



**ACCENTRO Real Estate AG**

(Berlin, Federal Republic of Germany ("**Germany**"))

**EUR 100,000,000.00 3.75% Notes due 2021**

The EUR 100,000,000.00 3.75% Notes due 2021 (the "**Notes**") of ACCENTRO Real Estate AG ("**ACCENTRO**" or the "**Issuer**" and, together with its consolidated subsidiaries, the "**ACCENTRO Group**") will be issued on 26 January 2018 (the "**Issue Date**") at an issue price of 100% of their principal amount (the "**Issue Price**").

Unless previously redeemed in whole or in part or purchased and cancelled, the Notes will be redeemed at their principal amount on 26 January 2021 (the "**Maturity Date**"). The Notes will bear interest on their principal amount at the rate of 3.75% per annum from (and including) the Issue Date to (but excluding) the Maturity Date, payable semi-annually in arrears on 26 January and 26 July of each year commencing on 26 July 2018.

The Issuer may redeem the Notes at any time by paying a "make-whole" premium and may redeem the Notes at 100% of their principal amount plus accrued and unpaid interest if certain tax events occur or if 80% or more of the aggregate principal amount of the Notes have been redeemed by the Issuer. In addition, each holder of a Note may require the Issuer to redeem such Note at 101% of its principal amount plus accrued and unpaid interest upon the occurrence of a Change of Control (as defined herein). See IX. Terms and Conditions of the Notes, § 6 Redemption.

Payments on the Notes will be made in Euros without deduction for or on account of taxes imposed or levied by Germany unless required by law, in which case a gross-up may apply to the extent described under IX. Terms and Conditions of the Notes, § 8 Taxation.

The obligations under the Notes constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other unsecured and unsubordinated obligations of the Issuer, unless such obligations are accorded priority under mandatory provisions of statutory law.

Application has been made to the Luxembourg Stock Exchange (the "**LuxSE**") in its capacity as competent authority under Part IV of the Luxembourg Law dated 10 July 2005 relating to prospectuses for securities, as amended (the "**Prospectuses Law 2005**") and the rules and regulations of the LuxSE (the "**LuxSE Rules**") to approve this document as a prospectus. Application has also been made for the Notes to be admitted to trading on the Euro MTF market (the "**Euro MTF Market**"), which is a market operated by the LuxSE, and listed on the official list of the LuxSE (the "**Official List**"). The Euro MTF Market is not a regulated market pursuant to the provisions of the Directive 2004/39/EC. References in

this prospectus (the “**Prospectus**”) to Notes being “listed” (and all related references) shall mean that the Notes have been admitted to trading on the Euro MTF Market and are listed on the Official List.

The LuxSE assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Prospectus. Admission to trading on the Euro MTF Market and listing on the Official List of the LuxSE is not to be taken as an indication of the merits of the Issuer or the Notes. The Issuer accepts responsibility for the information contained in this Prospectus. To the best knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus is available on the Luxembourg Stock Exchange's website ([www.bourse.lu](http://www.bourse.lu)), together with the information incorporated by reference herein. See I. Incorporation of certain Documents by Reference.

**An investment in the Notes involves certain risks. For a discussion of these risks, see VI. Risk Factors on page 35.**

#### **IMPORTANT NOTICE**

This Prospectus constitutes a prospectus under the Luxembourg Law of 10 July 2005 on Prospectuses for Securities, as amended (the “**Luxembourg Prospectus Law**”) but is not a prospectus within the meaning of article 5.3 of and for the purpose of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 and not within the meaning of article 6.3 of and for the purpose of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, each as amended from time to time. No such prospectus will be approved by the *Commission de Surveillance du Secteur Financier* for the purpose of the listing of the Notes on the Official List of the Luxembourg Stock Exchange and trading on its Euro MTF Market. This Prospectus may only be used for the purposes for what it has been published.

**The Notes will not be offered to the public in any jurisdiction (including Luxembourg, Germany and France) and are offered by way of a private placement made exclusively to qualified investors (in France: *investisseurs qualifiés*) and/or a restricted circle of investors (in France: *cercle restreint d'investisseurs*) and/or persons providing investment services relating to portfolio management for the account of third parties (in France: *personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*, section 3 paragraph 2 German Securities Prospectus Act (*Wertpapierprospektgesetz*) and article 5 paragraph 2 of the Luxembourg Prospectus Law.**

The Notes will be represented by a global note (the “**Global Note**”), which will be deposited with Clearstream Banking AG, Frankfurt am Main, Germany (“**Clearstream Frankfurt**”) until the Issuer has satisfied and discharged all its obligations under the Notes. Definitive Notes and interest coupons will not be issued.

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act.

***Global Coordinator and Bookrunner***  
**ODDO BHF**

24 January 2018

## RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information contained in this Prospectus and declares that, to the best of its knowledge, it has taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

## NOTICE

This Prospectus should be read and understood in conjunction with any supplement(s) and each of the documents incorporated herein by reference (see I. Incorporation of certain Documents by Reference).

The Issuer has confirmed to ODDO BHF SCA (the “**Global Coordinator and Bookrunner**”) that this Prospectus contains all information with regard to the Issuer, the ACCENTRO Group and the Notes which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer, the ACCENTRO Group and the rights attaching to the Notes which is material in the context of the issue and offering of the Notes; that the information contained herein with respect to the Issuer, the ACCENTRO Group and the Notes is accurate and complete in all material respects and is not misleading for the purpose of this Prospectus; that any opinions and intentions expressed herein are honestly held and based on reasonable assumptions; that there are no other facts with respect to the Issuer, the ACCENTRO Group or the Notes, the omission of which would make this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading; that the Issuer has made all reasonable enquiries to ascertain all facts material for the purposes aforesaid; that this Prospectus complies with all applicable legal requirements.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes shall, under any circumstances, create any implication that the information contained herein concerning the Issuer is correct as of any time subsequent to the date hereof, or that any other information supplied by the Issuer in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing such information, nor shall it imply that there has been no adverse change or any event reasonably likely to involve any adverse change in the condition (financial or otherwise), results of operation, business and prospects of the Issuer since the date of this Prospectus. Save as required by applicable laws or regulations or the rules of any relevant stock exchange, or under the terms and conditions relating to the Notes, the Issuer will not provide any post-issuance information to investors.

Neither this Prospectus nor any other information supplied in connection with the private placement of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or the Global Coordinator and Bookrunner that any recipient of this Prospectus or any other information supplied in connection with the offering of the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs of the Issuer, and its own appraisal of the

Issuer's creditworthiness. This Prospectus does not constitute an offer of Notes or an invitation by or on behalf of the Issuer or the Global Coordinator and Bookrunner to the public generally to purchase any Notes.

No person is or has been authorised by the Issuer to give any information or to make any representations other than those contained in or not consistent with this Prospectus or any other information supplied in connection with the offering of Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer.

The Global Coordinator and Bookrunner has not independently verified this Prospectus. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Global Coordinator and Bookrunner as to the accuracy and completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer in connection with the offering of Notes.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Global Coordinator and Bookrunner do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular no action has been taken by the Issuer or the Global Coordinator and Bookrunner which is intended to permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States and the EEA (including the United Kingdom and France), see XV. Private Placement, 2. Selling Restrictions.

The language of this Prospectus is English.

## **PRESENTATION OF FINANCIAL AND OTHER INFORMATION**

### **Presentation of Financial Information**

Unless otherwise indicated, the financial information relating to the Issuer and the ACCENTRO Group for the financial year ended 31 December 2016 and the comparative figures for the financial year ended 31 December 2015 have been taken from the audited consolidated financial statements of the Issuer as of and for the financial year ended 31 December 2016 (the “**2016 Audited Consolidated Financial**

**Statements**”). The financial information relating to the Issuer and the ACCENTRO Group for the nine-month period ended 30 September 2017 has been taken from the unaudited interim consolidated financial statements of the Issuer containing certain condensed consolidated financial information as of and for the nine month-period ended 30 September 2017 (the “**Unaudited Q3 2017 Statements**”), prepared in accordance with Section 51a of the Exchange Rules (*Börsenordnung*) for the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

The 2016 Audited Consolidated Financial Statements were prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“**IFRS**”) and the additional requirements of Section 315a para. 1 of the German Commercial Code (*Handelsgesetzbuch*, “**HGB**”). The Unaudited Q3 2017 Statements were prepared using IFRS Guidance.

Where financial information in this Prospectus is labelled "audited", this means that it was taken from the 2016 Audited Consolidated Financial Statements. The label "unaudited" is used to indicate financial information that was not taken from the 2016 Audited Consolidated Financial Statements but was taken from the Unaudited Q3 2017 Statements of the Issuer.

Certain figures and percentages included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

## **FORWARD LOOKING STATEMENTS**

Some statements in this Prospectus may be deemed to be forward looking statements. Forward looking statements include statements concerning plans, objectives, goals, strategies, future operations and performance of the Issuer and the ACCENTRO Group and the assumptions underlying these forward looking statements. When used in this Prospectus, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward looking statements. These forward looking statements are contained in the sections entitled "*Risk Factors*" and other sections of this Prospectus. The Issuer has based these forward looking statements on the current view of its management with respect to future events and financial performance. Although the Issuer believes that the expectations, estimates and projections reflected in its forward looking statements are reasonable as of the date of this Prospectus, if one or more of the risks or uncertainties materialise, including those identified below or which the Issuer has otherwise identified in this Prospectus, or if the Issuer's underlying assumptions prove to be incomplete or inaccurate, the actual results of operation of the Issuer or the ACCENTRO Group may vary from those expected, estimated or predicted.

Any forward looking statements contained in this Prospectus speak only as at the date of this Prospectus. Without prejudice to any requirements under applicable laws and regulations, the Issuer expressly disclaims any obligation or undertaking to disseminate after the date of this Prospectus any updates or revisions to any forward looking statements contained in it to reflect any change in

expectations or any change in events, conditions or circumstances on which any such forward looking statement is based.

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## I. Incorporation of certain Documents by Reference

Certain information from the documents listed below is incorporated by reference in this Prospectus:

1. ACCENTRO Group's 2016 Audited Consolidated Financial Statements,
2. ACCENTRO Group's Unaudited Q3 2017 Statements,
3. the current articles of association of ACCENTRO (the "**Articles of Association**"),
4. all press releases of ACCENTRO Group between 30 September 2017 and the date of this Prospectus relating to the acquisition or the sale of real estate and
5. all ad-hoc releases of ACCENTRO released between 31 December 2016 and the date of this Prospectus (excluding those related to the issuance of the Notes), i.e. the following ad-hoc releases:
  - ad-hoc release dated 9 January 2017 on raising of the profit forecast for 2016,
  - ad-hoc release dated 31 March 2017 on the premature termination of the corporate bond 2013 / 2018,
  - ad-hoc release dated 4 October 2017 on the sale of a real estate portfolio in Berlin,
  - ad-hoc release dated 20 October 2017 on the acquisition offer for ACCENTRO,
  - ad-hoc release dated 22 December 2017 on the purchase of a real estate portfolio in central location in Berlin and
  - ad-hoc release dated 22 January 2018 on the sale by ACCENTRO of 75% of the shares in ACCENTRO Gehrensee GmbH.

This Prospectus is qualified in its entirety by the more detailed information contained in these statements that are published on the Issuer's website ([www.accentro.ag/en/investor-relations/financial-reports](http://www.accentro.ag/en/investor-relations/financial-reports)).

All documents referred to shall be deemed to be incorporated by reference in this Prospectus and to be a part hereof from the date of publication of this Prospectus.

Any statements contained in this Prospectus or in a document incorporated by reference in this Prospectus shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained in this Prospectus or in the respective document or in any other subsequently published document which also is incorporated by reference in this Prospectus modifies or replaces such statement. Any statements so modified or superseded shall not be deemed except as so modified and superseded, to constitute a part of this Prospectus.

The table below sets out the relevant page references for the information incorporated into this Prospectus by reference.

# 1. ACCENTRO Group's 2016 Audited Consolidated Financial Statements

Information incorporated by reference	Page Reference
Business overview	21 to 22
Economic report, including business performance	22 to 31
Operating and financial prospects (there the section containing the outlook)	32 to 33, 40 to 41
Company-specific risks	35 to 38
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**2. ACCENTRO Group's Unaudited Q3 2017 Statements**

<b>Information incorporated by reference</b>	<b>Page Reference</b>
Economic report, including business performance	4 to 6
Operating and financial prospects (there the section containing the outlook)	6
Consolidated Balance Sheet	7 to 8
Consolidated Income Statement	9 to 10
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Consolidated Statement of changes in equity	13

## **II. Summary of the Issuer's Business**

*The following summary is qualified in its entirety by the more detailed information in the documents incorporated by reference in this Prospectus, including the Issuer's consolidated financial statements and the notes thereto. In addition, prospective purchasers should carefully consider the factors set forth herein under VI. Risk Factors.*

### **Overview**

The ACCENTRO Group is a listed property company focusing on residential real estate. Its business activities are geographically limited to Germany, in particular in economically attractive locations, primarily in Berlin and other metropolitan areas as well as in so-called Class B and Class C cities. The business activities of ACCENTRO Group focus on the trading of (own and third party) residential property within the framework of privatisation of apartments. This is also associated with the management of these residential property holdings.

ACCENTRO is the parent company of the ACCENTRO Group. ACCENTRO acts as an operationally active holding company for a number of companies holding real estate plus one service company focused on privatisation. For companies in which it holds a controlling interest, ACCENTRO assumes the top-down responsibilities of corporate controlling, funding and administration within the ACCENTRO Group.

### **Business Model and Strategy**

The business activities of ACCENTRO Group include the buying and selling of residential properties and individual apartments, in particular the sale of apartments to owner-occupiers and investors within the framework of individual privatisation of real estate property portfolios. The business focus is on tenant-related residential privatisations. If opportunities arise, ACCENTRO Group also performs block sales of residential units to institutional investors (portfolio sales). The privatisation services provided by companies of the ACCENTRO Group involve both the retailing of apartments from the proprietary property stock of the ACCENTRO Group as well as the rendering of privatisation services on behalf of third parties. Apart from the privatisation of residential property for renowned real estate companies the ACCENTRO Group offers a cooperation partnership with project developers. In these services the ACCENTRO receives exclusive rights of sale for the condominiums and thereby offers purchase guarantees for the units to the project developer.

ACCENTRO Group invests in real estate with a low share of commercial units, multi-family dwellings as well as condominium packages. The acquisition profile of ACCENTRO Group focuses locally on Germany's big seven cities (Berlin, Hamburg, Munich, Cologne, Frankfurt am Main, Stuttgart and Dusseldorf), the area around Berlin and cities with populations of 100,000 or more and positive demographic growth. ACCENTRO Group focuses on real estate properties with potential to increase the value (vacancy, modernisation potential, rent upside) as well as real estate properties in well-maintained condition without significant refurbishment/modernisation/redevelopment needs.

Accentro's business model can be divided into three phases:

- (1) Identification: of suitable properties by Accentro's in-house department for property acquisitions (location and asset analysis, suitability for privatisation, technical due diligence and assessment of refurbishing needs).
- (2) Conversion and refurbishment: Refurbishment concept, privatisation concept, sales program and budgeting, conversions pursuant to the Germany Condominium Act (WEG).
- (3) Sales: Brokering sales of the converted units to incumbent tenants as well as to owner-occupiers and buy-to-let investors (sales and marketing concept, sales planning, Approaching tenants, buy-to-let investors and owner-occupiers, sales controlling).

The key facts of ACCENTRO's Group inventory portfolio are:

	2015	2016	30 September 2017
Number of units	1,919	2,422	2,614
Number of sold units	476	976	669
<b>Book value (purchase price; in mEUR)</b>	<b>155.2</b>	<b>216.1</b>	<b>269.5</b>
Vacancy rate	10.8%	38.2%	35.8%
Gross revenue (in mEUR)	39.5	125.1	89.0
<b>Capital gains gross margins</b>	<b>17.7%</b>	<b>31.1%</b>	<b>26.0%</b>
Net rental income (in mEUR)	4.3	4.6	4.1
EBITDA (in mEUR)	7.1	35.0	22.3
EBIT (in mEUR)	6.1	33.9	22.3
Operating cash flow before de-/reinvestment in trading assets (in mEUR)	5.6	48.6	13.1
Cash flow from operating activities (in mEUR)	-74.6	21.7	-40.2

Interest coverage	1.2	5.5	2.5
<b>LTV<sup>1</sup></b>	<b>72.6%</b>	<b>48.7%</b>	<b>48.4%</b>
<b>WACD<sup>2</sup></b>	<b>3.9%</b>	<b>2.9%</b>	<b>2.7%</b>

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<sup>1</sup> LTV is defined as net financial indebtedness / gross asset value, whereas:

Net financial indebtedness as of any Testing Date means the Financial Indebtedness of the Issuer and its Subsidiaries on a consolidated basis, determined in accordance with IFRS, as of such Testing Date, less cash and cash equivalents of the Issuer and its Subsidiaries on a consolidated basis, determined in accordance with IFRS, as of such Testing Date. Financial indebtedness means (without duplication) any indebtedness (excluding any indebtedness owed to the Issuer or any of its Subsidiaries) for or in respect of:

- (a) money borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or a dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, commercial papers or any similar instrument;
- (d) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (e) any amounts raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (f) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (g) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in subparagraphs (a) to (f) above,

in each such case if and to the extent the relevant amount or obligation is recorded as indebtedness in accordance with IFRS. The term financial indebtedness shall not include any lease, concession or license of property (or guarantee thereof) that would be considered an operating lease under IFRS as in effect on the Issue Date.

Gross Asset Value means the sum, without duplication, of the Issuer's and its Subsidiaries' (1) inventories, (2) non-current assets held for sale, (3) equity investments (4) investment properties, (5) equity interests accounted for using the equity method and (6) receivables from real estate sales, in each case determined on a consolidated basis in accordance with IFRS.

<sup>2</sup> Weighted average cost of interest paid on debt. Debt defined as unsecured and secured financial liabilities without shareholder loan.

### **Majority shareholder and announced public takeover offer**

With effect as of end of November 2017 the former majority shareholder of ACCENTRO, ADLER Real Estate AG sold and transferred the economic ownership of about 80% of the ACCENTRO shares and approximately 92% of the ACCENTRO convertible bond 2014 / 2019 (ISIN DE000A1YC4S6) to the new majority shareholder Brookline Real Estate S.à r.l. ("**Brookline**"). The transfer of ownership of the shares and the convertible bond purchased is subject to the condition precedent of full payment of the purchase price. Until the fulfilment of the condition precedent Brookline has an expectant right (*Anwartschaftsrecht*) to the legal ownership in the shares and the convertible bond purchased and is entitled to exercise the respective voting rights associated to the shares purchased. Furthermore ADLER Real Estate AG has the option to sell additional shares representing up to 6% of ACCENTRO's current share capital to Brookline.

On 30 November 2017 Brookline announced that it has attained control over ACCENTRO. On 11 January 2018 Brookline launched a mandatory public takeover offer, so that all ACCENTRO's shareholders are able to tender their shares in ACCENTRO to Brookline.

The Issuer currently has no intention to delist its shares once Brookline has finalized the mandatory public takeover offer. However, as announced by Brookline in the mandatory public takeover offer, Brookline may request ACCENTRO, at any time within the framework of the legally permissible, to apply for the revocation of the admission of the ACCENTRO shares to the Regulated Market of the Frankfurt Stock Exchange with further post-admission obligations (Prime Standard), provided that the necessary prerequisites have been met; or to stop trading on the stock exchanges in Berlin, Dusseldorf, Hamburg, Munich, Stuttgart and Tradegate-Exchange. In the first case, ACCENTRO's shareholders as well as the Holders would no longer benefit from the increased reporting requirements of the regulated market. If Brookline were to work towards a separate revocation of the stock exchange listing pursuant to Section 39 BörsG in this respect, Brookline would submit to the shareholders of ACCENTRO a delisting offer within the meaning of Section 39 (2) BörsG. Such a delisting offer could correspond in value to the offer price in the mandatory public takeover offer, but could also be lower or higher.



### III. Summary of the Notes to be Listed

*The following is a brief summary of certain terms of the offering. It is not intended to be complete and is subject to important limitations and exceptions. Accordingly, it may not contain all the information that is important to investors.*

<b>Issuer</b>	ACCENTRO Real Estate AG.
<b>Notes to be listed</b>	EUR 100,000,000.00 aggregate principal amount of 3.75% Notes due 2021 (the " <b>Notes</b> ").
<b>Issue date</b>	26 January 2018 (the " <b>Issue Date</b> ").
<b>Issue price</b>	The issue price for the Notes is 100% of the aggregate principal amount.
<b>Maturity date</b>	The Notes will mature on 26 January 2021 (the " <b>Maturity Date</b> ").
<b>Interest rate</b>	The interest rate of the Notes will be 3.75% per annum from (and including) the Issue Date to (but excluding) the Maturity Date.
<b>Interest payment dates</b>	Interest on the Notes will be paid semi-annually in arrears on 26 January and 26 July of each year, commencing on 26 July 2018.
<b>Yield</b>	The annual yield of the Notes, based on the issue price of 100% of the principal amount and redemption at the Maturity Date, is 3.75%. The individual return of the investor may vary from case to case and depends on the difference between the proceeds from the sale or repayment, including interest paid and the amount originally paid to purchase the Notes plus any interest accrued, the holding period of the Notes, the individual fees and costs incurred by the respective investor and the individual tax situation. For this reason, the Issuer cannot make any statement about the annual yield of the individual investor.
<b>Repayment of the Notes</b>	Unless previously repaid in whole or in part or purchased and cancelled, the Notes shall be

repaid at their principal amount on the Maturity Date via the Paying Agent.

**Form and denomination**

The Issuer will issue the Notes in global form in denominations of EUR 1,000.00.

**Ranking of the Notes**

The obligations under the Notes constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other unsecured and unsubordinated obligations of the Issuer, unless such obligations are accorded priority under mandatory provisions of statutory law.

**Early redemption for reasons of taxation**

If as a result of any change in, or amendment to, the laws or regulations of the Federal Republic of Germany that would require the payment of additional amounts on the Notes, the Issuer may upon proper notice redeem the Notes in whole, but not in part, at any time, at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the date fixed by the Issuer for redemption.

**Early redemption at the option of the Issuer (Make-Whole)**

The Issuer may upon proper notice redeem the Notes in whole but not in part, on any date specified by it at the higher of (i) the principal amount per Note, or (ii) the make whole amount per Note calculated by the Paying Agent as further described in IX. Terms and Conditions of the Notes — § 6.3 Early Redemption at the Option of the Issuer (Make-Whole).

**Early redemption at the option of the holders upon a change of control**

Upon the occurrence of certain Change of Control events, the Issuer may be required to redeem or, at the Issuer's option, purchase (or procure the purchase of) in whole or in part his Notes at a purchase price for each Note equal to 101% of the principal amount of such Note plus unpaid interest accrued to (but excluding) the date of such redemption or repurchase.

**Early redemption in case of minimal outstanding aggregate principal amount of the Notes (clean-up call)**

If 80% or more of the aggregate principal amount of the Notes (calculated as of the Issue Date) have been redeemed or purchased by the Issuer, the Issuer may upon proper notice at any time, redeem, at its option, the remaining Notes in whole but not in part at the principal amount thereof plus unpaid interest accrued to (but excluding) the date of actual redemption.

**Additional amounts**

All amounts payable in respect of the Notes shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied at source by way of withholding or deduction by or on behalf of the Federal Republic of Germany or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. If such withholding or deduction with respect to amounts payable in respect of the Notes is required by law, subject to certain exceptions, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Holders, after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in the absence of such withholding or deduction.

**Certain covenants**

The Terms of the Conditions contain certain restrictive covenants, including a limitation on net financial indebtedness, a limitation on capital market indebtedness; a requirement to maintain a certain interest coverage ratio, a limitation on distributions, a limitation on guarantees of capital market indebtedness by subsidiaries of the Issuer and a negative pledge for capital market indebtedness.

Each of the covenants is subject to a number of important exceptions and qualifications.

**Use of proceeds**

The Issuer will use the proceeds from the initial issuance and sale of the Notes (the "**Proceeds**"):

- (a) for the acquisition of real estate assets in Germany and to pay for related transaction expenses; or
- (b) for any other purposes that would have resulted in an improvement of one of the financial covenants mentioned under § 11.6(b) of the Terms and Conditions,

*provided that*, until the Proceeds are finally applied for such purposes, the Issuer may temporarily invest such Proceeds in freely available cash in hand or at a bank and short-term, highly liquid investments that are immediately convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Listing and trading**

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes for trading on the Euro MTF Market.

**Paying Agent**

ODDO BHF Aktiengesellschaft

**Law of Creation / Governing law**

The Notes were created and will be governed by German law.

**Risk factors**

Investing in the Notes involves certain risks. You should consider carefully all the information included and incorporated by reference in this Prospectus, and, in particular, you should evaluate the specific risk factors set forth in section VI. Risk Factors in this Prospectus before making a decision whether to invest in the Notes.

**Information about the Issuer**

The shares of the Issuer are listed on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange and the sub-segment thereof with further post-admission obligations (Prime Standard) and the Issuer will comply with the applicable reporting standards (as may be modified from time to time).

Furthermore according to the Terms and Conditions the Issuer shall report on the Use of the Proceeds on a semi-annual basis in reasonable detail in its reports until the Proceeds have been finally applied in accordance with the Terms and Conditions.

In addition, on each date on which the Issuer publishes an annual report or a semi-annual report pursuant to the Current Reporting Standards, the Issuer shall provide (i) an officer's certificate stating that as of the date of such officer's certificate no default or Event of Default exists, or if any default or Event of Default exists, stating the nature and status thereof and (ii) a compliance certificate which demonstrates in reasonable detail compliance by the Issuer with the covenants of the Terms and Conditions, in each case in accordance with the provisions of the Terms and Conditions.

#### IV. Summary of the 2016 Audited Consolidated Financial Statements (IFRS)

##### 1. Consolidated Balance Sheet

Positions of the consolidated balance sheet in kEUR	31 December 2016 (audited)	31 December 2015 (audited)
<b>Assets</b>		
<b>Non-current assets</b>		
Goodwill	17,776	17,776
Other intangible assets	30	47
Property, plant and equipment	185	188
Investment property	0	168,337
Equity investments	26	1,188
Equity interests accounted for using the equity method	472	1,593
Deferred tax assets	408	465
<b>Total non-current assets</b>	<b>18,897</b>	<b>189,594</b>
<b>Current assets</b>		
Inventory properties	223,565	156,121
Trade receivables	2,010	10,422
Other receivables and other current assets	18,751	14,885
Current income tax receivables	480	54
Cash and cash equivalent	15,143	6,981

<b>Total current assets</b>	<b>259,949</b>	<b>188,462</b>
Non-current assets held for sale	21,700	17,149
<b>Total assets</b>	<b>300,546</b>	<b>395,205</b>
<b>Equity</b>		
Subscribed capital	24,734	24,678
Capital reserves	53,180	53,095
Retained earnings	57,164	30,873
Attributable to parent company shareholders	135,078	108,646
Attributable to non-controlling companies	1,758	595
<b>Total equity</b>	<b>136,836</b>	<b>109,241</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Provisions	17	17
Financial liabilities	42,716	154,562
Bonds	21,644	21,338
Shareholder loans	0	2,824
Deferred income tax liabilities	851	7,288
<b>Total non-current liabilities</b>	<b>65,228</b>	<b>186,027</b>
<b>Current liabilities</b>		
Provisions	3,030	2,540
Financial liabilities	64,807	63,804
Bonds	138	137
Advanced payments received	8,503	9,253
Current income tax liabilities	9,269	2,014

Trade payables	3,365	4,114
Other liabilities	3,178	3,655
<b>Total current liabilities</b>	<b>92,290</b>	<b>85,515</b>
Liabilities associated with assets held for sale	6,192	14,421
<b>Total equity and liabilities</b>	<b>300,546</b>	<b>395,205</b>

## 2. Consolidated Income Statement

<b>Positions of the consolidated Income statement in kEUR</b>	<b>1 January 2016 – 31 December 2016 (audited)</b>	<b>1 January 2015 – 31 December 2015 (audited)</b>
Revenues from sales of inventory property	116,920	31,429
Expenses from sales of inventory property	-80,543	-25,876
<b>Capital gains from inventory property</b>	<b>36,377</b>	<b>5,553</b>
<b>Net rental income</b>	<b>4,565</b>	<b>4,301</b>
<b>Net service income</b>	<b>608</b>	<b>1,372</b>
<b>Other operating income</b>	<b>997</b>	<b>1,291</b>
<b>Gross profit or loss</b>	<b>42,548</b>	<b>12,517</b>
Total payroll and benefit costs	-2,986	-2,256
Depreciation and amortisation of intangible assets and property, plant and equipment	-114	-97
Impairments of inventories and accounts receivable	-951	-884
Other operating expenses	-4,561	-3,183
<b>EBIT (earnings before interest and income taxes)</b>	<b>33,936</b>	<b>6,097</b>



Net income from associates	514	525
Other income from investments	18	48
Interest income	298	306
Interest expenses	-6,695	-6,163
<b>Net interest income</b>	<b>-6,397</b>	<b>-5,856</b>
<b>EBT (earnings before income taxes)</b>	<b>28,070</b>	<b>814</b>
Income taxes	-7,390	-1,530
<b>Consolidated income from continuing operation</b>	<b>20,680</b>	<b>-716</b>
<b>Discontinued operation</b>	<b>5,792</b>	<b>23,502</b>
<b>Consolidated income</b>	<b>26,473</b>	<b>22,786</b>
thereof attributable to non-controlling interests	181	148
thereof attributable to shareholders of the parent company	26,291	22,638
<b>Earnings per share (comprehensive income)</b>		
Basic net income (24,734,000 shares; prior year 24,678,000 shares)	EUR 1.09	EUR 0.92
Diluted net income per share (30,039,000 shares; prior year 29,930,000 shares)	EUR 0.90	EUR 0.78
<b>Earnings per share (continuing operation)</b>		
Basic net income (24,734,000 shares; prior year 24,678,000 shares)	EUR 0.87	EUR 0.0
Diluted net income per share (30,039,000 shares; prior year 29,930,000 shares)	EUR 0.72	EUR 0.0



### 3. Consolidated Cash Flow Statement

Positions of the consolidated cash flow statement in kEUR	1 January 2016 – 31 December 2016 (audited)	1 January 2015 – 31 December 2015 (audited)
Consolidated income (continuing and discontinued operations)	26,473	22,786
Depreciation / amortisation of non-current assets	114	97
Net income from associates carried at equity / investment income	-532	-525
Increase / decrease in provisions	520	461
Changes in the fair value of investment property	-9,702	-10,465
Other non-cash expenses/income	11,393	4,007
Gains / losses from the disposal of non-current assets	0	1
Increase / decrease in trade receivables and other assets that are not attributable to investing or financing activities	8,133	10,739
Increase / decrease in trade payables and other liabilities that are not attributable to investing or financing activities	13,032	-5,518
Income from disposal of investment property	157	-15,775
Gains / losses from disposals of subsidiaries	-275	-150
Other income tax payments	-721	-26
<b>Operating cash flow before de- / reinvestment in trading assets</b>	<b>48,592</b>	<b>5,631</b>
Increase / decrease in inventories (trading properties)	-26,877	-80,224
<b>Cash flow from operating activities</b>	<b>21,715</b>	<b>-74,593</b>
<b>thereof continuing operation</b>	<b>20,311</b>	<b>-69,046</b>
<b>thereof discontinued operation</b>	<b>1,404</b>	<b>-5,547</b>

Proceeds from disposal of investment property (less costs of disposal)	23,371	71,581
Interest received	61	0
Cash outflows for investments in intangible assets	-14	-35
Cash outflows for investments in property, plant and equipment	-96	-88
Cash outflows for investments in investment properties	-2,440	-2,682
Cash outflows for investments in non-current assets	-26	0
Payments-in from distributions for shares consolidated at equity	1,314	0
<b>Cash flow from investment activities</b>	<b>22,170</b>	<b>68,776</b>
<b>thereof continuing operation</b>	<b>1,239</b>	<b>-123</b>
<b>thereof discontinued operation</b>	<b>20,931</b>	<b>68,899</b>
Payments from issuing bonds and raising (financial) loans	87,702	75,814
Repayment of bonds and (financial) loans	-107,923	-57,477
Interest paid	-10,916	-12,747
Interest received	20	108
Repayment of loans granted	435	0
<b>Cash flow from financing activities</b>	<b>-30,682</b>	<b>5,698</b>
<b>thereof continuing operation</b>	<b>-5,841</b>	<b>48,099</b>
<b>thereof discontinued operation</b>	<b>-24,841</b>	<b>-42,401</b>
Net change in cash and cash equivalents	13,204	-118
Increase in cash and cash equivalents from investments in fully consolidated companies	94	0
Decrease in cash and cash equivalents from the disposal of fully consolidated companies	-5,133	-583
Cash and cash equivalents at the beginning of the period	6,981	7,681

Cash and cash equivalents at the end of the period	15,143	6,981
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**V. Summary of the Unaudited Q3 2017 Statements (IFRS)**

**1. Consolidated Balance Sheet**

<b>Positions of the consolidated balance sheet in kEUR</b>	<b>30 September 2017 (unaudited)</b>
<b>Assets</b>	
<b>Non-current assets</b>	
Goodwill	17,776
Other intangible assets	22
Property, plant and equipment	191
Equity investments	125
Equity interests accounted for using the equity method	255
Deferred tax assets	1,405
<b>Total non-current assets</b>	<b>19,774</b>
<b>Current assets</b>	
Inventory property	276,903
Trade receivables	2,338
Other receivables and other current assets	12,111
Current income tax receivables	771
Cash and cash equivalents	5,602
<b>Total current assets</b>	<b>297,725</b>
Non-current assets held for sale	17,394
<b>Total assets</b>	<b>334,894</b>
<b>Equity</b>	
Subscribed capital	24,911

Capital reserves	53,444
Retained earnings	64,418
Attributable to parent company shareholders	142,773
Attributable to non-controlling companies	1,808
<b>Total equity</b>	<b>144,581</b>
<b>Liabilities</b>	
<b>Non-current liabilities</b>	
Provisions	17
Financial liabilities	73,246
Bonds	11,946
Compensation claims by partners of civil-law and limited partnerships	0
Deferred income tax liabilities	753
<b>Total non-current liabilities</b>	<b>85,963</b>
<b>Current liabilities</b>	
Provisions	2,018
Financial liabilities	53,531
Bonds	0
Advanced payments received	9,834
Current income tax liabilities	13,642
Trade payables	2,515
Other liabilities	12,581
Shareholder loans	4,018
<b>Total current liabilities</b>	<b>98,139</b>
Liabilities associated with assets held for sale	6,211

<b>Total equity and liabilities</b>	<b>334,894</b>
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## 2. Consolidated Income Statement

<b>Positions of the consolidated income statement in kEUR</b>	<b>1 January 2017 – 30 September 2017 (unaudited)</b>
Revenues from sales of inventory property	82,034
Expenses from sales of inventory property	-60,694
<b>Capital gains from inventory property</b>	<b>21,339</b>
<b>Net rental income</b>	<b>4,155</b>
<b>Net service income</b>	<b>689</b>
<b>Other operating income</b>	<b>1,533</b>
<b>Gross profit or loss</b>	<b>27,717</b>
Total payroll and benefit costs	-2,229
Depreciation and amortisation of intangible assets and property, plant and equipment	-77
Impairments of inventories and accounts receivable	0
Other operating expenses	-3,156
<b>EBIT (earnings before interest and income taxes)</b>	<b>22,255</b>
Net income from associates	197
Other income from investments	0
Interest income	440
Interest expenses	-5,471
<b>Net interest income</b>	<b>-5,030</b>
<b>EBT (earnings before income taxes)</b>	<b>17,422</b>
Income taxes	-5,116



<b>Consolidated income from continuing operation</b>	<b>12,306</b>
<b>Discontinued operation</b>	<b>-1,271</b>
<b>Consolidated income</b>	<b>11,035</b>
thereof attributable to non-controlling interests	49
thereof attributable to shareholders of the parent company	10,985
<b>Earnings per share (comprehensive income)</b>	
Basic net income per share (24,910,720 shares)	EUR 0.44
Diluted net income per share (30,146,020 shares)	EUR 0.32
<b>Earnings per share (continuing operation)</b>	
Basic net income per share (24,910,720 shares)	EUR 0.49
Diluted net income per share (30,146,020 shares)	EUR 0.36

### 3. Consolidated Cash Flow Statement

<b>Positions of the consolidated cash flow statement in kEUR</b>	<b>1 January 2017 – 30 September 2017 (unaudited)</b>
Consolidated income (continuing and discontinued operations)	11,035
Depreciation / amortisation of non-current assets	77
Net income from associates carried at equity	1,157
Increase / decrease in provisions	-1,011
Changes in the fair value of investment property	0
Other non-cash expenses / income	-3,933
Increase / decrease in trade receivables and other assets that are not attributable to investing or financing activities	-8,043
Increase / decrease in trade payables and other liabilities that are not attributable to investing or financing activities	14,965
Income from disposal of investment property	41

Gains / losses from disposals of subsidiaries	0
Other income tax payments	-1,181
<b>Operating cash flow before de- / reinvestment in trading assets</b>	<b>13,105</b>
Increase / decrease in inventories (trading properties)	-53,338
<b>Cash flow from operating activities</b>	<b>-40,233</b>
<b>thereof continuing operation</b>	<b>-40,239</b>
<b>thereof discontinued operation</b>	<b>6</b>
Proceeds from disposal of investment property (less costs of disposal)	4,663
Interest received	423
Cash outflows for investments in intangible assets	-5
Cash outflows for investments in property, plant and equipment	-69
Cash outflows for investments in investment properties	-168
Cash outflows for investments in non-current assets	-144
Payments-in from distributions for shares consolidated at equity	223
<b>Cash flow from investment activities</b>	<b>4,923</b>
<b>thereof continuing operation</b>	<b>6</b>
<b>thereof discontinued operation</b>	<b>4,917</b>
Dividend payments to shareholders	-3,731
Payments from issuing bonds and raising (financial) loans	89,237
Repayment of bonds and (financial) loans	-68,696
Interest paid	-4,582
Interest received	196
Repayment of loans granted	13,343

<b>Cash flow from financing activities</b>	<b>25,768</b>
<b>thereof continuing operation</b>	<b>25,936</b>
<b>thereof discontinued operation</b>	<b>-168</b>
Net change in cash and cash equivalents	-9,542
Decrease in cash and cash equivalents from the disposal of fully consolidated companies	0
Cash and cash equivalents at the beginning of the period	15,143
<b>Cash and cash equivalents at the end of the period</b>	<b>5,602</b>

## **VI. Risk Factors**

*In conducting its business, the Issuer faces many risks that may interfere with its business objectives. Some of these risks relate to its operational processes, while others relate to its business environment. It is important to understand the nature of these risks and the impact they may have on the Issuer's business, financial condition and results of operations. Some of the more relevant risks relating to the Issuer, its business or the Notes are described below. The Issuer believes that such factors may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. Furthermore, these risks are not the only ones that the Issuer faces. Some risks may not yet be known to it and certain risks that the Issuer does not currently believe to be material could become material in the future. Before making an investment decision with respect to any Notes, prospective investors should form their own opinions, consult their own stockbroker, bank manager, lawyer, accountant or other financial, legal and tax advisers and carefully review the risks entailed by an investment in the Notes and consider such an investment decision in the light of the prospective investor's personal circumstances.*

*In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are described below.*

*Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including information incorporated by reference) and reach their own views prior to making any investment decision.*

### **1. Market-related risk factors**

**ACCENTRO is dependent on the development of the real estate market in Germany, and in particular in Berlin. The German real estate market, in turn, depends on the performance of the overall economy and on the demand for real estate and rental space. Unfavourable macroeconomic developments could adversely affect ACCENTRO's business and may also result in restricted access to debt and equity financing and potential payment defaults of ACCENTRO's business partners.**

ACCENTRO's core business is in acquiring, managing and selling residential real estate (to private individuals as apartments (privatisation or in block sales) in Germany, and in particular in Berlin, and to privatise apartments for third parties. ACCENTRO's business success is therefore especially dependent on the performance of the German real estate market, the demand for properties, in particular rented properties, in Germany and in particular in Berlin and to privatise apartments for third parties, the level of achievable rents, the expenses necessary to generate the rental income, as well as the achievable purchase and sale prices and market values of properties. The German real estate market, in turn, is dependent in particular on the performance of the overall economy, political developments, including changes in legislation, and the demand for real estate in Germany. Key factors affecting macroeconomic developments in Germany include the state of the German, European and global economy, the

development of commodity prices and inflation rates, the extent of national indebtedness, and interest rates. Another worldwide economic downturn, a rise in the inflation rate, deflationary tendencies or a sustained upturn in interest rates could adversely affect macroeconomic performance. Moreover, the recent recession in the Eurozone, particularly the need for some governments to cut back on spending to retain credibility in the financial markets, has impacted economic developments in Germany and an increasing level of national indebtedness could have consequences, including reduced economic output, a higher inflation rate, rising taxes, and lower income, thus reducing the willingness of private individuals and institutional investors to invest. A deflation may have similar effects. Fluctuations in exchange rates, especially the euro-to-dollar rate, could have a material effect on German exports and therefore also on the performance of the German economy as a whole.

The demand for real estate is driven mostly by demographic developments, interest rate levels, financing conditions, labour market performance, the personal debt levels of potential buyers, the real income levels of individuals, and foreign investor activity on the German real estate market. A population decline could result in shrinking demand for residential space. In addition, a decrease in real income and an increase in unemployment could adversely affect the population's buying power, and therefore its propensity to acquire residential real estate, or to lease large or high-end residential spaces. An increase in national indebtedness and the at the date of this Prospectus still largely unpredictable consequences of the United Kingdom's decision to leave the EU ("**Brexit**"), an increase in interest rates or a deflation could lower private and institutional investors' propensity to invest in real estate.

In addition, when granting loans, credit institutions could lay down stricter eligibility criteria for borrowers. This could lower investors' propensity to invest in real estate due to the restricted access to or less attractive terms of financing options.

Deterioration in Germany's economic performance and falling demand for real estate or rental property in Germany could negatively affect ACCENTRO's business performance and could have material adverse effects on ACCENTRO's business, net assets, financial condition and results of operations.

Moreover, there is the risk of an unfavourable development in economic conditions in Germany driven by instability in the Eurozone, especially due to the Brexit but also due to political instability in other countries, such as Spain with regard to Catalonia's controversial strive for independence. Any such political instability in the Eurozone may result in an unfavourable development of the real estate market in Germany and thus indirectly negatively affect ACCENTRO's business.

A negative trend in the economic environment could, for example due to the introduction of stricter eligibility criteria for borrowers, also adversely affect ACCENTRO's ability to finance its acquisition of real estate portfolios by debt capital and refinance its existing and future liabilities and could result in a lack of liquidity, operational loss, insolvencies or other developments at ACCENTRO's business partners as a result of which they could no longer be in the position to meet their obligations under the contracts entered into with ACCENTRO.

The occurrence of any of the aforementioned risks could have material adverse effects on the assets, financial position, and results of operations of ACCENTRO Group and thus ACCENTRO.

**The availability of finance instruments, the competition from other property companies and the expected decline in the German population could have a negative impact on the business of the ACCENTRO Group.**

The development of the property sector is largely determined by the availability of finance instruments. A persistently restrictive lending policy could negatively impact the demand for real estate in general, and thus result in impairments for the inventory properties of ACCENTRO Group, and in lower privatisation proceeds.

The property sector is characterised by intense competition among numerous providers. So there is the risk that mounting competition will intensify the price pressure and push down margins.

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

The occurrence of any of the aforementioned risks could have material adverse effects on the assets, financial position, and results of operations of ACCENTRO Group and thus ACCENTRO.

**The current economic uncertainty regarding the future of the Eurozone and economic developments in Germany and the European Union together with the current favourable low interest rate environment result in comparably high valuations of residential real estate portfolios in Germany. Any rise in interest rates could have material adverse effects on the German real estate market and on ACCENTRO.**

The global financial and economic crisis and the slow and uncertain recovery of the global economy have resulted in increased uncertainty regarding future economic developments. This uncertain economic outlook has increased demand for investment opportunities that typically provide stable and largely predictable cash flows, including investments for German real estate. The low interest rate level in Europe contributes to this trend. As a result, property prices and the value of residential real estate have increased. These developments could reverse themselves if, for example, interest rates were to rise. A rise in interest rates could result from an improvement of the general economic situation, which could lead to greater interest in investments with a higher yield and less interest in real estate investments. Among other consequences, such developments could have an adverse effect on ACCENTRO's portfolio optimisation efforts, for which purpose ACCENTRO continues to hold certain properties for sale following the discontinuation of its stock segment.

In addition, more stringent borrowing requirements could be introduced (including as a result of a deterioration in general economic conditions), which could impair ACCENTRO's ability to finance property portfolio acquisitions through debt and its general ability to refinance maturing debts.

The occurrence of any of the aforementioned risks could have material adverse effects on the assets, financial position, and results of operations of ACCENTRO Group and thus ACCENTRO.

**It could become more difficult for ACCENTRO to constantly need to acquire residential real estate on attractive terms, particularly due to the recent increase in market prices for real estate portfolios and real estate companies and the increasing consolidation in the German residential real estate market.**

As part of its business ACCENTRO constantly needs to acquire residential real estate. Such acquisitions may only be implemented, however, if attractive real estate portfolios are available for purchase at economically reasonable prices. Given the current high demand for residential real estate in Germany, such portfolios may be unavailable or available only on unfavourable terms. Due to the increasing consolidation in the German residential real estate market, the number of available real estate portfolios has further decreased. In addition, competitors with asset acquisition objectives similar to those of the ACCENTRO Group may possess greater financial resources and lower costs of capital than ACCENTRO. Furthermore, it cannot be guaranteed that the ACCENTRO Group will be able to generate sufficient funds to finance such envisaged acquisitions in the future.

Additionally, the supply of real estate portfolios might be limited, for example, due to fewer sales of real estate portfolios by public and private long-term owners. If public long-term owners cease privatising or if they reduce their privatisation activities, supply could be constricted, which could increase competition for acquisitions that would be suitable for the ACCENTRO Group and result in the prices of residential properties on the German market increasing further. As a consequence of these factors, the ACCENTRO Group could be forced to pay higher prices or to acquire fewer (if any) properties.

The occurrence of any of the aforementioned risks could have material adverse effects on the assets, financial position, and results of operations of ACCENTRO Group and thus ACCENTRO.

## **2. Business-related risk factors**

### **a) Business risk**

**The ACCENTRO Group bears risks in connection with possible acquisitions and investments. These risks include unexpected liabilities, greater indebtedness, higher interest expenses, higher compensations and challenges with respect to the integration of newly acquired businesses and achieving anticipated synergies and economies of scale. In addition, transaction costs for the acquisition of real estate may increase due to German real estate transfer tax ("RETT"). Furthermore, real estate portfolios or real estate companies that may be acquired in the future may not develop as favourably as expected.**

Investments in property involve considerable risk. The acquisition of additional real estate needs to be financed, partially by taking on additional debt with banks and sometime by issuing new shares or debt in the capital markets or by a combination thereof. If the ACCENTRO Group is unable to obtain the necessary capital on reasonable terms, it may be unable to make further acquisitions to the extent

envisaged. Any additional debt incurred in connection with future acquisitions could have a significant negative impact on the loan to value ratio ("**LTV-Ratio**") and could result in higher interest expenses for the ACCENTRO Group. If ACCENTRO is no longer able to obtain the debt or equity financing it needs to acquire additional property portfolios, or if it is able to do so only on unfavourable terms, its further business development and competitiveness could be severely constrained. In addition, acquisitions could result in a breach of financial covenants.

Furthermore, the properties may suffer from hidden defects, such as contamination, and may thus require significant investments. In addition, in the course of the acquisition of companies or residential and other property portfolios, specific risks may not be, or might not have been, identified or evaluated correctly. As a result, legal and economic liability may be, or might have been, overlooked or misjudged. Although sellers typically make various warranties in purchase agreements that ACCENTRO enters into in connection with such property acquisitions, it is possible that these warranties do not cover all risks or that they fail to cover such risks sufficiently. Additionally, a warranty made by a seller may be unenforceable due to the seller's insolvency or for other reasons. In some cases, a seller makes no representation or warranty as to the completeness and correctness of the information that is made available in the context of due diligence, or as to whether such information remains correct during the period between the conclusion of the due diligence and the closing of the relevant acquisition.

As a consequence, in particular in the case of acquisitions of large-volume property portfolios, ACCENTRO could have overestimated earning potential upon privatisation or block sale, underestimated the rental and cost risks and consequently paid a purchase price higher than the portfolio's actual value for ACCENTRO. Furthermore, the property portfolios could be inaccurately appraised by ACCENTRO for other reasons, even if they were acquired on the basis of valuation reports and due diligence reviews. Therefore, neither a particular target return from rentals, nor, if applicable, a certain price upon resale can be guaranteed with respect to acquired property portfolios.

The occurrence of any of the aforementioned risks could have material adverse effects on the assets, financial position, and results of operations of ACCENTRO Group and thus ACCENTRO.

**Construction costs could significantly exceed forecasts and construction work could significantly be delayed.**

To the extent that construction measures are required for properties owned by ACCENTRO Group, there is a risk that the resulting construction costs could significantly exceed forecasts.

There are uncertainties regarding whether, when and under what constraints and/or subsidiary conditions approval for the projects is granted under public construction law i.e. ACCENTRO partly relies on the individual authorities exercising discretion. In addition disputes with residents and neighbours may significantly delay or negatively influence the granting of a approvals. These circumstances may mean that planned construction measures cannot be executed for the price assumed, within the timeline planned, or not at all.



Going forward, the ACCENTRO Group expects risks in this area to increase significantly.

**ACCENTRO Group relies on external sales partners and the willingness of owner-occupiers and investors to purchase the apartments.**

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

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

**The ACCENTRO Group's business of single unit sales (privatisations) may result in some units of a property remaining unsold. The unsold units may require greater administrative resources and may lead to additional expenses and other negative consequences for the ACCENTRO Group.**

ACCENTRO sells individual residential units to owner-occupants or small capital investors in single unit sales (privatisations). In executing these sales, not necessarily all units within a building might be sold.

Management of partially sold properties may require greater administrative resources than the management of units in properties entirely owned by the ACCENTRO Group. For example, owners of units in a residential property may decide on measures which concern the property as a whole by majority vote at the owners' assembly convened by the facility manager. If ACCENTRO sells only individual units in a property it currently owns, it may lose its ability to control decision-making and could be forced to accept decisions, and financially support their implementation, which are passed by a majority of the owners of other units in the relevant property with respect to property management, such as the performance of maintenance and modernisation, which may be unreasonable from the ACCENTRO Group's economic perspective and may result in the incurrence of additional costs. This could adversely affect ACCENTRO's profitability.

The occurrence of any of the aforementioned risks could have material adverse effects on the assets, financial position, and results of operations of ACCENTRO Group and thus ACCENTRO.

**ACCENTRO could be exposed to risks from residual pollution including wartime ordnance, soil conditions and contaminants in building materials, as well as possible building regulation violations; actions could be taken against ACCENTRO due to pollutions and any breach of building regulations.**

ACCENTRO is generally subject to the risk that properties acquired or properties in its holdings could be contaminated with soil pollution, harmful substances, other legacy pollution and/or warfare agents (including any unexploded projectiles). Moreover, the building structure may contain hazardous substances (such as polychlorinated biphenyls (PCB) or asbestos) or real estate may be exposed to other environmental risks. Action could be taken against ACCENTRO by public authorities or private parties for the removal and disposal of such warfare agents, hazardous substances, legacy pollution or soil contamination. This is particularly the case in view of the fact that land purchase agreements regularly include a hold-harmless clause in favour of the former owner with regard to liability under the German Federal Soil Protection Act (*Bundesbodenschutzgesetz*, “*BBodSchG*”), and exclude recourse against the former owner under the BBodschG.

It is possible that the properties the ACCENTRO Group owns or acquires may contain soil contamination, hazardous materials, other residual pollution or wartime ordnance. For example, in some (two to three) of the ACCENTRO Group's units, so-called floor-flex plates that contain small quantities of asbestos were used as floor covering. These floor-flex plates contain non-friable asbestos from which asbestos fibres are usually not released without external interference. Except in the event of structural alterations and damage, there is generally no obligation to remove such non-friable asbestos under currently applicable German federal state asbestos regulations (*Asbest-Richtlinien*). Nevertheless, ACCENTRO bears the risk of cost-intensive remediation and removal of the aforementioned hazardous materials, other residual pollution, wartime ordnance or soil contamination.

In addition, some properties previously owned by ACCENTRO, which have been sold in the meantime, were exposed to petrol and chemical soil contamination. The discovery of further residual pollution or risks associated with old wartime ordnance, particularly in connection with the lease or sale of properties, can also trigger claims for rent or purchase price reductions, damages and other breach of warranty claims or lease terminations.

There is also a risk that action could be brought in respect of properties that ACCENTRO has already sold. Under the Federal Soil Protection Act, under some circumstances the competent authority could also require the former owner of a property to remediate it at that owner's own expense. Even if land sale agreements provide that the buyer must hold ACCENTRO harmless from claims under the Federal Soil Protection Act, and waives the statutory claim to compensation, the risk that action may be brought cannot be ruled out. For example, a contractual claim for indemnification would be worthless if the seller involved became insolvent.

The remediation of residual pollution or wartime ordnance and related additional measures may negatively affect ACCENTRO and involve considerable additional costs.

Even if ACCENTRO did not cause the harmful alterations itself, in many cases it will have only a very limited possibility of taking recourse or asserting claims for indemnification against the polluter or polluters, or against other responsible parties, such as the seller of the property involved. ACCENTRO is thus exposed to the risk that it may no longer be able to take recourse against prior polluters or the prior owners of the properties. The existence or even suspected existence of wartime ordnance, hazardous materials, other residual pollution or soil contamination can negatively affect the value of a property and the ACCENTRO Group's ability to lease or sell such property. Moreover, building components may contain hazardous substances (such as asbestos, polychlorinated biphenyl, dichlorodiphenyltrichloroethane, pentachlorophenol and Lindane), or properties acquired may pose other environmental risks and ACCENTRO may be responsible for their removal.

ACCENTRO is also exposed to a liability risk arising in connection with non-compliance with or introduction of new building codes or environmental regulations. Even though ACCENTRO conducts thorough inspections during the acquisition of individual properties, there is a risk that building codes or environmental regulations were not complied with. It is also possible that landlord responsibilities could be further expanded with respect to fire protection and environmental protections, which could require additional refurbishment, maintenance and modernization measures or result in lower proceeds from the sale of real estate properties. The project cost of such measures is based on the assumption that the required permits are issued promptly and in consistence with ACCENTRO's plans.

It is also possible that landlord responsibilities could be further expanded, particularly with respect to fire protection and environmental protection, which could require additional maintenance and modernisation measures.

Any action taken against ACCENTRO for legacy pollution or harmful soil changes, or even the mere suspicion of harmful soil changes as well as any noncompliance with existing or newly implemented building codes or environmental regulations could have material adverse effects on ACCENTRO's business, net assets, financial condition and results of operations.

The occurrence of any of the aforementioned risks could have material adverse effects on the assets, financial position, and results of operations of ACCENTRO Group and thus ACCENTRO.

**There is a risk that ACCENTRO is liable for defects resulting from the sale of properties under warranty claims or guarantees or that claims for recourse cannot be asserted successfully.**

ACCENTRO is engaged in privatisation of own and third party real estate and trading of real estate. ACCENTRO is thus exposed to the risk that because of defects in sold properties, or parts thereof, it could be liable for up to five years for defects in the sold properties unless contractual liability exclusions have been agreed or such limitations are ineffective. In addition, in the context of the sale of properties, ACCENTRO has, in part, also assumed contractual guarantees which may trigger liability and particularly payment obligations on part of ACCENTRO.

In this context, ACCENTRO recognises provisions in accordance with IFRS (in the nine months ended 30 September 2017: EUR 1,139,944.71 in the fiscal year ended 31 December 2016: EUR 1,639,944.71. However, the total amount of possible guarantee and warranty claims may exceed the amount of any recognised provisions.

If a defect simultaneously constitutes a defect that can be asserted against the seller of the land or building, ACCENTRO possibly has recourse against those sellers if it is itself liable to buyers because of defects. To that extent, however, ACCENTRO bears the default risk in the event that those entities or persons are no longer able – for example, because of insolvency – to meet their reworking or payment obligations (particularly obligations to pay damages). It is also possible that ACCENTRO is liable to the buyers, but no longer has recourse against the relevant seller due to expiration of the warranty period or for other reasons.

Any assertion of warranty claims against ACCENTRO, particularly when ACCENTRO has no recourse against a third party for the payment of damages, could have material adverse effects on ACCENTRO's business, net assets, financial condition and results of operations.

The occurrence of any of the aforementioned risks could have material adverse effects on the assets, financial position, and results of operations of ACCENTRO Group and thus ACCENTRO.

**ACCENTRO has a relatively small number of employees in central functions and in senior management positions overseeing its business. ACCENTRO is dependent on recruiting and retaining qualified staff and employees in key positions, in particular, its sole management board member. Any inability to replace key personnel may be a challenge for ACCENTRO in future.**

ACCENTRO only has a small number of senior management executives responsible for managing its core business. The ACCENTRO Group's success depends significantly on the performance and expertise of its management executives and the qualified employees in key positions, in particular, the sole management board member Jacopo Mingazzini as well as other executives. It will be important for ACCENTRO to hire additional qualified employees to the extent that an expansion exceeds its available resources or to replace departed employees. Any unexpected loss of Jacopo Mingazzini or any of the key employees, also in connection with changes of internal structures at ACCENTRO, could have a detrimental effect. The challenge to recruit new highly-qualified management executives could impair the ACCENTRO Group's growth and make it difficult for the ACCENTRO Group to manage its business operations effectively.

The occurrence of any of the aforementioned risks could have material adverse effects on the assets, financial position, and results of operations of ACCENTRO Group and thus ACCENTRO.

**ACCENTRO's group-wide risk management organisation could be insufficient or might not be updated in line with ACCENTRO's growth. Thus, risks could arise with respect to deviations of ACCENTRO's actual business performance from its business planning.**

ACCENTRO's group-wide risk management organisation comprises a risk management system and monitoring system.

It cannot be excluded that gaps in the management and monitoring of risks may arise and that this may result in deviations of ACCENTRO's actual business performance from its business planning.

In addition, the data underlying ACCENTRO's business planning, especially revenue, income, and expenses, is based largely on forward-looking projections and estimates that take into account all of the insights gained up to the time the planning was prepared, historical figures, and the expectations of ACCENTRO's management board at the time the planning was prepared. Whether the assumptions and estimates in the planning will actually materialize is uncertain. There is a risk that the earnings and liquidity of the Issuer may not develop according to plan due to negative deviations from the earnings and expense expectations in the planning. Moreover, there is a risk that, due to planning deviations, the Issuer's liquidity situation may not permit the Issuer to make interest and principal payments due under various financing agreements at the relevant due date either in whole or in part.

If the Issuer were to fail to suitably develop its internal organisational, information, risk monitoring, and risk management structures, align these with the planned further growth of ACCENTRO and adapt them to a possibly changing environment for business operations in order to identify, assess, monitor, and manage potential risks as early as possible, unfavourable business or administrative developments could occur and incorrect decisions could be made that could have material adverse effects on ACCENTRO.

The occurrence of any of the aforementioned risks could have material adverse effects on the assets, financial position, and results of operations of ACCENTRO Group and thus ACCENTRO.

**ACCENTRO could suffer material losses from damage that is not covered by insurance, or that exceeds its insurance coverage.**

To cover damage that it or third parties might incur as a consequence of its business operations, ACCENTRO has taken out insurance contracts. However, insurance coverage is not unlimited, but subject to liability limitations and liability exclusions both in terms of the amount and with respect to the individual claim. Consequently, ACCENTRO could incur damage not covered by its insurance or exceeding coverage limits. In addition, ACCENTRO could fail to obtain sufficient insurance protection in the future. In the event of a large number of claims or any major loss, insurance contracts could be terminated by the respective insurance company, insurance premiums could be increased or insurance terms could become less favourable in any other respect. In addition, insurance companies could

become insolvent, which may have an adverse effect on the value of the insurance contracts entered into by ACCENTRO with such insurance companies.

The occurrence of any of the aforementioned risks could have material adverse effects on the assets, financial position, and results of operations of ACCENTRO Group and thus ACCENTRO.

**The current IT-systems and protection measures with regard to sensitive and confidential information of ACCENTRO Group could be prone to faults, insufficiently secure or not fully functional.**

ACCENTRO Group is dependent on having constantly accessible and functional IT systems in order to carry out its business. In addition sensitive and confidential information, especially customer information must be protected at all times against unauthorised access by third parties. The current systems and protection measures could be prone to faults, insufficiently secure or not fully functional.

The occurrence of any of the aforementioned risks could have adverse effects on the assets, financial position, and results of operations of ACCENTRO Group and thus ACCENTRO.

**b) Financing, liquidity and interest risk factors**

**The ACCENTRO Group has a substantial level of debt and ACCENTRO's ability to repay existing debt with loans and other debt instruments could be limited. It may be difficult or expensive to obtain new sources of financing.**

ACCENTRO has a substantial level of debt; the nominal amount of ACCENTRO's outstanding financial indebtedness was kEUR 138,573 as of 31 December 2016 and kEUR 148,349 as of 30 September 2017.

In relation to the existing loans for financing the properties held by ACCENTRO Group, the refinancing of the ongoing business activities, and the new borrowing required to acquire additional properties, there is a risk that company-specific and market-specific developments may make it harder to borrow funds and/or make such borrowing possible only on less favourable terms. If this was to create issues for the repayment of current loans, creditors could initiate coercive realisations of mortgage collateral. Such fire sales would create serious financial issues for ACCENTRO.

The line of business currently pursued by the ACCENTRO Group is to a large degree influenced by the availability of financing options. A restrictive lending policy of banks over extended periods of time could negatively impact the business performance and the growth of ACCENTRO Group.

The privatisation segment is exposed to the risk that a measure may not have been completed at maturity and that a loan rollover is either impossible altogether or possible only on unfavourable terms and/or at increased costs.

The consolidated ACCENTRO Group has taken out loans in a total amount of approximately kEUR 30,558 that are subject to covenants agreed with the banks in regard to debt service coverage ratios or debt-to-equity ratios (financial covenants). Breaches of these covenants could trigger payments into blocked accounts or early repayment obligations on the basis of a contractually agreed escalation procedure. Analogously, the convertible bond issued are subject to credit terms that, were they to eventuate, could cause a Liquidity risk. If certain loan terms eventuated, for instance in the event of a change of control, the convertible bond could be prematurely terminated for redemption. All financial covenants were upheld during the 2016 financial year as well as during the nine month period ending 30 September 2017.

In the future, ACCENTRO intends to refinance maturing debt with new bonds, notes and loans (or by extending the maturity of such debt). ACCENTRO's ability to repay existing financial obligations by raising new debt capital (or by extending the maturity of existing debt) could be limited, for example, as a result of market conditions, its business condition or the level of debt of ACCENTRO or of other ACCENTRO Group companies. Large-volume debt financing could require costly restructuring in order to facilitate a refinancing. Although ACCENTRO was able to refinance and reduce its debt and extend maturities of various financial liabilities in the past, its current level of debt could lead capital markets and banks to refuse to make new debt funding available to ACCENTRO, or to do so only on less favourable financial terms or with the requirement of additional security.

The occurrence of any of the aforementioned risks could have material adverse effects on the assets, financial position, and results of operations of ACCENTRO Group and thus ACCENTRO.

**ACCENTRO Group faces the risk of default on receivables.**

ACCENTRO Group bears the risk of default on receivables in the event that it enforces rights of rescission or warranty against the seller of a property and the seller defaults on the repayment of the purchase price or the fulfilment of the warranty rights.

Furthermore property purchases are subject to a certain credit risk, as rent payments frequently continue to be paid to the seller even after the respective rights, entitlements and obligations have been transferred, meaning that the seller is then required to pass these payments on to the ACCENTRO Group. This concerns those tenant shares that are not paid via direct debiting.

**Future acquisitions may not close as originally contemplated or at all, for example, due to conditions in the purchase agreement or a failure to reach final agreements on acquisition financing.**

In planned acquisitions of real estate, unforeseen problems could arise. For example, some of these transactions may be subject to a number of closing conditions and certain rights of withdrawal for both parties may be agreed upon. If certain conditions precedent set out in the investment agreement are not fulfilled entered into, such transactions might not occur in the form and/or within the timeframe originally contemplated.

In the event of a failure of any planned acquisitions, ACCENTRO would have to bear the associated transaction costs without receiving any of the intended results and benefits from the envisaged acquisition. The materialisation of this risk could have material adverse effects on the ACCENTRO Group's business, financial condition, cash flow and results of operations.

The occurrence of any of the aforementioned risks could have material adverse effects on the assets, financial position, and results of operations of ACCENTRO Group and thus ACCENTRO.

### **3. Regulatory and Legal-related risk factors**

#### **Legal and regulatory conditions in the real estate industry could change and adversely affect ACCENTRO's business.**

ACCENTRO's business is influenced by the legal and regulatory conditions in Germany applicable to real estate, in particular to the sale of land. Adverse changes in the applicable laws or administrative provisions or changes in their interpretation or application may have negative effects on ACCENTRO. In particular, it cannot be excluded that any changes in tax legislation, administrative practice or jurisprudence, which may occur at any time at short notice, result in negative tax effects for ACCENTRO.

In particular, an increase in the real estate transfer tax or property tax, changes in capital gains taxation, limitations on tax deductions, or stricter add-back rules for interest expenses could adversely affect the Issuer or any of its present or future subsidiaries. Despite the general principle of non-retroactivity, any changes in applicable laws, regulations and directives may have a retroactive effect. There have been significant changes in the legal and tax environment in past years. For example, the real estate transfer tax ("RETT") has undergone significant changes, the RETT rate has increased from 3.5% to up to 6.5% in some German states and the assessment basis for RETT incurred because of share sales is now similar to the fair market value of the real estate asset. The Issuer cannot rule out that further increases of the tax rate might take place in the future. According to current legislation, real estate transfer tax is, *inter alia*, incurred by entering into any agreement providing for the direct or indirect acquisition of 95% or more (at once or in several tranches) of the shares in a corporation or interests in a partnership owning German real estate. In order to avoid German RETT falling due on an acquisition of shares in such a corporate entity ACCENTRO would need to ensure to acquire and hold less than 95% of the respective shares; the remaining shares would have to be acquired by one or several third parties. This may render a transaction more complex and result in stronger minority rights of the partners. Further requirements have to be met in case the property owning entity is a partnership. As a consequence, the costs of the transaction and future administrative efforts arising in connection with the newly acquired unit will also regularly increase. In addition, the German Real Estate Transfer Tax Act (*Grunderwerbsteuergesetz*) is currently subject to legislative discussions and will likely be amended in the foreseeable future by imposing stricter requirements for the mitigation of RETT in share sales.

Furthermore, German residential landlord-tenant law (*Wohnraummietrecht*) is considered to be tenant friendly in many respects, restricting the ability to increase rents. If the parties to a tenancy agreement



have not agreed on a stepped rent or an indexation – both unusual in the German residential market – a rent increase is feasible only within certain limits and taking into account statutory limits, for example, as a result of the so-called rent control (*Mietpreisbremse*) which was introduced in 2015 and has been implemented by 12 of the 16 German federal states. In particular, changes in the legal rights of tenants and the protection of tenants against termination could curtail the Issuer's flexibility in changing the tenant structure of its portfolio and negatively affect the overall value of the leased properties. Stricter environmental laws and regulations, especially energy conservation regulations, could increase the Issuer's costs associated with the management of its residential property portfolio and expand its liability. Tax benefits or regulatory rules concerning investments in real estate companies could be changed, which could dampen general interest in real estate in Germany. In particular, this could result in reduced proceeds from the sale of parts of the residential property portfolio.

In addition, a municipal body has a pre-emptive right to the purchase of properties when, among other things, they lie within the range of application of a development plan, where this refers to areas for which, according to the development plan, there is a use for public purposes or areas of significance for the protection of the environment, if the property is situated in an area for redistribution or if the property lies within a formally designated area for redevelopment. In practice, this municipal pre-emptive right has a considerable role to play, as each purchase contract requires that a corresponding request be made to the municipal body and the municipal body checks if it will exercise its pre-emptive right. Thus, the municipal body's pre-emptive right complicates the purchase of properties in practice, as it is not clear if a property in fact will be purchased. This also results in uncertainty over funding of property and projects that could result in financial damage for the ACCENTRO Group.

Also a tightening of environmental legislation could cause substantial extra cost to ACCENTRO. Under the provisions of the Energy Saving Ordinance (*Energieeinsparverordnung*, "**EnEV**"), which was amended with effect from 1 May 2014, lessors are obliged to carry out renovation work to reduce energy consumption (amongst other things by thermal insulation). In certain circumstances, thermo-technical refurbishing of a building is required. For example, lessors are required to provide minimum insulation for the roofs of the properties let by them. Also, the lessor or seller of a property is required to present an energy certificate prior to entering into a new tenancy or purchase agreement. In addition, if a property is offered (for sale or rent) in commercial media, information about the recent energy performance indicator of the property in accordance with the existing energy performance certificate is to be provided. Since 31 December 2013, owners of properties with a special central water heating facility have been required to test drinking water supplies for legionella and repeat this test at least every three years and on an annual basis, as the case may be depending on the facility's size, thus facing additional costs.

Any unfavourable developments in the legal and regulatory environment, including the aforementioned examples, and the occurrence of any of the aforementioned risks could have material adverse effects on the assets, financial position, and results of operations of ACCENTRO Group and thus ACCENTRO.

**ACCENTRO could be subject to liability claims for several years after selling properties.**

In connection with property sales, ACCENTRO usually makes representations, warranties and negative declarations of knowledge to the purchasers with respect to certain characteristics of the relevant properties. The resulting obligations usually continue to exist after the sale for a period of several years. In particular, ACCENTRO could be subject to claims for damages from purchasers, who could assert that ACCENTRO failed to meet its obligations, or that its representations were untrue. ACCENTRO could be required to make payments to the purchasers following legal disputes or litigation. If ACCENTRO has provided warranties to third parties in connection with modernisation and maintenance measures and claims are asserted against ACCENTRO because of defects, it is not always certain that ACCENTRO will have recourse against the companies that performed the work.

As a seller of properties, ACCENTRO is also liable to tenants for any breach of tenancy agreements by the purchaser under certain circumstances, even where ACCENTRO no longer has any control over the property. Moreover, ACCENTRO continues to be exposed to claims for breach of contract even if the purchaser resells the property and the subsequent purchaser breaches any tenancy agreement. If, however, ACCENTRO notifies the tenant of the change in ownership and the tenant fails to avail itself of the opportunity to terminate the tenancy agreement at the earliest permitted termination date, ACCENTRO is, in general, released from liability. As a rule, when selling properties, ACCENTRO informs all tenants in writing of the change in landlord either alone or together with the purchaser. Such release from liability does not apply to security deposits (*Mietsicherheiten*) provided by the tenants. If the tenant is unable to receive its security deposit from the purchaser of the property, the liability to repay such security deposit remains with the seller.

Legal or settlement costs, including the costs of defending lawsuits, whether justified or not, as well as potential damages associated with liability for properties that ACCENTRO has sold, could have material adverse effects on the assets, financial position, and results of operations of ACCENTRO Group and thus ACCENTRO.

**ACCENTRO Group and the external sales partners could face compensation claims from third parties in connection with the consultancy services rendered by demand.**

When selling individual apartments, ACCENTRO Group and their external sales partners also perform consultancy services. In connection with rendering such services liability of ACCENTRO Group could arise in case these services are rendered inadequately and lead to damages of third parties. This could lead to compensation claims from third parties.

**ACCENTRO could face damage claims in connection with a transaction completed in 2015.**

In connection with a property transaction completed in 2015 ACCENTRO could face certain damage claims because a special purpose entity sold through a share deal was involved in a law suit and because ACCENTRO has indemnified the buyer against possible claims by a plaintiff. At the same time, rights of recourse exist against the original owner of these special purpose entities because the legal

action had already been initiated by the initial seller at the time that ACCENTRO acquired the property companies, which means that ACCENTRO itself has rights of recourse in this matter. However the value of this right of recourse depends on the liquidity situation of the initial seller.

#### **4. Risk factors relating to Notes**

##### **The Notes may not be a suitable investment for all investors.**

Potential investors should consider whether an investment in the Notes is appropriate in their respective circumstances and should consult with their legal, business, and tax advisors to determine the consequences of an investment in the Notes and to get their own idea about the investment.

An investment in the Notes is only suitable for investors who

- possess sufficient knowledge and experience in financial and business matters to make a meaningful evaluation of the chances and risks of an investment in the Notes and the information contained or incorporated by reference into this Prospectus;
- have access to, and knowledge of, appropriate analytical tools to evaluate such chances and risks in the context of the potential investor's particular financial situation and to evaluate the impact the Notes will have on their overall investment portfolio;
- understand thoroughly the terms of the Notes and are familiar with the behaviour of the financial markets;
- are capable of bearing the economic risk of an investment in the Notes until the maturity of the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- know that it may not be possible to dispose of the Notes for a substantial period of time, if at all before maturity; and
- are able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and ability to bear the applicable risks.

##### **The development of market prices of the Notes depends on various factors.**

The market value of the Notes is influenced by a change in the creditworthiness (or the perception thereof) of the Issuer and a number of other factors including market interest and rate of return and the remaining time until the day of maturity.

The development of market prices of the Notes depends on various factors, such as changes of market interest rate levels, the policies of central banks, overall economic developments, inflation rates or the lack of or excess demand for the relevant type of Note. The Holders are therefore exposed to the risk of an unfavourable development of market prices of their Notes which will materialise if the Holders sell the Notes prior to their maturity.

**The market-value of Notes with fixed interest rates is dependent on market interest rates.**

A Holder of a fixed interest rate Note carries the risk that the prices of the Notes can fall as a result of changes in the interest rate on the market. While the nominal interest rate of a Note with a fixed interest rate is fixed for the entire duration of such Notes, the current interest rate on the capital market (**market interest rate**) typically changes on a daily basis. As the market interest rate changes, the price of a Note with a fixed interest rate also changes - but in the opposite direction. If the market interest rate increases, the price of a Note with a fixed interest rate typically falls until the yield of such Note approximately equals the market interest rate. If the market interest rate decreases, the price of a fixed interest rate Note typically increases, until the yield of such Note is approximately equal to the market interest rate. If the Holder of a Note with a fixed interest rate holds them until maturity, changes of the market interest rate will be irrelevant, as the Notes will be redeemed at a fixed redemption amount, which is normally the nominal amount of such Notes.

**If the Notes are redeemed prior to maturity, a Holder of the Notes is exposed to the risk of a lower yield than expected.**

The Issuer may redeem all outstanding Notes under the circumstances set forth in the Terms and Conditions, e.g. for reason of minimal outstanding amount or for tax reasons. If the Notes are redeemed prior to maturity, a Holder of the Notes is exposed to the risk that due to such early redemption his investment will have a lower than expected yield. In such circumstances, the investor might possibly not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes.

**Holders are subject to the risk of a partial or total failure of the Issuer to make interest and/or redemption payments.**

Any person who purchases the Notes is relying on the creditworthiness of the Issuer and has no rights against any other person. Holders are subject to the risk of a partial or total failure of the Issuer to make interest and/or redemption payments that the Issuer is obliged to make under the Notes. The worse the creditworthiness of the Issuer, the higher the risk of loss. A materialisation of the credit risk may result in partial or total failure of the Issuer to make interest and/or redemption payments under the Notes, respectively.

In addition, even if the likelihood that the Issuer will be in a position to fully perform all obligations under the Notes when they fall due actually has not decreased, market participants could nevertheless be of that opinion. Market participants may in particular be of such opinion if market participants' assessment

of the creditworthiness of corporate debtors in general or debtors operating in the real estate sector adversely change. If any of these risks occur, third parties would only be willing to purchase the Notes for a lower price than before the materialisation of said risk. The market value of the Notes may therefore decrease.

**There is no active public trading market for the Notes.**

Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange. Regardless of whether the Notes are listed or not, there can be no assurance regarding the future development of a market for the Notes or the ability of Holders to sell their Notes or the price at which Holders may be able to sell their Notes. If such a market were to develop, the Notes could trade at prices that may be higher or lower than the initial offering price depending on many factors, including prevailing interest rates, ACCENTRO's operating results, the market for similar securities and other factors, including general economic conditions, performance and prospects, as well as recommendations of securities analysts. The liquidity of, and the trading market for, the Notes may also be adversely affected by declines in the market for debt securities generally. Such a decline may affect any liquidity and trading of the Notes independent of ACCENTRO's financial performance and prospects. If Notes are not listed on any exchange, pricing information for such Notes may, however, be more difficult to obtain which may affect the liquidity of the Notes adversely. In an illiquid market, an investor might not be able to sell Notes at any time at fair market prices. The possibility to sell Notes might additionally be restricted by country specific reasons. A buyer of a Note must therefore be prepared to retain the Notes until the day of maturity or final redemption.

**An investment in the Notes may be subject to the risk of inflation.**

The inflation risk is the risk of future money depreciation. The real yield from an investment is reduced by inflation. The higher the rate of inflation, the lower the real yield on the Notes. If the inflation rate is equal to or higher than the nominal yield, the real yield is zero or even negative.

**The Notes will not be legally but economically subordinated to ACCENTRO Group's debt to the extent such debt is secured by assets that are not also securing the Notes.**

Although the Terms and Conditions require the Issuer to secure the Notes equally if it provides security for the benefit of Capital Markets Indebtedness, the requirement to provide equal security to the Notes is subject to a number of significant limitations as set out in detail in the Terms and Conditions. To the extent the Issuer provides security interest over its assets for the benefit of other debt without also securing the Notes, the Notes will be effectively junior to such debt to the extent of such assets. As a result of the foregoing, holders of (present or future) secured debt of ACCENTRO Group may recover disproportionately more on their claims than the Holders in an insolvency, bankruptcy or similar proceeding. The Issuer may not have sufficient assets remaining to make payments under the Notes.

**The Notes restrict, but do not eliminate, ACCENTRO Group's ability to incur additional debt or take other action that could negatively impact the Holders.**

The Terms and Conditions restrict ACCENTRO Group's ability to incur additional indebtedness by requiring the maintenance of certain ratios. In addition, the Terms and Conditions permit Holders to require the Issuer to redeem or, at the Issuer's option, repurchase the Notes upon the occurrence of a change of control event. However, these restrictions and undertakings may nonetheless allow the Issuer and its subsidiaries to incur significant additional (secured or unsecured) indebtedness, to grant additional security for the benefit of existing and future indebtedness and to enter into transactions, including reorganisations, mergers, acquisitions and other similar corporate transactions that may adversely affect the Holders. As a result of the foregoing, the Issuer may not have sufficient assets to make payments on the Notes.

**The trading market for debt securities may be volatile and may be adversely impacted by many events.**

The market for debt securities issued by the Issuer is influenced by a number of interrelated factors, including economic, financial and political conditions and events in Germany as well as economic conditions and, to varying degrees, market conditions, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries. There can be no assurance that events in Germany, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of the Notes or that economic and market conditions will not have any other adverse effect. Accordingly, the price at which a Holder will be able to sell its Notes prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such Holder.

**In case of certain events of default, the Notes will only be redeemable if Holders of at least 15% of the aggregate principal amount of the Notes then outstanding declare Notes due and payable. Such declaration of acceleration may be rescinded by majority resolution of the Holders of such Series of Notes.**

The Terms and Conditions provide that, in case of certain events of default, any notice declaring the respective Notes due and payable shall become effective only when the Paying Agent has received default notices from Holders representing at least 15% of the aggregate principal amount of the Notes then outstanding. In addition, under the German Act on Debt Securities (*Schuldverschreibungsgesetz – "SchVG"*), even if a default notice had been given by a sufficient number of Holders of Notes, the Holders of these Notes could rescind such acceleration by majority resolution within three months. A simple majority of votes would be sufficient for a resolution on the rescission of such acceleration but, in any case, more Holders would have to consent to a rescission than have delivered default notices.

Holders should be aware that, as a result, they may not be able to accelerate any Notes upon the occurrence of certain events of default, unless the required quorum of Holders with respect to such

Series of Notes delivers default notices and such acceleration is not rescinded by majority resolution of the Holders of such Series of Notes.

**The Terms and Conditions, including the terms of payment of principal and interest, can be amended by a Holders' resolution and any such resolution will be binding for all Holders of the Notes. Any such resolution may effectively be passed with the consent of less than a majority of the aggregate principal amount of the Notes outstanding.**

The Terms and Conditions may be amended or other measures relating to the Notes may be taken by majority resolution of the Holders of the Notes. The voting process under the Terms and Conditions will be governed in accordance with the SchVG, pursuant to which the required participation of Holder votes (quorum) is principally set at 50% of the aggregate principal amount of outstanding Notes of the respective Series in a vote without a meeting. In case there is no sufficient quorum in the vote without a meeting, there is no minimum quorum requirement in a second meeting or voting on the same resolution (unless the resolution to be passed requires a qualified majority, in which case Holders representing at least 25% of outstanding notes by principal amount must participate in the meeting or voting). As the relevant majority for Holders' resolutions is generally based on votes cast, rather than on principal amount of Notes outstanding, the aggregate principal amount of Notes required to vote in favour of an amendment will vary based on the Holders' votes participating. Therefore, a Holder is subject to the risk of being outvoted by a majority resolution of such Holders and losing rights towards the Issuer against his will in the event that Holders holding a sufficient aggregate principal amount of the Notes participate in the vote and agree to amend the Terms and Conditions or on other matters relating to the Notes by majority vote in accordance with the Terms and Conditions and the SchVG.

#### **Exchange rate risks and exchange controls.**

Potential investors should bear in mind that an investment in the Notes involves currency risks. This presents certain risks relating to currency conversions if a Holder's financial activities are denominated principally in a currency or currency unit (the "**investor's currency**") other than the specified currency of the Notes. These include the risk that exchange rates may change significantly (including changes due to devaluation of the specified currency of the Notes or revaluation of the investor's currency) and the risk that authorities with jurisdiction over the investor's currency may impose or modify exchange controls. An appreciation in the value of the investor's currency relative to the specified currency of the Notes would decrease (i) the investor's currency-equivalent yield on the Notes, (ii) the investor's currency equivalent value of the principal payable on the Notes and (iii) the investor's currency-equivalent market value of the Notes.

In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable currency exchange rate. As a result, Holders may receive less interest or principal than expected, or no interest or principal.

## **5. Risk factors relating to Shareholder structure**

**The new majority shareholder could considerably influence the business policy of ACCENTRO Group even to the detriment of the Holders.**

With effect as of end of November 2017 the former majority shareholder of ACCENTRO, ADLER Real Estate AG sold and transferred the economic ownership of about 80% of the ACCENTRO shares and approximately 92% of the ACCENTRO convertible bond 2014 / 2019 (ISIN DE000A1YC4S6) to the new majority shareholder Brookline. The transfer of ownership of the shares and the convertible bond purchased is subject to the condition precedent of full payment of the purchase price. Until the fulfilment of the condition precedent Brookline has an expectant right (*Anwartschaftsrecht*) to the legal ownership in the shares and the convertible bond purchased and is entitled to exercise the respective voting rights associated to the shares purchased.

The new majority shareholder therefore holds the economic ownership of about 80% of shares in ACCENTRO and is entitled to exercise the respective voting rights. Due to this concentration of shareholding the majority shareholder is in the position to influence significant decisions of the Issuer independently from other shareholders, including the composition of the supervisory board and hence also the composition of the management board. It is thus possible that the majority shareholder could considerably influence the business policy of ACCENTRO Group, even to the detriment of the holders.



## **VII. Use of Proceeds**

The Issuer will use the proceeds from the initial issuance and sale of the Notes (the **“Proceeds”**)

- (i) for the acquisition of real estate assets in Germany and to pay for related transaction expenses, or
- (ii) for any other purposes that would have resulted in an improvement of at least one of the financial covenants mentioned under § 11.6(b) of the Terms and Conditions

provided that, until the Proceeds are finally applied for such purposes, the Issuer may temporarily invest such Proceeds in freely available cash in hand or at a bank and short-term, highly liquid investments that are immediately convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## VIII. Directors and Officers of the Issuer

ACCENTRO is incorporated under German law and has a two-tier board structure. Responsibility for the management of ACCENTRO lies with the management board (*Vorstand*). Independent, non-executive members serve on the supervisory board (*Aufsichtsrat*), which supervises and advises the members of the management board in performing their management tasks. The management board has the duty to keep the supervisory board informed, consult with the supervisory board on important matters and submit certain important decisions to the supervisory board for its prior approval. The supervision of the management board by the supervisory board includes (i) achievement of ACCENTRO's objectives, (ii) corporate strategy and management of risks inherent to ACCENTRO's business activities, (iii) the structure and operation of internal risk management and control systems, (iv) the financial reporting process and (v) compliance with applicable legislation and regulations.

As of the date of this Prospectus the members of ACCENTRO's supervisory board and management board are as follows:

Name	Title	Principal activities performed outside the undertaking with significance for the undertaking	Term expires
Jacopo Mingazzini	Member of the management board	none	2018
Axel Harloff	Chairman of the supervisory board	ERWE Retail Immobilien GmbH, managing director  Deutsche Technologie Beteiligungen AG, management board  Consus Real Estate AG, Chairman of the supervisory board	2019
Dr. Dirk Hoffmann	Member of the supervisory board	Adler Real Estate AG, Chairman of the supervisory board  Westgrund AG, Chairman of the supervisory board  Squadra Immobilien GmbH&Co KGaA, Chairman of the supervisory board	2019
Natig Ganiyev	Member of the supervisory board	Vestigo Capital Advisors LLP, managing director	2019

The business address of each member of the supervisory board and management board is the registered office of the Issuer at Uhlandstraße 165, 10719 Berlin, Germany.

**IX. Terms and Conditions of the Notes (the “Terms and Conditions”)**

**1. CURRENCY, DENOMINATION, FORM**

**1.1 Currency; Denomination**

This issue of notes (the “**Notes**”) of ACCENTRO Real Estate AG (the “**Issuer**”), is being issued in the aggregate principal amount of EUR 100,000,000 (in words: One Hundred Million Euro) in a denomination of EUR 1,000.00 each (the “**Specified Denomination**”) on 26 January 2018 (the “**Issue Date**”).

**1.2 Form**

- a) The Notes are being issued in bearer form.
- b) The Notes are represented by a global note (the “**Global Note**”) without interest coupons. The Global Note will be signed by or on behalf of the Issuer.

Definitive Notes and interest coupons will not be issued. Holders will have no right to require the issue of definitive Notes or interest coupons.

The Global Note will be deposited with the Clearing System until the Issuer has satisfied and discharged all its obligations under the Notes. Copies of the Global Note may be obtained by each Holder from the Paying Agent.

- c) Holders will receive proportional co-ownership interests or rights in the Global Note, which are transferable in accordance with applicable law and the rules and regulations of the Clearing System.
- d) Pursuant to the book-entry registration agreement between the Issuer and Clearstream Frankfurt, the Issuer has appointed Clearstream Frankfurt as its book-entry registrar in respect of the Notes and agreed to maintain a register showing the aggregate number of the Notes represented by the Global Note under the name of Clearstream Frankfurt, and Clearstream Frankfurt has agreed, as agent of the Issuer, to maintain records of the Notes credited to the accounts of the accountholders of Clearstream Frankfurt for the benefit of the holders of the co-ownership interests in the Notes represented by the Global Note, and the Issuer and Clearstream Frankfurt have agreed, for the benefit of the holders of co-ownership interests in the Notes, that the actual number of Notes from time to time will be evidenced by the records of Clearstream Frankfurt.

## **2. STATUS**

The obligations under the Notes constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other unsecured and unsubordinated obligations of the Issuer, unless such obligations are accorded priority under mandatory provisions of statutory law.

## **3. NEGATIVE PLEDGE**

### **3.1 Negative Pledge**

The Issuer undertakes, so long as any Notes are outstanding, but only up to the time all amounts of principal and interest have been placed at the disposal of the Paying Agent, not to create or permit to subsist, and to procure that none of its Subsidiaries will create or permit to subsist, any security interest *in rem* over its assets to secure any Capital Market Indebtedness unless, subject to § 3.3, the Issuer's obligations under the Notes are secured equally with (or, in case such Capital Market Indebtedness is subordinated debt, senior in priority to) the Capital Market Indebtedness secured by such security interest.

### **3.2 Limitation**

The undertaking pursuant to § 3.1 shall not apply to a security which (a) was granted over assets of a subsidiary of the Issuer that becomes a Subsidiary only after the Issue Date, *provided that* the security was not created in anticipation of the acquisition of the Subsidiary, (b) is mandatory according to applicable laws, (c) is required as a prerequisite for governmental approvals, (d) existed on the Issue Date, (e) is granted by a Subsidiary over any existing or future claims of this Subsidiary against the Issuer or any of its Subsidiaries as a result of passing on proceeds from the sale of any issuance of any securities, *provided that* such security serves as security for obligations of this Subsidiary under such securities or (f) constitutes the renewal, extension or replacement of any security pursuant to the foregoing (a) through (e).

Any security which is to be provided pursuant to this § 3.2 may also be provided to a person acting as trustee for the Holders.

### **3.3 Provision of Additional Security**

Whenever the Issuer becomes obligated to secure (or procure that a Subsidiary secures) the Notes pursuant to this § 3, the Issuer shall be entitled to discharge such obligation by providing (or procuring that the relevant Subsidiary provides) a security interest in the relevant collateral to a security trustee, such security trustee to hold such collateral and the security interest that gave rise to the creation of such collateral, equally, for the benefit of the Holders and the holders of the Capital Market Indebtedness secured by the security interest that gave rise to

the creation of such security interest in such collateral, such equal rank to be created *in rem* or, if impossible to create *in rem*, contractually.

#### 4. INTEREST

##### 4.1 Rate of Interest and Interest Payment Dates

The Notes shall bear interest on their principal amount at the rate of 3.75% per annum from (and including) the Issue Date to (but excluding) the Maturity Date. Interest shall be payable semi-annually in arrears on 26 January and 26 July of each year (each such date, an “**Interest Payment Date**”), commencing on 26 July 2018.

##### 4.2 Late Payment

If the Issuer for any reason fails to redeem the Notes when due, interest shall continue to accrue on the outstanding amount from (and including) the due date to (but excluding) the date of actual redemption of the Notes at the default rate of interest established by law<sup>3</sup>. Claims for further damages in case of late payment are not excluded.

##### 4.3 Calculation of Interest

Where interest is to be calculated in respect of any period of time, the interest will be calculated on the basis of the Day Count Fraction (Actual/Actual (ICMA)).

“**Day Count Fraction (Actual/Actual (ICMA))**” means, in respect of the calculation of an amount of interest for any period of time (from and including the first day of such period to but excluding the last day of such period) (the “**Interest Calculation Period**”):

- i) if the Interest Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Interest Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
- ii) if the Interest Calculation Period is longer than one Determination Period, the sum of:
  - (a) the number of days in such Interest Calculation Period falling in the Determination Period in which the Interest Calculation Period begins divided by the product of (x) the number of days in such Determination

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The default rate of interest established by statutory law is five percentage points above the base rate of interest published by *Deutsche Bundesbank* from time to time, sections 288 paragraph 1, 247 paragraph 1 of the German Civil Code (*Bürgerliches Gesetzbuch*).

Period and (y) the number of Determination Periods normally ending in any year; and

- (b) the number of days in such Interest Calculation Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year.

**“Determination Period”** means each period from and including a Determination Date in any year to but excluding the next Determination Date.

**“Determination Date”** means 26 January and 26 July in each year.

## **5. PAYMENTS**

### **5.1 Payment of Principal and Interest**

Payment of principal and interest in respect of the Notes shall be made, subject to § 5.2 below, to the Paying Agent for forwarding to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System outside the United States.

### **5.2 Manner of Payment**

Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in Euro.

### **5.3 Discharge**

The Issuer shall be discharged by payment to, or to the order of, the Clearing System.

### **5.4 Business Day**

If the date for payment of any amount in respect of any Note is not a Business Day then the Holder shall not be entitled to payment until the next such day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **“Business Day”** means a day (other than a Saturday or a Sunday) on which banks are open for general business in Frankfurt am Main and on which the Clearing System as well as all relevant parts of the Trans-European Automated Real-time Gross Settlement Express Transfer System 2 (TARGET2) are operational to effect payments.

## **5.5 References to Principal and Interest**

References in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable: the Final Redemption Amount, the Call Redemption Amount, the Put Redemption Amount, Additional Amounts which may be payable under § 8 and any other premium and any other amounts which may be payable under or in respect of the Notes. References in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable under § 8.

## **5.6 Deposit of Principal and Interest**

The Issuer may deposit with the local court in Berlin-Charlottenburg principal or interest not claimed by Holders within 12 months after the Maturity Date, even though such Holders may not be in default of acceptance of payment. If and to the extent that the deposit is effected and the right of withdrawal is waived, the respective claims of such Holders against the Issuer shall cease.

# **6. REDEMPTION**

## **6.1 Redemption at Maturity**

Unless previously redeemed in whole or in part or purchased and cancelled, the Notes shall be redeemed at their Final Redemption Amount on 26 January 2021 (the “**Maturity Date**”). The “**Final Redemption Amount**” in respect of each Note shall be its principal amount.

## **6.2 Early Redemption for Reasons of Taxation**

If as a result of any change in, or amendment to, the laws or regulations of the Federal Republic of Germany (or in the event the Issuer becoming subject to another tax jurisdiction pursuant to § 8.4, the laws or regulations of such other tax jurisdiction) affecting taxation or the obligation to pay duties of any kind, or any change in, or amendment to, an official interpretation or application of such laws or regulations, which amendment or change becomes effective on or after the date on which the Notes were issued, the Issuer is required to pay Additional Amounts on the next succeeding Interest Payment Date, and this obligation cannot be avoided by the use of measures available to the Issuer which are, in the judgement of the Issuer, in each case taking into account the interests of Holders, reasonable, the Notes may be redeemed, in whole but not in part, at the option of the Issuer, at any time upon not less than 45 days' nor more than 60 days' prior notice of redemption given to the Paying Agent and, in accordance with § 14, to the Holders, at the principal amount together with interest accrued to (but excluding) the date fixed for redemption.

However, no such notice of redemption may be given (a) earlier than 90 days prior to the earliest date on which the Issuer would be obligated to pay such Additional Amounts if a

payment in respect of the Notes was then due, or (b) if at the time such notice is given, such obligation to pay such Additional Amounts does not remain in effect.

Any such notice shall be given in accordance with § 14. It shall be irrevocable, must specify the date fixed for redemption and must set forth a statement summarizing the facts constituting the basis for the right of the Issuer so to redeem.

### 6.3 Early Redemption at the Option of the Issuer (Make-Whole)

The Issuer may, upon not less than 45 days' nor more than 60 days' prior notice of redemption given to the Paying Agent and, in accordance with § 14, to the Holders, redeem on any date specified by it (the "**Call Redemption Date**"), at its option, the Notes (except for any Note which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Note under § 6.4) in whole but not in part, at their Call Redemption Amount together with any unpaid interest accrued to (but excluding) the Call Redemption Date (but excluding accrued interest accounted for in the Call Redemption Amount). It shall be irrevocable and must specify the Call Redemption Date and the Call Redemption Amount at which such Notes are to be redeemed.

The "**Call Redemption Amount**" per Note means the higher of (a) the principal amount per Note and (b) the Make-Whole Amount per Note. The "**Make-Whole Amount**" will be an amount calculated by the Paying Agent on the Redemption Calculation Date by discounting the principal amount and the remaining interest payments to the Maturity Date on an annual basis, assuming a 365-day year or a 366-day year, as the case may be, and the actual number of days elapsed in such year and using the Bund Rate plus 100 basis points.

The "**Bund Rate**" shall be the yield to maturity per annum at the Redemption Calculation Date of a direct obligation of the Federal Republic of Germany with a constant maturity (as officially compiled and published in the most recent financial statistics that have become publicly available at least two Business Days (but not more than five Business Days) prior to the relevant Call Redemption Date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Paying Agent)) most nearly equal to the period from the relevant Call Redemption Date to the Maturity Date; *provided, however, that* if the period from the relevant Call Redemption Date to the Maturity Date is not equal to the constant maturity of the direct obligation of the Federal Republic of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of a direct obligation of the Federal Republic of Germany for which such yields are given, except that if the period from the relevant Call Redemption Date to the Maturity Date is less than one year, the weekly average yield on an actually traded direct obligation of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used.



**“Redemption Calculation Date”** means the tenth Business Day prior to the Call Redemption Date.

#### **6.4 Early Redemption at the Option of the Holders upon a Change of Control**

- a) If a Change of Control occurs after the Issue Date, each Holder shall have the right, but not the obligation, to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) in whole or in part his Notes, within 60 days after a Put Event Notice under subparagraph (b) has been published (the **“Put Period”**), at the Put Redemption Amount (the **“Put Option”**). Such Put Option shall operate as set out below under subparagraphs (b) to (c).

A **“Change of Control”** shall be deemed to have occurred at each time (whether or not approved by the management board or supervisory board of the Issuer) that:

- i) in the event of a public tender offer for shares of the Issuer (other than a tender offer by one or more Permitted Holders) a situation arises in which
  - (a) shares already directly or indirectly under the control of the bidder and/or Persons acting in concert with the bidder and shares which have already been tendered in the tender offer, carry in aggregate more than 30% of the voting rights in the Issuer; and
  - (b) the offer is or has become unconditional (other than for conditions relating to regulatory, in particular merger control, approvals and other conditions the satisfaction of which may remain pending following the end of the acceptance period pursuant to section 16(1) of the German Takeover Act (*Gesetz zur Regelung von öffentlichen Angeboten zum Erwerb von Wertpapieren und von Unternehmensübernahmen – WpÜG*)); or
- ii) any Person and/or Persons acting in concert (other than one or more Permitted Holders) otherwise acquires Control; or
- iii) the Issuer sells or otherwise transfers all or substantially all of its assets to any Person (except to any Controlled Subsidiary).

**“Control”** means any direct or indirect legal or beneficial ownership or any legal or beneficial entitlement (as defined in section 22 of the German Securities Trading Act (*Wertpapierhandelsgesetz – WpHG*) of, in the aggregate, more than 30% of the voting shares of the Issuer.

**“Controlled Subsidiary”** means any entity controlled (*abhängiges Unternehmen*) by the Issuer within the meaning of section 17 of the German Stock Corporation Act (*Aktiengesetz*).

**“Put Redemption Amount”** means for each Note 101% of the principal amount of such Note plus unpaid interest accrued to (but excluding) the Put Date.

- b) If a Change of Control occurs after the Issue Date, then the Issuer shall, without undue delay, after the Issuer becoming aware thereof, give notice of the Change of Control (a **“Put Event Notice”**) to the Holders in accordance with § 14 specifying the nature of the Change of Control and the procedure for exercising the Put Option contained in this § 6.4 (including the information on the Clearing System account of the Paying Agent for purposes of subparagraph (c) (ii) (x) of this § 6.4).
- c) To exercise the Put Option, the Holder must deliver on any Business Day within the Put Period (i) to the Paying Agent at its specified office a duly signed and completed notice of exercise in the then current form obtainable from the Paying Agent (a **“Put Notice”**) and (ii) the aggregate Specified Denomination of Notes for which the Holder wishes to exercise its Put Option by either (x) transferring such Notes to the Clearing System account of the Paying Agent or (y) giving an irrevocable instruction to the Paying Agent to withdraw such Notes from a securities account of the Holder with the Paying Agent. The Issuer shall redeem or, at its option, purchase (or procure the purchase of) the relevant Note(s) on the date seven days after the expiration of the Put Period (the Put Date) unless previously redeemed or purchased and cancelled. Payment in respect of any Note so delivered will be made in accordance with the customary procedures through the Clearing System. A Put Notice, once given, shall be irrevocable.

## **6.5 Early Redemption in case of Minimal Outstanding Aggregate Principal Amount of the Notes**

If 80% or more of the aggregate principal amount of the Notes (calculated as of the Issue Date) have been redeemed or purchased by the Issuer or any direct or indirect Subsidiary of the Issuer pursuant to the provisions of this § 6, the Issuer may at any time, on not less than 30 or more than 60 days' notice to the Holders given in accordance with § 14, redeem, at its option, the remaining Notes in whole but not in part at the principal amount thereof plus unpaid interest accrued to (but excluding) the date of actual redemption.

## **7. PAYING AGENT**

### **7.1 Appointment; Specified Office**

The initial **“Paying Agent”** and its initial specified office shall be:

ODDO BHF Aktiengesellschaft  
Bockenheimer Landstrasse 10  
60323 Frankfurt/Main  
Germany

The Paying Agent reserves the right at any time to change its specified office to some other office in the same city.

In no event will the specified office of the Paying Agent be in the United States.

## **7.2 Variation or Termination of Appointment**

The Issuer reserves the right at any time to vary or terminate the appointment of the Paying Agent and to appoint another Paying Agent, additional or other paying agents. The Issuer shall at all times maintain a Paying Agent. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Holders in accordance with § 14.

## **7.3 Agents of the Issuer**

The Paying Agent and any other paying agent appointed pursuant to § 7.2 act solely as the agents of the Issuer and do not assume any obligations towards or relationship of agency or trust with any Holder.

# **8. TAXATION**

## **8.1 Payments Free of Taxes**

All amounts payable in respect of the Notes shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied at source by way of withholding or deduction by or on behalf of the Federal Republic of Germany or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law.

## **8.2 Payments of Additional Amounts**

If such withholding or deduction with respect to amounts payable in respect of the Notes is required by law, the Issuer will pay such additional amounts (the “**Additional Amounts**”) as shall be necessary in order that the net amounts received by the Holders, after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable on account of any taxes or duties which:

- a) are payable otherwise than by withholding or deduction from payments, made by the Issuer to the Holder, or

- b) are payable by any Person acting as custodian bank or collecting agent on behalf of a Holder, or otherwise in any manner which does not constitute a withholding or deduction by the Issuer from payments of principal or interest made by it, or
- c) are payable by reason of the Holder having, or having had, some personal or business relation to the Federal Republic of Germany and not merely by reason of the fact that payments in respect of the Notes are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, the Federal Republic of Germany, or
- d) are withheld or deducted by a paying agent from a payment if the payment could have been made by another paying agent without such withholding or deduction, or
- e) would not have been imposed, withheld or deducted but for the failure of the Holder or beneficial owner of Notes (including, for these purposes, any financial institution through which the Holder or beneficial owner holds the Notes or through which payment on the Notes is made), following a written request by or on behalf of the Issuer or a Paying Agent addressed to the Holder or beneficial owner (and made at a time that would enable the Holder or beneficial owner acting reasonably to comply with that request, and in all events, at least 30 days before any withholding or deduction would be required), to comply with any certification, identification, information or other reporting requirement whether required by statute, treaty, regulation or administrative practice of the Federal Republic of Germany, that is a precondition to exemption from, or reduction in the rate of withholding or deduction of, taxes imposed by the Federal Republic of Germany (including, without limitation, a certification that the Holder or beneficial owner is not resident in the Federal Republic of Germany), but in each case, only to the extent the Holder or beneficial owner is legally entitled to provide such certification, information or documentation, or
- f) are estate, inheritance, gift, sales, excise, transfer, personal property or similar taxes, or
- g) are payable by reason of a change in law that becomes effective more than 30 days after the relevant payment becomes due, or
- h) are payable due to any combination of items (a) to (g),

nor shall any Additional Amounts be paid with respect to any payment on a Note to a Holder who is a fiduciary or partnership or who is other than the sole beneficial owner of such payment to the extent such payment would be required by the laws of the Federal Republic of Germany to be included in the income, for tax purposes, of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been

entitled to such Additional Amounts had such beneficiary, settlor, member or beneficial owner been the Holder of the Note.

For the avoidance of doubt, the withholding tax levied in the Federal Republic of Germany at the level of the custodian bank plus the solidarity surcharge imposed thereon as well as church tax, where such tax is levied by way of withholding, pursuant to tax law as in effect as of the Issue Date do not constitute a tax or duty as described above in respect of which Additional Amounts would be payable by the Issuer.

In case that due to a change in law the withholding tax levied in the Federal Republic of Germany at the level of the custodian bank and the solidarity surcharge imposed thereon including church tax, where such tax is levied by way of withholding, pursuant to tax law as in effect as of the Issue Date have to be levied at the level of the Issuer in the future, these, too, do not constitute a tax or duty as described above in respect of which Additional Amounts would be payable by the Issuer.

### **8.3 FATCA**

Notwithstanding any other provisions contained herein, the Issuer shall be permitted to withhold or deduct any amounts required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any amended or successor provisions), any regulations or agreements thereunder, official interpretations thereof, or any law implementing and intergovernmental approach thereto (“**FATCA Withholding**”). The Issuer will have no obligation to pay additional amounts or otherwise indemnify an investor for any such FATCA Withholding deducted or withheld by the Issuer, any paying agent or any other party.

### **8.4 Other Tax Jurisdiction**

If at any time the Issuer becomes subject to any taxing jurisdiction other than, or in addition to, the currently relevant taxing jurisdiction of the Issuer, references in this § 8 to the jurisdiction of the Issuer shall be read and construed as references to the jurisdiction of the Issuer and/or to such other jurisdiction(s).

## **9. PRESENTATION PERIOD, PRESCRIPTION**

The presentation period provided for in section 801 paragraph 1, sentence 1 German Civil Code is reduced to ten years for the Notes. The period of limitation for claims under the Notes presented during the period for presentation will be two years calculated from the expiration of the relevant presentation period.

## 10. EVENTS OF DEFAULT

### 10.1 Events of Default

If an Event of Default occurs and is continuing, each Holder shall be entitled to declare due and payable by submitting a Termination Notice pursuant to § 10.2 to the Paying Agent its entire claims arising from the Notes and demand (subject to § 10.4 below) immediate redemption at the principal amount thereof together with unpaid interest accrued to (but excluding) the date of actual redemption. Each of the following is an “**Event of Default**”:

- a) the Issuer fails to pay principal of the Notes when due or fails to pay interest or any other amounts due under the Notes within 30 days from the relevant due date; or
- b) the Issuer fails duly to perform, or is otherwise in breach of, any covenant or undertaking or other material agreement of the Issuer in respect of the Notes and such failure, if capable of remedy, continues unremedied for more than 30 days after the Paying Agent has received a written request thereof in the manner set forth in § 10.2 from a Holder to perform such obligation; or
- c) (i) the Issuer or any Subsidiary fails to pay principal of, or interest or other amounts due under, any Financial Indebtedness at the Stated Maturity thereof prior to the expiration of any grace period provided in such Financial Indebtedness on the date of such default (a Payment Default) or (ii) any Financial Indebtedness of the Issuer or any Subsidiary becomes due and payable prior to its specified maturity (whether by declaration, automatic acceleration or otherwise) as a result of an event of default (howsoever described) and, in each case, the aggregate principal amount of any such Financial Indebtedness, together with the principal amount of any other such Financial Indebtedness under which there has been a Payment Default or the maturity of which has been accelerated as a result of an event of default (howsoever described), is EUR 3,000,000.00 or more (or its equivalent in any other currency or currencies). For the avoidance of doubt, this subparagraph (c) shall not apply, where the Issuer or the relevant Subsidiary contests in good faith that such payment obligation exists, is due or the requirements for the acceleration are satisfied; or
- d) the Issuer announces its inability to meet its financial obligations or ceases its payments generally; or
- e) insolvency proceedings against the Issuer are instituted and have not been discharged or stayed within 60 days, or the Issuer applies for or institutes such proceedings; or
- f) the Issuer enters into liquidation unless this is done in connection with a merger or other form of combination with another company and such company assumes all obligations of the Issuer in connection with the Notes.

## **10.2 Termination Notices**

Any notice by a Holder (a) in accordance with § 10.1 (b) or (b) to terminate its Notes in accordance with this § 10 (a “**Termination Notice**”) shall be made by means of a written declaration to the Paying Agent in the German or English language delivered by hand or mail together with evidence by means of a certificate of the Holder's Custodian (as defined in § 16.4) that such Holder, at the time of such Termination Notice, is a holder of the relevant Notes.

## **10.3 Cure**

For the avoidance of doubt, the right to declare Notes due in accordance with this § 10 shall terminate if the situation giving rise to it has been cured before the right is exercised and it shall be permissible to cure the Event of Default pursuant to § 10.1 (c) by repaying in full the relevant Financial Indebtedness.

## **10.4 Quorum**

In the events specified in § 10.1 (b) to (f), any notice declaring Notes due shall become effective only when the Paying Agent has received such default notices from the Holders representing at least 15% of the aggregate principal amount of the Notes then outstanding.

# **11. COVENANTS**

## **11.1 Limitation on Net Financial Indebtedness**

The Issuer shall not permit Net Financial Indebtedness as of any Testing Date to exceed 60% of Gross Asset Value as of such Testing Date.

## **11.2 Limitation on Capital Market Indebtedness**

The Issuer will maintain Equity Attributable to Parent Company Shareholders as of each Testing Date in excess of 150% of Capital Market Indebtedness as of such Testing Date, *provided that* for purposes of calculating the ratio in this § 11.2 only, if (i) the shares of the Issuer are listed on the Frankfurt Stock Exchange on the relevant Testing Date and (ii) the closing price of the shares of the Issuer on the Frankfurt Stock Exchange on such Testing Date (or, if such Testing Date is not a trading day on the Frankfurt Stock Exchange, on the most recent trading day before such Testing Date) exceeds the then-current conversion price of the Issuer's 6.25% Convertible Notes 2014/2019 (ISIN: DE000A1YC4S6), the indebtedness represented by the Issuer's 6.25% Convertible Notes 2014/2019 (ISIN: DE000A1YC4S6), determined in accordance with IFRS, as of such Testing Date shall be deducted from Capital Market Indebtedness.

### 11.3 Maintenance of Interest Coverage Ratio

The Issuer will ensure as of each Testing Date that the ratio of (i) the aggregate amount of Adjusted EBITDA in the four consecutive quarters ending on the relevant Testing Date to (ii) the aggregate amount of Net Interest Expenses in such four-quarter period will be no less than 2.00 to 1.00.

### 11.4 Limitation on Distributions

The Issuer will not, and will procure that none of its Subsidiaries will, directly or indirectly:

- a) declare or pay any dividend or make any other payment or distribution on account of the Issuer's or any of its Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Issuer or any of its Subsidiaries) or to the direct or indirect holders of the Issuer's or any of its Subsidiaries' Equity Interests in their capacity as such (other than (i) dividends or distributions payable in Equity Interests of the Issuer, (ii) dividends or distributions payable to the Issuer or a Subsidiary of the Issuer, and (iii) dividends or other distributions by a Subsidiary that is not a wholly-owned Subsidiary to minority shareholders (or owners of an equivalent interest in the case of a Subsidiary that is an entity other than a corporation) on no more than a pro rata basis, measured by value); or
- b) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Issuer) any Equity Interests of the Issuer

(each of the actions set forth in subparagraphs (a) and (b) above, a “**Restricted Payment**”), unless the amount of such Restricted Payment, when taken together with the aggregate amount of all other Restricted Payments made by the Issuer in the same financial year, does not exceed 30% of the consolidated net income of the Issuer (as determined in accordance with IFRS) for the immediately preceding financial year.

### 11.5 Limitation on Guarantees of Capital Market Indebtedness by Subsidiaries

The Issuer will not permit any of its Subsidiaries, directly or indirectly, to guarantee the payment of any Capital Market Indebtedness unless such Subsidiary at the same time or prior thereto guarantees the payment of the Notes, which guarantee will be *pari passu* with (or, in case such Capital Market Indebtedness is subordinated debt, senior to) such Subsidiary's guarantee of such Capital Market Indebtedness.



## 11.6 Use of Proceeds

The Issuer will use the proceeds from the initial issuance and sale of the Notes (the “**Proceeds**”):

- a) for the acquisition of real estate assets in Germany and to pay for related transaction expenses; or
- b) for any other purposes that would have resulted in (i) a decrease of the ratio of Net Financial Indebtedness to Gross Asset Value, (ii) an increase in the ratio of Equity Attributable to Parent Company Shareholders to Capital Market Indebtedness or (iii) an increase in the ratio of Adjusted EBITDA to Net Interest Expenses, in each case as of the most recent Testing Date preceding the contemplated use of proceeds if such proceeds had been applied as contemplated as of such Testing Date or, in case of clause (iii), at the beginning of the four-quarter period ending on such Testing Date;

*provided that*, until the Proceeds are finally applied for such purposes, the Issuer may temporarily invest such Proceeds in freely available cash in hand or at a bank and short-term, highly liquid investments that are immediately convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## 11.7 Reports

- a) For so long as the Notes are outstanding, and to the extent the shares of the Issuer are listed on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange and the sub-segment thereof with further post-admission obligations (Prime Standard), the Issuer will comply with the applicable reporting standards (as may be modified from time to time, the then Current Reporting Standards). If the shares of the Issuer are no longer so listed, the Issuer will publish on its internet page and by means of an electronically operated information dissemination system annual, interim and ad-hoc reports as if it were still subject to the Current Reporting Standards.
- b) The Issuer shall report on the use of the Proceeds on a semi-annual basis in reasonable detail in its reports pursuant to this § 11.7 until the Proceeds have been finally applied in accordance with § 11.6 (a) and (b).
- c) On each date on which the Issuer publishes an annual report pursuant to the Current Reporting Standards, the Issuer shall (i) either publish on its internet page or deliver to the Paying Agent and, in accordance with § 14, to the Holders an officer's certificate of the Issuer, signed by a member of the management board of the Issuer, stating that as of the date of such officer's certificate no default or Event of Default exists, or if any default or Event of Default exists, stating the nature and status thereof and (ii) deliver to the Paying Agent and, in accordance with § 14, to the Holders a compliance certificate signed by the auditors of the

Issuer, which demonstrates in reasonable detail compliance by the Issuer with the covenants contained in § 11.1, § 11.2 and § 11.3.

- d) On each date on which the Issuer publishes a semi-annual report pursuant to the Current Reporting Standards, the Issuer shall either publish on its internet page or deliver to the Paying Agent and, in accordance with § 14, to the Holders (i) an officer's certificate of the Issuer, signed by a member of the management board of the Issuer, stating that as of the date of such officer's certificate no default or Event of Default exists, stating the nature and status thereof and (ii) a compliance certificate signed by a member of the management board of the Issuer, which demonstrates in reasonable detail compliance by the Issuer with the covenants contained in § 11.1, § 11.2 and § 11.3.

#### **11.8 Maintenance of Listing**

For so long as the Notes are outstanding, the Issuer will use reasonable efforts to obtain and maintain the admission of the Notes to the official list of the Luxembourg Stock Exchange and the inclusion in trading of the Notes on the Euro MTF market operated by the Luxembourg Stock Exchange. If maintenance of such admission and inclusion in trading becomes in the opinion of the Issuer unduly onerous, the Issuer will use reasonable efforts to obtain and maintain a listing and/or inclusion in trading of the Notes on another suitable securities market.

### **12. FURTHER ISSUES, PURCHASES AND CANCELLATION**

#### **12.1 Further Issues**

Subject to § 11, the Issuer may from time to time, without the consent of the Holders, issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the relevant issue date, interest commencement date, first interest payment date and/or issue price) so as to form a single series with the Notes.

#### **12.2 Purchases**

The Issuer may at any time purchase Notes in the open market or otherwise and at any price. Notes purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered to the Paying Agent for cancellation.

#### **12.3 Cancellation**

All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

### **13. AMENDMENTS OF THE TERMS AND CONDITIONS BY RESOLUTIONS OF HOLDERS, JOINT REPRESENTATIVE**

#### **13.1 Amendment of the Terms and Conditions**

The Issuer may agree with the Holders on amendments to the Terms and Conditions by virtue of a majority resolution of the Holders pursuant to sections 5 et seqq. of the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen – “SchVG”*), as amended from time to time. In particular, the Holders may consent to amendments which materially change the substance of the Terms and Conditions, including such measures as provided for under section 5 paragraph 3 of the SchVG by resolutions passed by such majority of the votes of the Holders as stated under § 13.2 below. A duly passed majority resolution shall be binding equally upon all Holders.

#### **13.2 Majority**

Except as provided by the following sentence and *provided that* the quorum requirements are being met, the Holders may pass resolutions by simple majority of the voting rights participating in the vote. Resolutions which materially change the substance of the Terms and Conditions, in particular in the cases of section 5 paragraph 3 numbers 1 through 9 of the SchVG, may only be passed by a majority of at least 75% of the voting rights participating in the vote (a “**Qualified Majority**”).

#### **13.3 Vote without a Meeting**

Subject to § 13.4, resolutions of the Holders shall exclusively be made by means of a vote without a meeting in accordance with section 18 of the SchVG. The request for voting will provide for further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions shall be notified to the Holders together with the request for voting. Together with their vote, the Holders must demonstrate their eligibility to participate in the vote by means of a special confirmation of the Custodian in accordance with § 16.4 (a) (i) and (ii) in text form and by submission of a blocking instruction by the Custodian stating that the relevant Notes are not transferable from (and including) the day such blocking instruction has been issued to (and including) the day the voting period ends.

#### **13.4 Second Noteholders' Meeting**

If it is ascertained that no quorum exists for the vote without meeting pursuant to § 13.3, the scrutineer may convene a noteholders' meeting, which shall be deemed to be a second noteholders' meeting within the meaning of section 15 paragraph 3 sentence 3 of the SchVG. Attendance at the second noteholders' meeting and exercise of voting rights is subject to the Holders' registration. The registration must be received at the address stated in the convening

notice no later than the third day preceding the second noteholders' meeting. As part of the registration, Holders must demonstrate their eligibility to participate in the vote by means of a special confirmation of the Custodian in accordance with § 16.4 (i) (a) and (b) in text form and by submission of a blocking instruction by the Custodian stating that the relevant Notes are not transferable from (and including) the day such blocking instruction has been issued to (and including) the stated end of the noteholders' meeting.

### **13.5 Holders' Representative**

The Holders may by majority resolution provide for the appointment or dismissal of a joint representative (the **"Holders' Representative"**), the duties and responsibilities and the powers of such Holders' Representative, the transfer of the rights of the Holders to the Holders' Representative and a limitation of liability of the Holders' Representative. Appointment of a Holders' Representative may only be passed by a Qualified Majority if such Holders' Representative is to be authorised to consent, in accordance with § 13.2, to a material change in the substance of the Terms and Conditions.

### **13.6 Publication**

Any notices concerning this § 13 shall be made exclusively pursuant to the provisions of the SchVG.

## **14. NOTICES**

### **14.1 Notices**

Except as stipulated in § 13.6, if and for so long the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, notices concerning the Notes shall be published in electronic form on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). Any such notice will be deemed to have been validly given to the Holders on the third calendar day following the date of such publication.

### **14.2 Notification to the Clearing System**

If the publication of notices pursuant to § 14.1 above is not required by applicable stock exchange rules, the Issuer may in lieu of publication pursuant to § 14.1 above, deliver notices concerning the Notes to the Clearing System, for communication by the Clearing System to the Holders. Any such notice will be deemed to have been validly given to the Holders on the fifth calendar day following the day on which the said notice was delivered to the Clearing System.

### 14.3 Notification to the Issuer

Notices to be given by any Holder to the Issuer shall be made by means of a written declaration to be delivered by hand or mail to the Paying Agent. Such notice may be given by any Holder to the Paying Agent through the Clearing System in such manner as the Paying Agent and the Clearing System may approve for such purpose.

## 15. DEFINITIONS

**“Additional Amounts”** has the meaning assigned to such term in § 8.2.

**“Adjusted EBITDA”** means the consolidated net income/(loss) of the Issuer and its Subsidiaries before interest, taxes, depreciation, amortisation, net gains/(losses) from the remeasurement of investment properties, non-cash expenses, and extraordinary or nonrecurring items, as determined by reference to the Consolidated Financial Statements of the Issuer.

**“Bund Rate”** has the meaning assigned to such term in § 6.3.

**“Business Day”** has the meaning assigned to such term in § 5.4.

**“Call Redemption Amount”** has the meaning assigned to such term in § 6.3.

**“Call Redemption Date”** has the meaning assigned to such term in § 6.3.

**“Capital Market Indebtedness”** means any present or future obligation for the payment of borrowed money (including obligations by reason of any guarantee or other liability agreement for such obligations of third parties) which is in the form of, or represented by, bonds, notes or other securities which are capable of being quoted, listed, dealt in or traded on a stock exchange, over-the-counter-market or other recognised securities market, including, for the avoidance of doubt, Schuldschein loans/promissory notes. The Notes shall in any event be Capital Market Indebtedness.

**“Change of Control”** has the meaning assigned to such term in § 6.4 (a).

**“Clearing System”** means Clearstream Banking AG, Frankfurt am Main (**“Clearstream Frankfurt”**) and any successor in such capacity.

**“Code”** has the meaning assigned to such term in § 8.3.

**“Control”** has the meaning assigned to such term in § 6.4 (a).

**“Controlled Subsidiary”** has the meaning assigned to such term in § 6.4 (a).

**“Consolidated Financial Statements”** means, with respect to any Person, the consolidated financial statements and notes to those financial statements and the group management report of that Person and its subsidiaries prepared in accordance with IFRS as well as interim consolidated financial statements and quarterly statements (as of the relevant date).

**“Current Reporting Standards”** has the meaning assigned to such term in § 11.7 (a).

**“Custodian”** has the meaning assigned to such term in § 16.4.

**“Day Count Fraction (Actual/Actual (ICMA))”** has the meaning assigned to such term in § 4.3.

**“Determination Date”** has the meaning assigned to such term in § 4.3.

**“Determination Period”** has the meaning assigned to such term in § 4.3.

**“Equity Attributable to Parent Company Shareholders”** as of any Testing Date means:

- (a) equity attributable to shareholders of the Issuer, determined in accordance with IFRS, as of such Testing Date; plus
- (b) if (i) the shares of the Issuer are listed on the Frankfurt Stock Exchange on such Testing Date and (ii) the closing price of the shares of the Issuer on the Frankfurt Stock Exchange on such Testing Date (or, if such Testing Date is not a trading day on the Frankfurt Stock Exchange, on the most recent trading day before such Testing Date) exceeds the then-current conversion price of the Issuer’s 6.25% Convertible Notes 2014/2019 (ISIN: DE000A1YC4S6), the indebtedness represented by the Issuer’s 6.25% Convertible Notes 2014/2019 (ISIN: DE000A1YC4S6), determined in accordance with IFRS, as of such Testing Date.

**“Equity Interests”** means Share Capital and all warrants, options or other rights to acquire Share Capital (but excluding any debt security that is convertible into, or exchangeable for, Share Capital).

**“Event of Default”** has the meaning assigned to such term in § 10.1.

**“FATCA Withholding”** has the meaning assigned to such term in § 8.3.

**“Final Redemption Amount”** has the meaning assigned to such term in § 6.1.

**“Financial Indebtedness”** means (without duplication) any indebtedness (excluding any indebtedness owed to the Issuer or any of its Subsidiaries) for or in respect of:

- (a) money borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or a dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, commercial papers or any similar instrument;
- (d) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (e) any amounts raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (f) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (g) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in subparagraphs (a) to (f) above,

in each such case if and to the extent the relevant amount or obligation is recorded as indebtedness in accordance with IFRS. The term Financial Indebtedness shall not include any lease, concession or license of property (or guarantee thereof) that would be considered an operating lease under IFRS as in effect on the Issue Date.

**“Global Note”** has the meaning assigned to such term in § 1.2 (b).

**“Gross Asset Value”** means the sum, without duplication, of the Issuer’s and its Subsidiaries’ (1) inventories, (2) non-current assets held for sale, (3) equity investments (4) investment properties, (5) equity interests accounted for using the equity method and (6) receivables from real estate sales, in each case determined on a consolidated basis in accordance with IFRS.

**“Holder”** means any holder of a proportionate co-ownership or other beneficial interest or right in the Notes.

**“Holders’ Representative”** has the meaning assigned to such term in § 13.5.

**“IFRS”** means the International Financial Reporting Standards as published by the International Accounting Standards Board, as in effect from time to time.

**“Incur”** means, with respect to any Financial Indebtedness or other obligation of any Person, to create, assume, guarantee or otherwise become liable in respect of such Financial Indebtedness or other obligation, and **“incurrence”** and **“incurred”** have the meanings correlative to the foregoing.

**“Interest Calculation Period”** has the meaning assigned to such term in § 4.3.

**“Interest Payment Date”** has the meaning assigned to such term in § 4.1.

**“Issue Date”** has the meaning assigned to such term in § 1.1.

**“Issuer”** has the meaning assigned to such term in § 1.1.

**“Make-Whole Amount”** has the meaning assigned to such term in § 6.3.

**“Maturity Date”** has the meaning assigned to such term in § 6.1.

**“Net Financial Indebtedness”** as of any Testing Date means the financial indebtedness of the Issuer and its Subsidiaries on a consolidated basis, determined in accordance with IFRS, as of such Testing Date, less:

- (a) cash and cash equivalents of the Issuer and its Subsidiaries on a consolidated basis, determined in accordance with IFRS, as of such Testing Date; and
- (b) if (i) the shares of the Issuer are listed on the Frankfurt Stock Exchange on such Testing Date and (ii) the closing price of the shares of the Issuer on the Frankfurt Stock Exchange on such Testing Date (or, if such Testing Date is not a trading day on the Frankfurt Stock Exchange, on the most recent trading day before such Testing Date) exceeds the then-current conversion price of the Issuer’s 6.25% Convertible Notes 2014/2019 (ISIN: DE000A1YC4S6), the indebtedness represented by the Issuer’s 6.25% Convertible Notes 2014/2019 (ISIN: DE000A1YC4S6), determined in accordance with IFRS, as of such Testing Date.

**“Net Interest Expenses”** means the consolidated net interest expense of the Issuer and its Subsidiaries, whether paid, accrued or capitalised, determined on a consolidated basis in accordance with IFRS.

**“Notes”** has the meaning assigned to such term in § 1.1.

**“Paying Agent”** has the meaning assigned to such term in § 7.1.

**“Payment Default”** has the meaning assigned to such term in § 10.1 (c).

**“Permitted Holders”** means, collectively, Brookline Real Estate S.à r.l., its direct and indirect controlling shareholders, its subsidiaries, any other fund, partnership or investment vehicle advised by Vestigo Capital Advisors LLP and its subsidiaries and ADLER Real Estate AG and its subsidiaries.

**“Person”** means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organisation, limited liability company or government (or any agency or political subdivision thereof) or any other entity.



**"Proceeds"** has the meaning assigned to such term in § 11.6.

**"Put Date"** has the meaning assigned to such term in § 6.4 (c).

**"Put Event Notice"** has the meaning assigned to such term in § 6.4 (b).

**"Put Notice"** has the meaning assigned to such term in § 6.4 (b).

**"Put Option"** has the meaning assigned to such term in § 6.4 (a).

**"Put Period"** has the meaning assigned to such term in § 6.4 (a).

**"Put Redemption Amount"** has the meaning assigned to such term in § 6.4 (a).

**"Qualified Majority"** has the meaning assigned to such term in § 13.2.

**"Redemption Calculation Date"** has the meaning assigned to such term in § 6.3.

**"Restricted Payment"** has the meaning assigned to such term in § 11.4.

**"SchVG"** has the meaning assigned to such term in § 13.1.

**"Share Capital"** means: (a) in the case of a corporation, shares in the capital of the corporation; (b) in the case of an association or business entity that is not a corporation, any and all shares, interests, participations, rights or other equivalents (however designated) of shares; (c) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and (d) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Share Capital.

**"Specified Denomination"** has the meaning assigned to such term in § 1.1.

**"Stated Maturity"** means, with respect to any instalment of interest or principal on any Financial Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Financial Indebtedness as of the issue date thereof, and does not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

**"Subsidiary"** means any Person that must be consolidated with the Issuer for the purposes of preparing Consolidated Financial Statements of the Issuer.

**"Termination Notice"** has the meaning assigned to such term in § 10.2.

**“Testing Date”** means each 30 June and 31 December of each year, commencing with 31 December 2017.

**“United States”** means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

## **16. GOVERNING LAW, PLACE OF PERFORMANCE AND PLACE OF JURISDICTION, ENFORCEMENT**

### **16.1 Governing Law**

The Notes, as to form and content, and all rights and obligations of the Holders and the Issuer, shall be governed by German law.

### **16.2 Place of Performance**

Place of performance is Frankfurt am Main, Federal Republic of Germany.

### **16.3 Place of Jurisdiction**

To the extent legally permissible, the courts of Frankfurt am Main, Federal Republic of Germany, will have jurisdiction for any actions or other legal proceedings arising out of or in connection with the Notes. The local court of Berlin-Charlottenburg will have jurisdiction for all judgments in accordance with section 9 paragraph 2, section 13 paragraph 3 and section 18 paragraph 2 SchVG in accordance with section 9 paragraph 3 SchVG. The regional court in the district of Berlin-Charlottenburg will have exclusive jurisdiction for all judgments over contested resolutions by Holders in accordance with section 20 paragraph 3 SchVG.

### **16.4 Enforcement**

Any Holder of Notes may in any proceedings against the Issuer, or to which such Holder and the Issuer are parties, protect and enforce in his own name his rights arising under such Notes on the basis of (a) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of the Notes (i) stating the full name and address of the Holder, (ii) specifying the aggregate principal amount of Notes credited to such securities account on the date of such statement and (iii) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (i) and (ii) and (b) a copy of the Global Note representing the relevant Notes certified as being a true copy of the original Global Note by a duly authorised officer of the Clearing System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the Global Note representing the Notes. For purposes of the foregoing, **Custodian** means any bank or

other financial institution with which the Holder maintains a securities account in respect of the Notes, including the Clearing System. Each Holder may, without prejudice to the foregoing, protect and enforce his rights under these Notes also in any other way which is admitted in the country of the proceedings.

**X. Clearance and Settlement**

The Notes have been accepted for clearance through Clearstream Frankfurt and Clearstream Luxembourg. The Notes have been assigned the following securities codes: ISIN DE000A2G87E2, Common Code 176081830, WKN A2G87E.

## **XI. German Taxation**

*The following information is of a general nature only and solely for preliminary information purposes. It is a general description of the major tax consequences under German law as of the date of this Prospectus. It does not purport to be a comprehensive description of all tax considerations that might be relevant to an investment decision. It may not include certain tax considerations which arise from rules of general application or are assumed to be generally known by Noteholders.*

*This summary is based on the laws in force in the Federal Republic of Germany on the date of this Prospectus and is subject to any changes in law, court decisions, changes of the administrative practice or other changes that may be made after such date, possibly with retroactive or retrospective effect. The law as currently in effect provides for a reduced tax rate for certain investment income. There is an on-going discussion in Germany whether the reduced tax rate should be increased or abolished altogether so that investment income would be taxed at regular rates. It is still unclear, whether, how and when the current discussion may result in any legislative change.*

*The following information is neither intended to be, nor should be regarded as, legal or tax advice. Prospective Noteholders should consult their tax and legal advisors as to the particular legal consequences which may arise from the laws applicable to them.*

### **1. Income Tax**

#### ***The Notes held by German tax residents as non-business assets***

If the Notes are held as non-business assets by Noteholders who are tax residents of Germany (i.e., persons with residence (*Wohnsitz*) or habitual abode (*gewöhnlicher Aufenthalt*) in Germany), the income derived from the Notes will, in general, be subject to German income tax. In each case where German income tax arises, a solidarity surcharge (*Solidaritätszuschlag*) is levied in addition. Furthermore, church tax may be levied, where applicable.

Interest payments on the Notes and capital gains realized from the disposition or redemption of the Notes or from the separate disposition or redemption of interest claims are, in case of individual Noteholders, generally subject to the German flat income tax (*Abgeltungsteuer*) at a rate of 25% (plus solidarity surcharge in an amount of 5.5% of such tax, resulting in a total tax charge of 26.375%, and church tax, if applicable). The total annual investment income of an individual will be decreased by a lump sum deduction (*Sparer-Pauschbetrag*) of max. EUR 801 per year (max. EUR 1,602 per year for married couples and for partners in accordance with the registered partnership law (*Gesetz über die eingetragene Lebenspartnerschaft*) filing jointly), not by a deduction of expenses actually incurred. Losses resulting from the investment in capital assets can only be off-set against other investment income. If a set-off is not possible in the assessment period in which the losses have been incurred, such losses can be carried forward into future assessment periods.

If the Notes are held in a custodial account which the Noteholder maintains with a German branch of a German or non-German bank or financial services institution (*Finanzdienstleistungsinstitut*) or with a securities trading business (*Wertpapierhandelsunternehmen*) or a securities trading bank

(*Wertpapierhandelsbank*) in Germany (the “**Disbursing Agent**”), the flat income tax on interest received from the Notes will be levied by way of withholding at the aforementioned rates (generally including church tax, if applicable) from the gross interest payment to be made by the Disbursing Agent. An individual Noteholder who is subject to church tax may file a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*) in which case church tax will not be levied by way of withholding but the investor will be assessed thereto.

If the Notes are held in a custodial account which the Noteholder maintains with a Disbursing Agent, the flat income tax on capital gains derived from the disposition or redemption of the Notes will be also levied by way of withholding as described above. The withholding tax is generally levied on the difference between the proceeds from the disposition or redemption (after deduction of actual expenses directly and factually related thereto) and the issue price or the purchase price of the Notes. If the Notes have been transferred into the custodial account of the Disbursing Agent only after their acquisition, withholding tax will be levied on 30% of such proceeds unless the Disbursing Agent has been provided with evidence of the actual acquisition costs of the Notes by the previous Disbursing Agent or a bank or financial service institution within the European Economic Area or certain other countries (e.g. Switzerland or Andorra).

In general, no withholding tax will be levied if the Noteholder is an individual (i) whose Notes do not form part of the property of a trade or business and (ii) who filed a withholding exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent but only to the extent the income derived from the Notes together with other investment income does not exceed the maximum exemption amount shown on the withholding exemption certificate. Similarly, no withholding tax will be deducted if the Noteholder has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the relevant local tax office.

If no Disbursing Agent is involved in the payment process, the Noteholder will have to include its income on the Notes (interest payments) as well as the capital gains from the disposition or redemption of the Notes or the separate disposition or redemption of interest claims in its income tax return and the flat income tax of 25% plus solidarity surcharge, and church tax, if applicable, will be collected by way of assessment.

Payment of the flat income tax will generally satisfy any income tax liability of the Noteholder in respect of such investment income. Noteholders may apply for a tax assessment on the basis of general rules applicable to them if the resulting income tax burden is lower than 25% (*Günstigerprüfung*).

### **Notes held by German tax residents as business assets**

Payments of interest on the Notes and capital gains from the disposition or redemption of the Notes or the separate disposition or redemption of interest claims held as business assets by German tax resident individuals or corporations (including via a German tax resident partnership, as the case may be), are generally subject to German income tax or corporate income tax (in each case plus solidarity surcharge, and in case of individuals, church tax, if applicable). The interest income and the capital gain will also be subject to trade tax if the Notes form part of the assets of a German trade or business. In case of individual investors the trade tax may, however, be partially or fully creditable against the investor's personal income tax liability depending on the applicable trade tax factor and the specific tax situation of the individual investor. No carry forward or carry back of such trade tax credit is available.

Capital losses from the sale or redemption of the Notes should generally be recognized for tax purposes and may be offset against other income.

If the Notes are held in a custodial account which the Noteholder maintains with a Disbursing Agent, tax at a rate of 25% (plus a solidarity surcharge of 5.5% of such tax, and in case of individuals, church tax, if applicable) will also be withheld from interest payments on the Notes and capital gains from the disposition or redemption of the Notes held as business assets. In these cases, the withholding tax does not satisfy the income tax liability of the Noteholder, as in the case of the flat income tax, but will – subject to certain requirements – be credited as advance payment against the personal income or corporate income tax liability and the solidarity surcharge of the Noteholder as well as church tax, if any. To the extent the amounts withheld exceed the income tax or corporate income tax and solidarity surcharge (as well as church tax, if any) liability, the withholding tax will – as a rule – be refunded.

### **Notes held by non-German tax residents**

Interest and capital gains under the Notes are in general not subject to German taxation in the case of non-German tax residents, i.e. persons having neither their residence (*Wohnsitz*) nor their habitual abode (*gewöhnlichen Aufenthalt*) nor legal domicile (*statutarischen Sitz*) nor place of effective management (*Geschäftsleitung*) in Germany, unless (i) the Notes are attributable to a permanent establishment (*Betriebsstätte*) or a permanent representative (*ständiger Vertreter*) of the Noteholder maintained in Germany or (ii) the income otherwise constitutes German-source income. However, as non-tax residents are, in general, exempt from German withholding tax on interest and capital gains and from solidarity surcharge thereon, the Disbursing Agent will not have to withhold any withholding tax if it has sufficient evidence for the Noteholder not being tax resident in Germany.

## **2. Inheritance and Gift Tax**

Inheritance or gift taxes with respect to the Notes will generally arise under the tax laws of Germany, if, in the case of inheritance tax, the decedent or the heir, or, in the case of gift tax, the donor or the beneficiary, is a resident of Germany. Otherwise, generally no such tax arises, unless the Notes are attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed in Germany. Exceptions from this rule apply to certain non-tax resident German nationals, who previously maintained a residence in Germany.

### **3. Other Taxes**

No stamp, issue, registration or similar taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax (*Vermögensteuer*) is not levied in the Germany. The acquisition or disposal of the notes is generally exempt from German value added tax (*Umsatzsteuer*) if German value added tax applies at all.

Currently the introduction of a financial transactions tax (*Transaktionssteuer*) is discussed between certain EU-member states. The acquisition and transfer of the Notes may be subject to the financial transaction tax in the future. However, currently both the scope of such tax and the date of its introduction are unclear.



## **XII. Luxembourg Taxation**

The comments below are intended as a basic summary of certain tax consequences in relation to the purchase, ownership and disposal of the Notes under Luxembourg law. Persons who are in any doubt as to their tax position should consult a professional tax adviser.

This description is based on the laws, regulations and applicable tax treaties as in effect in Luxembourg on the date hereof, all of which are subject to change, possibly with retroactive effect. It is not intended to be, nor should it be construed to be, legal or tax advice.

The following information does not purport to be a comprehensive description of all tax considerations that may be relevant to a particular prospective holder with regard to a decision to purchase, own or dispose of.

The residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only.

Additionally, a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharges (*contributions au fonds pour l'emploi*), as well as personal income tax (*impôt sur le revenu*) generally. Prospective holders may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes.

Corporate income tax, municipal business tax as well as the solidarity surcharge apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

### **Withholding Tax and Self-Applied Tax**

#### **Taxation of Luxembourg non-residents**

Under Luxembourg general tax laws currently in force, there is no Luxembourg withholding tax to be withheld by a non-Luxembourg resident debtor of securities on payments of principal, premium or arm's length interest (including accrued but unpaid interest) to non-Luxembourg tax resident holders, even where payments were made via a Luxembourg resident paying agent.

#### **Taxation of Luxembourg residents**

In principle, under Luxembourg general tax laws currently in force and subject to the amended law of 23 December 2005 (the "**Law**"), there is no withholding tax to be withheld by the non-Luxembourg

resident debtor of securities on payments of principal, premium or arm's length interest (including accrued but unpaid interest) to Luxembourg tax resident holders, even in case of a Luxembourg paying agent.

However, under the Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is tax resident of Luxembourg will be subject to a withholding tax of 20%. In case the individual beneficial owner is an individual acting in the course of the management of his/her private wealth, said withholding tax will be in full discharge of income tax. Responsibility for the withholding tax will be assumed by the Luxembourg paying agent. Payments of interest under securities coming within the scope of the Law would be subject to withholding tax at a rate of 20%.

### **Income Taxation on Principal, Interest, Gains on Sales or Redemption**

#### **Luxembourg tax residence of the Investors**

Investors will not be deemed to be resident, domiciled or carrying on business in Luxembourg solely by reason of holding, execution, performance, delivery, exchange and/or enforcement of securities.

#### **Taxation of Luxembourg non-residents**

A non-resident holder of securities, not having a permanent establishment or permanent representative in Luxembourg to which/whom such securities are attributable, is not subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the securities. A gain realised by such non-resident holder of securities on the sale or disposal, in any form whatsoever, of securities is further not subject to Luxembourg income tax.

A non-Luxembourg tax resident corporate holder of securities or a non-Luxembourg tax resident individual holder of securities acting in the course of the management of a professional or business undertaking, who has a permanent establishment or a permanent representative in Luxembourg to which such securities are attributable, is subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts under securities and on any gains realized upon sale or disposal, in any form whatsoever, of securities.

#### **Taxation of Luxembourg residents**

A Luxembourg tax resident corporate holder, must include any interest accrued or received, any redemption premium or issue discount, as well as any gain realized on the sale or disposal, in any form whatsoever, of securities, in its taxable income for Luxembourg income tax assessment purposes. The same inclusion applies to an individual holder of securities, acting in the course of the management of a professional or business undertaking. If applicable, the tax levied in accordance with the Law will be credited against his/her final tax liability.

Luxembourg resident corporate holders of securities which are companies benefiting from a special tax

regime (such as e.g. family wealth management companies subject to the law of 11 May 2007, as amended, undertakings for collective investment subject to the law of 17 December 2010, as amended, specialised investment funds subject to the law of 13 February 2007, as amended) and reserved alternative investment funds subject to the law of 23 July 2016 (except under the optional alternative tax regime applicable when investing in risk capital) are tax exempt entities in Luxembourg, and are thus not subject to any Luxembourg tax (i.e., corporate income tax, municipal business tax and net wealth tax) other than the subscription tax calculated on their share capital or net asset value.

A Luxembourg tax resident individual holder, acting in the course of the management of his / her private wealth, is subject to Luxembourg income tax in respect of interest received, redemption premiums or issue discounts, under securities, except if withholding tax has been levied on such payments in accordance with the Law (as this withholding tax would represent the final tax liability in his/her hands). A gain realized by a Luxembourg tax resident individual holder, acting in the course of the management of his/her private wealth, upon the sale or disposal, in any form whatsoever, of securities is not subject to Luxembourg income tax, provided this sale or disposal took place more than six months after securities were acquired. However, any portion of received amounts corresponding to accrued but unpaid interest income is subject to Luxembourg income tax (in case it would not have suffered the 20% withholding tax under the Law).

In addition, pursuant to the Law, Luxembourg tax resident individuals, acting in the course of their private wealth, can opt to self-declare and pay a 20% flat tax on interest payments made by certain paying agents not established in Luxembourg (defined in the same way as in the EC Council Directive 2003/48/EC) i.e., paying agents located in an EU member state other than Luxembourg or a member state of the European Economic Area (i.e., Iceland, Norway and Liechtenstein). In case such option is exercised, such interest does not need to be reported in the annual tax return.

### **Net Wealth tax**

Luxembourg net wealth tax will not be levied on a holder of securities, unless (i) such holder of securities is a company resident in Luxembourg for the purpose of the relevant legal provisions; or (ii) the securities are attributable to an enterprise or a part thereof which is carried on through a permanent establishment or a permanent representative in Luxembourg. In such a case, the holder of securities must take the securities into account for the purposes of Luxembourg wealth tax, except, under certain circumstances, if the holder of securities is governed by any of the following: (i) the amended law of 17 December 2010 on undertakings for collective investment; (iii) the amended law of 22 March 2004 on securitization (except for a minimum net wealth tax); (iv) the amended law of 15 June 2004 on the investment company in risk capital (except for a minimum net wealth tax), (v) the amended law of 11 February 2007 on specialized investment funds, (v) the law of 11 May 2007 on the private family asset holding companies and (VI) the law of 23 July 2016 on reserved alternative investment funds (except for a minimum net wealth tax under the optional alternative tax regime applicable when investing in risk capital).

## **Subscription tax**

**Subscription tax implications may arise (depending on the facts and circumstances) for the following based Luxembourg entities:**

- governed by the amended law of 11 May 2007 on the private family asset holding companies;
- governed by the amended law of 17 December 2010 relating to undertakings for collective investment;
- governed by the amended law of 13 February 2007 on specialized investment funds;
- governed by the amended law of 23 July 2016 on reserved alternative investment funds.

## **Other taxes**

No stamp, registration, transfer or similar taxes or duties will be payable in Luxembourg by holders of securities in connection with the issue of the securities, nor will any of these taxes be payable as a consequence of a subsequent transfer or redemption of the securities, unless the documents relating to the securities are (i) voluntarily registered in Luxembourg or (ii) are physically attached (annexé(s)) to a public deed or any other document subject to mandatory registration in Luxembourg.

There is no Luxembourg value added tax payable in respect of payments in consideration for the issuance of the securities or in respect of the payment of interest or principal under the securities or the transfer of the securities. Luxembourg value added tax may, however, be payable in respect of fees charged for certain services rendered to the issuer of the securities, if for Luxembourg value added tax purposes, such services are rendered or are deemed to be rendered in Luxembourg and an exemption from Luxembourg value added tax does not apply with respect to such services.

Under Luxembourg tax law, where an individual holder of securities is a resident of Luxembourg for inheritance tax purposes at the time of his/her death, securities are included in his/her taxable basis for inheritance tax or estate purposes.

Gift tax may be due on a gift or donation of securities, if embodied in a Luxembourg deed or otherwise registered in Luxembourg.

### **XIII. French Taxation**

The following is a summary of certain tax consequences resulting from the holding of the Notes. This overview is based on the laws and regulations in full force and effect in France as at the date hereof, which may be subject to change in the future, potentially with retroactive effect. Investors should be aware that the statements below are of a general nature and do not constitute legal or tax advice and should not be understood as such. Hence, prospective holders are advised to consult their own qualified advisors so as to determine, in the light of their particular situation, the tax consequences of the purchase, holding, redemption or sale of the Notes.

The tax treatment applicable to non-residents is not detailed hereafter.

Indeed, non-French tax residents holding Notes, issued by a non-French company, will generally not be subject to French personal or corporate income tax, unless there is a specific connection with France (such as an enterprise or part thereof is carried on through a permanent establishment in this country).

In this respect, the concept of residence referred to in the following overview must be construed in accordance with French tax law.

Finally, the rules described hereafter may be affected by the provisions of the double tax treaties applicable, if any.

#### **1. Personal and Corporate Income Tax**

##### ***Personal income tax (individuals holding Notes as part of their private assets)***

If French tax resident individuals hold the Notes as part of their private assets, the income derived from the Notes will be subject to French Income tax, social contributions (CSG, CRDS...) and potentially to the "additional contribution for high remuneration".

##### ***Payments of interest***

According to Article 125 A of the French tax code ("**FTC**") and subject to certain exceptions, interest and other similar income received by French tax resident individuals are subject, at the time of payment, to a withholding tax at a global rate of 30%, which includes both income tax and social contributions (before 1 January 2018, the rate applicable was 39.5%).

When the paying agent is not based in France, the withholding tax is generally directly reported and paid by the individual taxpayer.

This is not a final withholding tax but an advance payment, which is deductible from the definitive personal income tax and social contribution liability.

Then, the year following the payment of the interest, the French resident individuals will have to file an income tax return including the above income.

At this time, they will be subject to:

- Income tax, under the following regime:
  - o Either a flat tax, at the rate of 12.8%.
  - o Or, at the taxpayer's option, the income tax sliding scale (at rates ranging between 0% and 45%).
- Social contributions at the rate of 17.2%.
- And, potentially, "additional contribution for high remuneration" at the rate of 3% or 4%, provided that the "income tax reference" exceeds a certain level (i.e. EUR 250,000.00 for single persons and EUR 500,000.00 in other cases).

As indicated above, the final income tax and social contributions payable are determined after deduction of the initial withholding tax.

#### ***Payment of redemption premiums***

The redemption premium taxable is equal to the difference between the amount reimbursed at maturity date and the purchase price.

For French tax purposes, such a premium is regarded as interest.

Therefore, this type of income is taxable under the same conditions, as described above (i.e. French Income tax, social contributions and potentially an "additional contribution for high remuneration").

#### ***Capital gains***

Capital gains deriving from the sale of the Notes (prior to the maturity date) are subject to income tax (either the flat tax at the rate of 12.8% or, optionally, the income tax sliding scale), social contributions at the rate of 17.2% and, under certain conditions, the "additional contribution for high remuneration" (at the rate of 3% or 4%).

In any case, no withholding tax is levied on capital gains.

As from 1 January 2018, the capital losses incurred can be offset, by priority, against capital gains of the same type realized in the year of the disposal or, failing that, against capital gains generated over the next ten years.

#### **Companies subject to corporate income tax**

##### ***Interest and redemption premiums***

If the Notes are held by a company, interest accrued over the fiscal year is included in the corporate tax

base, taxable at the rate of 28% for the part of profits not exceeding EUR 500,000.00, and at the rate of 33.1/3 in excess of that amount (subject to certain conditions, a reduced rate of 15% is applicable for the first EUR 38,120.00 of taxable income).

As a general rule, redemption premiums are also subject to corporate income tax, under the same conditions.

However, in certain circumstances some specific rules of taxation might apply to these premiums (Article 238 septies E of the FTC).

For completeness, it should be noted that French companies have to assess the value of the Notes at the end of each financial year. In the case where the value of the Notes at this date is lower than the book value, a provision for depreciation must be recorded.

The corporate income tax rate will be gradually reduced to 25% by 2022.

A social contribution of 3.3% is also applicable when the global corporate income tax liability exceeds EUR 763,000.00 (Art. 235 ter ZC of the FTC).

However, exempt from this contribution are the entities whose the turnover for each 12 month-period is less than EUR 7,630,000.00 and whose share capital is fully-paid-up and at least 75% of which is held continuously by individuals (or by an entity meeting all of these conditions).

### ***Capital gains***

The capital gains realized upon the sale of the Notes are included in the corporate tax base taxable at the aforementioned rates.

The taxable capital gains may also be subject to the social contribution at the rate of 3.3%, where applicable.

## **2. Inheritance and Gift Tax**

Pursuant to Article 750 ter of the FTC, French inheritance tax might be levied on Notes issued by a non French company when the deceased person or the heir is French resident, at the time of the death.

Likewise, such Notes are subject to gift tax in France if the donor or the donee is a French resident.

## **3. EU Savings Directive**

The Savings Directive has been implemented into French law under Article 242 ter of the FTC, which requires paying agents to report to the French tax authorities certain information with respect to interest payments, including, among other things, the identity and address of the beneficial owner.

Moreover, in accordance with the automatic exchange information program, the French financial institutions have to provide the French tax authorities with information regarding interest payments (Art. 1649 AC of the FTC).

#### **4. Other Taxes**

##### ***Registration tax***

No registration or similar taxes will be payable in France by the holder in connection with the Notes.

However, where the bond is convertible or exchangeable in shares, tax registration could be payable at the time of conversion, under certain conditions.

##### ***Value added tax ("VAT")***

The acquisition or disposal of Notes is not subject to French VAT.

##### ***French wealth tax***

As from 1 January 2018, the French wealth tax ("**ISF**") is replaced by the "real property wealth tax" ("**IFI**").

According to Article 964 and subsequent of the FTC and subject to the future administrative guidelines, the Notes held by individuals should not be subject to "IFI".

##### ***Transaction tax***

Currently, the acquisition of Notes issued by a company whose head office is not located in France is not subject to French transaction tax (Art. 235 ter ZD of the FTC).

It is recalled that discussions are currently in progress between Member states of the European Union to implement a European transaction tax whose scope is still uncertain. One cannot exclude that the acquisition of Notes will become subject to this European transaction tax.



#### **XIV. Belgian Taxation**

Set out below is an overview of certain Belgian tax consequences of acquiring, holding and selling the Notes. This overview is not intended to be an exhaustive description of all relevant Belgian tax considerations and investors should consult their own tax advisers regarding such considerations in relation to their own particular circumstances. The description of certain Belgian taxes set out below is for general information only and does not purport to be comprehensive. In particular, it does not cover the situation of non-residents nor the tax treatment of securities which may be received upon repurchase or settlement of the Notes.

This overview is based on current legislation, published case law and other published guidelines and regulations as in force at the date of this Prospectus and remains subject to any future amendments, which may or may not have retroactive effect.

##### **1. Belgian Income Tax**

For Belgian income tax purposes, interest includes (i) periodic interest income, (ii) any amounts paid by the Issuer in excess of the issue price (upon full or partial redemption whether or not at maturity, or upon purchase by the Issuer), and (iii) if the Notes qualify as fixed income securities pursuant to Article 2, §1, 8° of the Belgian Income Tax Code, in case of a sale of the Notes between interest payment dates to any third party, excluding the Issuer, the pro rata of accrued interest corresponding to the detention period.

Any payment of interest (as defined by Belgian tax law) on the Notes made through a paying agent in Belgium will in principle be subject to Belgian withholding tax on the gross amount of the interest, currently at the rate of 30%.

If the repurchase, redemption or exercise by the Issuer is in full or in part settled by means of a delivery of securities or other assets, interest includes any positive difference between the market value of those assets on the date of their payment or attribution and the initial issue price of the Notes. For completeness and to the extent applicable, in the event interest is paid in the form of delivery of securities, the market value of those securities will be deemed at least equal to their value (prior to the date of the payment or attribution) as determined in the most recent publication by the Belgian Government of the value of securities listed on a Belgian stock exchange (such publication is issued monthly, on the 20th of each month) or on a similar foreign stock exchange.

For Belgian tax purposes, if interest is in a foreign currency, it is converted into euro on the date of payment or attribution.

The following summary describes the principal Belgian withholding tax considerations with respect to the Notes.

For Belgian tax purposes, periodic interest income and amounts paid by the Issuer in excess of the issue price (whether or not on the maturity date) are qualified and taxable as “interest”. In addition, if the Notes qualify as fixed income securities within the meaning of article 2, § 1, 8° of the Belgian Income Tax Code, in case of a realisation of the Notes between two interest payment dates, an income equal to the pro rata of accrued interest corresponding to the holding period is also taxable as interest.

For the purposes of the following paragraphs, any such gains and accrued interest are therefore referred to as interest.

### **Belgian resident individuals**

Belgian resident individuals who hold the Notes as a private investment, are in Belgium subject to the following tax treatment with respect to the Notes. Other tax rules apply to Belgian resident individuals who do not hold the Notes as a private investment.

Payments of interest on the Notes made through a paying agent in Belgium will in principle be subject to a 30% withholding tax in Belgium (calculated on the interest received after deduction of any non-Belgian withholding taxes). The Belgian withholding tax constitutes the final tax for Belgian resident individuals. This means that they do not have to declare the interest obtained on the Notes in their personal income tax return, provided Belgian withholding tax was levied on these interest payments.

Nevertheless, Belgian resident individuals may elect to declare interest on the Notes in their personal income tax return. Also, if the interest is paid outside Belgium without the intervention of a Belgian paying agent, the interest received (after deduction of any non-Belgian withholding tax) must be declared in the personal income tax return. Interest income which is declared this way will in principle be taxed at a flat rate of 30% (or at the relevant progressive personal income tax rate(s), taking into account the taxpayer's other declared income, whichever is more beneficial) and no local surcharges will be due. The Belgian withholding tax levied may be credited against the income tax liability.

Capital gains realised on the sale of the Notes are in principle tax exempt, unless the capital gains are realised outside the scope of the normal management of one's private estate or unless the capital gains qualify as interest (as defined above). Capital losses are in principle not tax deductible.

### **Belgian resident companies**

Interest derived by Belgian resident companies on the Notes and capital gains realised on the Notes will be subject to Belgian corporate income tax at the applicable corporate income tax rates (the ordinary corporate income tax rate is 33.99% (based on a proposed law, it is expected that the tax rates will be reduced to 29.87% (from 1 January 2018) and to 25% (from 1 January 2020)), but lower rates apply to small income companies under certain conditions (based on a proposed law, it is expected that such tax rates for small companies will be reduced to 20% from 1 January 2018 if certain conditions are fulfilled). If the income has been subject to a foreign withholding tax, a foreign tax credit will be applied on the Belgian corporate income tax due. For interest income, the foreign tax credit is generally equal

to a fraction where the numerator is equal to the foreign tax and the denominator is equal to 100 minus the rate of the foreign tax, up to a maximum of 15/85 of the net amount received (subject to some further limitations). Capital losses are in principle tax deductible.

Interest payments on the Notes made through a paying agent in Belgium are in principle be subject to a 30% withholding tax, but can under certain circumstances be exempt from Belgian withholding tax, provided that certain formalities are complied with. For zero or capitalisation bonds, an exemption will only apply if the Belgian company and the Issuer are associated companies within the meaning of article 105, 6° of the Royal Decree of 27 August 1993 implementing the Belgian Income Tax Code. The withholding tax that has been levied is creditable in accordance with the applicable legal provisions.

### **Belgian non-profit legal entities**

Payments of interest on the Notes made through a paying agent in Belgium to Belgian non-profit legal entities will in principle be subject to a 30% withholding tax in Belgium, and no further tax on legal entities will be due on the interest.

However, if the interest is paid outside Belgium without the intervention of a Belgian paying agent and without the deduction of Belgian withholding tax, the Belgian non-profit legal entity itself is responsible for the declaration and payment of the 30% withholding tax.

Capital gains realised on the sale of the Notes are in principle tax exempt, unless the capital gain qualifies as interest (as defined). Capital losses are in principle not tax deductible.

## **2. Belgian Tax on Stock Exchange Transactions**

The sale and acquisition of the Notes on the secondary market is subject to the Belgian tax on stock exchange transactions ("Taxe sur les opérations de bourse"/"Taks op de beursverrichtingen") if (i) executed in Belgium through a professional intermediary, or (ii) deemed to be executed in Belgium, which is the case if the order is directly or indirectly made to a professional intermediary established outside of Belgium, either by private individuals with habitual residence in Belgium, or legal entities for the account of their seat or establishment in Belgium.

The tax is generally due at a rate of 0.09% (based on a proposed law, it is expected that this rate will be increased to 0.12% in 2018) for debt securities and 0.27% (based on a proposed law, it is expected that rate will be increased to 0.35%) for other securities, on each sale and acquisition separately, with a maximum of EUR 1,300.00 per taxable transaction for debt securities and EUR 1,600.00 for other securities. A separate tax is due by each party to the transaction, and both taxes are collected by the professional intermediary. However, if the intermediary is established outside of Belgium, the tax will in principle be due by the ordering private individual or legal entity, unless that individual or entity can demonstrate that the tax has already been paid. Professional intermediaries established outside of Belgium can, subject to certain conditions and formalities, appoint a Belgian representative for tax

purposes, which will liable for the tax on stock exchange transactions in respect of the transactions executed through the professional intermediary.

Exemptions apply for non-residents and certain Belgian institutional investors acting for their own account provided that certain formalities are respected. Transactions on the primary market are not subject to the tax on stock exchange transactions.

The European Commission has published a draft Directive for a financial transaction tax (FTT) in the participating Member States (among them Belgium and Germany).

The draft directive currently stipulates that once the FTT enters into force, the participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions should thus be abolished once the FTT enters into force.

The European Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the European Commission's proposal, the FTT could apply in certain circumstances to persons both within and outside of the Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. Therefore, it may be altered prior to any implementation, the timing of which also remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

## **XV. Private Placement**

### **1. Placement of the Notes**

Pursuant to a placement agreement entered into between the Issuer and the Global Coordinator and Bookrunner dated 23 January 2018 (the "**Placement Agreement**") and on the basis of certain representations, warranties and agreements therein contained, the Global Coordinator and Bookrunner has agreed to use its best efforts to assist the Issuer in procuring institutional investors who will subscribe for the Notes on 26 January 2018, or on such later date as the Issuer and the Global Coordinator and Bookrunner may agree (the "**Closing Date**"), at a price of 100% of the principal amount thereof. The minimum subscription amount per investor is EUR 100,000.00 in principal amount of the Notes. If and to the extent that institutional investors procured by the Global Coordinator and Bookrunner on a best effort basis fail to pay for all or part of the Notes on the Closing Date, the Global Coordinator and Bookrunner is not obliged to acquire, subscribe or pay for any such Notes or any portion thereof. Nothing in the Placement Agreement constitutes an express or implied commitment or undertaking on the part of the Global Coordinator and Bookrunner or any of its affiliates and related entities to underwrite, provide or place all or any part of any financing and does not ensure or guarantee the successful arrangement, placement or completion of the offering of Notes or any portion thereof. Without limitation of the foregoing, the Global Coordinator and Bookrunner shall have no liability to the Issuer in the event that any subscription of Notes by any institutional investors is not consummated.

The Issuer has agreed to pay the Global Coordinator and Bookrunner fees for its services in connection with the placement of the Notes. Furthermore, the Issuer has agreed to reimburse certain of the expenses of the Global Coordinator and Bookrunner and to indemnify the Global Coordinator and Bookrunner in respect of certain losses that may be incurred in connection with the placement of the Notes. The Global Coordinator and Bookrunner is entitled in certain circumstances to terminate the Placement Agreement prior to and including the Closing Date.

The Global Coordinator and Bookrunner or its affiliates have provided from time to time, and expect to provide in the future, financial services to the Issuer and its affiliates, for which the Global Coordinator and Bookrunner or its affiliates have received or will receive customary fees and commissions.

The Issuer has not yet determined the allocation in the event of oversubscription. In the event of a partial allocation due to oversubscription, the investor's subscription will be reduced to the relevant amount and any amount overpaid will be refunded by repayment to the account of the relevant subscriber.

### **2. Selling Restrictions**

#### **United States of America**

The Notes have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or not

subject to, the registration requirements of the Securities Act. In addition, until 40 calendar days after the commencement of the offering of the Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

### **European Economic Area**

This Prospectus has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under the Prospectus Directive (as defined below), from the requirement to produce a prospectus for offers of the Notes. In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Global Coordinator and Bookrunner has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Global Coordinator and Bookrunner; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer or the Global Coordinator and Bookrunner to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

### **United Kingdom**

The Global Coordinator and Bookrunner has represented, warranted and agreed that (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended (the "**FSMA**")) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to

the Issuer, and (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom of Great Britain and Northern Ireland.

## **France**

The Global Coordinator and Bookrunner has represented, warranted and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Prospectus, or any other offering material relating to the Notes, and that such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties and/or (b) qualified investors (*investisseurs qualifiés*) and/or (c) a restricted circle of investors (*cercle restreint d'investisseurs*) and/or persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the French Code monétaire et financier.

## **Germany**

The Notes may not be offered and sold to the public in Germany, except in accordance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*) or any other laws applicable in Germany governing the issue, offering and sale of securities. This Prospectus has not been and will not be submitted to, nor has it been nor will it be approved by, the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*). The Issuer has not obtained, and does not intend to obtain, a notification from the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) or from another competent authority of a member state of the European Economic Area, with which a securities prospectus may have been filed, pursuant to Section 17(3) of the German Securities Prospectus Act (*Wertpapierprospektgesetz*). The Notes must not be distributed within Germany by way of a public offer, public advertisement or in any similar manner, and this Prospectus and any other document relating to the Notes, as well as information contained therein, may not be supplied to the public in Germany or used in connection with any offer for subscription of Notes to the public in Germany. Consequently, in Germany, the Notes will only be available to, and this Prospectus and any other offering material in relation to the Notes are directed only at, persons who are "qualified investors" (*qualifizierte Anleger*) within the meaning of Section 2 No. 6 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*).

## **General**

No action has been or will be taken in any jurisdiction by the Issuer or the Global Coordinator and Bookrunner that would, or is intended to, permit a public offering of the Notes, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action

for that purpose is required. Persons into whose hands this Prospectus comes are required by the Issuer and the Global Coordinator and Bookrunner to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or have in their possession or distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

The Global Coordinator and Bookrunner has represented, warranted and agreed that it will, to the best of its knowledge and belief, comply with all the relevant laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Prospectus or any other offering material.



## **XVI. Independent Auditors**

The consolidated financial statements of ACCENTRO Group as of and for the financial year ended 31 December 2016, which are incorporated herein by reference, were audited and given an unqualified auditor's report by Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft. The address of the Issuer's independent auditors is Ludwig-Erhard-Straße 1, 20459 Hamburg.

## **XVII. General Information**

1. ACCENTRO is a public limited company under German law having its registered office in at Uhlandstraße 165, 10719 Berlin, Germany, telephone number +49 (0)30 8871810.

ACCENTRO is registered under number 103691 at the Commercial Register in Charlottenburg, Germany.

ACCENTRO commenced business operations in 1993 under the name of „IMMCON“ Immobilien-Consulting Jakob GmbH (**Immcon GmbH**). Immcon GmbH was incorporated in Germany on 29 March 1993 to carry out business activities in the field of real estate and insurance mediation as well as home and fiduciary asset management. By conversion resolution of 30 June 2006, registered in the commercial register on 23 August 2006, Immcon GmbH was converted into ESTAVIS AG. In 2014, ESTAVIS AG changed its name to ACCENTRO Real Estate AG.

2. ACCENTRO's issued share capital as of the date of this Prospectus amounts to EUR 24,924,903.00 and is divided into 24,924,903 bearer shares with no-par value with a calculated EUR 1.00 proportion of the share capital per share. All shares were created and have been fully paid up in accordance with the provisions of the German stock corporation law (*Aktiengesetz*, "**AktG**").
3. The object of the Issuer pursuant to § 2.1 of ACCENTRO's Articles of Association is acquiring, holding and managing (including management as a trustee) of assets, especially real estate property as well as related activities, excluding activities under Section 34c German Trade Code (*Gewerbeordnung*) and Section 1 of the German Banking Act (*Gesetz über das Kreditwesen*, "**KWG**").
4. The issuance of the Notes being offered hereby was authorized by resolution of the management board dated 23 January 2018 and by resolution of the Supervisory Board dated 23 January 2018.
5. Copies of the most recent annual report and audited consolidated annual financial statements (IFRS), a copy of ACCENTRO's 2015 consolidated annual financial statements, and a copy of the Articles of Association are available, free of charge, upon request during normal business hours at the offices of ACCENTRO and at the website of ACCENTRO at [www.accentro.ag](http://www.accentro.ag). The Articles of Association of ACCENTRO are incorporated herein by reference.
6. The interim consolidated financial statements of the Issuer as of and for the nine-month period ended 30 September 2017, incorporated by reference in this Prospectus, have not been audited.

7. The estimated total cost of the issue is approximately EUR 2.0 Mio. assuming full placement of all Notes. Assuming gross issue proceeds of EUR 100.0 Mio. – in case of full placement – this results in net proceeds of the issue of approximately EUR 98.0 Mio. If not all Notes are placed, the net proceeds of the issue will be correspondingly lower.
8. From time to time, the ACCENTRO Group is affected by claims and litigations arising in connection with its business activities. With the exception of the legal disputes described hereinafter, the ACCENTRO Group is not involved in any legal or arbitration proceedings (including those proceedings which, to the Issuer's knowledge, are still pending or may be initiated) taking place within at least the last two financial years and which have or have had a significant impact on the financial position of the ACCENTRO Group:

The former seller of a real estate property in Hohenschönhausen (the "**Plaintiff**") filed a lawsuit against a former group company of the ACCENTRO Group (the "**Defendant**") claiming an additional payment of purchase price in the amount of EUR 8,321,114.32 for a real estate property acquired in 2006. Objects of purchase were prefabricated buildings in need of rehabilitation in Hohenschönhausen. The apartments erected on real estate property were only leased out partially. The Plaintiff bases his claim on the circumstance that the unrented rental units were not taken into account in the calculation of the purchase price, which in the opinion of the Plaintiff leads to a claim with respect to the payment of the rest of the purchase price. The action was completely dismissed in first instance. In 2016 the plaintiff initiated appeal proceedings.

The lawsuit is being carried out on instruction and for account of the former shareholder of the Defendant since the notarial deed by which ACCENTRO acquired the Defendant contains an indemnity clause according to which the former shareholder of the Defendant shall indemnify ACCENTRO with respect to the claims which are subject to the proceedings. The former shareholder deposited a security deposit in the amount of EUR 1.0 Mio. into a notarial escrow account.

In connection with the further sale of the Defendant by ACCENTRO in the year 2015, ACCENTRO indemnified the respective purchaser from any and all claims which are object to the lawsuit against assignment of the claims against the former shareholder, including the claim to the security deposit.

9. The following principal investment has been made by ACCENTRO or its subsidiaries since the date of the last published financial statements (quarterly financial statements as of 30 September 2017):

On 13 October 2017 the ACCENTRO Group purchased a real estate portfolio in Berlin for a purchase price of approximately EUR 23.0 Mio., to be paid within the first quarter of 2018. Furthermore, on 22 December 2017 the ACCENTRO Group purchased another real estate portfolio in Berlin for a purchase price of approximately EUR 34.0 Mio., due on 30 April 2018

or later. The Issuer intends to finance the purchase price of both acquisitions with the proceeds from the Notes. Should the proceeds from the Notes be not sufficient to finance the complete purchase price, the Issuer intends to finance the remaining portion of the purchase price by obtaining bank financing.

Other than this no principal investments have been made by ACCENTRO or its subsidiaries since the date of the last published financial statements (quarterly financial statements as of 30 September 2017).

The management bodies of the Issuer have not made any firm commitments on principal future investments of the Issuer.

10. The ACCENTRO Group is not dependent on licenses or patents. The acquisition of real estate properties is cost intensive. While the ACCENTRO Group is not dependent on a single financial contract it is dependent on obtaining the necessary financing on reasonable terms from sources of financing available.
11. Save as disclosed in this Prospectus (including any document incorporated by reference herein), there has been no material adverse change in the ACCENTRO Group's financial position since 31 December 2016. Moreover, there has been no significant change in the ACCENTRO Group's financial position since 30 September 2017, except as may otherwise be indicated in this Prospectus.
12. Save as disclosed in this Prospectus (including any document incorporated by reference herein), there are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for at least the current financial year.
13. For so long as any of the Notes are outstanding, copies of the following documents may be obtained, free of charge, during normal business hours at the office of the Paying Agent:
  - (a) the most recently published audited consolidated annual financial statements of the Issuer;
  - (b) the most recently published unaudited consolidated condensed interim financial statements (published quarterly) of the Issuer;
  - (c) the Articles of Association of the Issuer;
  - (d) this Prospectus; and
  - (e) the Agency Agreement.
14. Paying Agent

ODDO BHF Aktiengesellschaft  
Bockenheimer Landstrasse 10  
60323 Frankfurt/Main  
Germany  
Fax No: +49 69 718 4630