

ACCENTRO

REAL ESTATE AG

INTERIM REPORT

First Quarter 2016

1 January – 31 March 2016

Overview Key Financial Data

ACCENTRO Real Estate AG	First Quarter 2016 1 January 2016 – 31 March 2016	First Quarter 2015 1 January 2015 – 31 March 2015
Income statement	TEUR	TEUR
Gross profit	8,701	13,294
EBIT	7,463	11,418
EBT	4,191	7,904
Consolidated income	2,213	5,009

ACCENTRO Real Estate AG	31 March 2016	31 December 2015
Balance sheet ratios	TEUR	TEUR
Non-current assets	190,239	189,594
Current assets	215,303	205,611
Equity	111,465	109,241
Equity ratio	27.5 %	27.6 %
Total assets	405,543	395,205

ACCENTRO Real Estate AG	
Company shares	
Stock market segment	Prime Standard
ISIN	DE000A0KFKB3
German Securities Code Number (WKN)	A0KFKB
Number of shares on 31 March 2016	24,682,500
Free float	13.03 %
Highest price (1 January 2016 – 31 March 2016)*	5.33 EUR
Lowest price (1 January 2016 – 31 March 2016)*	3.11 EUR
Closing price on 31 March 2016*	5.33 EUR
Market capitalisation at 31 March 2016*	131,557,725.00 EUR

* Closing prices in Xetra trading

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■ Letter to the Shareholders

Dear Shareholders,
Dear Ladies and Gentlemen,

Resuming exactly where we left off at the end of a successful 2015, we now completed a robust first quarter of our 2016 financial year. The great quarter-end result bore out our decision to develop ACCENTRO Real Estate AG into one of Germany's leading housing privatisation companies.

Our revenues rose to 24.1 million euros, more than doubling since the same quarter last year. The key to such brisk growth is the reassuring development that our sales activities have experienced. In concrete terms, the revenues from property trading more than quadrupled compared to Q1 2015, totalling 20.5 million euros.

Rather than just stepping up our trading volume, we also managed to boost our profitability, and our gross margin performance suggests as much. Year on year, we more than doubled this key ratio by pushing it up to 41.1 % by the end of the first quarter. This goes to show: Our strategic realignment to limit our business exclusively to housing privatisations has made us much more profitable.

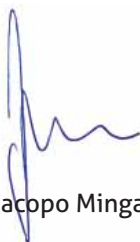
During the first quarter of 2016, we grossed approximately nine million euros in liquid funds from property sales. We intend to use some of these funds to roll back our debt while reinvesting another portion in profitable assets. The idea is to keep strengthening our privatisation portfolio and our balance sheet structure. In all of this, Berlin has been, and remains, our key market. Yet we do intend to leverage our know-how and our sales structures to expand into other attractive markets and business lines. As it is, we already signed deeds for properties in Hamburg and Hanover.

The successful operating performance implies promising prospects for the share price of ACCENTRO AG. The company stock traded EUR 0.56 higher than the EPRA-NAV of EUR 4.77 on 31 March 2016. So we see considerable potential here, especially when bearing in mind that our privatisation portfolio is essentially recognised at its initial costs. With hidden reserves taken into account, the imputed NAV would equal EUR 6.55, which translates into an upside potential of 23 percent.

Accordingly, we will continue to pursue our chosen strategy, and are quite optimistic about the future. Indeed, we reaffirm our forecast for a clearly positive growth of revenue and earnings, and expect to see a positive earnings performance, especially in our "Trading" segment.

Of course, we hope that you, our shareholders, share our optimism and that you will keep walking this road with us.

Kind regards,



Jacopo Mingazzini, Management Board

■ ACCENTRO Real Estate AG Stock Performance

While the development of the global economy during the first quarter of 2016 was marked by uncertainty, the German economy performed quite well. Leading economic research institutes attribute this mainly to internal economic factors whereas exports appear to have made a comparatively insignificant contribution.

Political influencing factors such as slow growth in China, the debate surrounding the possible exit of the United Kingdom from the EU (the so-called Brexit), the ramifications of the refugee crisis and the massive fluctuations in exchange rates as well as in oil and other commodity prices have caused a good deal of uncertainty on the financial markets. At the same time, the accommodative monetary policy pursued by ECB President Mario Draghi remains controversial. For one thing, the ECB lowered its key lending rate to a record low of zero percent on 10 March 2016 in order to combat deflation and stimulate the European economy.

Consequences of this step include ramifications for the German equity market. The DAX30 reached its highest level this year to date on the very first trading day of 2016, but concluded the first quarter with a 7-percent loss.

Meanwhile, both real estate market and real estate stocks benefited from the ECB's policy of monetary easing, and the general unease on the capital markets. Low interest rates called for investment alternatives, and the real estate sector has certainly been one of the options because it benefits from the low-interest policy in the form of low financing costs.

The ACCENTRO AG share price matched the upward trend of the market, concluding the first quarter with a clearly positive performance. Having resumed its prior-year trajectory on the first trading day of 2016 with a share price of EUR 3.59, it gained by 48% during the first quarter by closing at EUR 5.33 on 31 March 2016, which is the highest figure in eight years and implies a market capitalisation of EUR 131,557,725.

The average daily trading volume (Xetra) of ACCENTRO stock during the first quarter of 2016 was 16,740 pieces (prior-year quarter: 7,320).

Investor Relations Activities

During the first quarter of 2016, ACCENTRO Real Estate AG put a premium on providing continuous coverage of relevant corporate events and maintaining an intense dialogue with the capital market.

For instance, ACCENTRO Real Estate AG engaged the capital market with a presentation and one-to-one meetings at the Oddo Seydler Small & Mid Cap Conference in Frankfurt am Main in February 2016. The corporate development of ACCENTRO Real Estate AG is continuously monitored by analysts. The latest analyst assessment returned the following rating for the ACCENTRO stock:

- 12 April 2016 sc-consult GmbH, stock rating: "Hold", upside target EUR 5.50

ACCENTRO Share Price Development From 1 January to 31 March 2016



The ACCENTRO Stock at a Glance

ACCENTRO Real Estate AG

Company shares	
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* Closing prices in Xetra trading

■ 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.

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 and here primarily in 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 own 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 future 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 two service arms that focus on the business areas 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, 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 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 divisions, "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 twelve months is just as regular and prompt. This centrally controlled responsibility helps to monitor the financial stability of the corporate Group. Periodic 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 and commercial 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

The macro-economic parameters have barely changed compared to their representation in the annual report for the 2015 financial year.

The assessment provided by Federal Government in January, projecting an economic growth of 1.7 percent for Germany in 2016, remains in place. That being said, the spring reports of leading economic research institutes suggest that a slight dip to 1.6 percent should be expected.

Elevated government spending in the wake of the refugee crisis, low-level inflation, rising levels in wages and employment continue to boost domestic consumption. The number of jobs, both employed and self-employed, climbed to a new record level of 43.5 million. Experts say that consumers will have 2.1 percent more cash to spend this year than they did last year, and this will boost the moderate upswing of the German economy.

Negative impulses included the dip in China's economic growth, geopolitical tensions, and the menace of terrorism – all of these impacting primarily the international trade environment.

2.2 Development of the German Housing Market

The low-interest policy of the ECB and the growing significance of real estate as an asset class combined with the general unease on the capital market to add momentum to the growth of the real estate sector. Stock trading prices for real estate companies began to rally after the ECB had lowered the key lending rate to zero percent and raised the penalty interest rate for banks on 10 March 2016. European real estate stock listings gained by around 7 percent in March, while the ACCENTRO share price jumped up by nearly 23 percent.

In Germany, the ongoing year will be paced by pent-up demand because of the anticipated demographic growth and the sound macroeconomic parameters – especially in the "Big Seven" cities (Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Munich and Stuttgart) – that imply a bright outlook in terms of rent growth, and that will keep the residential investment market on its record growth trajectory.

Figures released by the IVD Federal Investment and Asset Management Association show that, while the price growth for condominiums may have slowed year on year, the absolute prices went up by anywhere between 4.5 and 5.8 percent nationwide.

This year to date, the residential segment has evolved into one of the two strongest asset classes for institutional investors, second only to office real estate. According to estate agency CBRE, the first quarter of 2016 registered a transaction volume of approximately EUR 2.3 billion for housing packages and housing estates of 50 units or more. This is about one third less than the volume of the prior-year quarter, even if you take the one-off takeover of Gagfah housing company by Deutsche Annington in early 2015 out of the equation.

Due to the supply contraction and the associated price growth, CBRE anticipates a transaction volume of EUR 10 to 12 billion for the year 2016 as a whole, which would be comparable to the year-end totals of 2012 and 2014. The level of interest rates, which is expected to remain low, and the persistent pressure to invest liquidity will have a positive effect on the residential investment market.

Accordingly, the market environment developed quite auspiciously for the activities of ACCENTRO Group, both in the "Portfolio" segment and in the "Trading" segment. In order to expand our spectrum of deliverables outside of Berlin too, we are monitoring trends on the residential property market and gradually expanding our footprint in other German metropolises and swarm cities.

2.3 Business Performance

During Q1 of the 2016 financial year, the business performance of the ACCENTRO Group reflects the altogether positive market environment on the residential property markets of relevance for ACCENTRO, meaning both in regard to tenant demand in the "Portfolio" segment and in regard to demand for condominiums in the "Trading" segment, be it for owner occupation or as buy-to-let investment. The ACCENTRO Group realised a modestly positive consolidated income.

The Group's revenues grew by EUR 15.1 million compared to the previous year's opening quarter. This is essentially attributable to the fact that the revenue from sales of inventory property noticeably increased as planned since the same quarter last year.

The company's share capital changed during the reporting period when 4,300 convertible bonds from the issued 2014/2019 convertible bond were converted into one share in ACCENTRO Real Estate AG each, and amounted to EUR 24,682,500.00 as of 31 March 2016.

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 developed as follows during the first quarter of the 2016 financial year:

	Q1 2016	Q1 2015
	EUR million	EUR million
Revenues	24.1	9.0
EBIT	7.5	11.4
Consolidated income	2.2	5.0

The consolidated revenues added up to EUR 24.1 million during the 2016 financial year. They break down into the following segments:

- Portfolio: EUR 3.6 million (prior-year period: EUR 4.6 million)
- Trading: EUR 20.5 million (prior-year period: EUR 4.4 million)

The growth in consolidated revenues is essentially attributable to the "Trading" segment where the net income surged as planned, while the properties acquired by mid-year 2015 helped to boost the rent revenues in the "Trading" segment.

The drop in revenues in the "Portfolio" segment since Q1 2015 is explained by the discontinued inflow of rental income from the housing portfolio in Berlin-Hohenschönhausen which was sold as of 30 June 2015.

The gross operating profit (EBIT) of the "Trading" segment of Q1 2016 grew substantially, increasing from EUR 0.5 million at the end of the reference period to EUR 6.4 million. The reason for this, as for the trend in revenues, is the rise in net income as planned and in the steep one-year increase in net rental income.

The operating result (EBIT) of the "Portfolio" segment equalled EUR 1.0 million (reference period: EUR 10.9 million), and was essentially based on investment property lettings.

The obvious difference to the gross operating profit of the reference period is explained by the absence of the rent revenues from the housing stock in Berlin-Hohenschönhausen, and by the income from changes in the fair value of investment property in an amount of EUR 8.5 million in Q1 2015, also from the Hohenschönhausen portfolio.

For a detailed income list by segment, please see the elaborating disclosures on the quarterly financial statements in section 4.1.

The consolidated income by the end of the reporting period equalled EUR 2.2 million (reference period: EUR 5.0 million). The positive net income matches the forecast ventured for the development of the 2016 financial year in conjunction with the statements of account presented as of 31 December 2015.

The other operating income saw a modest rise to a total of EUR 0.4 million, after EUR 0.1 million during the reference period.

At EUR 0.6 million, the total payroll and benefit costs more or less maintained the level of the reference period (EUR 0.5 million) despite a payroll increase by two new full-time positions.

At EUR –3.4 million, the financial result of Q1 2016 roughly matched the level of the prior period (EUR –3.5 million). Analogously, the total assets declined but marginally quarter on quarter.

The earnings before taxes equalled EUR 4.2 million, down from EUR 7.9 million at the end of the reference period. Taking into account income taxes of EUR –2.0 million (reference period: EUR –2.9 million), this results in a consolidated profit of EUR 2.2 million.

Financial Position

Key Figures from the Cash Flow Statement

	Q1 2016	Q1 2015
	EUR million	EUR million
Cash flow from operating activities	7.8	-3.0
Cash flow from investment activities	17.6	1.9
Cash flow from financing activities	-11.3	2.3
Net change in cash and cash equivalents	14.1	1.2
Cash and cash equivalents at the beginning of the period	7.0	7.7
Cash and cash equivalents at the end of the period	21.1	8.9

In Q1 of the 2016 financial year, the cash flow from operating activities amounted to EUR 7.8 million (reference year: EUR -3.0 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 net cash used in operating activities was generated by rent payments and the amounts deposited in return for inventory properties sold. The operating cash flow is impaired by all operating expenditures, including income tax payments.

The cash flow from investment activities amounted to EUR 17.6 million during the reporting period (reference period: EUR 1.9 million). The increase reflects essentially the purchase price payments received during the first quarter of 2016 for investment properties already sold whose transfer of costs and benefits will take place early in the second quarter of 2016.

The cash flow from financing activities amounted to EUR -11.3 million during the reporting period (reference period: EUR 2.3 million), and breaks down into new loans taken out toward the expansion of the property stock in the "Trading" segment, payment outflows for the principal repayment of loans associable with properties sold from the "Trading" portfolio, and the principal repayment of bonds and financial liabilities.

Cash and cash equivalents increased from EUR 7.0 million by 31 December 2015 to EUR 21.1 million as of 31 March 2016.

During the reporting period, the shareholders' equity of the ACCENTRO Group rose from EUR 109.2 million as of 31 December 2015 to EUR 111.5 million as of 31 March 2016. The increase is the result of the quarterly income of EUR 2.2 million. This translates into an equity ratio of 27.5%, which is insignificantly lower than the equity ratio as of the balance sheet date of the prior financial year (27.6%).

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

Asset Position

The total assets increased by EUR 10.3 million since the balance sheet date of the previous financial year, climbing to EUR 405.5 million.

Non-current liabilities decreased by EUR 0.8 million since the balance sheet date of the previous financial year, dropping to EUR 185.3 million.

Current liabilities rose by EUR 8.9 million to EUR 94.4 million since the end of last year (EUR 85.5 million). The bulk of the increase represents advance payments received for properties that, while already sold, will transfer with costs and benefits during Q2 2016.

General Statement on the Group's Business Situation

In its statement of account for the 2015 financial year, the Management Board of ACCENTRO AG predicted that the consolidated funds from operations would be positive and substantial during the 2016 financial year. This was to be achieved through noticeably enhanced earnings in the "Trading" segment and a sustainably stable contribution to operating income in the "Portfolio" segment, among other contributing factors. During the first quarter of 2016, earnings were indeed enhanced as envisioned in the "Trading" segment. As far as the portfolio business goes, it is assumed that measures to roll back vacancies will help to boost earnings in a sustainable way. With this in mind, the Management Board of ACCENTRO Real Estate AG continues to assume that the ongoing year will see a clearly positive net income in the lower double-digit millions. At present, the Management Board of ACCENTRO Real Estate AG expects a financial result of about EUR 10 million for the financial year 2016.

■ 3 Supplementary Report

No other events of major significance for the business development of the ACCENTRO Group have occurred since the end of Q1 2016.

■ 4 Forecast, Opportunity and Risk Report

Forecast Report

The forecasts and other disclosures regarding the future business performance of the ACCENTRO Group that were ventured in the 2015 consolidated financial statements are being upheld.

Going forward, ACCENTRO Real Estate AG will intensify its focus on the privatisation of apartments from its proprietary stock as well as on behalf of third parties as it continues to expand, and keeps buying new property.

Opportunity and Risk Report

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

The risks for the ACCENTRO Group identified in the Risk Report of the Group Management Report for the previous financial year of 2015 underwent no major revision during the period under review, so that reference should be made to the aforementioned Risk Report.

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 expects

its business potential to keep growing. 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 Real Estate AG intends to increase its revenues, specifically 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 its income and financial position to stabilise and remain sustainable. The Group is still planning to achieve its previous forecast of a net income in the lower double-digit millions by the end of this year. At present, the Management Board of ACCENTRO Real Estate AG expects a financial result of about EUR 10 million for the financial year 2016.

Consolidated Balance Sheet

ACCENTRO Real Estate AG		31 March 2016	31 Dec. 2015
Assets		TEUR	TEUR
Non-current assets			
Goodwill		17,776	17,776
Other intangible assets		40	47
Property, plant and equipment		184	188
Investment property		168,993	168,337
Equity investments		1,188	1,188
Equity interests accounted for using the equity method		1,593	1,593
Deferred tax assets		465	465
Total non-current assets		190,239	189,594
Current assets			
Inventories		150,143	156,121
Trade receivables		10,707	10,422
Other receivables and other assets		16,286	14,885
Current income tax receivables		47	54
Cash and cash equivalents		21,107	6,981
Total current assets		198,289	188,462
Non-current assets held for sale		17,014	17,149
Total assets		405,543	395,205

Consolidated Balance Sheet

	31 March 2016	31 Dec. 2015
ACCENTRO Real Estate AG		
Equity	TEUR	TEUR
Subscribed capital	24,683	24,678
Capital reserves	53,102	53,095
Retained earnings	33,091	30,873
Attributable to parent company shareholders	110,876	108,646
Attributable to minorities	590	595
Total equity	111,465	109,241
Liabilities	TEUR	TEUR
Non-current liabilities		
Provisions	17	17
Financial liabilities	153,580	154,562
Bonds	21,469	21,338
Shareholder loans	2,845	2,824
Deferred income tax liabilities	7,352	7,288
Total non-current liabilities	185,263	186,027
Current liabilities		
Provisions	2,545	2,540
Financial liabilities	56,037	63,804
Bonds	367	137
Advanced payments received	24,287	9,253
Current income tax liabilities	3,985	2,014
Trade payables	4,010	4,114
Other liabilities	3,164	3,655
Total current liabilities	94,394	85,515
Liabilities held for sale	14,421	14,421
Total equity and liabilities	405,543	395,205

Consolidated Income Statement

ACCENTRO Real Estate AG	First Quarter 2016 01 Jan. 2016 – 31 March 2016	First Quarter 2015 01 Jan. 2015 – 31 March 2015
	TEUR	TEUR
Revenues from sales of inventory property	18,470	2,712
Expenses from sales of inventory property	-13,094	-2,267
Capital gains from inventory property	5,376	445
Revenues from sales of investment property	135	0
Expenses from sales of investment property	-188	0
Capital gains from investment property	-53	0
Capital gains from property sales	5,323	445
Letting revenues	5,211	5,705
Letting expenses	-2,300	-1,668
Net rental income	2,911	4,037
Revenues from services	299	571
Expenses from services	-181	-328
Net service income	118	243
Other operating income	353	79
Measurement of investment property	-4	8,490
Earnings from other income	349	8,569
Gross profit or loss	8,701	13,294
Total payroll and benefit costs	-561	-531
Depreciation and amortisation of intangible assets and property, plant and equipment	-27	-23
Impairments of inventories and accounts receivable	-30	-42
Other operating expenses	-620	-1,280
EBIT (earnings before interest and income taxes)	7,463	11,418
Other income from investments	9	0
Interest income	75	20
Interest expenses	-3,357	-3,534
Net interest income	-3,281	-3,514
EBT (earnings before income taxes)	4,191	7,904
Income taxes	-1,978	-2,895
Consolidated income	2,213	5,009
thereof attributable to non-controlling interests	-6	-107
thereof attributable to shareholders of the parent company	2,219	5,116
Earnings per share (EUR)		
Basic earnings per share	0.09	0.21
Diluted earnings per share	0.08	0.18

Consolidated Cash Flow Statement

ACCENTRO Real Estate AG	First Quarter 2016 01 Jan. 2016 – 31 March 2016	First Quarter 2015 01 Jan. 2015 – 31 March 2015
	TEUR	TEUR
Consolidated income	2,213	5,009
+ Depreciation/amortisation of non-current assets	27	23
-/+ Net income from associates carried at equity	-9	0
+/- Increase/decrease in provisions	5	-409
+ Impairment on assets held for sale	0	0
+/- Changes in the fair value of investment property	4	-8,216
+/- Other non-cash expenses/income	3,050	2,824
-/+ Gains/losses from the disposal of non-current assets	0	2
-/+ Increase/decrease in inventories, trade receivables and other assets that are not attributable to investing or financing activities	-1,708	-3,915
+/- Increase/decrease in trade payables and other liabilities that are not attributable to investing or financing activities	-1,450	6,238
- Cash outflows for investments in fully consolidated companies with properties held as trading assets	0	-10
-/+ Income from disposal of investment property	-53	0
-/+ Gains/losses from disposals of subsidiaries	-275	0
+/- Other income tax payments	-10	-25
= Operating cash flow prior to de-/reinvestment in trading assets	1,794	1,521
-/+ Increase/decrease in inventories (trading properties)	6,000	-4,507
= Cash flow from current operating activities	7,794	-2,986
+ Proceeds from disposal of investment property (less costs of disposal)	9,337	2,202
+ Changes in advance payment	8,954	0
+ Interest received	0	0
- Cash outflows for investments in intangible assets	-1	0
- Cash outflows for investments in property, plant and equipment	-15	-45
- Cash outflows for investments in investment properties	-650	-274
- Cash outflows for investments in non-current assets	0	0
- Cash outflows for investments in fully consolidated companies	0	0
= Cash flow from investment activities	17,625	1,883

Continued on page 18

■ Consolidated Cash Flow Statement

ACCENTRO Real Estate AG	First Quarter 2016 01 Jan. 2016 – 31 March 2016	First Quarter 2015 01 Jan. 2015 – 31 March 2015
	TEUR	TEUR
Continued from page 17		
+ Payments made by shareholders	0	0
+ Payments from issuing bonds and raising (financial) loans	7,061	6,695
– Repayment of bonds and (financial) loans	–17,462	–3,488
– Interest paid	–869	–909
+ Interest paid	0	0
= Cash flow from financing activities	–11,270	2,298
Net change in cash and cash equivalents	14,149	1,195
+ Increase in cash and cash equivalents from investments in fully consolidated companies	0	0
– Decrease in cash and cash equivalents from the disposal of fully consolidated companies	–23	0
+ Cash and cash equivalents at the beginning of the period	6,981	7,681
= Cash and cash equivalents at the end of the period	21,107	8,876

Consolidated Statement of Changes in Equity

for the Period from 1 January to 31 March 2016

	Issued capital	Capital reserve	Retained earnings	Minority interests	Total
ACCENTRO Real Estate AG	TEUR	TEUR	TEUR	TEUR	TEUR
As of 1 January 2016	24,678	53,095	30,873	595	109,241
Consolidated income	–	–	2,219	–6	2,213
Other comprehensive income	–	–	0	0	0
Total consolidated income	–	–	2,219	–6	2,213
Costs of raising equity	–	–	–	–	0
Companies acquired	–	–	–	–	0
Companies sold	–	–	–	–	0
Changes in non-controlling interests	–	–	–	–	0
Increase in kind	–	–	–	–	0
Cash capital increase	–	–	–	–	0
Convertible bonds converted	4	6	–	–	11
As of 31 March 2016*	24,683	53,102	33,091	590	111,465

* 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 31 March 2015

	Issued capital	Capital reserve	Retained earnings	Minority interests	Total
ACCENTRO Real Estate AG	TEUR	TEUR	TEUR	TEUR	TEUR
As of 1 January 2015	24,436	52,757	8,225	433	85,851
Consolidated income	–	–	5,116	–107	5,010
Other comprehensive income	–	–	0	0	0
Total consolidated income	–	–	5,116	–107	5,010
Costs of raising equity	–	–	–	–	–
Companies acquired	–	–	–	35	35
Companies sold	–	–	–	–	–
Changes in non-controlling interests	–	–	–	–	–
Increase in kind	–	–	–	–	–
Cash capital increase	–	–	–	–	–
Convertible bonds converted	–	–	–	–	–
As of 31 March 2015	24,436	52,757	13,342	360	90,895

■ Selected Disclosures on Condensed Consolidated Interim 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 March 2016, 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 May 2016. 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 the other comprehensive income includes no effects recognised directly in equity.

■ 2 Significant Accounting Policies

The condensed consolidated interim financial statements for the first quarter of the 2016 financial year, which ended on 31 March 2016, 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 most recent consolidated financial statement of ACCENTRO Real Estate AG for the year ended 31 December 2015.

With the following exceptions, the accounting policies applied in the condensed interim consolidated financial statements are the same as those applied in the preparation of the most recent consolidated financial statements for the year ended 31 December 2015.

In the ongoing financial year, the application of the following new or amended accounting standards and interpretations has become mandatory in IFRS consolidated financial statements for the first time:

Standard/interpretation		Amended/new
IAS 1	Presentation of Financial Statements – Disclosure Initiative	1 January 2016
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
IAS 16/IAS 38	Methods of Depreciation and Amortisation for Property, Plant and Equipment and Intangible Assets	1 January 2016
IAS 27	Equity Method in Separate Financial Statements	1 January 2016
IAS 16/IAS 41	Bearer Plants: Accounting in Analogy to Property, Plant and Equipment	1 January 2016
IASB 2012-2014	Improvements Project 2014	1 January 2016

Their introduction necessitated no material changes to the financial reporting for the consolidated financial statements of ACCENTRO Real Estate AG. No accounting standards were applied early.

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 values represented and the reported totals.

■ 3 Consolidation

3.1 Consolidated Group

As of 31 March 2016, the condensed interim consolidated financial statements of ACCENTRO Real Estate AG included 28 subsidiaries, one joint venture, and two associates. During the financial year's nine-month period ending 31 March 2016, the basis of consolidation as of 31 December 2015 (26 subsidiaries, one joint venture, two associates) expanded to include three companies created for the privatisation unit. No business operations were taken over during that time. In addition, one subsidiary was sold by 31 March 2016.

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

3.2 Significant Transactions during the Interim Report Period

The future business focus on the privatisation segment was further deepened during the first quarter. The legal transfer of 11 assets from the portfolio segment will most likely go ahead during the next 12 months. Deeds were signed for 7 properties by 31 March 2016.

Accordingly, the operations are categorised as disposal group or as assets held for sale.

Non-current assets held for sale and the associate liabilities were appraised pursuant to IFRS 5 and posted as current. The term "assets held for sale" refers to assets that could immediately be sold as is, and whose disposal is highly likely. These could include single non-current assets, groups of assets earmarked for disposal (disposal groups) or business divisions soon to be discontinued. Liabilities that are handed over together with the assets in the course of a transaction represent an integral part of a disposal group or of a discontinued operation, and are also separately recognised as current "liabilities associated with the assets held for sale." Non-current assets held for sale are no longer subject to scheduled amortisation, and should be recognised at their carrying amount or at their fair value, whichever is lower, minus the costs of disposal. Profits or losses from the valuation of discontinued operations at fair value minus the costs of disposal are recognised as result from discontinued operations, as are the results from business activities or from the disposal of these operations. By contrast, the profits or losses from the valuation of single assets held for sale and of disposal groups up to the time of their final disposal are recognised among the results from discontinued operations. The representation of the disposal group takes the form of separate entries of the principal assets and liabilities to be sold, posted in the consolidated accounts among the items "Non-current assets held for sale" and "Liabilities associated with assets held for sale," as the case may be.

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

4.1 Segment Information

Quarter on quarter, the segment results for the first quarter of the 2016 financial year present themselves as shown below:

	Total		Privatisation		Trading		Portfolio		Group	
					Other trade					
	Q1/2016	Q1/2015	Q1/2016	Q1/2015	Q1/2016	Q1/2015	Q1/2016	Q1/2015	Q1/2016	Q1/2015
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Revenues (external)	20,520	4,440	20,510	4,440	–	–	3,595	4,549	24,115	8,988
thereof										
Letting	1,751	1,157	1,751	1,157	–	–	3,460	4,549	5,211	5,705
Disposals	18,470	2,712	18,470	2,712	–	–	135	–	18,605	2,712
Brokerage	299	571	299	571	–	–	–	–	299	571
Changes in the value of investment property	–	–	–	–	–	–	–4	8,490	–4	8,490
EBIT	6,417	530	6,417	767		–237	1,046	10,888	7,463	11,418
Result from the equity interests accounted for, using the equity method	–	–	–	–	–	–	–	–	–	–
Financial results	–897	–598	–897	–266	–	–332	–2,375	–2,915	–3,272	–3,514
Net profit before income taxes	5,520	–69	5,520	501	–	–570	–1,328	7,973	4,191	7,904

The consolidated revenues added up to TEUR 24,115 during the 2016 financial year. They break down into the following segments:

- Portfolio: TEUR 3,595 (prior-year period: TEUR 4,549)
- Trading: TEUR 20,520 (prior-year period: TEUR 4,440)

The growth in consolidated revenues is essentially attributable to the “Trading” segment where the net income surged as planned, while the properties acquired by mid-year 2015 helped to boost the rent revenues in the “Trading” segment.

The drop in revenues in the “Portfolio” segment since Q1 2015 is explained by the discontinued inflow of rental income from the housing portfolio in Berlin-Hohenschönhausen which was sold as of 30 June 2015.

The gross operating profit (EBIT) of the “Trading” segment equalled EUR 6,417 in Q1 2016, and thus far exceeded the result at the end of the reference period (EUR 530). The reason for this, as elaborated in the context of the revenues, is the rise in net income as planned and in the steep one-year increase in net rental income.

The operating result (EBIT) of the "Portfolio" segment equalled EUR 1,046 million (reference period: EUR 10,888), and was essentially based on the letting of investment properties.

The obvious difference to the gross operating profit of the reference period is explained by the absence of the rent revenues from the housing stock in Berlin-Hohenschönhausen, and by the income from changes in the fair value of investment property in an amount of TEUR 8,490 in Q1 2015, also from the Hohenschönhausen portfolio.

Segment assets, segment liabilities and segment investments were recognised as follows by 31 March 2016:

	Trading	Portfolio	Group
	TEUR	TEUR	TEUR
Segment assets	183,662	220,288	403,950
Equity interests accounted for, using the equity method	1,593	–	1,593
Total segment assets	185,255	220,288	405,543
Segment liabilities	113,480	180,598	294,078
Segment investments	6,800	650	7,450

The figures by the reporting date of the 2015 financial year were as follows:

	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	3,287	105,696

Segment assets primarily relate to property, plant and equipment, investment property, inventories, receivables, and receivables from third parties and from the other segment. The goodwill is allocated to the "Trading" segment.

The segment liabilities include financial liabilities, trade payables and other liabilities.

The change in segment assets and segment liabilities of the "Portfolio" segment was essentially prompted by advance payments received for assets held for sale whose transfer of costs and benefits is scheduled for a date after 31 March 2016. In the "Trading" segment, the disproportionate repayment of financial liabilities from sales proceeds helped us to keep improving the ratio of segment liabilities to segment assets.

Investments in the segment essentially represented property additions that are associable with the trading portfolio.

4.2 Earnings per Share

The 2014/2019 convertible bond issued during the 2013/14 financial year implied 5,395,506 conversion rights as of 31 December 2015, entitling the bearer to one ACCENTRO Real Estate AG share each, which could dilute the earnings per share. The maturity of less than one year has created a dilution effect.

During the first quarter of 2016, a total of 4,300 convertible bonds from the 2014/2019 convertible bond were converted into one share in ACCENTRO Real Estate AG each. The convertible bond accounts for TEUR 11,867 out of the carrying amount of the bond liabilities.

Compared to the prior-year period, the earnings per share for the first three months of the 2016 financial year present themselves as shown below:

Earnings per share		
	Q1 2016	Q1 2015
	EUR	EUR
basic	0.09	0.21
diluted	0.08	0.18

4.3 Disclosures on Financial Instruments

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:

31 March 2016	Book value	IAS 39 category	Fair value	Measurement hierarchy
	TEUR		TEUR	
Assets				
Equity investments*	1,188	AfS	1,188	Level 3
Trade receivables	10,707	LaR	10,707	Level 3
Miscellaneous receivables and capital assets	15,212	LaR	15,212	Level 3
Cash and cash equivalents	21,107	–	21,107	Level 2
Total financial assets	48,213		48,213	
Liabilities				
Long-term payables to banks	153,580	AmC	153,580	Level 3
Bond liabilities	21,836	AmC	35,712	Level 1
Shareholder loans	2,845	AmC	2,845	Level 3
Short-term payables to banks**	70,458	AmC	70,458	Level 3
Trade payables	4,010	AmC	4,010	Level 3
Other short-term payables	1,346	AmC	1,346	Level 3
Total financial liabilities	254,075		267,951	

* Since no range can be identified for the fair value measurement of equity investments, these are not categorised in the measurement hierarchy according to IAS39 and the "at cost" valuation 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

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	262,806		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 IAS39 and the "at cost" valuation 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

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.

4.4 Related-Party Transactions

The ACCENTRO Group has a current liability of TEUR 17 to its associate SIAG Sechzehnte Wohnen GmbH & Co. KG. This amount resulted from settlement transactions between the two companies.

One subsidiary of ACCENTRO Group (ESTAVIS Wohneigentum GmbH) is a fully liable partner of the Wohneigentum Berlin GbR joint venture. This has resulted in accounts receivable from the Wohneigentum Berlin GbR in the amount of TEUR 151 that are matched by accounts payable to Wohneigentum Berlin 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 223 TEUR. The accounts payable also include TEUR 6 for sales commissions.

Within the framework of signed contracts of agency, the parent company ADLER Real Estate AG moreover assumed, as of 1 October 2014, the asset management for the property companies held by Magnus-Relda Holding Vier GmbH as part of the ACCENTRO Group.

ACCENTRO Real Estate AG was granted a long-term shareholder 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 March 2016, TEUR 2,845 out of the total amount of TEUR 30,000 had been drawn down. The loan will have to be fully repaid by 30 June 2017. The loan has an interest rate of 5% p.a. The shareholder loan is collateralised through hypothecation of the shares in the company Accentro Wohneigentum GmbH.

During the 2016 financial year, ADLER Real Estate AG provided asset management services as well as legal services and technical advisory services for several property vehicles within the ACCENTRO Real Estate AG consolidated Group in the total amount of TEUR 67.

4.5 Employees

The ACCENTRO Group employed 29 staff by the end of the first quarter. This is up from 23 staff at the end of the prior-year period. On average, 30 staff were on the Group's payroll during the past financial year.

4.6 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 Q1 2016.

■ Financial Calendar

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.

■ 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 quarterly report of ACCENTRO Real Estate AG for the first three months of the 2016 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

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