Aroundtown SA

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

Update

RATING	**BUY**
PRICE TARGET	**€ 8.20**
Return Potential	32.3%
Risk Rating	Medium

FRAMING 2018 PROSPECTS FOR EPRA INDICES' NEWEST MEMBER

Investors should use the recent dip in Aroundtown shares to buy the stock. The company booked exceptional growth last year (9M/17: NAVPS +39%; FFOPS: +44%), and we believe this will continue in the year ahead pushing the commercial portfolio towards the €11bn threshold. Aroundtown boasts a large deal pipeline and ample firepower to execute. We also believe sector fundamentals remain favourable and expect the recent negative sentiment to erode once investors closely examine them. The announced inclusion in both the EPRA indices and the GPR 250 index, plus the heightened prospects for an upgrade into the German MDAX should likewise boost investor sentiment. Our rating remains Buy with an €8.20 price target.

Time to buy, not sell Aroundtown shares We contend that the latest sector dip provides an excellent opportunity to buy Aroundtown shares, which have corrected 7.5% from their €6.70 high. We have written a number of times in the past on why we regard Aroundtown as the best positioned of the German commercial RE operators, and today's evidence continues to underpin our view: (1) a full pipeline and top deal sourcing owing to a wide network built up over the last 14 years; (2) excellent access to the capital markets; (3) strategic focus on underperforming assets providing huge operating upside; and (4) the resulting dual growth engine for external and operational growth.

Commercial segment is strong and earlier in the cycle than residential Property stocks took a hit in early February in the wake of investor concerns over interest rates. In our view, the correction is unwarranted, particularly in the commercial space, which harbours better growth potential than residential where yields have been compressing for years. We regard the commercial sector as lagging the late cycle residential space—a view supported by higher yields offered by the former. Good market fundamentals also give us confidence in the sustainability of the current cycle and growth potential in 2018. The main considerations supporting our view are: (1) good growth… (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2014	2015	2016	2017E	2018E	2019E
Rental income (€m)	257.17	125.16	273.70	492.83	682.77	824.80
Y/Y growth	42.1%	-51.3%	118.7%	80.1%	38.5%	20.8%
Adj. EBITDA (€m)	59.67	92.72	194.54	329.94	463.57	562.60
Net income (€m)	898.5	920.8	901.1	1300.4	808.2	886.3
EPS (diluted) (€)	1.41	1.01	0.88	1.06	0.60	0.66
EPRA NAV¹ (€m)	1273.27	2720.69	4349.05	7277.71	8228.71	8768.76
DPS (€)	0.00	0.05	0.16	0.18	0.25	0.30
FFO I (€m)	38.75	94.05	165.63	261.32	366.62	439.17
FFOPS I (€)	0.08	0.17	0.25	0.31	0.39	0.46
Liquid assets (€ m)	175.75	386.98	833.44	674.36	1023.26	1059.99

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/ Netherlands real estate markets.

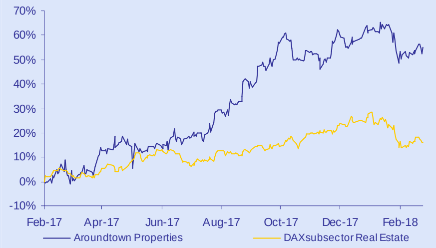
MARKET DATA

As of 02 Mar 2018

Closing Price	€ 6.20
Shares outstanding	947.88m
Market Capitalisation	€ 5876.86m
52-week Range	€ 4.00 / 6.68
Avg. Volume (12 Months)	683,143

Multiples	2016	2017E	2018E
P/FFO I	24.4	20.2	16.0
P/EPRA NAV	1.3	1.0	0.9
FFO I/Yield	4.1%	4.9%	6.2%
Div. Yield	2.6%	2.9%	4.1%

STOCK OVERVIEW



COMPANY DATA

As of 30 Sep 2017

Liquid Assets	€ 501.80m
Current Assets	€ 1,238.10m
EPRA NAV¹	€ 6,945.70m
Total Assets	€ 12,093.40m
Current Liabilities	€ 566.20m
Total Equity	€ 6471.20m

¹ includes perpetual notes

SHAREHOLDERS

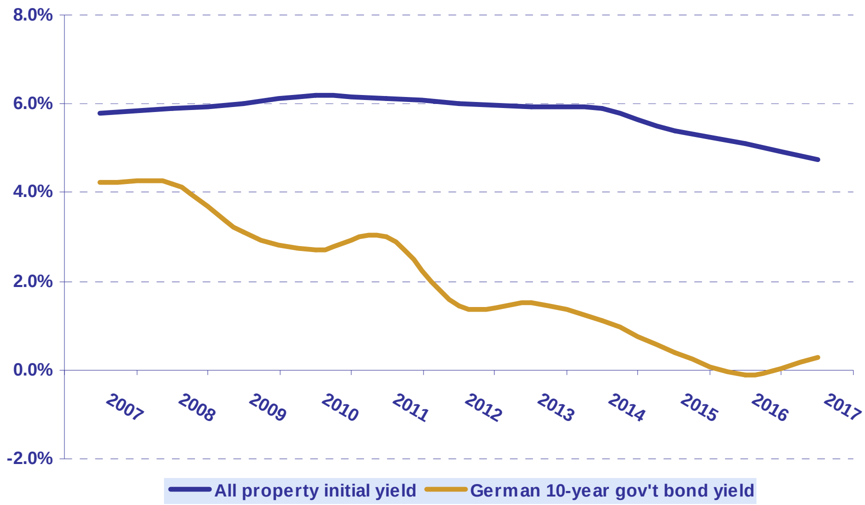
Avisco Group	40.3%
Free Float	59.7%

Analyst: Ellis Acklin, Tel. +49 (0)30 - 80 93 96 83

… potential compared to residential where yields are far less attractive; (2) persistent high demand for prime space fuelled by a robust job market and yield hungry investors; (3) limited alternative asset classes with comparable yields and income potential; (4) real estate yields that remain highly attractive over bond yields even after the recent moves; and (5) healthy balance sheets with LTVs at comfortable levels meaning less funding risk in the system. Taking account of these factors, we see nothing from today's perspective that is a harbinger of a major correction.

The misconception of rising bond yields The key driver for the investment demand has been the attractive yields offered by real estate relative to alternative assets. From our viewpoint, recent investor jitters over rising bond yields and narrowing spreads are not supported by the fundamental evidence depicted in the figure below. For instance, looking at the historical spread between German 10-year government bond and property yields, there is still a wide gap. Even as bond yields edge higher to normalised levels, we think the spread is comfortably wide. The picture is similar in other Western European markets and should give investors a high degree of comfort. Last week's data show German inflation is still in check and has observers hinting that euro zone inflation figures could also come in weaker than expected. This makes it highly unlikely that the ECB will back down from its "ultra-easy" monetary policy this year. So, contrary to conventional wisdom, we argue that the recent upward move in bonds should not be fundamentally negative for real estate stocks at this point in the cycle.

Figure 1: Property over German government bond yields



Source: BofA Merrill Lynch Global Research; CBRE; Bloomberg; First Berlin Equity Research

Little correlation between interest rates and real estate valuations The question as to how real estate stocks will perform in a rising interest rate environment has weighed on equity investors for over a year now. Concerns are often based on the assumption that real estate valuations have to suffer when interest rates and funding costs move higher. However, we contend that this assumption is presently invalid for Aroundtown and many of its peers.

Aroundtown and the large real estate operators continue to take advantage of the rock bottom rate environment to push out debt maturities, lock down lower rates, and optimise gearing levels. As discussed later in this note, Aroundtown was the sector champion in capital market activities in 2017 with over €4.2bn in funds raised giving the company a very comfortable pro-forma 33% LTV following the October 2017 cap hike. So, even when rates head higher, the impact upon Aroundtown will be very manageable, and we do not believe profitability will suffer greatly as a result. The gearing picture is similar with the major German commercial operators as shown below.

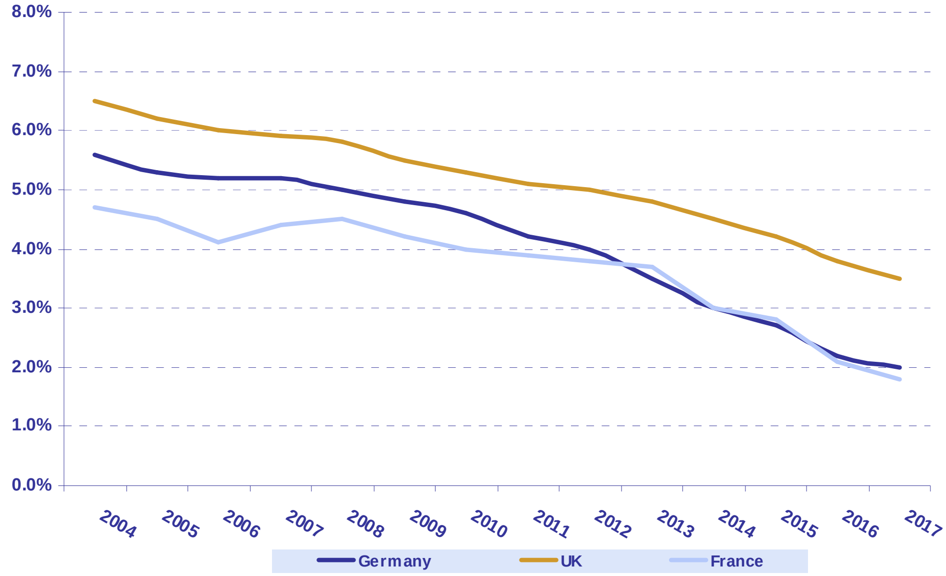
Table 1: Leverage profiles of listed German commercial operators

	Alstria	Aroundtown	Demire	DIC Asset	Hamborner	TLG
LTV	45.0%	33.0%	62.0%	57.0%	40.0%	37.9%
Cost of debt (CoD)	2.00%	1.60%	3.00%	1.80%	2.60%	2.11%
Maturity (years)	5.4	7.8	5.3	4.6	6.4	6.1
Net debt /EBITDA	11.3x	10.0x	8.9x	8.8x	8.0x	8.1x
Equity ratio	52.0%	54.0%	26.3%	35.4%	48.5%	47.8%
LTV target	< 40%	< 45%	n.a.	n.a.	n.a.	< 45%
Interest cover (ICR)	5.7x	5.6x	1.9x	3.1x	5.8x	3.5x

Source: Company reports; First Berlin Equity Research

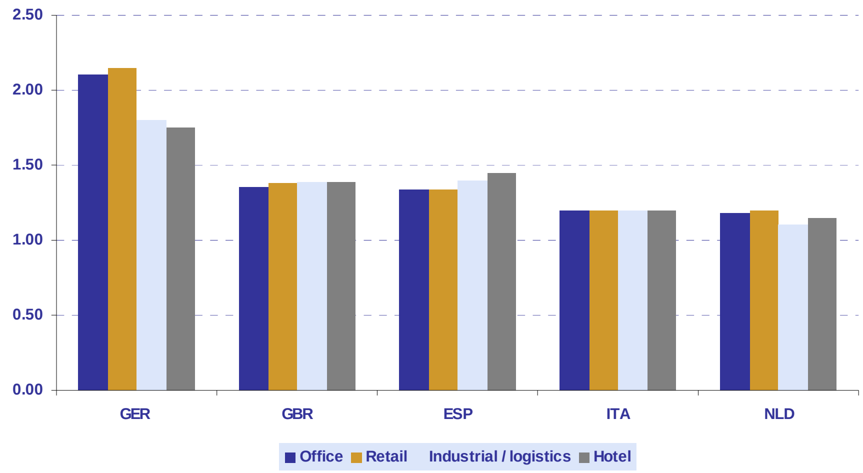
Market strategists from KPMG and Bank of America also point out that the funding collapse during the global financial crises occurred when there was excessive lending with LTVs north of 70% in the system combined with asset over government yield spreads that were much narrower or even negative. This stirred up a perfect storm helping trigger the last financial crash. The current cycle looks much healthier with long maturities, lower cost of debt (Figure 2), and a more rational LTV distribution (Figure 4), i.e. a lower ratio of high risk (>70%) LTVs.

Figure 2: Cost of debt evolution



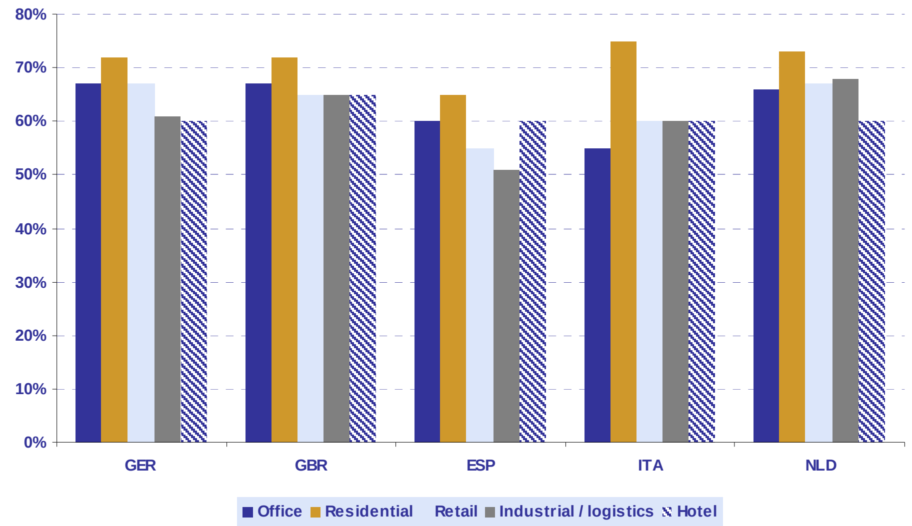
Source: BofA Merrill Lynch Global Research; Companies; First Berlin Equity Research

Figure 3: Expected regional debt service coverage ratios



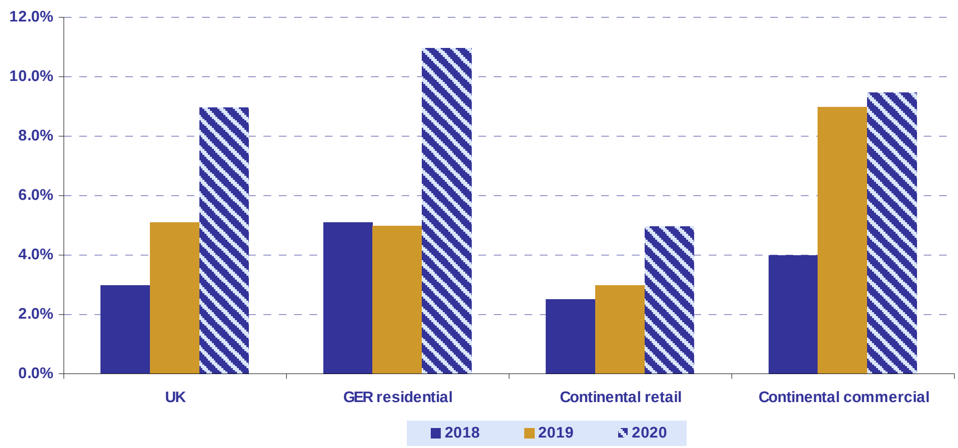
Source: KPMG; First Berlin Equity Research

Figure 4: Expected regional LTV ratios for the next 12 months



Source: KPMG; First Berlin Equity Research

Figure 5: Percent of debt maturities



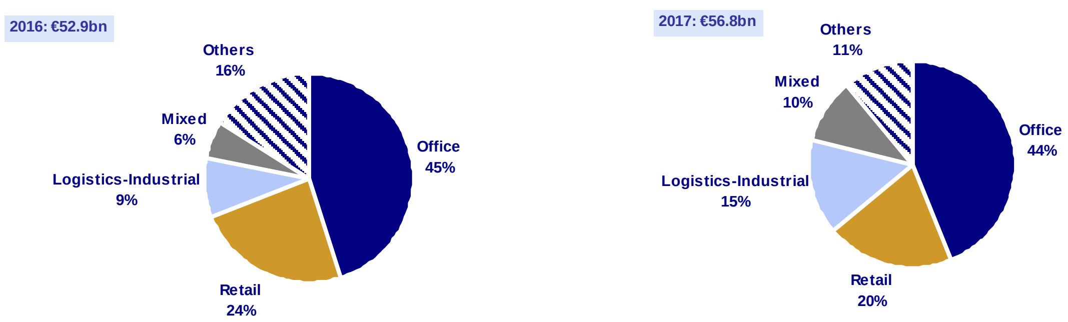
Source: BofA Merrill Lynch Global Research; Companies; First Berlin Equity Research

Aroundtown's asset mix also lowers default risk Aroundtown also stands out with its commercial mix and residential exposure through Grand City Properties (38% stake). This view is predicated on the fact that rental incomes tend to be more stable for retail centres and residential portfolios, due to their inherently larger tenant bases. This increases the ability to service the associated debt loads.

Demand from investors and occupiers still strong Europe was the most active region worldwide in 2017 with some $300bn in real estate transaction volume (global: $698bn), whereas Germany ranked as the third largest global market behind the US and the UK accounting for 11% of the deals. According to JLL (Jones Lang Lasalle), transaction volume in the German commercial property market topped €56.8bn and beat the previous record in 2015 by €1.7bn. This is no small feat considering stereotyped views of product scarcity and rising prices.

We believe the strong demand is not only attributable to the noted higher yields over the bond market, but also because equity returns can be boosted through leverage. This makes investment in prime European real estate considerably more appealing than the European bond markets. We expect this dynamic to persist, given the healthy spread discussed above.

Figure 6: German transaction volume by asset type



Source: JLL; First Berlin Equity Research

JLL also reported that nearly half of commercial transaction volume was traced to foreign investors, who were involved in seven of the ten largest deals in 2017. We expect this flood of foreign cash to continue to spur strong demand this year.

Meanwhile European economic growth provides strong tailwinds Employment rates are also at record levels in several of the Big 7 cities, driving uptake of commercial space and occupancy rates upward. Macro analysts look for 2% GDP growth in the Euro region through 2019. We believe the buoyant job market will help spur occupier demand—particularly for prime office locations—and rental income growth even further in 2018.

BEST GROWTH COMBINATION IN THE SECTOR

Aroundtown is a high-growth commercial property player with a focus on value-add assets located in densely populated metropolitan districts that offer good rent revisionary potential and revaluation upside. The company also has residential property exposure with its 38% stake in Grand City Properties. In our view, it is this strategic focus that distinguishes the company from the pack of listed peers in the German commercial property market.

We expect another year of strong external growth to push AT's commercial portfolio towards €11bn (February 2018: €9.3bn). The company has an ample deal pipeline (~€1bn) and the financing firepower to capitalise on the favourable environment and set itself up for long term growth. With a commercial portfolio approaching €11bn, AT can exploit operational growth when the commercial cycle progresses into the late stages and yields become less attractive.

Success starts with a strong deal sourcing network and balance sheet Aroundtown excels in deal sourcing owing to a wide network built up over the last 14 years. Thanks to management's credentials, the company has earned so-called "preferred-buyer" status among various banks, investment funds, brokers, and distressed property owners. This often allows the company to cherry pick deals in "off-market" transactions from owners and continues to propel the strong growth realised thus far this year. We believe Aroundtown's network and long standing relationships will also serve the company well as it takes a more pan-European view of the market over the medium term.

Management can also leverage AT's strong balance sheet and liquidity position to secure distressed assets with embedded FFO and valuation upside that can be extracted with well executed operational and repositioning measures. The resulting high growth mode has led to the acquisition of some €4.3bn in commercial assets over the last two years, driving NAV growth (NAVPS: 76% CAGR 2014 – 9M/17 including perpetual notes). The commercial portfolio stood at €9.3bn as of the February run rate and is set to climb even higher. We target €10.8bn by the end of this year.

An abundance of financing firepower to drive growth Despite its relatively short history, the company has demonstrated excellent access to capital markets having raised north of €9bn through 25 issuances since April 2015. The company was particularly active last year and ranked as the top real estate issuer setting the benchmark with €4.2bn in equity, perpetual notes, and bonds issued across the EU, Asia, and the UK in various currencies. Management continue to optimise the capital structure and have already raised some €1.5bn this year as highlighted below.

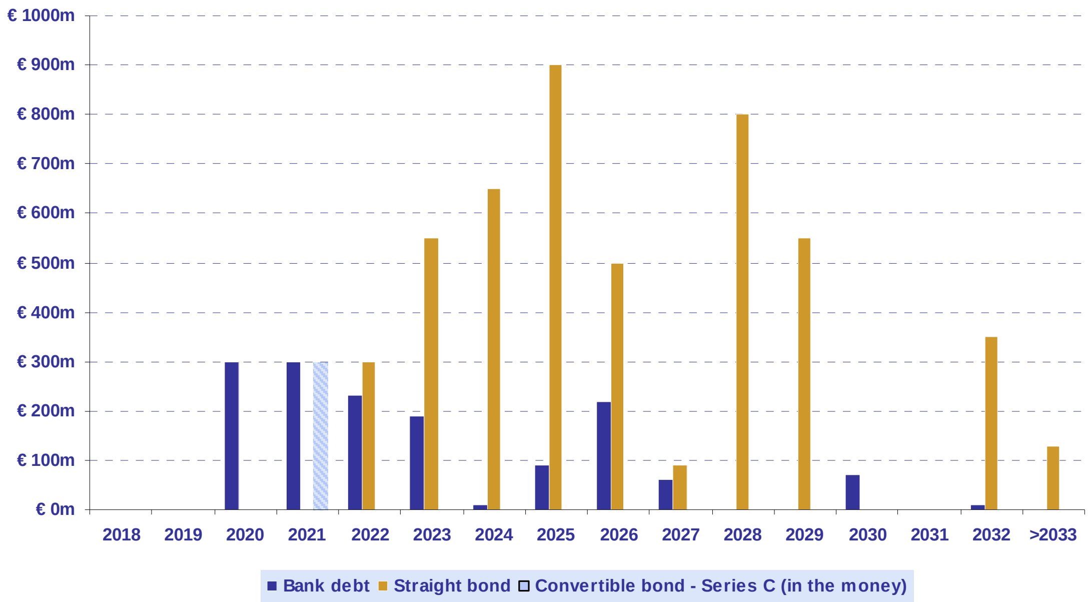
Table 2: Capital market activity since January 2017

Jan-18	Issuance of Series N, 2028 straight bonds of €800m under EMTN programme, coupon 1.625% p.a.
Jan-18	Issuance of Series M, 2025 straight bonds of CHF250m under EMTN programme, full Fx hedge,0.7% p.a. coupon
Jan-18	Issuance of Series L, 2038 straight bonds of USD150m under EMTN programme, full Fx hedge, 1.75% p.a. coupon until 2023
Jan-18	Issuance of €400m perpetual notes, coupon 2.125% p.a.
Nov-17	Issuance of Series K, 2025 straight bonds of €700m, coupon 1.0% p.a., under the EMTN programme.
Oct-17	Equity capital increase of €450m at €6 / share
Oct-17	Issuance of Series J, 2029 straight bonds of GBP 500m under the EMTN programme with 1.5% p.a. coupon until 2022
Sep-17	Tap issuance of USD 200 perpetual notes with a 2.3% coupon for total USD 700m
Jul-17	Issuance of Series I, 2026 straight bonds of €500m, coupon 1.875% p.a., under the EMTN programme.
Jun-17	Issuance of USD 500m perpetual notes, full currency hedge, effective coupon of 2.3% p.a.
May-17	Equity capital increase of €426m at €4.6 per share
Apr-17	Conversion and repurchase of the €450m convertible bond Series B
Mar-17	Issuance of Series H, 2032 straight bonds of USD 400m under the EMTN programme
Mar-17	Establishment of €1.5 billion Euro Medium Term Note (EMTN) programme
Jan-17	Tap issuance of €100m of perpetual notes, coupon 3.75% p.a., to a total aggregate amount of €600m
Jan-17	Tap issuance of €50m of series F, coupon 2.125% p.a., to a total aggregate amount of €550m

Source: First Berlin Equity Research, Aroundtown

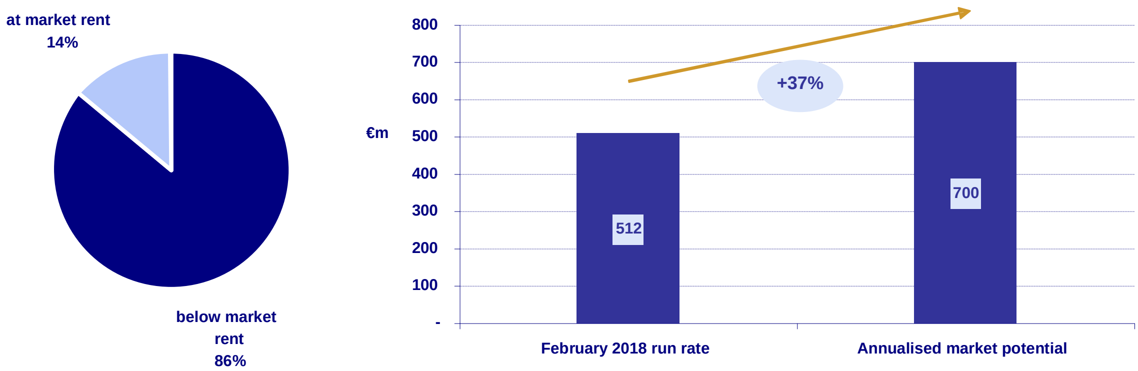
The company features a well balanced debt profile with a mix of bank debt and straight bonds, plus an in the money convertible note. This should give the company plenty of financial flexibility to execute in the current cycle. In our view, AT's capital market access combined with management's sourcing network has proven to be a robust platform for external growth.

Figure 7: Aroundtown debt maturity schedule



Operational track record in optimising properties We have also frequently highlighted Aroundtown's excellent turnaround track record of increasing in-place rent levels in its portfolio while compressing vacancy rates. The company began reporting quarterly LFL (like-for-like) rent and occupancy growth updates in Q4/16 to help investors track operational performance going forward. At the end of 9M/17, LFL net rent growth was reported at 5.8% including 3.4% LFL in-place rent and 2.3% LFL occupancy growth.

Figure 8: In place rent vs market levels; embedded net rent upside



Source: First Berlin Equity Research, Aroundtown

We continue to regard AT's operational competence as a differentiating factor. Once the commercial sector plateaus, we expect a steady upward climb in operational growth as the company corrals the embedded value in its portfolio as shown above.

Inclusion in the EPRA indices and The GPR index Investors should also appreciate the announced inclusion of Aroundtown in the FTSE EPRA / NAREIT Global Developed and the GPR 250 indices. The former is regarded as the leading global listed real estate index representing the world's largest and most investable public real estate companies, whereas The GPR 250 comprises the 250 most liquid listed real estate stocks in the world. AT joins RE heavyweights such as Unibail–Rodamco, Vonovia SE, and Deutsche Wohnen SE in the FTSE EPRA / NAREIT Global Developed Index.

The inclusions are the result of last year's uplisting into the Prime Standard of the Frankfurt Stock Exchange, the corporate re-domiciliation to Luxembourg, the delisting from the Paris Stock Exchange, and Aroundtown's strong performance in the equity market. Friday's (2 March 2018) announcement underpins our view that these factors will also payoff with an upgrade into the German MDAX, when the update is announced tonight.

Market concerns overstated; Aroundtown set for another strong year We believe the notion that the commercial property has reached a plateau is false and expect Aroundtown to benefit from ample market opportunities and its operational structure to continue its current growth trajectory. We maintain our Buy rating and €8.20 price target.

EPRA NAV VALUATION MODEL

in €'000	2017E	2018E	2019E
Shareholders' equity	6,404,532	7,281,220	7,751,938
Total equity	7,037,248	8,075,572	8,723,546
NAV per share	7.43	8.52	9.21
Net deferred taxes	572,961	646,906	715,857
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	8,228,708	8,768,757
EPRA NAV per share	**7.68**	**8.69**	**9.26**
FFO	261,322	366,619	439,168
Revaluation results	1,089,627	410,803	405,595
Total return	**2,221,088**	**777,422**	**844,763**

Return on NAV	51.1%	10.7%	10.3%
Cost of equity	6.0%	6.0%	6.0%
Spread (percentage points)	**45.1%**	**4.7%**	**4.3%**

	2017E	2018E	2019E
WACC	4.2%	4.2%	4.2%
Value creation	3,281,426	386,768	375,658
NPV	3,281,426	373,904	348,522
Dividends paid	107,658	169,859	238,302
Present value of dividends paid	107,658	164,210	221,088

Fair value calculation	
PV of total value created	4,003,852
EPRA NAV (2016)	3,568,440
Adjustments	-
Equity value	7,572,292
PV of dividends	747,117
Fair value	**8,319,408**
Number of shares (000's, fully diluted)	1,020,093
Fair value per share €	**8.20**

Valuation metrics	2017E	2018E	2019E
Price target (€)	8.20	8.20	8.20
Share price (€)	6.20	6.20	6.20
Return potential	32.3%	32.3%	32.3%
Dividend yield	2.9%	4.1%	4.9%
Total return potential	**35.2%**	**36.3%**	**37.1%**
NAV discount / premium (share price)	-19.3%	-28.6%	-33.0%
FFOPS I yield	4.9%	6.2%	7.5%

INCOME STATEMENT

All figures in EUR '000	2015	2016	2017E	2018E	2019E
Net rent	**107,014**	**234,013**	**421,367**	**583,771**	**705,202**
Operating and other income	18,148	39,686	71,460	99,002	119,596
Rental and operating income (RI)	**125,162**	**273,699**	**492,827**	**682,773**	**824,798**
Capital gains, property revaluations & other	814,511	719,517	1,089,627	410,803	405,595
Result from equity-accounted investees	134,138	197,064	178,278	138,729	149,318
Property OpEx	-28,529	-75,353	-136,513	-189,128	-229,294
Administration & other OpEx	-4,287	-7,921	-14,785	-19,118	-22,270
Operating income (EBIT)	**1,040,995**	**1,107,006**	**1,609,434**	**1,024,059**	**1,128,147**
Net financial result	-20,466	-47,408	-68,414	-85,502	-105,894
Other financial expenses	7,869	-35,883	0	0	0
Pre-tax income (EBT)	**1,028,398**	**1,023,715**	**1,541,020**	**938,558**	**1,022,253**
Tax expense	-9,264	-19,910	-33,611	-56,429	-67,026
Deferred tax	-98,380	-102,711	-207,029	-73,944	-68,951
Tax result	**-107,644**	**-122,621**	**-240,640**	**-130,374**	**-135,977**
Comprehensive net income	**920,754**	**901,094**	**1,300,379**	**808,184**	**886,276**
Minority interests	233,862	169,186	260,076	161,637	177,255
Hybrid note investors	0	3,699	28,500	32,500	32,500
Net income to owners	**686,892**	**728,209**	**1,011,803**	**614,047**	**676,520**
Basic EPS (in €)	1.26	1.11	1.19	0.65	0.71
Diluted EPS (in €)	1.01	0.87	1.06	0.60	0.66
Adjusted EBITDA commercial	**92,723**	**194,541**	**329,941**	**463,568**	**562,603**
Ratios					
Adjusted EBITDA commercial margin	74.1%	71.1%	66.9%	67.9%	68.2%
Tax rate	6.0%	7.4%	8.7%	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%	38.5%	20.8%
Operating income	2.9%	6.3%	45.4%	-36.4%	10.2%
Adjusted EBITDA	-30.7%	109.8%	69.6%	40.5%	21.4%
Net income/ loss	-3.9%	6.0%	38.9%	-39.3%	10.2%
Funds from Operations (FFO)					
Adjusted EBITDA commercial portfolio	**92,723**	**194,541**	**329,941**	**463,568**	**562,603**
Finance expense	-20,466	-47,408	-68,414	-85,502	-105,894
Tax expense	-9,264	-19,910	-33,611	-56,429	-67,026
Minority adjustment	-7,900	-7,458	-7,176	-7,647	-8,135
FFO I commercial portfolio	**55,093**	**119,765**	**220,740**	**313,990**	**381,547**
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**	**303,990**	**371,547**
Adjustment for GCP contribution	38,956	45,862	56,982	62,629	67,621
FFO I	**94,049**	**165,627**	**261,322**	**366,619**	**439,168**

BALANCE SHEET

All figures in EUR '000	2015	2016	2017E	2018E	2019E
Assets					
Current assets, total	**432,545**	**1,100,047**	**1,352,995**	**1,753,933**	**1,829,582**
Cash and cash equivalents	121,243	641,400	603,128	996,430	1,032,811
Short-term investments	261,527	180,810	59,667	14,917	14,917
Receivables	45,562	111,293	135,021	187,061	225,972
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**	**11,160,242**	**13,306,973**	**15,127,488**
Property, plant & equipment	5,123	22,799	23,255	23,720	24,194
Investment properties	2,430,595	5,016,235	8,831,809	10,841,310	12,527,958
Equity accounted investees	1,183,148	1,557,044	1,924,622	2,016,289	2,110,884
Other LT assets	388,736	392,827	380,557	425,655	464,452
Total assets	**4,440,147**	**8,088,952**	**12,513,237**	**15,060,906**	**16,957,070**
Shareholders' equity & debt					
Current liabilities, total	**241,278**	**348,839**	**431,881**	**641,983**	**746,688**
Short-term debt	129,426	159,965	82,571	214,105	257,037
Accounts payable	95,971	107,721	187,004	259,080	314,101
Provisions & other current liabilities	15,881	81,153	162,306	168,798	175,550
Long-term liabilities, total	**1,773,357**	**3,799,033**	**5,044,108**	**6,343,351**	**7,486,836**
Long-term debt	1,521,557	3,384,658	4,421,528	5,645,617	6,718,907
Deferred tax liabilities	185,774	365,932	572,961	646,906	715,857
Other LT liabilities	66,026	48,443	49,619	50,828	52,073
Minority interests	320,103	372,640	632,716	794,353	971,608
Shareholders' equity	**2,105,409**	**3,568,440**	**6,404,532**	**7,281,220**	**7,751,938**
Total consolidated equity and debt	**4,440,147**	**8,088,952**	**12,513,237**	**15,060,906**	**16,957,070**
Ratios					
Current ratio (x)	1.79	3.15	3.13	2.73	2.45
Equity ratio	54.6%	48.7%	56.2%	53.6%	51.4%
Financial leverage	60.0%	76.7%	59.8%	66.4%	76.3%
EPRA NAV	2,720,687	3,870,770	6,181,837	6,732,831	7,272,880
EPRA NAVPS (€)	3.70	5.40	7.68	8.69	9.26
Net debt	1,264,000	2,737,437	3,829,742	4,836,467	5,915,950
Return on equity (ROE)	43.7%	25.3%	20.3%	11.1%	11.4%
Loan-to-value (LTV)	34.5%	39.3%	33.4%	35.5%	38.3%
LTV without convertible bond	19.0%	34.0%	30.8%	33.4%	36.4%

CASH FLOW STATEMENT

All figures in EUR '000	2015	2016	2017E	2018E	2019E
Net income	**920,754**	**901,094**	**1,300,379**	**808,184**	**886,276**
Depreciation & amortisation	377	2,006	986	1,366	1,650
Capital gains, property revaluations & other	-814,511	-719,517	-1,089,627	-410,803	-405,595
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	68,414	85,502	105,894
Tax result	107,644	122,621	240,640	130,374	135,977
Operating cash flow	**92,723**	**194,541**	**342,515**	**475,893**	**574,884**
Changes in working capital	-3,842	-17,277	122,097	-20,502	-17,980
Provisions for other liabilities	6,355	-871	80,899	6,179	6,374
Dividend received	7,445	17,948	40,700	47,062	54,722
Tax paid	-8,376	-15,537	-33,611	-56,429	-67,026
Net operating cash flow	**94,305**	**178,804**	**552,600**	**452,203**	**550,974**
CapEx/ intangibles	-957	-6,653	-1,442	-1,831	-2,124
Disposal/ investment in investment properties, net	-776,436	-1,050,803	-2,725,947	-1,598,698	-1,281,053
Acquisition/disposals of subsidiaries	-386,297	-994,129	-618,298	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**	**-3,277,722**	**-1,559,163**	**-1,286,618**
Debt financing, net	1,230,276	1,786,100	1,375,182	1,355,623	1,116,221
Equity financing, net	319,731	740,942	1,487,740	400,000	0
Dividends paid	0	-34,490	-107,658	-169,859	-238,302
Other financing activities	-112,578	-203,936	0	0	0
Net paid financing expenses	-19,760	-44,606	-68,414	-85,502	-105,894
Cash flow from financing	**1,417,669**	**2,244,010**	**2,686,851**	**1,500,262**	**772,025**
Net cash flows	**93,249**	**522,535**	**-38,272**	**393,302**	**36,380**
Assets held for sale - cash	0	-2378	0	0	0
Cash, start of the year	27,994	121,243	641,400	603,128	996,430
Cash, end of the year	**121,243**	**641,400**	**603,128**	**996,430**	**1,032,811**
Adjusted EBITDA commercial/share (€)	0.17	0.30	0.39	0.49	0.59
FFO I	94,049	165,627	261,322	366,619	439,168
FFOPS I (€)	0.17	0.25	0.31	0.39	0.46
Y/Y Growth					
EBITDA/share	42.0%	75.7%	30.0%	26.4%	21.4%
FFO I	142.7%	76.1%	57.8%	40.3%	19.8%
FFOPS I	114.9%	47.5%	21.0%	26.2%	19.8%

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...14	↓	↓	↓	↓
15	23 October 2017	€6.04	Buy	€7.60
16	11 December 2017	€6.43	Buy	€8.10
17	5 January 2018	€6.50	Buy	€8.20
18	Today	€6.20	Buy	€8.20

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