

Aroundtown SA

Germany / Real Estate
 Frankfurt Stock Exchange
 Bloomberg: AT1 GR
 ISIN: LU1673108939

Q3 /17
 Results

RATING
BUY

PRICE TARGET
€ 8.10

Return Potential 26.0%
 Risk Rating Medium

COMMERCIAL PORTFOLIO REACHES €8.8 BILLION

Third quarter reporting confirmed our view that Aroundtown is in the midst of a strong growth phase. The company has now grown its commercial portfolio some 76% YTD to €8.8bn. Rental and operating income (+87%) and FFO I (+73%) remained ascendant, while revaluations (Q3: €228m) were also strong and helped drive NAV growth. The September inclusion of AT shares in the SDAX index was also a key milestone for the company. We expect an upgrade into the MDAX next year as trading volumes under the new listing (AT1 GR) rise. S&P also recently recognised AT's improved asset profile with an upgrade of its corporate credit rating to BBB+ (old: BBB). Our updated forecasts and model result in a price target of €8.10 (old: €7.60). We stick to our Buy rating.

Share price still well below NAV Management hinted on the Q3 conference call at a pipeline of over €1bn (chiefly office and hotel targets). Combined with ample financial firepower, we remain confident that AT can continue its high external growth trajectory to compliment strong operating performance and spur FFO I and NAV growth. Operations continue to deliver strong earnings and NAV growth (9M/17: FFOPS +44% Y/Y; NAVPS +39% YTD). We also believe the portfolio will continue to drive FFO I and revaluation growth and target FFOPS I of €0.32 (+30%) and NAVPS of €7.68 (+42%) in 2017. Despite the strong 9M/17 operating performance, the stock currently trades some 16% below our projected 2017E NAV (table 6 overleaf). Given the strong outlook, we expect this discount to erode in the coming quarters.

Dual growth engines drive results Rental and operating income climbed 87% Y/Y in Q3 and 104% Y/Y on a nine month basis (table 1 overleaf). The strong 9M operating performance was driven by both external and organic growth. Investment properties topped €8.8bn vs €5.0bn at the end of 2016 and continue to be embedded with ample operational upside. Some 83% of the portfolio's in-place rent is still priced below corresponding in-place rent market levels. The annualised rental income market potential now stands at €665m equal to 35% upside on the December 2017 run rate (€485m). (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2014	2015	2016	2017E	2018E	2019E
Rental income (€m)	257.17	125.16	273.70	492.83	665.51	759.75
Y/Y growth	42.1%	-51.3%	118.7%	80.1%	35.0%	14.2%
Adj. EBITDA (€m)	59.67	92.72	194.54	329.94	451.54	517.27
Net income (€m)	898.5	920.8	901.1	1300.4	782.4	815.0
EPS (diluted) (€)	1.41	1.01	0.88	1.06	0.58	0.61
EPRA NAV ¹ (€m)	1273.27	2720.69	4349.05	7277.71	7798.64	8273.47
DPS (€)	0.00	0.05	0.16	0.19	0.25	0.29
FFO I (€m)	38.75	94.05	165.63	270.22	367.42	415.87
FFOPS I (€)	0.08	0.17	0.25	0.32	0.39	0.43
Liquid assets (€m)	175.75	386.98	833.44	543.38	485.78	534.45

* Note that GCP was deconsolidated at the end of 2014. ¹ Includes perpetual notes.

RISKS

Risks include, but are not limited to, unfavourable interest rate developments, unfavourable macroeconomic developments, and the departure of key personnel.

COMPANY PROFILE

Aroundtown SA is a specialist real estate company focused on investing in and managing value-add properties primarily located in the German/NL real estate markets.

MARKET DATA

As of 08 Dec 2017

Closing Price	€ 6.43
Shares outstanding	947.88m
Market Capitalisation	€ 6095.82m
52-week Range	€ 3.87 / 6.55
Avg. Volume (12 Months)	245,189

Multiples	2016	2017E	2018E
P/FFO I	25.4	20.3	16.6
P/EPRA NAV	1.3	1.0	0.9
FFO I/Yield	3.9%	4.9%	6.0%
Div. Yield	2.5%	2.9%	3.9%

STOCK OVERVIEW



COMPANY DATA

As of 30 Sep 2017

Liquid Assets	€ 501.80m
Current Assets	€ 1,238.10m
EPRA NAV ¹	€ 6,945.70m
Total Assets	€ 12,093.40m
Current Liabilities	€ 566.20m
Total Equity	€ 6,471.20m

¹ includes perpetual notes

SHAREHOLDERS

Avisco Group	40.3%
Free Float	59.7%



STRONG Q3 AND NINE MONTH RESULTS CONFIRM GROWTH TRAJECTORY

Third quarter results confirm our view that management has the dual ability to source accretive deals and extract value from existing assets. The company reported a December 2017 commercial asset value of €8.8bn corresponding to a 76% YTD increase. This is well ahead of commercial peers so far this year. Organic growth potential was underscored by 5.8% like-for-like (LFL) growth including 3.4% LFL in-place rent and 2.3% LFL vacancy reduction. The LFL segment split was 7.5% for office, 6.0% for logistic / wholesale, 2.5% for retail, and 5.0% for hotel. Recent Q3/17 reporting from Grand City Properties likewise showed steady like-for-like growth (2.3% in-place rent growth and 1.5% occupancy growth).

Table 1: Third quarter results vs forecasts

All figures in EUR '000	Q3/17	Q3/17E	Δ	Q3/16	Δ	9M/17	9M/16	Δ
Net rent	116,800	113,200	3.2%	49,300	137%	320,300	159,300	101%
Rental and operating income	136,500	132,400	3.1%	73,100	87%	373,700	183,100	104%
Adjusted EBITDA commercial	93,600	89,105	5.0%	51,512	82%	261,800	130,500	101%
Margin	69%	67%	-	70%	-	70%	70%	-
Adjusted EBITDA	108,900	103,934	4.8%	70,586	54%	303,400	183,900	65.0%
Adjusted margin	80%	79%	-	97%	-	81%	100%	-
FFO I	74,300	72,068	3.1%	42,878	73%	204,100	113,600	79.7%
FFOPS I (€)	0.08	0.08	3.0%	0.07	18%	0.26	0.18	44.4%

Source: First Berlin Equity Research; Company

AT reported rental and operating income (RI) of €137m for the third quarter, which topped our estimate (FBe: €132m). The figure surged 87% Y/Y and grew 11% Q/Q. The increase can be traced to the larger portfolio and operational improvements in its existing properties through rent and occupancy increases. Recurring net rental income—excluding RI from properties earmarked for disposal—was up 137% Y/Y to €117m. On a nine month basis, RI climbed some 104% Y/Y to €374m, whereas net rental income doubled to €320m. Long-term recurring net rental income—adjusted for contributions from properties earmarked for disposal—reached €293m. Some 75% of the top line performance was attributed to organic growth with the balance traced to acquisitions. As of December 2017, the monthly annualised run rate for net rent stood at €485m vs €390m at the nine month mark of 2017.

**Table 2: Adjusted EBITDA calculation**

All figures in EUR '000	9M/17	9M/16	Delta Δ
EBITDA	1,370,000	872,000	57%
Capital gains, property revaluations & other income	-976,100	-588,100	-
Profit share from equity accounted investees	-133,500	-153,400	-
Management LT incentive plan	1,400	-	-
Adjusted EBITDA commercial portfolio	261,800	130,500	101%
Adjustment relating to properties marked for disposal	-24,500	-	-
Adjusted EBITDA commercial portfolio, recurring	237,300	130,500	82%
Adjustment for GCP contribution	66,100	53,400	24%
Adjusted EBITDA	303,400	183,900	65%

Source: First Berlin Equity Research; Company

Commercial adjusted EBITDA, which reflects the recurring operational profit of the commercial portfolio by excluding revaluation effects, disposal gains, and provisions for the management incentive plan, climbed 82% in Q3/17 to €94m (Q3/16: €52m; FBe: €89m). The KPI also eliminates the contribution from properties designated for disposal. The increase is traced to external growth realised through accretive acquisitions and the improving occupancy rates and rent levels. Including the 36% GCP stake, adjusted EBITDA rose 54% Y/Y to €109m. On a nine month basis, commercial adjusted EBITDA (long term recurring) totalled €237m vs €131m in the prior year period.

The capital gains, property revaluations and other income line item totalled €228m in the third quarter (Q3/16: €178m) and €976m at the nine month juncture (9M/16: €588m). The sharp rise underscores the company's ability to extract embedded value through asset optimisation. As of September 2017, the portfolio was valued at €1,829 / m² with a rental yield of 5.5%. Net income (NI) grew by 48% for the period to €304m (Q3/16: €205m) fuelled by top line growth, revaluation uplift, and economies of scale. On a nine month basis, NI totalled €1.1bn (9M/16: €716m). Diluted EPS amounted to €0.99 (9M/16: €0.66).

Table 3: Funds from operations I breakdown

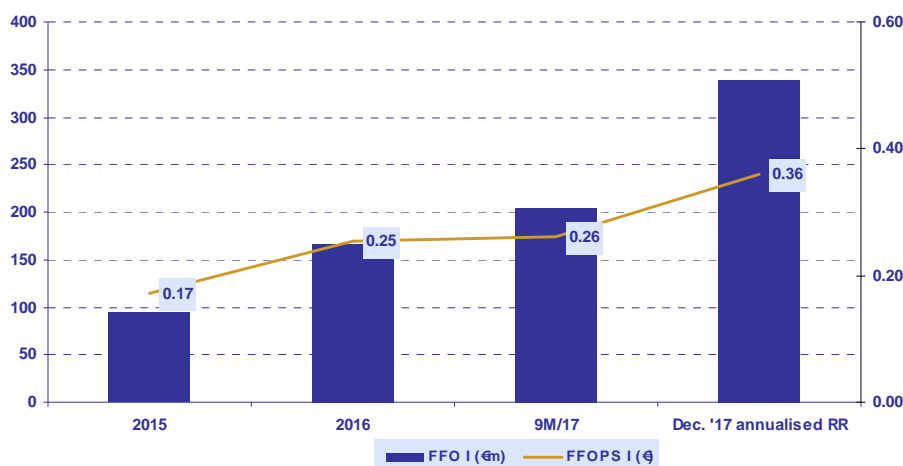
All figures in EUR '000	9M/17	9M/16	Delta Δ
Adjusted EBITDA commercial portfolio	261,800	130,500	101%
Finance expense	-48,000	-32,900	-
Tax	-26,500	-12,900	-
Minority adjustment	-7,200	-4,300	-
FFO I commercial portfolio	180,100	80,400	124%
FFO I tied to properties marked for sale	-16,400	-	-
FFO I commercial portfolio (recurring long-term)	163,700	80,400	104%
FFO I adjustment for GCP stake	40,400	33,200	22%
FFO I	204,100	113,600	80%
FFOPS I (€)	0.26	0.18	44%

Source: First Berlin Equity Research; Company

FFO I captures recurring operating profits after deducting financial and current tax expenses from adjusted EBITDA. The KPI rose sharply during Q3 to €74m compared to €43m in the prior year period, thanks to the strong adjusted EBITDA growth and excellent financing conditions owing to the low cost of debt (1.7%). On a nine month basis, FFO I increased 80% Y/Y to €204m equal to €0.26 per share. Based on the annualised December FFOPS run rate of €0.36, the FFO I yield is 6.0% assuming a €6 share price



Figure 1: FFO I development



Source: First Berlin Equity Research; Company

Table 4: Financial highlights

All figures in EUR '000	9M/17	FY16	Delta Δ
Cash and liquid assets	501,800	835,813	-40%
Investment property	8,545,100	5,259,800	62%
Investment in equity-accounted investees	1,886,200	1,557,044	21%
Total assets	12,093,400	8,088,952	50%
Net debt	4,099,900	2,737,437	50%
Net debt pro forma*	3,655,900	2,737,437	34%
Total equity	6,471,200	3,941,080	64%
EPRA NAV	5,742,200	3,870,770	48%
EPRA NAV inc perpetual notes	6,945,700	4,349,100	60%
Loan-to-Value (LTV)	37%	39%	-
LTV pro forma*	31%	34%	-

* assumes full conversion of the Series B and Series C bonds

Source: First Berlin Equity Research; Company

Strong balance sheet; ample firepower AT reported cash and liquid assets of €502m for the period ended 30 September compared to €836m at the end of 2016, while net debt climbed in conjunction with the portfolio expansion to €4.1bn vs €2.7bn at the end of 2016. The debt structure featured an LTV of 37%—200 basis points lower than year end 2016. This is well below the 45% internal limit set by the Management Board. Coverage ratios remained solid with a debt service coverage ratio (DSCR) and an interest coverage ratio (ICR) of 3.7x and 5.6x respectively at the end of Q3. In our view, the current cash position and attractive debt structure, which features a 1.7% cost of debt and a six plus year maturity, positions the company well for execution of its ample pipeline.

Management continue to leverage the EMTN (euro Medium Term Note) program to optimise the debt portfolio that now diversifies in terms of currency with US Dollar and British Pound Sterling exposure. In November, Aroundtown issued Series K corporate bonds for €700m with a 1.0% coupon. This was preceded by the issuance of the Series J straight bonds for GBP 500m (1.5% coupon) in October. On the Q3 conference call, management stated there is still some €1.8bn of headroom under the current EMTN structure. The next major refinancing is not due until 2022. We also expect the Series C convertible bond to be converted in 2018.



Raising price target (PT) on strong portfolio expansion and revaluations Aroundtown is in the midst of a high growth phase. Investment volumes YTD again topped our full year target. Our model now considers €5.5bn in acquisitions from Q1 2017E until 2020E. Our FFO I calculation also now adjusts for the contributions of properties earmarked for disposal. This accounts for the slight dip in our new FFO I targets. We have adjusted our revaluation assumptions to reflect the stronger than expected Q3 result. The increase plus the higher acquisition volume more than offset the minor decrease in FFO.

AT continues to have a full pipeline (+€1bn) and is using a pan-European lens to assess deals in major hubs that fit its investment criteria. We estimate FFOPS I growth of 25% Y/Y and 42% NAVPS (including perpetual notes) growth in 2017. Our new PT is €8.10 (old: €7.60). We stick to our Buy rating.

Table 5: Changes to our forecasts

All figures in EUR '000	2017E			2018E		
	Old	New	% change	Old	New	% change
Rental income	489,360	492,827	0.7%	644,773	665,509	3.2%
Adjusted EBITDA (commercial) ¹	327,532	329,941	0.7%	437,082	451,535	3.3%
margin	66.9%	66.9%	-	67.8%	67.8%	-
FFO I ¹	278,437	270,215	-3.0%	369,971	367,424	-0.7%
FFOPS I (€)	0.33	0.32	-3.0%	0.39	0.39	-0.7%

¹ adjusted for property disposals to reflect recurring

Source: First Berlin Equity Research

RECENT NEWS FLOW

On 7 December, Standard & Poor's (S&P) boosted Aroundtown's long term corporate credit rating to BBB+ with a stable outlook from BBB. The one level upgrade also applies to Aroundtown's senior unsecured debt to BBB+ and its perpetual notes to BBB-. The upgrade reflects the improvement in the asset profile since the last rating in June 2017. S&P considered the increase in the portfolio size arising from acquisitions and property improvements, the asset diversification, which is well balanced across asset types and regions with long lease structures, and the strength of the diverse tenant base, which continuously generates strong like-for-like rental income growth.

As of 5 December, AT's shares were officially delisted from the Paris Euronext. The company now trades exclusively on the Frankfurt Stock Exchange under the ticker AT1 GR. Trading volumes have already picked up noticeably under the new ticker giving us confidence that volumes will reach the levels required for a move into the MDAX.



VALUATION MODEL

in €'000	2017E	2018E	2019E
Shareholders' equity	6,404,532	6,854,838	7,268,032
Total equity	7,037,248	7,644,041	8,220,239
NAV per share	7.43	8.07	8.68
Net deferred taxes	572,961	643,214	704,479
Derivative financial instruments	7,241	7,603	7,983
Convertible bond	292,980	292,980	292,980
EPRA NAV (inc hybrid notes)	7,277,714	7,798,635	8,273,474
EPRA NAV per share	7.68	8.23	8.73
FFO	270,215	367,424	415,867
Revaluation results	1,089,627	390,295	360,381
New Equity	870,140	-	-
Total return	2,229,982	757,719	776,248

Return on NAV	51.3%	10.4%	10.0%
Cost of equity	6.0%	6.0%	6.0%
Spread (percentage points)	45.3%	4.4%	4.0%

	2017E	2018E	2019E
WACC	4.2%	4.2%	4.2%
Value creation	3,296,308	345,441	328,593
NPV	3,289,255	330,804	301,983
Dividends paid	107,658	175,640	238,826
Present value of dividends paid	107,427	168,198	219,485

Fair value calculation			
PV of total value created	3,922,041		
EPRA NAV (2016)	3,568,440		
Adjustments	-		
Equity value	7,490,481		
PV of dividends	733,518		
Fair value	8,223,999		
Number of shares (000's, fully diluted)	1,020,093		
Fair value per share €	8.10		

Valuation metrics	2017E	2018E	2019E
Price target (€)	8.10	8.10	8.10
Share price (€)	6.43	6.43	6.43
Return potential	26.0%	26.0%	26.0%
Dividend yield	2.9%	3.9%	4.4%
Total return potential	28.8%	29.9%	30.4%
NAV discount / premium (share price)	-16.3%	-21.9%	-26.4%
FFOPS I yield	4.9%	6.0%	6.8%



German commercial property sector continues to trade at a deep discount to NAV

The sector currently trades at a 23% discount to NAV, a 4.3% FFO I yield, and a 4.5% dividend yield on 2017 street consensus forecasts. The updated portfolio run rate for December implies investment properties have expanded some 76% to €8.8bn far outpacing commercial peers. On our figures, AT's FFO I yield for 2017 beats the peer mean. Due to the climb in the share price performance since six month reporting, AT's dividend yield is now below the peer mean. This is also partially due to the higher share count from the October cap hike to facilitate the spike in portfolio growth. Given Aroundtown's superior growth phase, we expect the NAV discount to continue to erode.

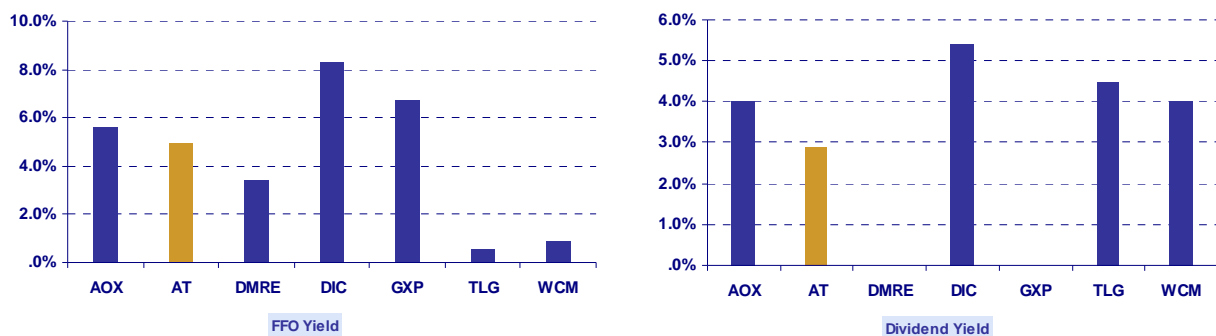
Table 6: German commercial property peer overview

	Market			EPRA NAV (€m)			FFOPS (€)			Dividend (€)		
	Price (€)	cap (€m)	SO (m)	2016	2017E	2018E	2016	2017E	2018E	2016	2017E	2018E
Alstria Office REIT AG	13.2	2,024	153	1,828	1,904	2,042	0.76	0.74	0.76	0.52	0.53	0.56
Demire Real Estate AG	3.8	205	54	312	330	386	0.14	0.13	0.25	0.00	0.00	0.03
DIC Asset AG	10.6	724	69	888	918	913	0.69	0.88	0.90	0.40	0.57	0.46
GxP Geman Properties	4.2	44	11	77	95	98	0.00	0.28	0.42	0.00	0.00	0.00
Hamborner REIT AG	9.8	755	80	768	n.a.	n.a.	0.45	0.06	0.65	0.43	0.44	0.46
TLG Immobilien AG	21.2	1,526	74	1,248	1,692	1,833	1.14	0.19	0.26	0.80	0.85	0.92
Aroundtown	6.4	6,097	948	3,871	6,182	6,703	0.25	0.32	0.39	0.16	0.19	0.25

	NAVPS (€)			EPRA NAV Premium			FFO yield			Dividend yield		
	2016	2017E	2018E	2016	2017E	2018E	2016	2017E	2018E	2016	2017E	2018E
Alstria Office REIT AG	11.9	12.4	13.3	10.7%	6.3%	-0.9%	5.8%	5.6%	5.8%	3.9%	4.0%	4.2%
Demire Real Estate AG	5.7	6.1	7.1	-34.2%	-37.8%	-46.8%	3.7%	3.4%	6.6%	n.a.	n.a.	0.8%
DIC Asset AG	12.9	13.4	13.3	-18.4%	-21.1%	-20.7%	6.5%	8.3%	8.5%	3.8%	5.4%	4.4%
GxP Geman Properties	7.3	9.0	9.2	-42.6%	-53.5%	-54.9%	0.0%	6.7%	10.1%	n.a.	n.a.	n.a.
Hamborner REIT AG	9.6	n.a.	n.a.	2.0%	n.a.	n.a.	4.6%	0.6%	6.6%	4.4%	4.5%	4.7%
TLG Immobilien AG	16.8	22.8	24.7	26.1%	-7.0%	-14.1%	5.4%	0.9%	1.2%	3.8%	4.0%	4.3%
Mean				-9.4%	-22.6%	-27.5%	4.3%	4.3%	6.5%	4.0%	4.5%	3.7%
Aroundtown (excl hybrid)	4.9	6.5	7.1	31.2%	-1.5%	-9.1%	3.9%	4.9%	6.0%	2.5%	2.9%	3.9%
Aroundtown (incl hybrid)	5.4	7.7	8.2	19.1%	-16.3%	-21.9%	3.9%	4.9%	6.0%	2.5%	2.9%	3.9%

Source: First Berlin Equity Research; Company, Bloomberg

Figure 2: Comparative 2017E FFO and dividend yields (YTD)



Source: First Berlin Equity Research; Company, Bloomberg



INCOME STATEMENT

All figures in EUR '000	2015	2016	2017E	2018E	2019E
Net rent	107,014	234,013	421,367	569,011	649,588
Operating and other income	18,148	39,686	71,460	96,499	110,164
Rental and operating income (RI)	125,162	273,699	492,827	665,509	759,752
Capital gains, property revaluations & other	814,511	719,517	1,089,627	390,295	360,381
Result from equity-accounted investees	134,138	197,064	178,278	138,729	149,318
Property OpEx	-28,529	-75,353	-136,513	-184,346	-211,211
Administration & other OpEx	-4,287	-7,921	-14,785	-18,634	-20,513
Operating income (EBIT)	1,040,995	1,107,006	1,609,434	991,553	1,037,726
Net financial result	-20,466	-47,408	-65,692	-83,642	-98,945
Other financial expenses	7,869	-35,883	0	0	0
Pre-tax income (EBT)	1,028,398	1,023,715	1,543,742	907,912	938,781
Tax expense	-9,264	-19,910	-36,333	-55,226	-62,493
Deferred tax	-98,380	-102,711	-207,029	-70,253	-61,265
Tax result	-107,644	-122,621	-243,362	-125,479	-123,757
Comprehensive net income	920,754	901,094	1,300,379	782,433	815,024
Minority interests	233,862	169,186	260,076	156,487	163,005
Hybrid note investors	0	3,699	28,500	32,500	32,500
Net income to owners	686,892	728,209	1,011,804	593,446	619,519
Basic EPS (in €)	1.26	1.11	1.19	0.63	0.65
Diluted EPS (in €)	1.01	0.87	1.06	0.58	0.61
Adjusted EBITDA commercial	92,723	194,541	329,941	451,535	517,266
Ratios					
Adjusted EBITDA commercial margin	74.1%	71.1%	66.9%	67.8%	68.1%
Tax rate	6.0%	7.4%	8.6%	10.0%	10.0%
Expenses as % of revenues					
Property OpEx	22.8%	27.5%	27.7%	27.7%	27.8%
Administration & other OpEx	3.4%	2.9%	3.0%	2.8%	2.7%
Y/Y Growth					
Revenues	-51.3%	118.7%	80.1%	35.0%	14.2%
Operating income	2.9%	6.3%	45.4%	-38.4%	4.7%
Adjusted EBITDA	-30.7%	109.8%	69.6%	36.9%	14.6%
Net income/ loss	-3.9%	6.0%	38.9%	-41.3%	4.4%
Funds from Operations (FFO)					
Adjusted EBITDA commercial portfolio	92,723	194,541	329,941	451,535	517,266
Finance expense	-20,466	-47,408	-65,692	-83,642	-98,945
Tax expense	-9,264	-19,910	-36,333	-55,226	-62,493
Minority adjustment	-7,900	-7,458	-7,176	-7,647	-8,135
FFO I commercial portfolio	55,093	119,765	220,740	305,021	347,693
FFO related to properties for disposal	0	0	-16,400	-10,000	-10,000
FFO I commercial (long-term recurring)	55,093	119,765	204,340	295,021	337,693
Adjustment for GCP contribution	38,956	45,862	65,876	72,403	78,174
FFO I	94,049	165,627	270,215	367,424	415,867



BALANCE SHEET

All figures in EUR '000	2015	2016	2017E	2018E	2019E
Assets					
Current assets, total	432,545	1,100,047	1,222,018	1,211,727	1,286,220
Cash and cash equivalents	121,243	641,400	472,151	458,954	507,270
Short-term investments	261,527	180,810	59,667	14,917	14,917
Receivables	45,562	111,293	135,021	182,331	208,151
Other current assets	4,213	11,225	11,562	11,909	12,266
Assets held for sale	0	155,319	543,617	543,617	543,617
Non-current assets, total	4,007,602	6,988,905	10,970,942	12,657,362	14,039,680
Property, plant & equipment	5,123	22,799	23,255	23,720	24,194
Investment properties	2,430,595	5,016,235	8,831,809	10,343,885	11,547,278
Equity accounted investees	1,183,148	1,557,044	1,735,322	1,874,051	2,023,369
Other LT assets	388,736	392,827	380,557	415,706	444,838
Total assets	4,440,147	8,088,952	12,192,960	13,869,089	15,325,900
Shareholders' equity & debt					
Current liabilities, total	241,278	348,839	498,958	606,585	679,928
Short-term debt	129,426	159,965	149,648	185,258	215,048
Accounts payable	95,971	107,721	187,004	252,529	289,330
Provisions & other current liabilities	15,881	81,153	162,306	168,798	175,550
Long-term liabilities, total	1,773,357	3,799,033	4,656,754	5,618,463	6,425,733
Long-term debt	1,521,557	3,384,658	4,034,175	4,924,421	5,669,181
Deferred tax liabilities	185,774	365,932	572,961	643,214	704,479
Other LT liabilities	66,026	48,443	49,619	50,828	52,073
Minority interests	320,103	372,640	632,716	789,202	952,207
Shareholders' equity	2,105,409	3,568,440	6,404,532	6,854,838	7,268,032
Total consolidated equity and debt	4,440,147	8,088,952	12,192,960	13,869,089	15,325,900
Ratios					
Current ratio (x)	1.79	3.15	2.45	2.00	1.89
Equity ratio	54.6%	48.7%	57.7%	55.1%	53.6%
Financial leverage	60.0%	76.7%	56.8%	67.5%	73.6%
EPRA NAV	2,720,687	3,870,770	6,181,837	6,702,758	7,177,597
EPRA NAVPS (€)	3.70	5.40	7.68	8.23	8.73
Net debt	1,264,000	2,737,437	3,640,442	4,623,899	5,349,776
Return on equity (ROE)	43.7%	25.3%	20.3%	11.4%	11.2%
Loan-to-value (LTV)	34.5%	39.3%	32.3%	35.7%	37.3%
LTV without convertible bond	19.0%	34.0%	29.7%	33.4%	35.3%



CASH FLOW STATEMENT

All figures in EUR '000	2015	2016	2017E	2018E	2019E
Net income	920,754	901,094	1,300,379	782,433	815,024
Depreciation & amortisation	377	2,006	986	1,331	1,520
Capital gains, property revaluations & other	-814,511	-719,517	-1,089,627	-390,295	-360,381
Profit share from equity accounted investees	-134,138	-197,064	-178,278	-138,729	-149,318
Shared based payment in a subsidiary	0	2,110	0	0	0
Net finance expenses	12,597	83,291	65,692	83,642	98,945
Tax result	107,644	122,621	243,362	125,479	123,757
Operating cash flow	92,723	194,541	342,515	463,860	529,547
Changes in working capital	-3,842	-17,277	122,097	-12,374	-13,444
Provisions for other liabilities	6,355	-871	80,899	6,179	6,374
Dividend received	7,445	17,948	0	0	0
Tax paid	-8,376	-15,537	-36,333	-55,226	-62,493
Net operating cash flow	94,305	178,804	509,178	402,439	459,985
CapEx/ intangibles	-957	-6,653	-1,442	-1,796	-1,994
Disposal/ investment in investment properties, net	-776,436	-1,050,803	-2,725,947	-1,121,780	-843,013
Acquisition/disposals of subsidiaries	-386,297	-994,129	-388,298	0	0
Proceeds from investments in financial assets	-255,035	151,306	67,964	41,366	-3,441
Cash flow from investing	-1,418,725	-1,900,279	-3,047,722	-1,082,211	-848,448
Debt financing, net	1,230,276	1,786,100	1,054,905	925,856	774,550
Equity financing, net	319,731	740,942	1,487,740	0	0
Dividends paid	0	-34,490	-107,658	-175,640	-238,826
Other financing activities	-112,578	-203,936	0	0	0
Net paid financing expenses	-19,760	-44,606	-65,692	-83,642	-98,945
Cash flow from financing	1,417,669	2,244,010	2,369,296	666,575	436,779
Net cash flows	93,249	522,535	-169,249	-13,197	48,316
Assets held for sale - cash	0	-2378	0	0	0
Cash, start of the year	27,994	121,243	641,400	472,151	458,954
Cash, end of the year	121,243	641,400	472,151	458,954	507,270
Adjusted EBITDA commercial/share (€)	0.17	0.30	0.39	0.48	0.55
FFO I	94,049	165,627	270,215	367,424	415,867
FFOPS I (€)	0.17	0.25	0.32	0.39	0.44
Y/Y Growth					
EBITDA/share	42.0%	75.7%	30.0%	23.1%	14.6%
FFO I	142.7%	76.1%	63.1%	36.0%	13.2%
FFOPS I	114.9%	47.5%	25.1%	22.3%	13.2%

FIRST BERLIN RECOMMENDATION & PRICE TARGET HISTORY

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	29 September 2015	€3.40	Buy	€5.70
2...12	↓	↓	↓	↓
13	1 September 2017	€5.60	Buy	€7.20
14	7 September 2017	€5.63	Buy	€7.20
15	23 October 2017	€6.04	Buy	€7.60
16	Today	€6.43	Buy	€8.10

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- key sources of information in the preparation of this research report
- valuation methods and principles
- sensitivity of valuation parameters

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