Aroundtown SA

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

Q2 results

RATING	**BUY**
PRICE TARGET	**€ 3.50**
Return Potential	131.7%
Risk Rating	Medium

GOOD OPERATIONAL PERFORMANCE EXTENDS INTO Q2

AT has remained on a steady path in a headwind year with Q2 extending the good operational performance recorded in the January-to-March period. Reporting was close to FBe, and AT brass bumped up FY23 FFO 1 guidance by ~3% to a range of €310m to €340m on the good operating results. AT1 stock has rebounded some 68% from extreme all-time lows set in May, and investor ennui is starting to fade with growing belief that we are approaching peak rates. Liability management measures have given the landlord a three-year runway to tackle potentially trickier financing decisions, and covenant headroom remains good, thanks to disposals and bond buybacks executed YTD. We remain Buy-rated on AT1 with a €3.5 TP.

Conference call takeaways Q2 saw a continuation of the operational and market dynamics seen in the first quarter. LFL rental income growth of 3.4% in the six months to July was led by the office and residential portfolios spurred by indexation effects and a tight rental market for residential. Meanwhile, the rebound in the hotel sector continues and is pointing towards a full recovery in 2024. The landlord remains focused on cash preservation and liability management and has bought back over €1.3bn in bonds at a 20% *discount*. Property valuations were in focus in Q2 with the entire portfolio assessed by external auditors to capture the most up-to-date market conditions. Higher discount and cap rates on the back of higher interest rates led to a decrease in property valuations of some €1.7bn, which is consistent with prior messaging. But AT gave no view on expectations for H2 and will continue to monitor the market. Cash and liquid assets together with signed disposals cover debt maturities for ~3 years to mid-2026, and management continue to build up the bank debt portfolio—€790m signed YTD.

Update on the office market Office remains the largest asset class in the AT portfolio comprising some 41% of properties. With the pandemic in the rear view mirror, we are starting to get a clearer picture of the role of the office in hybrid work concepts going forward. (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2019	2020	2021	2022	2023E	2024E
Rental income (€m)	765.7	1,003.0	1,085.7	1,222.1	1,201.2	1,212.3
Y/Y growth	21.0%	31.0%	8.2%	12.6%	-1.7%	0.9%
Adj. EBITDA (€m)	772.7	944.1	974.9	1,002.3	1,014.3	1,049.2
Net income (€m)	1,709.1	906.4	1,078.1	-457.1	-964.4	190.5
EPRA NTA (€m)	10,522.8	11,186.9	11,564.0	10,122.3	9,102.4	8,743.7
EPRA NTAPS (€)	8.6	9.5	10.2	9.3	8.3	8.0
DPS (€)	0.14	0.22	0.23	0.00	0.23	0.24
FFO 1 (€m)	445.6	357.8	353.2	362.7	329.1	346.6
FFOPS 1 (€)	0.38	0.27	0.30	0.33	0.30	0.32
Liquid assets (€ m)	3,074.7	3,287.1	3,276.6	2,756.2	2,438.8	1,997.2

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 01 Sep 2023

Closing Price	€ 1.51
Shares outstanding	1537.02m
Market Capitalisation	€ 2,321.67m
52-week Range	€ 0.90 / 2.99
Avg. Volume (12 Months)	9,247,787

Multiples	2022	2023E	2024E
P/FFO 1	4.6	5.0	4.8
P/NTA	0.2	0.2	0.2
FFO 1 Yield	21.6%	19.9%	21.0%
Div. Yield	0.0%	15.0%	15.7%

STOCK OVERVIEW

COMPANY DATA

As of 30 Jun 2023

Liquid Assets	€ 2,525.0m
Current Assets	€ 4,262.0m
EPRA NTA	€ 9,149.0m
Investment Property	€ 26,270.0m
Current Liabilities	€ 1,580.0m
Total Equity	€ 16,434.0m

SHAREHOLDERS

Treasury shares*	29.0%
Avisco Group	15.0%
Free Float	56.0%

** 12% held through TLG Immo AG, voting rights suspended*

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

According to regular surveys conducted by the Ifo Institute, a research outfit, nearly 25% of German workers continue to toil from home, and this is impacting office real estate.

New lettings plunged nearly 40% Y/Y in H1/23 according to Jones Lang LaSalle (JLL), a property services provider that tracks such things. JLL reckons around half the drop-off is traced to WFH (work from home) effects, while the other 20% is tied to whipping economic headwinds. McKinsey Global Institute, a business consultant, currently sees an even higher ratio of home workers in some international metropolises.

But there are signs that a showdown is brewing between corporates and the WFH legions. A spate of new studies comparing productivity levels between home-workers and their office-frequenting peers show that working from the kitchen-table is not as productive after all—sometimes up to 20% less so. As a result, corporates across the US and EU are increasingly summoning workers back to the office and rethinking workplace concepts to lure employees back in with more attractive setups. We think modern, centrally located, easy-to-reach office space will be central to this quest.

Demand for better quality space but less of it This is good news for Aroundtown. Its office portfolio is well populated with high quality office buildings that are centrally located across top tier cities in Germany and the Netherlands. We reckon once the macroeconomic picture brightens, the portfolio is well positioned for a rebound in demand, even if hybrid working concepts are here to stay.

Corporates have learned it is too difficult to properly develop their human capital without regular collaboration and are designing creative ways to balance their productivity targets with workforce mobility and flexibility. The hybrid model may indeed dent demand for space, but we expect poorly located office stock battling accelerated obsolescence to suffer disproportionately in this environment.

So far in 2023 AT’s office space lettings have not ground to a complete halt, but the vacancy rate is creeping higher and stood at 11.9% at H1 vs 11.2% at YE22. The landlord has rented around 150k m² of office space YTD broken down to 50k m² in new tenants and 100k m² in lease prolongations.

Q2 REPORTING HIGHLIGHTS

Net rental income like-for-like (LFL) was +3.4%—in-place rent +3.9%; occupancy minus 0.5%—for the period. The office segment led LFL performance at +4.2% followed by resi at 2.4%. Office benefitted from CPI indexation as well as step rent adjustments, whereas residential continues to be helped by the supply and demand imbalance.

Table 1: Second quarter results vs FBe and prior year comp

All figures in EURm	Q2/23	Q2/23E	*variance*	Q2/22	*variance*	H1/23	H1/22	*variance*
Net rental income	299	300	*0%*	304	*-2%*	596	613	*-3%*
AEBITDA before JV contribution	237	235	*1%*	240	*-1%*	468	486	*-4%*
Margin	*79%*	*78%*	*-*	*79%*	*-*	*79%*	*79%*	*-*
AEBITDA	252	249	*1%*	252	*0%*	498	511	*-3%*
FFO 1 before JV contribution	87	86	*1%*	102	*-15%*	175	213	*-18%*
Margin	*29%*	*29%*	*-*	*34%*	*-*	*29%*	*35%*	*-*
FFO 1	91	86	*5%*	96	*-6%*	175	186	*-6%*
FFOPS 1 (€)	0.08	0.08	*5%*	0.09	*-8%*	0.16	0.17	*-6%*

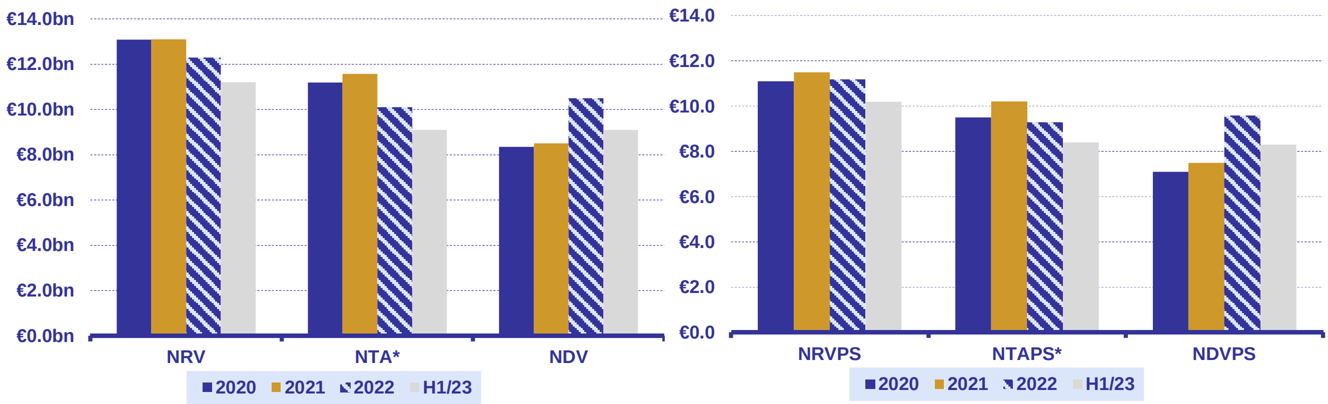
Source: First Berlin Equity Research; Aroundtown

Headline KPI's remain steady AT has sold some €2.2bn in properties since the start of 2022, which offset the good LFL performance in H1/23. The net effects led to a 2% decline in Q2 rental income (NRI), while, as expected, bottom line FFO 1 was down 6% Y/Y. The latter is occasioned by the higher financing costs and perpetual note attributions after management decided not to call the January 2023 notes.

On a six month basis, the headline KPIs performed on par with Q2 figures. FFO 1 also took a larger hit (-6%) during the January-to-June period, owing to higher financing costs in H1/23. FFO 2 tallied €203m in H1 vs €360m in the prior year period. AT has signed ~€545m YTD at a slight discount to BV with the open deals expected to close by YE23.

Portfolio devaluations close to expectations Management decided to have the entire portfolio revalued in one go in order to fully capture the latest state of the property markets. The reported €1.7bn reduction in property valuations and capital gains for the period was equal to -6.0%, excluding CapEx, and slightly higher than we had modelled (-5.4%). The result was in line with the 5% to 7% corridor management had been calling for. Adding back the CapEx invested for the period, the KPI stood at minus 5.4%. The negative result stems from the higher discount and cap rate used by external assessors that could not be offset by higher portfolio and market rents.

Figure 1: EPRA BPR reporting



**Reclassified in Dec. 2022 to exclude real estate transfer tax (RETT)*

Source: First Berlin Equity Research; Aroundtown

NTAPS declined Q/Q to €8.4 (YE22: €9.3) on the impact of the negative revaluations on the €-1.3bn net income recorded in the January-to-June period. Depending on market developments, the company may revalue some properties a second time in 2023 rather than wait until March.

Table 2: Financial position highlights

All figures in EURm	Q2/23	2022	*variance*
Cash and liquid assets*	2,525	2,719	*-7%*
Investment property	26,270	27,981	*-6%*
Total assets	34,949	37,347	*-6%*
Total financial debt*	13,942	14,806	*-6%*
Total equity	16,434	17,823	*-8%*
Equity ratio	47%	48%	-
EPRA NTA	9,149	10,135	*-10%*
Unencumbered asset ratio	79%	82%	-
Loan-to-Value (LTV)	41%	40%	-
** inc. those under held for sale*			

Source: First Berlin Equity Research; Aroundtown

Balance sheet KPIs stable despite property devaluations The balance sheet featured a stable LTV of 41% (YE22: 40%), while the net debt / EBITDA and interest coverage (ICR) ratios stood at 11.4x and 4.5x respectively at the end of Q2.

The landlord exited the quarter with around €2.5bn in cash and liquid assets. Including signed but not closed disposals and vendor loans, this now covers maturities through mid-2026. This means the effects of the disposals and bond buybacks have lengthened the coverage another six months YTD.

AT has also raised roughly €790m in bank debt with an average maturity of 7 years at 1.4% plus Euribor. Given the high volume of unencumbered assets on the balance sheet, we expect AT will continue to tap into Germany's deep secured lending market.

In its presentation, the company highlighted the good headroom to the important total net debt / total net assets covenant in its EMTN program. This requires the KPI to be <=60%. It stood at 35% at reporting. In a stress scenario, AT would have to suffer a 38% asset value loss equal to some €13.4bn to breach the covenant.

MORE ON LIABILITY MANAGEMENT

The markets have placed virtually all landlords in the leverage "sin bin," while also expecting property valuations to fall off a cliff and compromise covenants. While there have been some write-downs among property peers in H1/23 (Vonovia ~7%), and now at Aroundtown, valuations are holding up much better than feared. Nevertheless, Aroundtown stock continues to trade at massive discount to NTA even after a strong rally from all-time lows early this summer. However, investor ennui is started to fade as investors get more comfortable with management's blueprint for managing the leverage profile in a high-interest rate world.

The landlord exited Q2 with some €2.5bn in cash and liquid assets; enough to cover debt maturities through mid-2026 whne factoring in signed but not closed disposals and vendor loans. Beyond that, the maturities look more daunting, if the current financing environment persists.

Management have been prudent with cash of late by deploying disposal proceeds to buy back bonds at an attractive 20% discount. The company has repurchased some €1.3bn in bonds YTD resulting in roughly €250m in savings. We expect this formula to remain the path for managing the debt load until interest rates make refinancing more realistic.

Aroundtown still has a number of non-core assets it could sell without compromising portfolio quality, which, as we just discussed, will be a major factor in future office concepts. This should allow the landlord to sell another €1bn throughout 2024 and 2025 to tackle the 2026 maturities (~€2.6bn). In our view, the harder decisions will arrive in H2/27—in nearly four years. For now, we appreciate management's no-time-to-panic approach of methodically whittling down the bond portfolio, signing and drawing down cheaper bank debt to lengthen debt coverage, while preserving cash to safeguard against unforeseen contingencies.

Table 3:

Currency	Outstanding Volume (m)	Current Coupon (%)	Reset rate (%)*	Next Reset Date	Interest Paid 2022 (€m)	Interest 2024E (€m)	Variance (€m)
EUR (AT)	369	7.078	4.625 + 5Y mid-Swap	20-Jan-2028	13.8	26.1	12.3
USD (AT)	642	7.747	3.796 + 5Y mid-Swap	21-Jul-2028	13.2	45.7	32.5
EUR (GCP)	200	6.332	3.887 + 5Y mid-Swap	22-Jan-2028	5.5	12.7	7.2
Total					**32.5**	**84.5**	**52.0**

** if not called by next reset date*

Source: First Berlin Equity Research; Aroundtown

The hybrid dilemma In the meantime, Aroundtown has roughly €4.7bn in hybrid notes on the balance sheet, including GCP perpetuals, with several more call dates lurking over the next 12 months. In January and June, AT brass let the coupons on two hybrids reprice at sharply higher levels respectively: 7.1% (old: 3.75%) and 7.7% (old: 2.345%), while Grand City did the same. The full effect (table 3) will be a nearly €52m increase in interest payments in 2024 vs the pre-call rates, and the company is facing similar decisions next year with a trio of call dates slated for January, July, and September 2024 (table 4).

Table 4: Overview of perpetual notes

Currency	Outstanding Volume (m)	Current Coupon (%)	Reset Rate (%)	First Call Date
EUR (AT)	400	2.125	2.000 + 5Y mid-Swap	17-Jan-2024
GBP (AT)	400	3.000	4.377 + 5Y mid-Swap	25-Jun-2024
EUR (AT)	500	2.875	3.460 + 5Y mid-Swap	12-Jan-2025
EUR (AT)	600	3.375	3.980 + 5Y mid-Swap	23-Sep-2024
EUR (AT)	600	1.625	2.419 + 5Y mid-Swap	15-Jul-2026
EUR (GCP)	350	2.500	2.432 + 5Y mid-Swap	24-Oct-2023
EUR (GCP)	700	1.500	2.184 + 5Y mid-Swap	09-Jun-2026

Source: First Berlin Equity Research; Aroundtown

Refinancing isn't an option right now. Management hinted that the going perpetual rates are an eye-watering 14% to 15%. But calling the notes would eat up cash reserves needed for maturing bonds. Plus, S&P considers 50% of the notes as equity for their important headroom calculations, whereas the notes are not considered for covenant calculations.

Issuing new equity to raise cash is also not on the table with the share price down some 70% since YE21 leaving the company with no easy options. The ideal scenario would be for inflation to finally succumb to the rapid-fire rate hikes the past 12 months so that financial watchdogs can begin to ease off. This would allow AT to refinance at less painful rates. There is a time for this script to play out, but investors are betting otherwise at the moment.

What happens to earnings if the financial markets offer no relief? In this world, we assume interest rates remain at roughly the same level for the next four years. We also conclude that AT will focus its liquidity and access to secured debt on managing the corporate debt load. This would in all likelihood mean that management would allow the hybrid notes to reset thus jacking up the payments. Assuming all hybrid notes reset and the 5Y mid-swap remains stable at ~3.2%, FFO 1 would decline some 32% in 2026 and around 28% over the period 2023 to 2030 vs our current estimates. While that is a substantial hit to earnings, it is not the apocalypse the markets appear to be currently pricing in. Under this scenario, our €3.5 target price would fall 32% to €2.4.

VALUATION

Table 5: Updated guidance

		2023 Guidance			
	Unit	old	new	FBe 2023	2022A
FFO 1	€m	300 - 330	310 -340	329	363
FFOPS 1	€	0.27 - 0.30	0.28 -0.31	0.30	0.33

Source: First Berlin Equity Research; Aroundtown

In our view, management have done a good job steering the landlord through the headwind year, and investors are getting more comfortable with this stewardship as evidenced by the better performance in the share price of late. The company is not out of the woods, but the path is becoming clearer. We remain Buy-rated on AT with a €3.5 TP.

Figure 2: Discounted dividend model

	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	TV
FFOPS 1 (€)	**0.30**	**0.32**	**0.34**	**0.27**	**0.24**	**0.27**	**0.28**	**0.31**	**0.32**
Payout ratio	75%	75%	75%	75%	75%	75%	75%	75%	75%
Dividend (DPS) (€)	0.23	0.24	0.25	0.20	0.18	0.20	0.21	0.23	0.24
Y/Y	n.a.	5%	7%	-20%	-13%	14%	3%	13%	n.a.
NPV (€)	**0.22**	**0.22**	**0.22**	**0.16**	**0.13**	**0.14**	**0.14**	**0.14**	**2.11**

Terminal growth rate	1.0%
Discount rate	7.0%
NPV of dividends (€)	1.4
NPV of TV (€)	2.1
Fair value per share €	**3.5**

Terminal growth

Discount rate	-0.5%	0.0%	0.5%	1.0%	1.5%	2.0%	2.5%
5.8%	3.6	3.7	4.0	4.2	4.5	4.9	5.3
6.2%	3.4	3.5	3.7	3.9	4.2	4.5	4.9
6.6%	3.2	3.3	**3.5**	**3.7**	**3.9**	4.2	4.5
7.0%	3.1	3.2	**3.3**	**3.5**	**3.7**	3.9	4.1
7.4%	2.9	3.0	**3.2**	**3.3**	**3.5**	3.6	3.9
7.8%	2.8	2.9	3.0	3.1	3.3	3.4	3.6
8.2%	2.7	2.8	2.9	3.0	3.1	3.2	3.4

Cost of Debt

Discount rate	2.50%	2.75%	3.00%	3.25%	3.75%	4.25%	4.8%
5.8%	4.2	4.2	4.2	4.2	4.2	4.2	4.2
6.2%	3.9	3.9	3.9	3.9	3.9	3.9	3.9
6.6%	3.7	3.7	**3.7**	**3.7**	**3.7**	3.7	3.7
7.0%	3.5	3.5	**3.5**	**3.5**	**3.5**	3.5	3.5
7.4%	3.3	3.3	**3.3**	**3.3**	**3.3**	3.3	3.3
7.8%	3.1	3.1	3.1	3.1	3.1	3.1	3.1
8.2%	3.0	3.0	3.0	3.0	3.0	3.0	3.0

INCOME STATEMENT

All figures in EURm	2019	2020	2021	2022	2023E	2024E
Net rent	**766**	**1,003**	**1,086**	**1,222**	**1,201**	**1,212**
Operating and other income	129	177	238	388	491	495
Rental and operating income (RI)	**895**	**1,180**	**1,323**	**1,610**	**1,692**	**1,707**
Capital gains, property revaluations & other	1,218	769	810	-497	-1,743	-478
Result from equity-accounted investees	299	196	193	6	6	6
Property OpEx	-228	-443	-533	-695	-737	-708
Other income	0	0	0	0	0	0
Administration & other OpEx	-27	-51	-57	-63	-66	-65
Operating income (EBIT)	**2,156**	**1,652**	**1,737**	**361**	**-848**	**463**
Net financial result	-142	-201	-180	-185	-223	-224
Other financial expenses	46	-168	-162	-194	91	0
Impairment of goodwill	0	0	0	-404	-117	0
Pre-tax income (EBT)	**2,060**	**1,283**	**1,394**	**-422**	**-1,098**	**240**
Tax expense	-71	-89	-100	-117	-120	-121
Deferred tax	-280	-287	-216	82	253	72
Tax result	**-351**	**-377**	**-316**	**-35**	**133**	**-49**
Comprehensive net income	**1,709**	**906**	**1,078**	**-457**	**-964**	**191**
Minority interests	343	165	330	83	-225	80
Perpetual notes	58	90	106	118	154	179
Net income to owners	**1,308**	**652**	**642**	**-658**	**-893**	**-68**
Basic EPS (€)	1.12	0.50	0.55	-0.59	-0.82	-0.06
AEBITDA	**773**	**944**	**975**	**1,002**	**1,014**	**1,049**
Ratios						
AEBITDA before JV contributions (NRI)	83.7%	77.5%	80.2%	77.2%	78.1%	79.9%
FFO 1 margin (NRI)	58.2%	35.7%	32.5%	29.7%	27.4%	28.6%
Expenses as % of revenues						
Property OpEx	25.5%	37.5%	40.3%	43.2%	43.6%	41.5%
Administration & other OpEx	3.1%	4.3%	4.3%	3.9%	3.9%	3.8%
Y/Y Growth						
Net rent	21.0%	31.0%	8.2%	12.6%	-1.7%	0.9%
Operating income	-6.0%	-23.4%	5.1%	-79.2%	n.m.	n.m.
Adjusted EBITDA	27.5%	22.2%	3.3%	2.8%	1.2%	3.4%
Net income/ loss	-19.3%	-50.2%	-1.5%	n.m.	n.m.	n.m.
Funds from Operations (FFO)						
AEBITDA before JV contribution	**641**	**777**	**871**	**944**	**938**	**969**
Finance expense	-142	-201	-180	-185	-223	-224
Tax expense	-71	-89	-100	-117	-120	-121
Minority adjustment	-17	-36	-82	-136	-145	-148
Other adjustments	3	9	7	5	5	5
Perpetual atrribution	-58	-90	-106	-118	-154	-179
FFO 1 before JV contribution	**357**	**371**	**409**	**392**	**301**	**302**
JV FFO 1 contributions	89	107	69	46	63	64
Extraordinary provision for uncollected rents	0	-120	-125	-75	-35	-20
FFO 1	**446**	**358**	**353**	**363**	**329**	**347**

BALANCE SHEET

All figures in EURm	2019	2020	2021	2022	2023E	2024E
Assets						
Current assets, total	**3,743**	**4,781**	**5,529**	**4,856**	**4,421**	**3,354**
Cash and cash equivalents	2,192	2,692	2,873	2,305	1,984	1,538
Short-term investments	878	454	376	313	313	313
Receivables	454	617	1,219	1,168	1,344	1,357
Other current assets	5	141	28	138	142	146
Assets held for sale	214	877	1,033	931	638	0
Non-current assets, total	**21,702**	**26,241**	**33,854**	**32,492**	**30,744**	**31,240**
Property, plant & equipment	20	877	1,849	1,508	1,395	1,400
Investment properties	18,127	21,172	29,116	27,981	26,223	26,803
Equity accounted investees	2,506	3,177	1,223	1,292	1,298	1,202
Other LT assets	1,049	1,014	1,667	1,711	1,827	1,836
Total assets	**25,445**	**31,022**	**39,383**	**37,347**	**35,165**	**34,594**
Shareholders' equity & debt						
Current liabilities, total	**857**	**1,074**	**1,607**	**1,289**	**1,384**	**1,388**
Short-term debt	246	181	544	123	23	23
Accounts payable	343	435	621	666	841	824
Provisions & other current liabilities	268	458	442	500	520	541
Long-term liabilities, total	**11,209**	**14,364**	**18,620**	**18,235**	**17,040**	**16,669**
Long-term debt	9,759	11,680	15,026	14,573	13,599	13,265
Deferred tax liabilities	1,107	2,026	2,766	2,662	2,410	2,338
Other LT liabilities	342	659	828	999	1,032	1,066
Minority interests	1,309	2,025	3,875	3,503	3,278	3,358
Shareholders' equity	**12,070**	**13,558**	**15,281**	**14,320**	**13,463**	**13,179**
Total consolidated equity and debt	**25,445**	**31,022**	**39,383**	**37,347**	**35,165**	**34,594**

Ratios						
ICR (x)	4.8	4.3	4.9	4.9	4.2	4.3
Net debt / adj. EBITDA (x)	10.9	11.1	14.2	12.8	12.1	11.7
Equity ratio	52.6%	50.2%	48.6%	47.7%	47.6%	47.8%
Financial leverage	57.9%	63.4%	80.8%	84.4%	84.6%	85.7%
EPRA NTA	10,523	11,187	11,564	10,122	9,102	8,744
EPRA NTAPS (€)	8.6	9.5	10.2	9.3	8.3	8.0
Net debt	6,985	8,598	12,344	12,087	11,383	11,291
Return on equity (ROE)	14.2%	6.7%	7.1%	-3.2%	-7.2%	1.4%
Loan-to-value (LTV)	34%	34%	39%	40%	40%	40%

CASH FLOW STATEMENT

All figures in EURm	2019	2020	2021	2022	2023E	2024E
Net income	**1,709**	**906**	**1,078**	**-457**	**-964**	**191**
Depreciation & amortisation	2	4	16	21	17	17
Capital gains, property revaluations & other	-1,218	-769	-810	497	1,743	478
Profit share from equity accounted investees	-299	-196	-193	-6	-6	-6
Goodw ill impairment	0	0	0	404	117	0
Shared based payment in a subsidiary	5	3	6	5	0	0
Net finance expenses	96	369	343	379	132	224
Tax result	351	377	316	35	-133	49
Operating cash flow	**646**	**694**	**755**	**879**	**906**	**952**
Changes in w orking capital	-34	-36	-57	-27	-27	-37
Provisions for other liabilities	-3	-3	-4	-2	27	28
Dividend received	61	43	24	35	0	103
Tax paid	-57	-83	-93	-97	-120	-121
Net operating cash flow	**614**	**616**	**626**	**788**	**786**	**925**
CapEx/ intangibles	-3	-36	23	-26	-21	-21
Disposal / investment in investment properties, net	-2,311	1,427	1,179	556	285	-420
Acquisition / disposals of subsidiaries	0	0	0	0	0	0
Proceeds from investments in financial assets	-576	-377	-124	-121	22	23
Cash flow from investing	**-2,890**	**1,014**	**1,078**	**409**	**286**	**-418**
Debt financing, net	2,148	-493	-1,320	-629	-1,074	-334
Equity financing, net	596	0	0	0	0	0
Payments for ow n shares	0	-1,001	-444	-255	0	0
Share buy-back in a subsidiary	0	0	-270	0	0	0
Dividends paid	-209	-22	-252	-169	0	-241
Other financing activities	854	94	-120	-506	-96	-154
Net paid financing expenses	-161	-212	-201	-204	-223	-224
Cash flow from financing	**3,228**	**-1,634**	**-2,607**	**-1,764**	**-1,393**	**-952**
Net cash flows	**952**	**-5**	**-903**	**-567**	**-322**	**-446**
Assets held for sale - cash	-4	-3	-2	-6	0	0
Fx effects	1	-1	16	5	0	0
Cash & equivalents from TLG	0	509	1070	0	0	0
Cash, start of the year	**1,243**	**2,192**	**2,692**	**2,873**	**2,305**	**1,984**
Cash, end of the year	**2,192**	**2,692**	**2,873**	**2,305**	**1,984**	**1,538**
FFO 1 before JV contribution	357	371	409	392	301	302
FFO 1	446	358	353	363	329	347
FFOPS 1 (€)	0.38	0.27	0.30	0.33	0.30	0.32

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Anschrift:
First Berlin Equity Research GmbH
Friedrichstr. 34
10117 Berlin
Germany

Vertreten durch den Geschäftsführer: Martin Bailey

Telefon: +49 (0) 30-80 93 9 680
Fax: +49 (0) 30-80 93 9 687
E-Mail: info@firstberlin.com

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First Berlin Equity Research GmbH

Authored by: Ellis Acklin, Senior Analyst
All publications of the last 12 months were authored by Ellis Acklin.

Company responsible for preparation: First Berlin Equity Research GmbH, Friedrichstraße 69, 10117 Berlin

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Category		1	2
Current market capitalisation (in €)		0 - 2 billion	> 2 billion
Strong Buy[1]	An expected favourable price trend of:	> 50%	> 30%
Buy	An expected favourable price trend of:	> 25%	> 15%
Add	An expected favourable price trend of:	0% to 25%	0% to 15%
Reduce	An expected negative price trend of:	0% to -15%	0% to -10%
Sell	An expected negative price trend of:	< -15%	< -10%

[1] The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

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Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	29 September 2015	€3.40	Buy	€5.70
2...49	↓	↓	↓	↓
50	25 November 2021	€5.91	Buy	€8.60
51	31 March 2022	€5.27	Buy	€8.30
52	31 May 2022	€4.40	Buy	€7.40
53	26 August 2022	€2.99	Buy	€7.30
54	2 November 2022	€2.02	Buy	€5.10
55	7 December 2022	€2.32	Buy	€4.60
56	5 April 2023	€1.25	Buy	€3.50
57	2 June 2023	€0.96	Buy	€3.50
58	Today	€1.51	Buy	€3.50

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