taxes (EBIT).

Kind regards,



Jacopo Mingazzini  
Management Board

# ■ Interim Management Report

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## ■ Preliminary Remarks

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

ACCENTRO Real Estate AG had divested itself almost entirely of its portfolio properties by December 2016, and thereby transformed into a pure trading entity. The remaining portfolio properties are to be sold off in the course of the 2017 financial year. These properties are recognised in the balance sheet as non-current assets held for sale. Earnings and expenses associated with the properties are recognised in the income statement under "discontinued operation." The elimination of the "Portfolio" segment obviates the need for segment reporting, and the practice will be discontinued accordingly as of the 2017 financial year. The figures for the reference period January through June 2016 were adjusted.

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 minor differences compared to the sum totals posted.

## ■ 1 Basic Structure of the Group

### 1.1 Group Business Model, Objectives and Strategies

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The ACCENTRO Group is a listed property company focusing on residential real estate in Germany. Its business activities are limited exclusively to real property in Germany, particularly in economically attractive locations, the focus being on Berlin. The business activities of ACCENTRO AG concentrate on the trading of residential real estate within the framework of housing privatisations. Associated with this line of business is the management of the residential property holdings. The portfolio is not divided into segments.

The business activities of the ACCENTRO Group include 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 tenant-sensitive housing privatisations. The privatisation services provided by the ACCENTRO Group involve both the retailing of apartments from the proprietary property stock of the ACCENTRO Group and the provision of privatisation services on behalf of third parties.

### 1.2 Group Structure and Control System

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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 plus one service company that focuses on the business area of housing privatisations. 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. ACCENTRO AG's sphere of ownership includes core divisions such as Legal, Accounting, Controlling, Risk Management, Funding, Purchasing, Asset Management and IT.

The ACCENTRO Group includes the subgroup ACCENTRO Gehrensee GmbH, which pools a large-scale property development of 675 flats in Berlin, as well as several property holding companies directly managed by ACCENTRO AG that own the property holdings of the ACCENTRO Group. The subgroup and all of the property vehicles are consolidated in the consolidated financial statements of ACCENTRO AG.

Unlike in previous years, the ACCENTRO Group no longer divides into segments. With the bulk of the portfolio property finally deconsolidated as of 31 December 2016, and with the remaining properties recognised as assets held for sale, there is no longer a need to distinguish between the segments "Trading" and "Portfolio." Instead, these consolidated financial statements distinguish between continuing and discontinued operations in analogy to the segment representation used in the statement of financial position, income statement, and statement of cash flows.

ACCENTRO Real Estate AG 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 such as the number of condominium reservations placed by potential buyers, 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 indicators for the company's performance.

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. Continuously measuring the liquidity flows on the level of each company and the level of the parent Group is an integral part of this control.

## ■ 2 Economic Report

### 2.1 Macro-economic Development

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In the time passed since their representation in the annual report for the 2016 financial year, there have been no major changes in the macro-economic parameters.

The IfW Kiel Institute for the World Economy suggested in its economic report no. 32 of June 2017 that Germany appears to be on the threshold to an economic boom cycle. In June, barely 2.5 million members of Germany's working population were without a job, putting the unemployment rate at 5.5 %, the lowest level in years.

The business cycle in the advanced economies – the eurozone being one of them – retains its bright outlook, according to IfW economic report no. 31 of June 2017.

After the meeting of the ECB's Governing Council on 8 June 2017, the European Central Bank (ECB) announced that it would make not changes to its monetary policy until further notice, but would maintain its current trajectory of quantitative easing. Accordingly, the historically low level of interest is here to stay.

Private households in Germany are benefiting from relaxed lending guidelines while the lending terms remain the same otherwise.

## 2.2 Development of the German Housing Market

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The sustained low-interest policy, paired with a stable economic upturn and the rising significance of real property as asset class during a time of general uncertainty on the capital markets, have been a positive influence on the residential real estate sector in Germany.

The Third Report of the German Government on the Housing and Real Estate Economy in Germany and the 2016 Resident Fee and Rent Report published in June 2017 summarises the situation as follows: "During the reporting period, the strained situation on the housing markets of numerous cities and regions, which has evolved since 2012, continued to intensify. The dynamic on the housing markets in the largest cities, many campus towns and regions of urban character has persisted, not least because of massive population gains through incoming migration from inside and outside Germany. The housing markets of these locations show supply bottlenecks matched by rising residential rents and prices.

However, the housing market situation still differs considerably from one region to the next. Fast-growing regions with housing shortages contrast with other regions that are marked by vacant housing and balanced residential markets in rural, peripheral and economically undeveloped areas where rents and prices are either stagnating or even softening.

There are a variety of reasons for the strong demand in a growing number of German housing markets. The emerging housing shortage of recent years is to a large extent explained by demographic growth as a result of incoming migration from other parts of the country and abroad. Another, equally important demand impulse is generated by the sustained economic boom cycle with corresponding increases in jobs and income. Given the persistently low interest levels and the absence of stable-valued investment alternatives, real estate as buy-to-let investment remains as popular as ever among German and international investors. At the same time, homeownership has become more affordable for owner-occupiers due to favourable terms of financing, and this in spite of rising property prices.

The enormous surge in demand came after long years of sluggish development on the supply side. Meanwhile, the market has responded to the keen demand by massively expanding its construction activities, not least as a result of the stepped-up commitment of the federal housing policy since the start of the current parliamentary term. The resurgence in building activity since 2009 reached a total of 313,000 planning consents and 248,000 completed apartments in 2015. The upward trend continued in 2016, with well over 375,000 residential building permits issued and 278,000 apartments completed."

The developments in the market environment of the ACCENTRO Group remain robust. In response to the increasingly short supply in Berlin, we are keeping a close eye on emerging trends in the residential property market, and are gradually expanding our footprint to other German metropolises as well as to campus towns and swarm cities.

## 2.3 Business Performance

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The business performance of the ACCENTRO Group during the first half-year of 2017 was quite satisfactory. For one thing, the letting take-up has evolved as planned in 2017 to date. However, the net income in the amount of EUR 10.6 million, down from EUR 16.5 million at the end of the prior-year semester, and the EBIT of EUR 11.2 million (reference period 2016: EUR 15.7 million) do not accurately represent the performance profile of the ACCENTRO Group. Over EUR 30 million worth of sale and purchase agreements were already notarised by the balance sheet date of 30 June 2017, still awaiting the transfer of benefits and burdens.

With this in mind and with a view to the sales anticipated in the third and fourth quarter of the ongoing financial year, the Management Board of ACCENTRO Real Estate AG has reaffirmed the EBIT forecast it made in the consolidated financial statements of 31 December 2016.

The company's share capital changed during the reporting period in the sense that 137,264 convertible bonds from the issued 2014/2019 convertible bond were converted into one share each, and 34,963 convertible bonds into 1.0139 shares each. Accordingly, the share capital of ACCENTRO Real Estate AG amounted to EUR 24,906,258.00 as of 30 June 2017.

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

## 2.4 Earnings, Financial Position and Assets

### Earnings Position

The ACCENTRO Group's key revenue and earnings figures for the continuing operation developed as follows during the first six months of the 2017 financial year:

	H1 2017	H1 2016
	EUR million	EUR million
Revenues	42.7	53.2
EBIT	11.2	15.7
Consolidated income from continuing operation	5.8	8.3

The consolidated revenues of the first semester of the 2017 financial year totalled EUR 42.7 million (reference period: EUR 53.2 million) and thus fell short of the total of the prior-year reference period, a fact that is explained by transfers of benefits and burdens delayed beyond the end of the reporting period.

The consolidated income by the end of the reporting period equalled EUR 5.8 million (reference period: EUR 8.1 million) and thus matched the bracket we predicted when revising our forecast at mid-year 2016.

At EUR 1.5 million, total payroll and benefit costs exceeded the prior-year level of EUR 1.3 million, an increase attributable to the expansion of our workforce during the 2016 financial year and during the ongoing financial year.

The net interest result for the first half-year of 2017 equalled EUR –3.7 million and therefore fell behind the figure for the reference period (EUR –3.3 million). The rise in interest expenses reflects the buy-back of the bond that had been issued in November 2013 over an amount of EUR 10 million, as announced on 31 March 2017. This resulted in an early termination penalty while the effective interest expense, which would have spread over the remaining lifetime of 17 months if it had not been terminated, was spread over a period of just 4 months ending in June 2017.

The earnings before taxes equalled EUR 7.5 million, down from EUR 13.0 million by the end of the prior-year semester. Taking into account income taxes of EUR –1.8 million (reference period: EUR –4.7 million), this results in a consolidated profit of EUR 5.8 million (reference period: EUR 8.3 million) for the continuing operation. The low income tax expense during the reporting period is attributable to the initial recognition of deferred tax assets on losses carried forward for the Gehrensee portfolio, which was acquired in December 2016, and effects

from the profit and loss transfer agreement signed between Accentro Wohneigentum GmbH and ACCENTRO Real Estate AG in November 2016, which was not yet effective during the reporting period that ended 30 June 2016.

## Financial Position

### Key Figures from the Cash Flow Statement (Continuing and Discontinued Operations Combined)

	H1 2017	H1 2016
	EUR million	EUR million
Cash flow from operating activities	-31.3	32.5
Cash flow from investment activities	3.4	12.4
Cash flow from financing activities	20.2	-26.4
Net change in cash and cash equivalents	-7.7	18.5
Cash and cash equivalents at the beginning of the period	15.1	7.0
Cash and cash equivalents at the end of the period	7.4	25.4

During the first six months of 2017, the cash flow from current operations amounted to EUR -31.3 million (reference period: EUR 32.5 million). The operating cash flow prior to reinvestments was positive and amounted to EUR 4.9 million (reference period: EUR 13.5 million). This cash flow from operations 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 operations was generated by rent payments and the amounts deposited in return for inventory properties sold. The generated cash flow from operations is impaired by the combined operating expenditures, including income tax payments. The item "Increase/decrease in inventories" shows the balance of property acquisitions versus inventory property sales. The balance in the amount of EUR -36.2 million (reference period: EUR 19.0 million) thus represents the total of net investments in the ongoing build-up of inventory real estate assets. This continuous expansion of the inventory assets during the first half-year of 2017 resulted in a negative cash flow from current operations because investments in inventory assets are allocated to current operations.

The cash flow from investment activities amounted to EUR 3.4 million during the reporting period (reference period: EUR 12.4 million). In analogy to the reference period, this reflects essentially the payments made by buyers toward the investment properties sold to them, which are associated with the discontinued operation.

The cash flow from financing activities amounted to EUR 20.2 million during the reporting period (reference period: EUR -26.4 million), and breaks down into new loans taken out toward the expansion of the property stock held as inventory assets, payment outflows for the principal repayment of loans associable with properties sold from the inventory assets, and the principal repayment of bonds and financial liabilities. In addition, the "cash flow from financing activities" item shows the dividend payment of EUR 3.7 million and the early repayment of the 2013/2018 bond in the amount of EUR 10.2 million.

Cash and cash equivalents amounted to EUR 7.4 million as of 30 June 2017, compared to EUR 15.1 million by 31 December 2016.

During the reporting period, the shareholders' equity of the ACCENTRO Group rose from EUR 136.8 million as of 31 December 2016 to EUR 138.7 million by 30 June 2017. Three sources contributed to the change in equity: The consolidated income from continuing and



discontinued operations increased it by EUR 5.1 million, whereas conversely the dividend payments reduced it in the amount of EUR 3.7 million. The exercise of conversion rights from the 2014/2019 convertible bond contributed EUR 0.4 million to the capital increase. This results in an equity ratio of 44.1 %, so that it is essentially the same amount as that reported by the balance sheet date of the previous financial year (45.5 %).

### **Asset Position**

The total assets increased by EUR 13.9 million since the balance sheet date of 31 December 2016 as they climbed to a total of EUR 314.5 million. The main reason for the growth is the expansion of the inventory assets by EUR 36.2 million and the reduction of other receivables and assets by EUR 11.8 million.

Non-current liabilities increased by a modest EUR 6.2 million to EUR 71.4 million since the balance sheet date of the previous financial year (EUR 65.2 million), which is associable with the expansion of the inventory assets.

Current liabilities rose by EUR 5.9 million to EUR 104.4 million since the end of 2016 (EUR 98.5 million). This is definitively attributable to the fact that a shareholder loan over EUR 4.0 million was taken out.

### **General Statement on the Group's Business Situation**

The economic situation of the ACCENTRO Group remained unchanged during the first six months of the 2017 financial year. The Management Board of ACCENTRO AG therefore reaffirms its account of the economic situation previously made in the 2016 annual report, which was published on 10 March 2017.

## ■ 3 Supplementary Report

No events of material significance for ACCENTRO Real Estate AG transpired between the balance sheet date of 30 June 2017 and the day on which the financial statements were published.

## ■ 4 Forecast Report

In its statement of account for the 2016 financial year, the Management Board of ACCENTRO AG predicted a top line sales growth in the double-digit range for the 2017 financial year, and moreover predicted earnings before interest and tax (EBIT) in a range between EUR 34 million and EUR 36 million. Given the present market situation on the key markets of ACCENTRO AG in combination with the persistently positive macroeconomic signals for 2017, the Management Board of ACCENTRO Real Estate AG reaffirms its forecasts at this time.

The Management Board of ACCENTRO AG anticipates a substantial increase in revenues and EBIT for the second half-year, especially given the fact that more than EUR 30 million in sale and purchase agreements were already notarised by 30 June 2017 but had not yet been finalised, so that these contracts are not reflected in the half-year financial statements for 2017.

## ■ 5 Opportunity and Risk Report

In the time since the start of the 2017 financial year, there have been no material changes to the opportunities and risks relevant for the future business development. The Management Board is aware of no risks to the company's going concern status. Accordingly, the disclosures made in the Opportunity and Risk Report of the Consolidated Financial Statements as of 31 December 2016 (annual report 2016, pp. 33+) continue to apply.

## Consolidated Balance Sheet

ACCENTRO Real Estate AG		30 June 2017	31 Dec. 2016
Assets		TEUR	TEUR
<b>Non-current assets</b>			
Goodwill		17,776	17,776
Other intangible assets		27	30
Property, plant and equipment		188	185
Equity investments		125	26
Equity interests accounted for using the equity method		266	472
Deferred tax assets		1,055	408
<b>Total non-current assets</b>		<b>19,436</b>	<b>18,897</b>
<b>Current assets</b>			
Inventory property		259,738	223,565
Trade receivables		2,364	2,010
Other receivables and other current assets		6,938	18,751
Current income tax receivables		702	480
Cash and cash equivalents		7,418	15,143
<b>Total current assets</b>		<b>277,161</b>	<b>259,949</b>
Non-current assets held for sale		17,876	21,700
<b>Total assets</b>		<b>314,473</b>	<b>300,546</b>

## Consolidated Balance Sheet

	30 June 2017	31 Dec. 2016
ACCENTRO Real Estate AG		
<b>Equity</b>	TEUR	TEUR
Subscribed capital	24,906	24,734
Capital reserves	53,437	53,180
Retained earnings	58,501	57,164
Attributable to parent company shareholders	136,845	135,078
Attributable to non-controlling companies	1,810	1,758
<b>Total equity</b>	<b>138,655</b>	<b>136,836</b>
<b>Liabilities</b>	TEUR	TEUR
<b>Non-current liabilities</b>		
Provisions	17	17
Financial liabilities	59,197	42,716
Bonds	11,812	21,644
Deferred income tax liabilities	361	851
<b>Total non-current liabilities</b>	<b>71,388</b>	<b>65,228</b>
<b>Current liabilities</b>		
Provisions	1,947	3,030
Financial liabilities	64,473	64,807
Bonds	0	138
Advanced payments received	8,261	8,503
Current income tax liabilities	10,833	9,269
Trade payables	3,308	3,365
Other liabilities	5,357	3,178
Shareholder loans	4,047	0
<b>Total current liabilities</b>	<b>98,226</b>	<b>92,290</b>
Liabilities associated with assets held for sale	6,205	6,192
<b>Total equity and liabilities</b>	<b>314,473</b>	<b>300,546</b>

## Consolidated Income Statement

ACCENTRO Real Estate AG	Q2 2017 01 April 2017 – 30 June 2017	Q2 2016 01 April 2016 – 30 June 2016	H1 2017 01 Jan. 2017 – 30 June 2017	H1 2016 01 Jan. 2016 – 30 June 2016
	TEUR	TEUR	TEUR	TEUR
Revenues from sales of inventory property	19,595	30,476	38,090	48,947
Expenses from sales of inventory property	-13,382	-19,338	-27,511	-32,433
<b>Capital gains from inventory property</b>	<b>6,213</b>	<b>11,138</b>	<b>10,579</b>	<b>16,514</b>
Letting revenues	1,883	1,671	3,826	3,351
Letting expenses	-610	-537	-1,061	-969
<b>Net rental income</b>	<b>1,273</b>	<b>1,135</b>	<b>2,765</b>	<b>2,381</b>
Revenues from services	415	498	768	797
Expenses from services	-198	-336	-416	-517
<b>Net service income</b>	<b>217</b>	<b>162</b>	<b>352</b>	<b>280</b>
Other operating income	690	111	1,289	429
<b>Gross profit or loss</b>	<b>8,393</b>	<b>12,545</b>	<b>14,985</b>	<b>19,604</b>
Total payroll and benefit costs	-778	-740	-1,460	-1,302
Depreciation and amortisation of intangible assets and property, plant and equipment	-21	-37	-48	-65
Impairments of inventories and accounts receivable	0	-627	0	-631
Other operating expenses	-1,272	-1,402	-2,277	-1,727
<b>EBIT (earnings before interest and income taxes)</b>	<b>6,322</b>	<b>9,738</b>	<b>11,200</b>	<b>15,880</b>
Net income from associates	0	371	0	371
Other income from investments	0	9	0	18
Interest income	86	67	236	143
Interest expenses	-1,871	-1,685	-3,902	-3,411
<b>Net interest income</b>	<b>-1,785</b>	<b>-1,618</b>	<b>-3,667</b>	<b>-3,268</b>
<b>EBT (earnings before income taxes)</b>	<b>4,537</b>	<b>8,500</b>	<b>7,533</b>	<b>13,001</b>
Income taxes	-1,743	-3,040	-1,778	-4,724
<b>Consolidated income from continuing operation</b>	<b>2,794</b>	<b>5,460</b>	<b>5,755</b>	<b>8,277</b>
Earnings after taxes of discontinued operation	-799	-323	-635	-927
<b>Discontinued operation</b>	<b>-799</b>	<b>-323</b>	<b>-635</b>	<b>-927</b>
<b>Consolidated income</b>	<b>1,996</b>	<b>5,137</b>	<b>5,120</b>	<b>7,350</b>
thereof attributable to non-controlling interests	22	-6	52	36
thereof attributable to shareholders of the parent company	1,974	5,143	5,068	7,314

Continued on page 14

## Consolidated Income Statement

Continued from page 13

ACCENTRO Real Estate AG	Q2 2017 01 April 2017 – 30 June 2017	Q2 2016 01 April 2016 – 30 June 2016	H1 2017 01 Jan. 2017 – 30 June 2017	H1 2016 01 Jan. 2016 – 30 June 2016
	EUR	EUR	EUR	EUR
<b>Earnings per share (comprehensive income)</b>				
Basic net income per share (24,906,258 shares; prior year: 24,687,130 shares)	0.08	0.21	0.21	0.30
Diluted net income per share (30,146,020 shares; prior year: 30,073,906 shares)	0.06	0.17	0.15	0.25
<b>Earnings per share (continuing operation)</b>				
Basic net income per share (24,906,258 shares; prior year: 24,687,130 shares)	0.11	0.22	0.23	0.33
Diluted net income per share (30,146,020 shares; prior year: 30,073,906 shares)	0.08	0.18	0.17	0.27

## Consolidated Cash Flow Statement

ACCENTRO Real Estate AG	H1 2017 01 Jan. 2017– 30 June 2017	H1 2016 01 Jan. 2016– 30 June 2016
	TEUR	TEUR
Consolidated income (continuing and discontinued operations)	5,120	7,350
+ Depreciation/amortisation of non-current assets	48	65
-/+ Net income from associates carried at equity	0	-389
+/- Increase/decrease in provisions	-1,083	298
+/- Changes in the fair value of investment property	0	6
+/- Other non-cash expenses/income	581	4,601
-/+ Increase/decrease in trade receivables and other assets that are not attributable to investing or financing activities	-2,585	-10,002
+/- Increase/decrease in trade payables and other liabilities that are not attributable to investing or financing activities	3,371	11,900
-/+ Income from disposal of investment property	41	-53
-/+ Gains/losses from disposals of subsidiaries	0	-275
+/- Other income tax payments	-621	-10
<b>= Operating cash flow before de-/reinvestment in trading assets</b>	<b>4,872</b>	<b>13,491</b>
-/+ Increase/decrease in inventories (trading properties)	-36,173	18,990
<b>= Cash flow from operating activities</b>	<b>-31,301</b>	<b>32,481</b>
<b>thereof continuing operation</b>	<b>-31,586</b>	<b>32,481</b>
<b>thereof discontinued operation</b>	<b>284</b>	<b>0</b>
+ Proceeds from disposal of investment property (less costs of disposal)	3,500	13,865
+ Interest received	1	61
- Cash outflows for investments in intangible assets	-5	-8
- Cash outflows for investments in property, plant and equipment	-41	-71
- Cash outflows for investments in investment properties	-165	-1,478
- Cash outflows for investments in non-current assets	-144	0
+ Payments-in from distributions for shares consolidated at equity	223	0
<b>= Cash flow from investment activities</b>	<b>3,370</b>	<b>12,369</b>
<b>thereof continuing operation</b>	<b>34</b>	<b>-79</b>
<b>thereof discontinued operation</b>	<b>3,335</b>	<b>12,448</b>

Continued on page 16

## Consolidated Cash Flow Statement

Continued from page 15

ACCENTRO Real Estate AG	H1 2017 01 Jan. 2017– 30 June 2017	H1 2016 01 Jan. 2016– 30 June 2016
	TEUR	TEUR
– Dividend payment	–3,731	0
+ Payments from issuing bonds and raising (financial) loans	56,087	9,356
– Repayment of bonds and (financial) loans	–43,343	–31,949
– Interest paid	–2,346	–3,775
+ Interest received	196	0
+ Repayment of loans granted	13,343	0
<b>= Cash flow from financing activities</b>	<b>20,207</b>	<b>–26,368</b>
<b>thereof continuing operation</b>	<b>20,207</b>	<b>–26,368</b>
<b>thereof discontinued operation</b>	<b>0</b>	<b>0</b>
Net change in cash and cash equivalents	–7,725	18,482
– Decrease in cash and cash equivalents from the disposal of fully consolidated companies	0	–23
+ Cash and cash equivalents at the beginning of the period	15,143	6,981
<b>= Cash and cash equivalents at the end of the period</b>	<b>7,418</b>	<b>25,441</b>



## Consolidated Statement of Changes in Equity

for the Period from 1 January to 30 June 2017

	Subscribed capital	Capital reserve	Retained earnings	Interests held by non-controlling companies	Total
	TEUR	TEUR	TEUR	TEUR	TEUR
ACCENTRO Real Estate AG					
<b>As of 1 January 2017</b>	<b>24,734</b>	<b>53,180</b>	<b>57,164</b>	<b>1,758</b>	<b>136,836</b>
Consolidated income	–	–	5,068	52	5,120
Other comprehensive income	–	–	0	0	0
Total consolidated income	–	–	5,068	52	5,120
Change in non-controlling interests	–	–	–	–	–
Convertible bonds converted	172	258	–	–	430
Dividend payment	–	–	–3,731	–	–3,731
<b>As of 30 June 2017*</b>	<b>24,906</b>	<b>53,438</b>	<b>58,501</b>	<b>1,810</b>	<b>138,656</b>

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

## Consolidated Statement of Changes in Equity

for the Period from 1 January to 30 June 2016

	Subscribed capital	Capital reserve	Retained earnings	Interests held by non-controlling companies	Total
	TEUR	TEUR	TEUR	TEUR	TEUR
ACCENTRO Real Estate AG					
<b>As of 1 January 2016</b>	<b>24,678</b>	<b>53,095</b>	<b>30,873</b>	<b>595</b>	<b>109,241</b>
Consolidated income	–	–	7,314	36	7,350
Other comprehensive income	–	–	0	0	0
Total consolidated income	–	–	7,314	36	7,350
Changes in non-controlling interests	–	–	–	–	0
Convertible bonds converted	9	13	–	–	22
<b>As of 30 June 2016*</b>	<b>24,687</b>	<b>53,109</b>	<b>38,186</b>	<b>631</b>	<b>116,613</b>

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

# ■ Selected Disclosures on Condensed Consolidated Interim Financial Statements

## ■ 1 Basic Information

ACCENTRO Real Estate AG with its subsidiaries is a listed real estate company whose core business consists in trading residential real estate within the framework of housing privatisations. The company's registered office is located at Uhlandstr. 165 in 10719 Berlin, Germany. The company shares are listed on the Frankfurt Stock Exchange for trading on the Regulated Market (Prime Standard).

As of 30 June 2017, ACCENTRO Real Estate AG acted as the operating holding company for a number of property vehicles.

These condensed consolidated interim financial statements were approved for publication by the company's Management Board in August 2017. The condensed consolidated interim financial statements were not checked by an auditor or subjected to review.

It was decided not to include a statement of comprehensive income because there are no other effects recognised directly in equity that should be posted with the other comprehensive income.

## ■ 2 Significant Accounting Policies

The condensed consolidated interim financial statements for the first semester of the 2017 financial year, which ended on 30 June 2017, were prepared in accordance with the provisions of IAS 34 "Interim Financial Reporting" as adopted by the EU by way of a regulation. The condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statement of ACCENTRO Real Estate AG for the year ended on 31 December 2016.

The accounting policies applied in the condensed interim consolidated financial statements are the same as those applied in the preparation of the consolidated financial statements for the year ended on 31 December 2016.

All amounts posted in the balance sheet, income statement, statement of changes in equity, and cash flow statement, as well as in the notes and tabular overviews, are quoted in thousands of euro (TEUR), unless otherwise noted. Both individual and total figures represent the value with the smallest rounding difference. Small differences can therefore occur between the sum of the individual items posted and the reported totals.

## ■ 3 Consolidation

### 3.1 Consolidated Group

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As of 30 June 2017, the condensed interim consolidated financial statements of ACCENTRO Real Estate AG included 27 subsidiaries, one joint venture, and thirteen associates. During the financial year's nine-month period ending 30 June 2017, the basis of consolidation as of 31 December 2016 (24 subsidiaries, one joint venture, twelve associates) expanded to include three companies created for the privatisation unit. No business operations were taken over during that time.

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

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

### 4.1 Segment Information

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For several reasons, one being the strategic realignment to focus on the trade with residential real estate within a housing privatisation framework, another being the final deconsolidation of the majority of portfolio properties as of 31 December 2016, and a third being the presentation of the remaining properties as assets held for sale, the previously used distinction between the segments "Trading" and "Portfolio" has become obsolete.

The internal reporting to the Management Board of ACCENTRO Real Estate AG does not include regional drilldowns or any other segmentation.

### 4.2 Related-Party Transactions

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ACCENTRO Real Estate AG was granted a short-term shareholder credit line in the amount of TEUR 4,000 by its majority shareholder ADLER Real Estate AG, the loan being earmarked for the acquisition of real estate portfolios. The loan will have to be fully repaid by 30 September 2017. It is subject to an interest rate of 5 % p.a.

### 4.3 Employees

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The ACCENTRO Group employed 38 staff by the end of the semester. The number of employees a year earlier had been 33.

## The ACCENTRO Real Estate AG Share

The 2014/2019 convertible bond issued during the 2013/14 financial year implied residual 5,339,675 conversion rights as of 31 December 2016 that entitle the bearers to one ACCENTRO Real Estate AG share each, which could dilute the earnings per share. The conversion rights exercised in the course of the year have created a dilution effect.

During the first six months of the 2017 financial year, a total of 137,264 convertible bonds from the 2014/2019 convertible bond were converted into one share in ACCENTRO Real Estate AG each, and 34,963 convertible bonds into 1.0139 shares each. Following the full repayment of the corporate bond in June 2017, the convertible bond accounts for the entire book value of bond liabilities in the amount of TEUR 11,812.

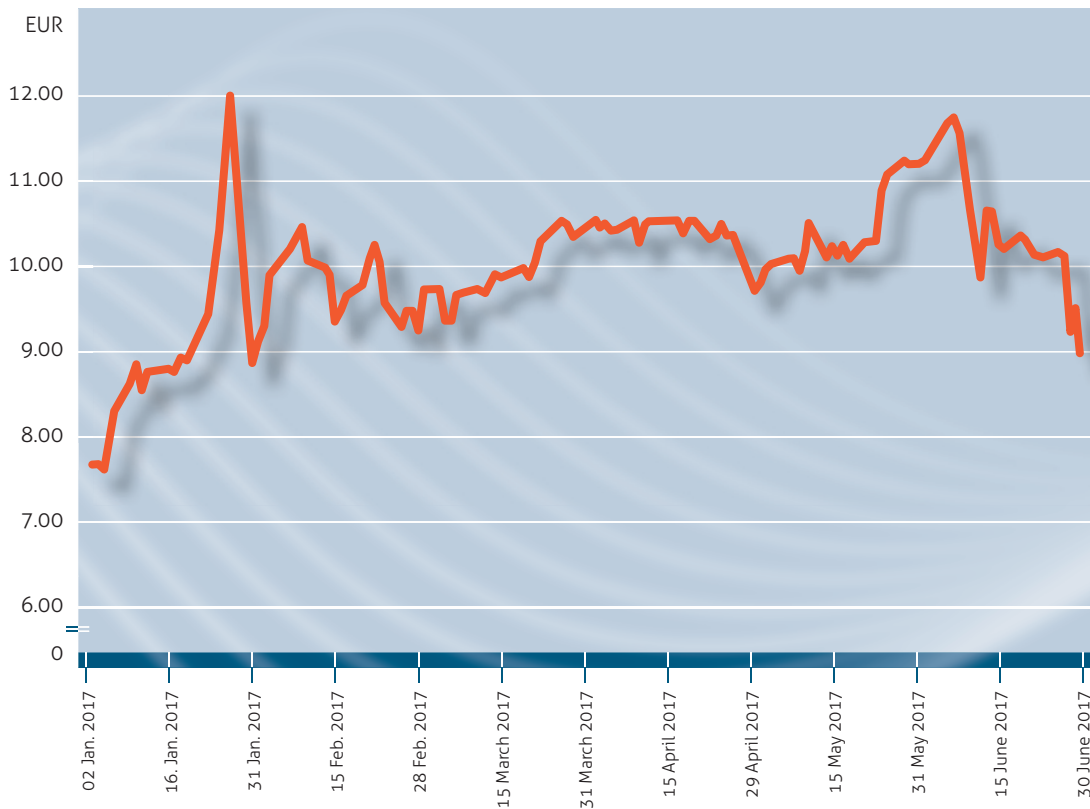
Compared to the prior-year period, the earnings per share for the first six months of the 2017 financial year present themselves as follows:

Earnings per Share		
	H1 2017	H1 2016
	EUR	EUR
Comprehensive income – basic	0.21	0.30
Comprehensive income – diluted	0.15	0.25
Continuing operation – basic	0.23	0.33
Continuing operation – diluted	0.17	0.27

### ACCENTRO Share Price Performance from 1 January to 30 June 2017

Starting out at EUR 7.39 on the first trading day of 2017, the share price rose to EUR 12.05 by 27 January 2017 after gaining 63.1 %. On the last trading day of the first semester of 2017, the share price closed at EUR 8.83, implying EUR 219,922,258 in market capitalisation.

The average daily trading volume (Xetra) of ACCENTRO stock during the first half-year of 2017 was 10,357 units (H1 2016: 11,513 units).



ACCENTRO share price development from 1 January to 30 June 2017

## Shareholder Structure

The number of ACCENTRO Real Estate AG shares in circulation had slightly increased to a total of 24,906,258 no-par value bearer shares by the end of the reporting period (30 June 2017) because some holders of the 6.25 % convertible bond 2014/2019, ISIN DE000A1YC4S6, WKN A1YC4S converted their bonds.

The shares are held to 86.28 % by ADLER Real Estate AG, while 13.72 % of them are held in free float.

## The ACCENTRO Share at a Glance

Stock market segment	Prime Standard
ISIN	DE000A0KFKB3
German Securities Code Number (WKN)	A0KFKB
Number of shares on 30 June 2017	24,906,258
Free float	13.72 %
Highest price (1 January 2017–30 June 2017)*	EUR 12.05
Lowest price (1 January 2017–30 June 2017)*	EUR 7.34
Closing price on 30 June 2017*	EUR 8.83
Market capitalisation at 30 June 2017*	EUR 219,922,258

\* Closing prices in Xetra trading

## ■ Responsibility Statement

**by ACCENTRO Real Estate AG pursuant to Art. 37y, German Securities Trading Act (WpHG), in combination with Art. 37w, Sec. 2, No. 3, WpHG**

I hereby certify to the best of my knowledge, and in accordance with the applicable accounting principles, that the consolidated interim financial statements give a true and fair account of the assets, liabilities, financial position, and profit or loss of the Group, and that 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.

Berlin, 11 August 2017

Jacopo Mingazzini  
Management Board

## ■ Financial Calendar

2017

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**10 November 2017** Quarterly Statement for the period 1 January through 30 September 2017

This date is provisional. For all final dates, please check our website: [www.accentro.ag](http://www.accentro.ag).

## ■ Forward-looking Statements

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

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

This translation of the original German version of the Half-Year Financial Report of ACCENTRO Real Estate AG for the first six months of the 2017 financial year has been prepared for the convenience of our English-speaking shareholders.

The German version is authoritative.

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

## ■ Credits

# ACCENTRO

REAL ESTATE AG

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### Management Board

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Jacopo Mingazzini

### Chairman of the Supervisory Board

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Axel Harloff, Hamburg

### Contact

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### Concept, Editing, Layout

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