

ACCENTRO

REAL ESTATE AG

Half-Year Financial Report
for the Period
1 January Through 30 June 2018

Overview Key Financial Data

ACCENTRO Real Estate AG	1st half-year 2018 1 January 2018 – 30 June 2018	1st half-year 2017 1 January 2017 – 30 June 2017
Income statement	TEUR	TEUR
Consolidated revenues total Group	97,922	42,684
Gross profit/loss	19,132	14,985
EBIT	14,349	11,200
EBT	8,658	7,533
Consolidated income	5,746	5,755
Interest coverage ratio (ICR)*	3.79	3.96

* EBIT adjusted by non-period expenses/income in relation to balance of interest expense and interest income

ACCENTRO Real Estate AG	30 June 2018	31 December 2017
Balance sheet ratios	TEUR	TEUR
Non-current assets	44,938	22,179
Current assets	364,576	325,605
Shareholders' equity	168,613	153,697
Equity ratio	41.2%	44.2%
Total assets	409,513	347,785
Loan to value (LTV)*	49.5%	39.4%

* Net financial debt divided by gross assets

ACCENTRO Real Estate AG	
Company shares	
Stock market segment	Prime Standard
ISIN	DE000A0KFKB3
German Securities Code Number (WKN)	A0KFKB
Number of shares on 30 June 2018	30,317,934
Free float	5.95%
Highest price (1 January – 30 June 2018)*	EUR 11.50
Lowest price (1 January – 30 June 2018)*	EUR 7.62
Closing price on 29 June 2018*	EUR 11.50
Market capitalisation on 29 June 2018*	EUR 348,656,241

* Closing prices in Xetra trading

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■ Letter to the Shareholders

Dear Shareholders,
Dear Ladies and Gentlemen,

At mid-year, it is time to reflect on the first six months of 2018, and we can say with pride that they have been quite a success. Our sales and earnings figures clearly exceed those of the previous year. And the favourable parameters remain in place. So, the ground is laid for the continuous growth of ACCENTRO.

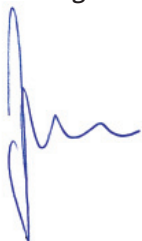
Revenues rose by 129.4% during the first six months of the year, up to EUR 97.9 million. The extraordinarily steep increase is associated with our joint venture in Berlin-Hohenschönhausen. During the first half-year of 2018, it contributed c. EUR 42 million to revenues and it will keep offering significant sales and earnings potential in the future. But even without this transaction, ACCENTRO managed to increase its revenues by over 30%. The earnings before interest and tax (EBIT) amounted to EUR 14.3 million — a substantial increase by 28.1% over prior-year period.

I am pleased by the sustained dynamic of our privatisation business. Here, sales have seen particularly quick growth. At the same time, we successfully continued to pursue our growth strategy in the area of new-build construction. Our collaborative ventures with property developers are beginning to bear fruit. For one thing, the net service income quadrupled year on year as it rose to EUR 1.5 million.

We also have spent the first half-year of 2018 laying a robust foundation for continued fast-paced growth. Our privatisation portfolio has been significantly bolstered by acquisitions in a volume of more than EUR 90 million. At the same time, we bought into auspicious residential property portfolios in the metropolises of Berlin and Hamburg through joint ventures, and thereby secured addition revenue potential for our service business. These transactions were made possible not least by the corporate bond we placed in January 2018 whose proceeds are almost entirely reinvested already. In the same context, we are also looking into alternative options to finance our growth.

The positive business development makes us optimistic in regard to the coming months. As the year progresses, we intend to keep expanding our position as market leader among the public companies in Germany's housing privatisation business. Accordingly, we are reaffirming our forecast for a substantial top line sales growth in the two-digit percentage range, plus for an increase in EBIT to somewhere between EUR 36 million and EUR 40 million.

Kind regards,



Jacopo Mingazzini
Management Board

Interim Management Report

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.

In the course of the 2017 financial year, ACCENTRO Real Estate AG divested itself entirely of its portfolio properties and of any partnership interests in property portfolio companies that it still held, and thereby transformed into a pure trading entity. In the financial statements of the financial years 2016 and 2017, these portfolio properties and interests were recognised as "non-current assets and liabilities held for sale" in the balance sheet while their earnings and expenses were recognised as "net loss or income from discontinued operation" in the income statement. As of the 2018 financial year, reports will no longer include a presentation of the "discontinued operation" or of "non-current assets held for sale."

All monetary figures in this report are stated in Euro (EUR). Both individual and total figures represent values 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

The ACCENTRO Group is a listed property company focusing on residential real estate in Germany. Its business activities are limited exclusively to domestic property, particularly in economically attractive locations, the focus being on Berlin. ACCENTRO AG's activities 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 focus here 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

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, and for one service company focused on the business 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. 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 consists of several property holding companies directly managed by ACCENTRO AG that own the real estate holdings of the ACCENTRO Group. All of the property vehicles are consolidated in the consolidated financial statements of ACCENTRO AG. The ACCENTRO Gehrensee GmbH subgroup was sold and finally consolidated during the second quarter of 2018. ACCENTRO AG retains only a minority stake of 25% that is recognised among the "equity interests accounted for using the equity method."

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 like the number of new clients as well as viewings and reservations serve as early indicators of 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

In the time passed since their representation in the annual report for the 2017 financial year, there have been no major changes in the macro-economic parameters.

In its economic report no. 44 of June 2018, the IfW Kiel Institute for the World Economy suggested that Germany seems to be taking a breather without interpreting this as a sign for an imminent downturn. Despite the uncertainty stirred up over the intensifying protectionist tendencies in global trade, Germany's domestic economy remains robust. In June, barely 2.3 million members of the German working population were without a job, putting the unemployment rate at 5.0%, the lowest level in years. The IfW continues to predict a year-end GDP growth of 2 percent for 2018.

The business cycle in the advanced economies—the eurozone being one of them—continues to have a positive outlook with its moderate growth rates, according to IfW economic report no. 43 of June 2018, even if its momentum has slowed.

Following the meetings of the ECB's Governing Council on 14 June 2018 and 26 July 2018, the European Central Bank (ECB) announced that it would make no changes to its monetary policy instruments until further notice, but would instead maintain its current trajectory of quantitative easing. Accordingly, the historically low level of interest will remain in place for the time being.

2.2 Development of the German Housing Market

The situation on Germany's housing market has not changed over the past six months. The statements of 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 apply now as then: "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 brisk price dynamics during the first six months of 2018 and the persistent supply shortage, which will take many years to roll back, has seriously increased the risk of a bubble developing in the current cycle, although Berlin takes exception to the threat. For the time being, the Management Board is not aware of any signs suggesting an imminent reversal of the price trend in the market segment most relevant to ACCENTRO, and this notwithstanding the increasingly critical media coverage of the real estate price performance.

The developments in the market environment of the ACCENTRO Group remain robust. Notwithstanding the accelerating supply contraction in Berlin, it managed to acquire lucrative real estate portfolios in the German capital. In addition, we keep a close eye on the current developments of the residential property market and have stepped up our efforts to tap into other German metropolises as well as campus towns and urban economic centres. Our focus lately has been on the Leipzig metro region.

2.3 Business Performance

The business performance of the ACCENTRO Group during the first half-year of 2018 was satisfactory. For one thing, sales revenues and letting take-up have developed as planned in 2018 to date. The net income from sales in the amount of EUR 13.5 million were clearly a step up from the prior-year semester with EUR 10.6 million. The EBIT of EUR 14.3 million after EUR 11.2 million at the end of the 2017 reference period is right on target in the effort to achieve EUR 36 to 40 million in predicted EBIT by the end of the year.

Against the background of the sales anticipated for the third and fourth quarter of the 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 2017.

The Company's share capital changed during the reporting period in the sense that 4,984,212 convertible bonds from the issued 2014/2019 convertible bond were converted into 1.056999 shares each, and 123,029 convertible bonds into 1.0139 shares each. Accordingly, the share capital of ACCENTRO Real Estate AG amounted to EUR 30,317,934.00 as of 30 June 2018.

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 (2017 figures: continuing operation) developed as follows during the first six months of the 2018 financial year:

	H1 2018	H1 2017
	EUR million	EUR million
Revenues	97.9	42.7
EBIT	14.3	11.2
Consolidated income (2017: continuing operation)	5.7	5.8

The consolidated revenues of the first semester of the 2018 financial year totalled EUR 97.9 million (reference period: EUR 42.7 million) and therefore clearly exceeded the total of the prior-year reference period. While the fast growth in sales volume did match the forecast, it was not reflected in the net income from sales nor was it meant to. It was caused by the sale of the ACCENTRO Gehrensee GmbH subgroup. The real estate assets tied up in that subgroup were sold nearly at book value, which is why the revenue of c. EUR 42.3 million generated by the transaction had only a negligible impact on net income. The plots sold (around 41,500 m² in Berlin-Lichtenberg) are earmarked for the development of residential buildings, and the zoning requirements toward this end are currently being sorted out. The sale and purchase agreement specifies that ACCENTRO stays invested in the ACCENTRO Gehrensee project with a 25% stake and a mezzanine loan, which means that ACCENTRO remains able to participate directly in future project planning achievements.

The earnings before interest and tax (EBIT) for the reporting period equalled EUR 14.3 million (reference period: EUR 11.2 million) and thus moved within the parameters we predicted.

At EUR 1.9 million, the total payroll and benefit costs increased compared to the reference period with its total of EUR 1.5 million. The increase is due to bonus payments made during Q1 2018 and to the expansion of the workforce in the course of the 2017 financial year and the ongoing financial year.

The net interest result by midyear 2018, having slipped further into the negative range (EUR -5.8 million; reference period: EUR -3.7 million), is explained by the corporate bond over EUR 100 million that was issued in January 2018, which substantially expanded the financial liabilities and coincided with a proportionate increase in interest expenses.

The earnings before taxes equalled EUR 8.7 million, up from EUR 7.5 million by the end of the prior-year semester. Taking into account income taxes of EUR –2.9 million (reference period: EUR –1.8 million), this results in a consolidated income of EUR 5.7 million (reference period: EUR 5.8 million), though it should be added that the tax load is burdened further by taxes unrelated to this accounting period as a result of an external tax audit.

Financial Position

Key Figures from the Cash Flow Statement

	H1 2018	H1 2017
	EUR million	EUR million
Cash flow from operating activities	–53.6	–31.3
Cash flow from investment activities	–14.1	3.4
Cash flow from financing activities	92.0	20.2
Net change in cash and cash equivalents	24.3	–7.7
(+) Increase/(–) decrease in cash and cash equivalents from the acquisition/disposal of fully consolidated companies	–5.4	0.0
Cash and cash equivalents at the beginning of the period	7.9	15.1
Cash and cash equivalents at the end of the period	26.8	7.4

During the first six months of 2018, the cash flow from operating activities amounted to EUR –53.6 million (reference period: EUR –31.3 million). The negative operating cash flow by mid-year is definitively caused by the continued build-up of inventory assets. Taking into account acquisitions worth c. EUR 91.4 million and disposals worth c. EUR 75.2 million, the inventory real estate assets grew by c. EUR 16.3 million on balance. Although it should be taken into account that some of the disposals from the inventory real estate assets during the current period were non-cash items. In conjunction with the deconsolidation of the ACCENTRO Gehrensee GmbH subgroup, properties with a combined book value of c. EUR 42 million were sold, of which EUR 18.5 million had no cash effect. For other property sales in a book value of c. EUR 5.1 million, payment was already received in 2017 so that the positive contribution to operating income associated with the disposal is not matched with a corresponding receipt of payment. The balance of advance payments received decreased by a proportionate amount. But the property acquisitions worth c. EUR 91.4 million were generally cash-effective. Due to the classification of the properties as trading assets, investments in inventory assets are allocated to the current operations.

During the first half year, the negative operating cash flow prior to divestments/reinvestments in the inventory real estate assets was caused primarily by higher tax payments (EUR –7.7 million, prior period: EUR –0.6 million) and an increase in trade receivables. The elevated tax payments are primarily the result of higher set prepayments as well as one-off taxes related to other periods.

The cash flow from investment activities amounted to EUR –14.1 million during the reporting period (reference period: EUR 3.4 million). The amount reflects EUR 11.7 million in investments in minority interests in companies with real estate portfolios in Hamburg, Berlin and Brandenburg an der Havel. A down-payment and incidental costs toward the new ACCENTRO headquarters in Berlin add up to EUR 2.3 million.

The cash flow from financing activities amounted to EUR 92.0 million during the reporting period (reference period: EUR 20.2 million) is definitively influenced by a cash inflow in the amount of EUR 98.5 million from a corporate bond issued in January and by a cash outflow in the amount of EUR 5.2 million toward dividend payments in May 2018 (May 2017: EUR 3.7 million). Borrowings and loan payments going beyond that more or less even each other out.

The balance of changes to cash and cash equivalents that relate to the basis of consolidation, which amount to EUR –5.4 million, result primarily from the sale of the ACCENTRO Gehrensee GmbH subgroup.

Cash and cash equivalents amounted to EUR 26.8 million as of 30 June 2018, compared to EUR 7.9 million by 31 December 2017.

Asset Position

Key Figures from the Balance Sheet

	30 June 2018	31 Dec. 2017
	EUR million	EUR million
Non-current assets	44.9	22.2
Down-payments on owner-occupied plots and buildings	2.3	0.0
Non-current receivables	15.5	2.5
Equity investments and equity-accounted interests	8.5	1.5
Other non-current assets	18.6	18.2
Current assets	364.6	325.6
Inventory assets	320.3	304.0
Receivables	17.5	13.7
Cash and cash equivalents	26.8	7.9
Non-current liabilities	137.5	43.4
Current liabilities	103.4	150.7
Shareholders' equity	168.6	153.7
Total assets	409.5	347.8

The total assets increased by EUR 61.8 million since the balance sheet date of 31 December 2017, climbing to a sum total of EUR 409.5 million. The main reason for the rise is the growth in the non-current assets by EUR 22.8 million. The sum includes the down-payment of EUR 2.3 million on the Company's new headquarters in Berlin that was made during the year, the mezzanine loan (EUR 9.8 million) left in place despite the disposal of the ACCENTRO Gehrensee GmbH subgroup, two at-equity investments in a combined total of c. EUR 6.2 million and investments in affiliates undertaken in the course of the year. Other factors that contributed to the growth in total assets included the expansion of inventory assets by EUR 16.3 million, the increase in accounts receivable by EUR 3.8 million, and the growth in cash positions by EUR 18.9 million.

The structure of equity and liabilities as of 30 June 2018 provides a much clearer picture of the timely refinancing of the ACCENTRO Group than the composition of the equity and liabilities as of 31 December 2017 did because, at year-end, special financial reporting rules required that all financial liabilities subject to a change-of-control provision be recognised as current liabilities. After 30 June 2018, this special disclosure will be omitted, as no financial institution has exercised its special right of termination.

Non-current liabilities were increased substantially by the issuance of a corporate bond in January 2018, which prompted a net cash inflow in the amount of EUR 98.5 million. This implies an increase by EUR 43.4 million since 31 December 2017 to a new total of EUR 137.5 million. Moreover, non-current liabilities increased due to the aforementioned reclassification effects as current financial liabilities were reclassified as non-current ones. Current liabilities declined by EUR 47.3 million to EUR 103.4 million since the end of 2017 (EUR 150.7 million), which is mainly explained by the reclassification effects explained above.

During the reporting period, the shareholders' equity of the ACCENTRO Group rose from EUR 153.7 million as of 31 December 2017 to EUR 168.6 million by 30 June 2018. The positive consolidated income of EUR 5.7 million is matched by dividend payments in the amount of EUR 5.2 million. Exercised conversion rights strengthened the shareholders' equity to the tune of EUR 12.8 million. While the shareholders' equity rose in absolute figures, the equity ratio dropped from 44.2% to 41.2% as a result of the surge in total assets by EUR 61.7 million.

Since year-end 2017, the balance sheet structure changed as a result of the corporate bond that was issued in January 2018. The loan-to-value ratio (LTV) rose from 39.4% to 49.5% by 30 June 2018.

General Statement on the Group's Business Situation

The economic situation of the ACCENTRO Group remained unchanged during the first six months of the 2018 financial year. The Management Board of ACCENTRO AG therefore reaffirms its account of the economic situation previously made in the 2017 annual report, which was published on 16 March 2018.

■ 3 Supplementary Report

No events of material significance for ACCENTRO Real Estate AG transpired between the balance sheet date of 30 June 2018 and the day on which the financial statements were compiled.

■ 4 Forecast Report

In the annual report for the 2017 financial year, the Management Board of ACCENTRO AG predicted a top line sales growth in the double-digit range for the 2018 financial year, and moreover predicted earnings before interest and tax (EBIT) in a range between EUR 36 million and EUR 40 million. Given the present market situation on the key markets of ACCENTRO AG in combination with the persistently positive macroeconomic signals for 2018, the Management Board of ACCENTRO Real Estate AG reaffirms its forecasts at this time.

■ 5 Opportunity and Risk Report

In the time since the start of the 2018 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 2017 (annual report 2017, pp. 33+) continue to apply.

Consolidated Balance Sheet

ACCENTRO Real Estate AG		30 June 2018	31 Dec. 2017
Assets		TEUR	TEUR
Non-current assets			
Goodwill		17,776	17,776
Down-payments on owner-occupied plots and buildings		2,267	0
Plant, equipment and EDP software		369	223
Non-current trade receivables		2,277	2,477
Non-current other receivables and other assets		13,184	0
Equity investments		2,047	1,247
Equity interests accounted for using the equity method		6,488	264
Deferred tax assets		530	193
Total non-current assets		44,938	22,179
Current assets			
Inventory property		320,290	304,027
Trade receivables		5,854	1,152
Other receivables and other current assets		10,237	11,568
Current income tax receivables		1,374	984
Cash and cash equivalents		26,820	7,875
Total current assets		364,576	325,605
Total assets		409,513	347,785

Consolidated Balance Sheet

		30 June 2018	31 Dec. 2017
ACCENTRO Real Estate AG			
Equity		TEUR	TEUR
Subscribed capital		30,318	24,925
Capital reserves		60,836	53,462
Retained earnings		74,224	73,576
Attributable to parent company shareholders		165,378	151,963
Attributable to non-controlling interests		3,236	1,734
Total equity		168,613	153,697
Liabilities		TEUR	TEUR
Non-current liabilities			
Provisions		17	17
Financial liabilities		38,006	42,439
Bonds		98,283	0
Deferred income tax liabilities		1,238	969
Total non-current liabilities		137,544	43,426
Current liabilities			
Provisions		1,651	2,271
Financial liabilities		55,038	86,882
Bonds		1,563	12,065
Advanced payments received		13,544	19,613
Current income tax liabilities		11,112	14,591
Trade payables		5,415	2,236
Other liabilities		15,033	13,005
Total current liabilities		103,356	150,662
Total equity and liabilities		409,513	347,785

Consolidated Income Statement

ACCENTRO Real Estate AG	Q2 2018 01 April 2018 – 30 June 2018	Q2 2017 01 April 2017 – 30 June 2017	H1 2018 01 Jan. 2018 – 30 June 2018	H1 2017 01 Jan. 2017 – 30 June 2017
	TEUR	TEUR	TEUR	TEUR
Revenues from sales of inventory property	63,270	19,595	91,137	38,090
Expenses from sales of inventory property	-58,348	-13,382	-77,612	-27,511
Capital gains from inventory property	4,923	6,213	13,525	10,579
Letting revenues	2,555	1,883	4,970	3,826
Letting expenses	-911	-610	-1,797	-1,061
Net rental income	1,644	1,273	3,173	2,765
Revenues from services	1,393	415	1,815	768
Expenses from services	-15	-198	-269	-416
Net service income	1,378	217	1,546	352
Other operating income	663	690	889	1,289
Gross profit or loss	8,607	8,393	19,132	14,985
Total payroll and benefit costs	-977	-778	-1,939	-1,460
Depreciation and amortisation of intangible assets and property, plant and equipment	-45	-21	-80	-48
Other operating expenses	-1,642	-1,272	-2,765	-2,277
EBIT (earnings before interest and income taxes)	5,944	6,322	14,349	11,200
Net income from associates	60	0	60	0
Other income from investments	9	0	18	0
Interest income	9	86	18	236
Interest expenses	-3,092	-1,871	-5,786	-3,902
Net interest income	-3,083	-1,785	-5,769	-3,667
EBT (earnings before income taxes)	2,931	4,537	8,658	7,533
Income taxes	-1,122	-1,743	-2,913	-1,778
Consolidated income	1,809	2,794	5,746	5,755
thereof attributable to non-controlling interests	16	22	-56	52
thereof attributable to shareholders of the parent company	1,793	2,772	5,802	5,703

Earnings per share (comprehensive income)

	EUR	EUR	EUR	EUR
Basic net income per share (30,317,934 shares; prior year: 24,906,258 shares)	0.06	0.11	0.19	0.23

Consolidated Cash Flow Statement

ACCENTRO Real Estate AG	H1 2018 01 Jan. 2018– 30 June 2018	H1 2017 01 Jan. 2017– 30 June 2017
	TEUR	TEUR
Consolidated income (continuing and discontinued operations)	5,746	5,120
+ Depreciation/amortisation of non-current assets	80	48
-/+ Net income from associates carried at equity	-60	0
+/- Increase/decrease in provisions	-619	-1,083
+/- Other non-cash expenses/income	5	581
+/- Interest expense/interest earned on purchase prices current assets	0	0
-/+ Increase/decrease in trade receivables and other assets that are not attributable to investing or financing activities	-8,798	-2,585
+/- Increase/decrease in trade payables and other liabilities that are not attributable to investing or financing activities	-7,625	3,371
-/+ Income from disposal of investment property	0	41
+/- Other income tax payments	-7,655	-621
= Operating cash flow before de-/reinvestment in trading assets	-18,927	4,872
-/+ Increase/decrease in inventories (trading properties)	-34,673	-36,173
= Cash flow from operating activities	-53,600	-31,301
thereof continuing operation		-31,586
thereof discontinued operation		284
+ Proceeds from disposal of investment property (less costs of disposal)	0	3,500
+ Interest received	0	1
- Cash outflows for investments in intangible assets	-114	-5
- Cash outflows for investments in property, plant and equipment	-2,381	-41
- Cash outflows for investments in investment property	0	-165
- Cash outflows for investments in non-current assets	-11,663	-144
+ Cash received from distributions/sales of shares consolidated at equity	60	223
= Cash flow from investment activities	-14,099	3,370
thereof continuing operation		34
thereof discontinued operation		3,335

Continued on page 15

Consolidated Cash Flow Statement

Continued from page 14

ACCENTRO Real Estate AG	H1 2018 01 Jan. 2018– 30 June 2018	H1 2017 01 Jan. 2017– 30 June 2017
	TEUR	TEUR
– Dividend payment	–5,154	–3,731
+ Payments from issuing bonds and raising (financial) loans	134,994	56,087
– Repayment of bonds and (financial) loans	–36,384	–43,343
– Interest paid	–1,430	–2,346
+ Interest received	0	196
+ Repayment of loans granted	0	13,343
= Cash flow from financing activities	92,026	20,207
thereof continuing operation		20,207
thereof discontinued operation		0
Net change in cash and cash equivalents	24,326	–7,725
+ Increase in cash and cash equivalents from investments in fully consolidated companies	977	0
– Decrease in cash and cash equivalents from the disposal of fully consolidated companies	–6,358	0
+ Cash and cash equivalents at the beginning of the period	7,875	15,143
= Cash and cash equivalents at the end of the period	26,820	7,418

Consolidated Statement of Changes in Equity

for the Period from 1 January to 30 June 2018

	Subscribed capital	Capital reserve	Retained earnings	Non-controlling interests	Total
ACCENTRO Real Estate AG	TEUR	TEUR	TEUR	TEUR	TEUR
As of 1 January 2018	24,925	53,462	73,576	1,734	153,696
Consolidated income	–	–	5,802	–56	5,746
Other comprehensive income	–	–	0	0	0
Total consolidated income	–	–	5,802	–56	5,746
Change in non-controlling interests	–	–	–	1,557	1,557
Convertible bonds converted	5,393	7,375	–	–	12,768
Dividend payment	–	–	–5,154	–	–5,154
As of 30 June 2018*	30,318	60,837	74,224	3,235	168,613

* 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 2017

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

* 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 of 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 2018, 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 2018. The condensed consolidated interim financial statements were not reviewed by an auditor.

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 2018 financial year 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 31 December 2017.

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 2017.

All amounts posted in the balance sheet, income statement, cash flow statement, and statement of changes in equity, as well as in the notes and tabular overviews, are quoted in thousand of euros (TEUR), unless otherwise noted. Both individual and total figures represent values with the smallest rounding difference. Accordingly, minor differences may occur between the sum of the individual items posted and the reported totals.

■ 3 Consolidation

3.1 Consolidated Group

As of 30 June 2018, the condensed consolidated interim financial statements of ACCENTRO Real Estate AG included 25 subsidiaries, one joint venture, and four associates. Compared to the status of 31 December 2017 (28 subsidiaries, two joint ventures, two associates), the basis of consolidation expanded as the financial year progressed to include four companies created for the privatisation unit and two associates by 30 June 2018. No business operations were taken over during that time. For seven companies, the final consolidation was completed.

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

4.1 Segment Information

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

There were no related-party transactions during the reporting period.

4.3 Employees

The ACCENTRO Group employed 44 staff by the end of the semester. The number of employees at the same time a year ago was 38. The plan for the second half-year of 2018 is to keep expanding the workforce.

■ The ACCENTRO Real Estate AG Share

The first six months of 2018 were characterised by unease on the capital markets over uncertainties concerning the political developments in Italy, the approaching Brexit and a looming trade war as well as concerns about rising interest rates. Germany's DAX stock index, having reached its highest score this year to date on 23 January 2018 with 13,596 points, dropped back to 11,726 points by 26 March 2018. But despite the muted economic expectations in Germany, the DAX rebounded and closed at 12,306 points on 29 June 2018, the last trading day of the first half-year.

The ACCENTRO stock managed to steer clear of the trend during the first six months and reached EUR 11.50, its highest price this year to date, on the last trading day.

ACCENTRO Share Price Performance from 1 January to 30 June 2018

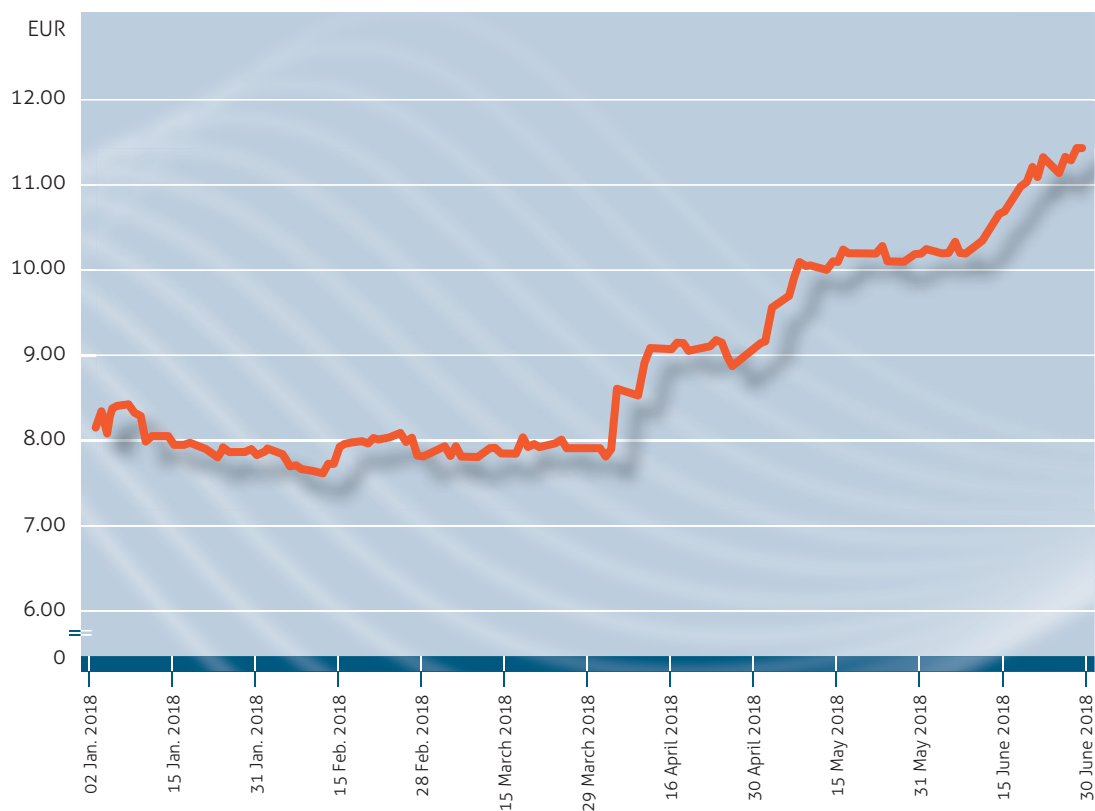
The ACCENTRO share price was quoted at EUR 8.16 on the first trading day of 2018 (Xetra). Although it proved impossible to maintain this level during the first quarter of 2018, the share price rallied during the second quarter and rose to EUR 11.50 by 29 June 2018, the final trading day of H1 2018. With a market capitalisation of EUR 348.7 million, this also represents the highest value of the first half-year of 2018.

The average daily trading volume (Xetra) of ACCENTRO stock during the first six months of 2018 was 5,178 units. Overall, 0.65 million shares of ACCENTRO Real Estate AG were traded in the Xetra trading system between 2 January and 29 June 2018. The rather low trading volume is mainly due to the fact that the Company's free float equals a relatively low 5.95% of the total.

The market capitalisation of ACCENTRO AG rose by EUR 139.1 million during Q1 2018, growing from EUR 209.6 million to EUR 348.7 million. In addition to a 40% growth in share price, the conversion of the bulk of the 2014/2019 convertible bond issued in March 2014 proved to be decisive. This also explains the sharp increase of the stock in circulation by 5,393,031 units.

Given the massive increase in the number of units, the 40% hike of the share price during the first half-year of 2018 is a reassuring sign.

ACCENTRO Share Price Development from 1 January to 30 June 2018



Shareholder Structure

By the close of Q2 2018, the subscribed capital of ACCENTRO Real Estate AG totalled EUR 30.32 million. It broke down into 30,317,934 no-par value bearer shares.

This is up from 24,924,903 shares and a share capital of EUR 24,924,903 at the start of the financial year on 1 January 2018.

As of 30 June 2018, a total of 88.95% of the ACCENTRO AG stock was held by Brookline Real Estate S.à r.l., while ADLER Real Estate AG owned 5.10% of the shares and the free float accounted for the remaining 5.95%.

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 2018	30,317,934
Free float	5.95%
Highest price (1 January – 30 June 2018)*	EUR 11.50
Lowest price (1 January – 30 June 2018)*	EUR 7.62
Closing price on 29 June 2018*	EUR 11.50
Market capitalisation on 29 June 2018*	EUR 348,656,241

* Closing prices in Xetra trading

Investor Relations Activities

In the 2018 financial year as in previous years, regular disclosures and the dialogue with the capital market had a key priority. This year, ACCENTRO Real Estate AG will attend the following financial analyst events:

- 7 June 2018: Quirin Champions Conference 2018, Frankfurt am Main
- 6 September 2018: SRC Forum Financials & Real Estate, Frankfurt am Main
- 27 September 2018: 7th Baader Investment Conference, Munich
- 26–28 November 2018: German Equity Forum, Frankfurt am Main
- 11/12 December 2018: Munich Capital Markets Conference, Munich

The corporate development of ACCENTRO Real Estate AG is continuously monitored by analysts. The latest analyst assessments returned the following ratings for the ACCENTRO stock:

- 22 May 2018: SRC Research, stock rating: "Buy", upside target EUR 13.00
- 8 May 2018: Quirin Privatbank, stock rating: "Buy", upside target EUR 12.25
- 7 May 2018: SMC Research, stock rating: "Buy", upside target EUR 11.40

■ Responsibility Statement

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

Berlin, 9 August 2018

Jacopo Mingazzini
Management Board

■ Financial Calendar

2018

6 September 2018	SRC Forum Financials & Real Estate, Frankfurt am Main
27 September 2018	7 th Baader Investment Conference
6 November 2018	Quarterly Statement for the period 1 January – 30 September 2018
26–28 November 2018	German Equity Forum, Frankfurt am Main
11/12 December 2018	Munich Capital Markets Conference, Munich

All dates are provisional. For the final dates, please check our website: 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 2018 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 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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