






ACCENTRO Real Estate AG

Investor in Residential Real Estate and
Germany's Leading Housing Privatisation Company

March 2021

	Privatisations and Investment Properties	Services & Ventures
What we do?	<ul style="list-style-type: none"> ▪ Investing in residential real estate in attractive German metro regions with focus on Berlin ▪ Active asset management and capex measures ▪ Privatisation of single units to individual investors and homeowners ▪ Block sales of properties to institutional investors ▪ Realizing of new building potential by investment properties 	<ul style="list-style-type: none"> ▪ Sales services to third parties, such as developers and real estate companies ▪ Backstop provisions for developers in course of single unit sales ▪ Joint ventures (ACCENTRO typically holds a minority equity stake) with developers and real estate companies to market and sell properties on single unit basis and as block sales
Sources of income	<ul style="list-style-type: none"> ▪ Revenues from property letting 	<ul style="list-style-type: none"> ▪ Revenues from services
	<ul style="list-style-type: none"> ▪ Revenues from property sales (single unit sales, block sales) 	<ul style="list-style-type: none"> ▪ Revenues from equity investments
Current portfolio	<ul style="list-style-type: none"> ▪ 2,407 residential and commercial units (as of 30 Sept. 2020)⁽¹⁾ ▪ Real estate value of EUR 530.7m mostly accounted at cost (as of 30 Sept. 2020)⁽¹⁾ 	<ul style="list-style-type: none"> ▪ Exclusive sales cooperations with renowned partners like: <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>ADLER REAL ESTATE</p> </div> <div style="text-align: center;">  <p>FIRST HOME IMMOBILIEN</p> </div> <div style="text-align: center;">  <p>Deutsche Wohnen</p> </div> </div>

Notes: (1) Including buildings for own use and investment properties

ACCENTRO is Germany's leading housing privatisation company

- ✓ ACCENTRO is Germany's leading housing privatisation company with a strong track record and focus on individual sales to retail investors
- ✓ Sold >15,000 units (>EUR 1.4bn transaction value) since 2009
- ✓ Consistently high EBIT of >EUR 30m p.a. since 2016 with an average gross sales margin of around 30%
- ✓ Resilient margin deriving from combination of wholesale/retail difference and capex upgrade
- ✓ Well filled privatisation pipeline with >2,000 units and EUR 460m book value (at cost, as of 30 Sept 20)
- ✓ Inventory properties with significant revenue potential of around EUR 700m over next years
- ✓ Historically focused on Berlin, ACCENTRO launched expansion to growth markets in South & East Germany, Rhine-Ruhr & Rhine-Main metro regions
- ✓ Wide product range (from affordable to upscale housing) reaching a broad customer base through a strong marketing platform
- ✓ Well established service business providing property sales and backstop services for real estate investors and property developers
- ✓ Structural growth of German residential real estate market being basis for ACCENTRO's sustainable success

Diversification towards property management and service business

- Besides keeping its market leadership in housing privatisation, ACCENTRO is developing into a residential investor, landlord and service provider
- Planning further expansion of the real estate portfolio and leveraging the value through dedicated property management
- With last year's acquisition of ~3,500 units the portfolio already more than doubled to ~5,000 units
- A growing portfolio will not only increase rental income but also provide ACCENTRO with even more flexibility doing block or individual sales
- Besides maintaining its strong footprint in Berlin, the company will continue to grow its portfolio in attractive metro regions in Germany
- The recent acquisition of DIM Holding AG ("Deutsche Immobilien Management"), one of Germany's leading property managers with EUR 2.8bn AuM, has significantly strengthened ACCENTRO's property management
- Ongoing expansion of the service business by leveraging the existing service offer to real estate companies through the growing customer base and sophisticated property management of DIM



The diversification of the business model, in terms of content and region, will further improve the risk return profile of ACCENTRO

Market environment

- The short supply and scarcity in the housing sector is reflected in growing demand for residential real estate
- Significant housing shortage and structural demand is causing rising rent and price levels in the target markets
- The low homeownership rate of 45% in Germany, among the lowest in Europe, offers a significant revenue potential for ACCENTRO given the EUR c.30bn private transaction market

Outlook

- Strong privatisation business in Q4/2020 (condo sales reaching record level, 280 units sold to institutional investors)
- Outlook for FY 2020: slight increase in revenues, EBIT at previous year level
- Inventory properties with significant revenue potential of around EUR 700m over next years

KEY FIGURES

Development of a profitable portfolio of high-quality assets

ACCENTRO

Key Figures

	FY 2016	FY 2017	FY 2018	FY 2019
Privatisation Portfolio				
Units	2,422	2,885	2,181	2,296 ⁽¹⁾
Real estate value (€m, at cost)	216.1	302.2	343.9	474.6 ⁽¹⁾
Apartments sold ⁽²⁾ (units)	976	992	940 ⁽³⁾	830
Apartments sourced ⁽²⁾ (units)	1,470	1,289	866	812
Gross margin of sales	45.1%	33.6%	27.6%	30.0%
Key Financials				
Revenues (€m)	125.1	147.3	163.2 ⁽³⁾	143.3
Annual rental income, (€m)	7.9	8.7	8.5	10.6 ⁽¹⁾
EBIT (€m)	33.9	36.4	32.9	39.8
Interest coverage ratio ⁽⁴⁾	3.8	4.1	3.7	5.4
LTV ⁽⁵⁾	33.1%	32.8%	38.8%	43.1%



Berlin



Leipzig

⁽¹⁾ Including Investment properties and Owner-occupied properties ⁽²⁾ Transactions closed in corresponding year ⁽³⁾ Excluding 675 units & €42.4m from deconsolidation of project Gehrensee ⁽⁴⁾ Adj. EBITDA/ net interest expenses ⁽⁵⁾ Net financial debt/ adj. total asset value

Inventories portfolio as of 30 September 2020

Location	Book value/purchase price (in mEUR)	Units	sqm
Berlin	342.6	1,263	92,000
Bavaria (Bayreuth, Garmisch-Partenkirchen, etc.)	69.2	448	27,749
Leipzig and Greater Leipzig	16.6	197	12,868
NRW (Cologne, Dusseldorf, Ratingen, etc.)	16.6	113	6,698
Others (Hamburg, Hanover, Potsdam, Rostock, etc.)	15.2	106	6,938
Total	460.2	2,127	146,253



Berlin



Leipzig

FINANCING - FUNDING STRUCTURE

Increasing maturity and flexibility at limited costs

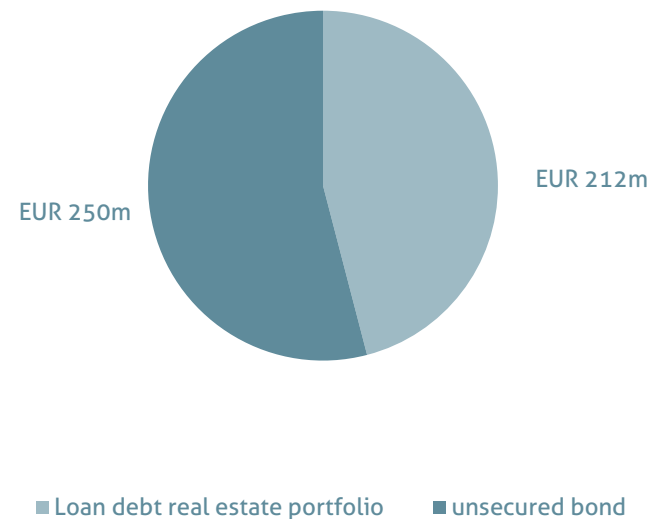
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Funding strategy

- Corporate bond over EUR 250m with a coupon of 3.625% successfully placed in Q1 2020 and full replacement of the EUR 100m Bond 2018/2021
- Balanced mix of secured and unsecured financing and manageable financing risk due to low LTV

Financial liabilities	Nominal volume (EUR '000)	Average interest rate (%)	Average loan maturity (years)
Loan debt Real estate portfolio	212,509	2.02	2.70
Bond (2020/2023)	250,000	3.625	2.62
Sum total	457,164	2.89	2.66

Funding structure as of 30 September 2020



Back-up

FINANCIALS - INCOME STATEMENT – 2019 and 9M 2020

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Income statement shows high profitability of business model

Income statement (in EUR '000)	2018	2019	Δ in %	9M 2019	9M 2020	Δ in %	Sources of Income	Notes
Revenues from sales of inventory property	151,589	129,503	-14.6%	63,840	55,695	-12.8%	Revenue from property sales	<ul style="list-style-type: none"> 9M 2020 results extraordinarily burdened by EUR 6.5m one-off effects mainly related to bond issue and change of management board Operating interim result of EUR 16.9m is a little bit lower as in the comparable period due to temporarily lower sales margins Gross margin from sales fell to 21.9% due to higher share of sales via cooperation partners and higher one-time marketing costs Increase of total payroll and benefit costs is driven by staff growth and change of the management board Increase of net interest expenses include one-off effects from the repayment of the old bond in the amount of EUR 4.1m
Expenses for sales of inventory property	-118,770	-99,661	-16.1%	-49,654	-45,699	-8.0%		
Capital gains from inventory property	32,820	29,841	-8.1%	14,186	9,996	-29.5%		
Net rental income	6,130	6,518	6.3%	5,021	3,867	-23.0%	Net income from property letting	
Net service income	2,282	2,363	3.6%	1,571	623	-60.3%	Net income from services	
Net income from companies accounted for using the equity method	2	1,244	62,111%	1,258	0	-	Return from equity investments	
Other operating income	1,663	1,207	-27.4%	710	449	-36.8%		
Gain or loss on fair value adjustments of investment properties	0	11,399	-	11,399	2,010	-	Reclassification Investment Properties	
Interim result	42,896	52,572	22.6%	34,145	16,945	-50.4%		
Total payroll and benefit costs	-4,613	-5,835	26.5%	-4,031	-6,091	51.1%		
Depreciation and amortisation of intangible assets and property, plant and equipment	-349	-731	109.5%	-537	-618	15.1%		
Impairment of accounts receivable	-205	-123	-40.2%	0	-124	-		
Other operating expenses	-5,131	-6,079	18.5%	-3,619	-4,516	24.8%		
EBIT	32,598	39,804	22.1%	25,958	5,596	-78.4%		
Other income from investments	36	36	0.0%	27	26	0.0%	Return from other equity investments	
Net interest income	-8,924	-7,353	-17.6%	-6,776	-13,638	-		
EBT	23,710	32,488	37.0%	19,209	-8,016	-		
Income taxes	-5,675	-6,189	9.1%	-6,029	-3,796	37.0%		
Consolidated income	18,035	26,299	45.8%	13,180	-11,812	-		
Total gross margin (revenues basis) in %	25.4%	27.9%	9.7%	28.3%	22.2%	-		
Gross margin from sales (cost basis) in %	27.6%	29.9%	8.4%	28.6%	21.9%	-		
Net income margin	11.2%	18.4%	63.7%	18.0%	-18.1%	-		
Earnings per share	0.56	0.81	43.7%	0.41	-0.37	-		

Financial position with large hidden reserves

Financial position (in EUR '000)	FY 2019	9M 2020	Δ in %
Goodwill	17,776	17,776	0.0%
Owner occupied properties and buildings	24,083	24,171	0.4%
Investment Property	34,452	46,526	35.0%
Non-current trade receivables and other receivables and other assets	24,029	28,004	16.5%
Other non-current assets	2,168	2,972	37.1%
Total non-current assets	102,508	119,449	16.5%
Inventory properties	416,573	460,158	10.5%
Accounts receivable and other assets	37,510	108,274	188.7%
Cash and cash equivalents	24,167	36,450	50.8%
Total current assets	478,250	604,882	26.5%
Total assets	580,757	724,331	24.7%
Subscribed capital	32,438	32,438	0.0%
Additional paid-in capital	78,684	79,606	1.2%
Retained earnings	107,561	95,602	-11.1%
Attributable to non-controlling companies	2,128	2,482	16.7%
Total equity	220,811	210,128	-4.8%
Financial liabilities and bond	213,709	338,177	58.2%
Other non-current liabilities	2,210	5,050	128.5%
Total non-current liabilities	215,919	343,227	59.0%
Financial liabilities and bond	103,931	126,109	21.3%
Other short-term payables	40,097	44,866	11.9%
Total current liabilities	144,028	170,975	18.7%
Total current and non-current liabilities	359,947	514,202	42.9%
Total assets	580,757	724,331	24.7%
LTV	43.1%	51.3%	-
Equity ratio	38.0%	29.0%	-

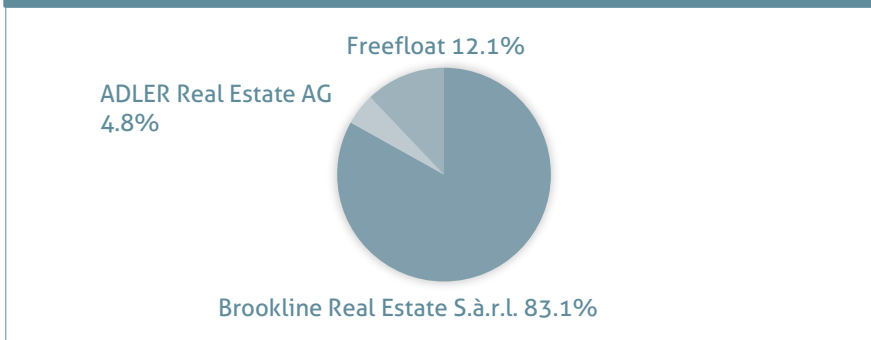
Notes

- Successful placement of EUR 250m bond in Q1 2020 to accelerate the ongoing growth
- Real estate assets in inventories further increased by continuous growth
- Property valuation by external appraisers confirms hidden reserves of EUR 124m in the inventory portfolio as of 30 September 2020
- Increase of other current assets by a loan granted in the amount of EUR 55m for cash management reasons
- Increase of the LTV ratio due successful placement of EUR 250m bond and replacement of the EUR 100m old bond

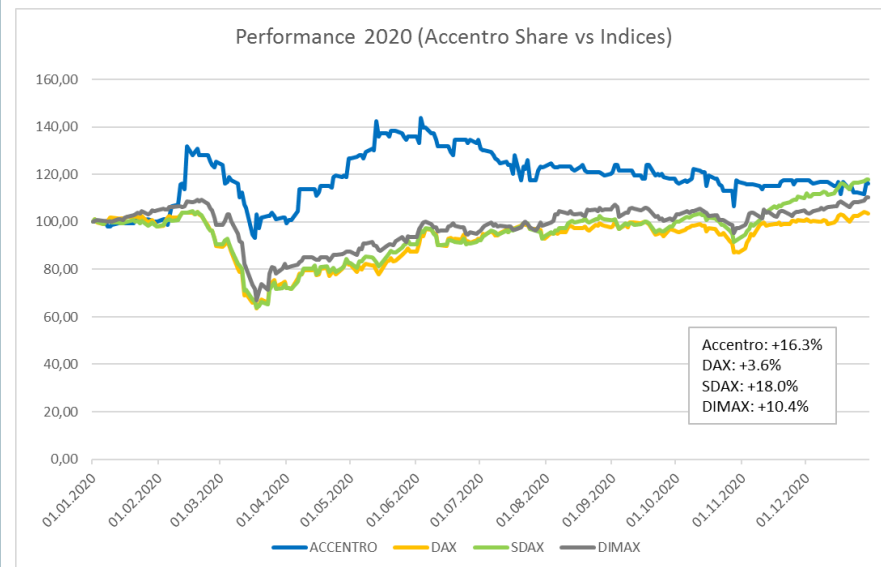
Key share information

Listing	Frankfurt am Main
Segment	Prime Standard
WKN	AOKFKB
ISIN	DE000AOKFKB3
Shares outstanding	32,437,934
Market capitalisation (as of 31.12.2020)	EUR 288.7m
Share Price (as of 31.12.2020)	EUR 8.90

Shareholder structure



Share price performance compared to German indexes



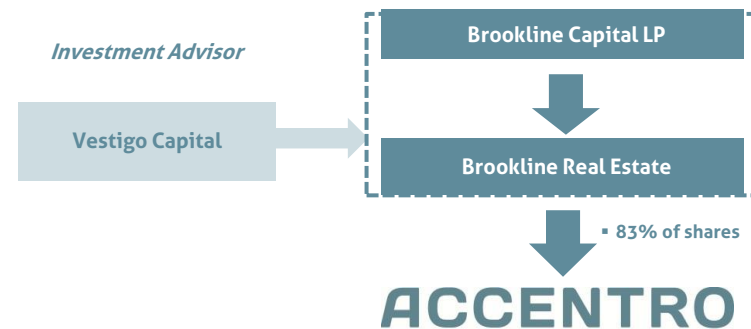
(Source: XETRA)

Brookline Real Estate is fully committed to ACCENTRO's path of growth

About ACCENTRO's major shareholder

- Brookline Real Estate S.à.r.l. ("Brookline Real Estate") is a Luxembourg-based holding company controlled by Brookline Capital LP, and externally advised by Vestigo Capital Advisors LLP ("Vestigo Capital").
- Vestigo Capital is an FCA regulated investment firm headquartered in London, UK, which provides advice to funds and other investment vehicles with cumulative AUM in excess of USD 350m.
- Vestigo Capital is led by Natig Ganiyev, a private equity investor, whose current portfolio primarily includes investments in real estate, renewable energy, and hospitality sectors.
- Natig Ganiyev serves as a member of the Supervisory Board of ACCENTRO Real Estate AG and is a member of the Board of Directors of Malta Montenegro Wind Power JV Limited. He received an M.B.A. from Harvard Business School.
- Brookline Capital LP is established to invest in real estate companies and assets, with a primarily focus on Germany. Its main holding is ACCENTRO Real Estate AG, which is the central piece of its investment strategy to pursue compelling opportunities in the property market.

Structure



Analyst	Institution	Recommendation	Target	Date
Dr Adam Jakubowski	SMC-Research	Buy	15.00 EUR	13.01.2021
Philipp Kaiser	Warburg Research	Buy	14.75 EUR	08.01.2021
Mariya Lazarova, Robel Tesfeom	FMR Frankfurt Main Research AG	Buy	12.50 EUR	05.01.2021
Klaus Soer, Jannik Lucas	Quirin Privatbank	Buy	12.55 EUR	27.11.2020
Ferran Tort Barniol	Kepler Cheuvreux	Buy	11.00 EUR	15.02.2021
Manuel Martin	ODDO BHF	Hold	8.00 EUR	03.04.2020
Andre Remke	Baader Helvea Equity Research	Buy	10.00 EUR	18.12.2019
Average			11.97 EUR	

Selected Recommendations

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