

# GRAND CITY Properties S.A.

Luxembourg / Real Estate

Frankfurt

Bloomberg: GYC GR

ISIN: LU0775917882

Update

**RATING****PRICE TARGET**

Return Potential

Risk Rating

**BUY****€ 27.50**

38.1%

Medium

## NEW PERPETUAL NOTES REDUCE FINANCING COSTS

Grand City announced the refinancing of its 3.75% perpetual notes. The company issued €700m in new perpetual notes with a 1.5% coupon and will repurchase the €500m of notes issued in 2015. The refinancing will result in a significant reduction in interest (FBe: ~€3.3m p.a.), while the much lower coupon (-225 basis points) further reflects the positive company developments since the first notes were issued over five years ago. We remain Buy-rated on Grand City with a €27.5 price target.

**New notes cut perpetual note interest by ~25%** On our numbers, perpetual note interest will dip below €25m in the New Year vs FBe of €33m in 2020. The much lower 1.5% coupon is a testament to the evolution of GCP's capital structure in the past years, which now boasts solid credit ratings from both S&P (BBB+) and Moody's (Baa1). Management continue to target an A- rating from Standard & Poor's and A3 from Moody's.

**Fortified for future growth** Grand City actively optimised its portfolio in 2020 by disposing of non-core assets tallying some €350m with another €0.5bn signed as of 9M/20. The culled portfolio led to an 11% decline in property operating expenses for the nine month period and helped GCP record a 1.4% increase in adjusted EBITDA. The portfolio was restocked with some €380m in new properties this summer once lockdowns eased, and GCP continues to have a good pipeline. The €200m cash injection from the new perpetual notes tops up an already solid liquidity position (9M/20: >€1.3bn) and will give the company good flexibility to pursue further opportunistic growth.

**Operations continue to perform at a high level** Pandemic hardships and the Berlin rent cap stirred strong headwinds in 2020. But the company stuck to its long-term strategy, increased portfolio quality, and is on track to grow FFOPS 1 despite net disposals (Guidance: €1.27 to €1.31; FBe: €1.28). This should result in an attractive dividend yield to reward investors on 2020 performance. (p.t.o.)

### FINANCIAL HISTORY & PROJECTIONS

	2016	2017	2018	2019	2020E	2021E
Rental income (€m)	435.67	494.89	544.98	560.30	549.81	569.40
Y/Y growth	30.6%	13.6%	10.1%	2.8%	-1.9%	3.6%
Adj. EBITDA (€m)	224.73	247.98	275.53	297.66	309.27	320.29
Net income <sup>2</sup> (€m)	542.5	534.6	488.6	406.9	447.4	404.3
EPS (diluted) (€)	3.25	3.06	2.76	2.29	2.45	2.21
EPRA NAV <sup>1</sup> (€m)	3208.45	3993.06	4783.07	5150.48	5774.81	6088.17
DPS (€)	0.68	0.73	0.64	0.82	0.82	0.84
FFO 1 (€m)	160.12	178.01	197.85	211.97	215.61	222.97
FFOPS 1 (€)	1.05	1.12	1.19	1.27	1.28	1.30
Liquid assets (€m)	630.27	401.48	765.04	1,069.46	1,996.80	1,639.87

<sup>1</sup> including perpetual notes <sup>2</sup> after minority interests and hybrid investors

### RISKS

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

### COMPANY PROFILE

Grand City Properties is a specialist real estate company focused on investing in and managing value-add opportunities in the German real estate market. The overarching strategy is to improve the portfolio through targeted modernisation and intensive tenant management and thus create value by subsequently raising occupancy and rental levels.

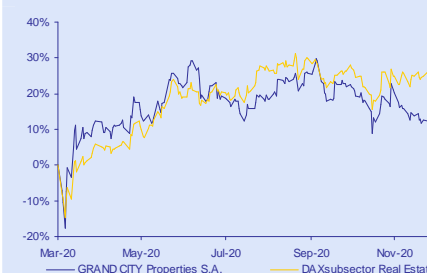
### MARKET DATA

As of 14 Dec 2020

Closing Price	€ 19.91
Shares outstanding	171.86m
Market Capitalisation	€ 3421.73m
52-week Range	€ 14.28 / 23.94
Avg. Volume (12 Months)	289,046

Multiples	2019	2020E	2021E
P/FFO 1	15.7	15.6	15.3
P/EPRA NAV	0.6	0.6	0.6
FFO 1 Yield	6.4%	6.4%	6.5%
Div. Yield	4.1%	4.1%	4.2%

### STOCK OVERVIEW



### COMPANY DATA

As of 30 Sep 2020

Liquid Assets	€ 1,336.00m
Investment properties	€ 7,842.00m
EPRA NAV <sup>1</sup>	€ 5,351.00m
Total Assets	€ 10,731.00m
Current Liabilities	€ 559.00m
Total Equity	€ 5,212.00m

<sup>1</sup> including perpetual notes

### SHAREHOLDERS

Edolaxia Ltd.	40.0%
Free float	60.0%



## VALUATION MODEL

in €m	2020E	2021E	2022E	2023E	TV
<b>EBITDA</b>	309	320	339	358	361
(+) Revaluations	406	298	289	287	56
(+) Investment income	2	0	0	0	0
(-) Tax expense	108	93	94	97	63
<b>NOPAT</b>	<b>610</b>	<b>526</b>	<b>534</b>	<b>548</b>	<b>355</b>
<b>Total assets</b>	<b>11,120</b>	<b>11,323</b>	<b>11,921</b>	<b>12,421</b>	<b>12,421</b>
(-) Current liabilities	396	412	435	458	458
(+) Current financial debt	33	33	33	33	33
(-) Cash	1,733	1,376	1,419	1,372	1,372
(+) Deferred taxes	611	655	698	739	739
<b>Capital employed (CE)</b>	<b>9,635</b>	<b>10,223</b>	<b>10,798</b>	<b>11,364</b>	<b>11,364</b>
ROCE	6.5%	5.3%	5.1%	4.9%	3.1%
WACC	3.1%	3.1%	3.1%	3.1%	3.1%
ROCE-WACC	3.4%	2.2%	2.0%	1.9%	0.0%
Economic Profit	321	220	209	206	4
<b>NPV</b>	<b>321</b>	<b>213</b>	<b>197</b>	<b>188</b>	<b>185</b>
<b>Fair value calculation</b>					
<b>Total return</b>	<b>1,104</b>				
(+) EPRA NAV (2019)	4,120				
(-) Dividend paid	138				
<b>Equity value</b>	<b>5,086</b>				
Diluted SO (m)	185				
<b>Fair value per share (€)</b>	<b>27.5</b>				
<b>Valuation metrics</b>					
Price target (€)	27.50	27.50	27.50	27.50	
Share price (€)	19.91	19.91	19.91	19.91	
Return potential	38.1%	38.1%	38.1%	38.1%	
Dividend yield	4.1%	4.2%	4.2%	4.5%	
<b>Total return potential</b>	<b>42.2%</b>	<b>42.3%</b>	<b>42.4%</b>	<b>42.6%</b>	
FFOPS 1 yield	6.4%	6.5%	6.7%	6.9%	
DPS (€)	0.82	0.84	0.84	0.89	



## INCOME STATEMENT

All figures in EURm	2016	2017	2018	2019	2020E	2021E
<b>Net rent</b>	<b>285</b>	<b>328</b>	<b>364</b>	<b>383</b>	<b>371</b>	<b>384</b>
<b>Rental and operating income</b>	<b>436</b>	<b>495</b>	<b>545</b>	<b>560</b>	<b>550</b>	<b>569</b>
Revenue from sale of buildings	7	2	0	0	0	0
<b>Revenue</b>	<b>443</b>	<b>497</b>	<b>545</b>	<b>560</b>	<b>550</b>	<b>569</b>
Property revaluations & capital gains	598	616	507	401	406	298
Result from equity-accounted investees	1	6	1	0	2	0
Property expenses	-204	-239	-263	-256	-231	-239
Cost of buildings sold	-5	-1	0	0	0	0
Administration expenses	-10	-11	-11	-13	-12	-13
<b>Operating income (EBIT)</b>	<b>823</b>	<b>868</b>	<b>780</b>	<b>693</b>	<b>714</b>	<b>616</b>
Finance expenses	-36	-40	-46	-45	-57	-60
Other financial results	-11	-43	-36	-33	-30	0
<b>Pre-tax income (EBT)</b>	<b>775</b>	<b>786</b>	<b>698</b>	<b>615</b>	<b>627</b>	<b>556</b>
Tax and deferred tax expenses	-122	-146	-115	-121	-101	-86
Minority interests	-88	-80	-64	-53	-46	-41
Hybrid note investors	-23	-24	-30	-33	-33	-24
<b>Net income</b>	<b>542</b>	<b>535</b>	<b>489</b>	<b>407</b>	<b>447</b>	<b>404</b>
Basic EPS (€)	3.56	3.35	2.95	2.43	2.65	2.35
Diluted EPS (€)	3.25	3.06	2.76	2.29	2.45	2.21
<b>Adjusted EBITDA</b>	<b>225</b>	<b>248</b>	<b>276</b>	<b>298</b>	<b>309</b>	<b>320</b>
<b>Ratios</b>						
Adjusted EBITDA margin	51.6%	50.1%	50.6%	53.1%	56.3%	56.3%
Tax rate	11.9%	-11.3%	-10.8%	-12.5%	11.5%	11.5%
<b>Expenses as % of revenues</b>						
Property expenses	46.8%	48.3%	48.2%	45.6%	42.0%	42.0%
Administration expenses	2.2%	2.2%	1.9%	2.3%	2.3%	2.3%
<b>Y-Y Growth</b>						
Rental and operating income	30.6%	13.6%	10.1%	2.8%	-1.9%	3.6%
Total revenues	32.7%	12.2%	9.7%	2.8%	-1.9%	3.6%
Operating income	69.3%	5.5%	-10.2%	-11.1%	3.1%	-13.8%
Adjusted EBITDA	26.8%	10.3%	11.1%	8.0%	3.9%	3.6%
Net income/ loss	57.7%	-1.5%	-8.6%	-16.7%	9.9%	-9.6%
<b>Funds from Operations (FFO)</b>						
<b>Operating profit</b>	<b>823</b>	<b>868</b>	<b>780</b>	<b>693</b>	<b>714</b>	<b>616</b>
Depreciation and amortisation	2	2	3	4	3	3
<b>EBITDA</b>	<b>825</b>	<b>871</b>	<b>782</b>	<b>697</b>	<b>717</b>	<b>619</b>
Capital gains, property revaluations and other	-598	-616	-507	-401	-406	-298
Result from disposal of trading properties	-2	0	0	0	0	0
Others	0	-6	0	2	-2	0
<b>Adjusted EBITDA</b>	<b>225</b>	<b>248</b>	<b>276</b>	<b>298</b>	<b>309</b>	<b>320</b>
Financial expense	-36	-40	-46	-45	-57	-60
Tax	-27	-28	-30	-37	-36	-37
Minorities	-1	-2	-2	-4	-1	-1
<b>FFO 1</b>	<b>160</b>	<b>178</b>	<b>198</b>	<b>212</b>	<b>216</b>	<b>223</b>
CapEx	-56	-67	-75	-76	-72	-75
<b>AFFO</b>	<b>104</b>	<b>111</b>	<b>122</b>	<b>136</b>	<b>143</b>	<b>148</b>



## BALANCE SHEET

All figures in EURm	2016	2017	2018	2019	2020E	2021E
<b>Assets</b>						
<b>Current assets, total</b>	<b>1,028</b>	<b>796</b>	<b>1,238</b>	<b>1,629</b>	<b>2,587</b>	<b>2,244</b>
Cash and cash equivalents	449	312	603	914	1,733	1,376
Traded securities at fair value through P&L	181	89	162	155	264	264
Trade and other receivables	220	260	319	342	377	390
Inventories - Trading property	27	12	17	16	13	13
Assets held for sale	150	123	136	201	201	201
<b>Non-current assets, total</b>	<b>5,126</b>	<b>6,712</b>	<b>7,623</b>	<b>8,223</b>	<b>8,532</b>	<b>9,078</b>
Equipment and intangible assets	16	20	24	27	30	33
Investment property	4,823	6,414	7,282	7,981	8,143	8,669
Equity accounted investees	118	37	26	21	113	113
Other LT assets	155	214	254	151	200	212
Deferred tax assets	15	28	37	42	47	51
<b>Total assets</b>	<b>6,154</b>	<b>7,508</b>	<b>8,861</b>	<b>9,851</b>	<b>11,120</b>	<b>11,323</b>
<b>Shareholders' equity &amp; debt</b>						
<b>Current liabilities, total</b>	<b>338</b>	<b>371</b>	<b>306</b>	<b>454</b>	<b>396</b>	<b>412</b>
Short-term debt	29	62	22	33	33	33
Trade and other payables	252	267	242	288	221	229
Other current liabilities	58	42	42	133	141	150
<b>Long-term liabilities, total</b>	<b>2,750</b>	<b>3,288</b>	<b>3,887</b>	<b>4,431</b>	<b>5,089</b>	<b>4,971</b>
Long-term debt	897	919	846	521	500	450
Convertible and straight bonds	1,478	1,810	2,450	3,195	3,805	3,681
Deferred taxes	326	500	523	592	657	706
Other LT liabilities	50	59	69	122	127	133
Minority interests	197	364	409	444	535	577
<b>Shareholders' equity</b>	<b>2,868</b>	<b>3,485</b>	<b>4,258</b>	<b>4,523</b>	<b>5,099</b>	<b>5,363</b>
<b>Total consolidated equity and debt</b>	<b>6,154</b>	<b>7,508</b>	<b>8,861</b>	<b>9,851</b>	<b>11,120</b>	<b>11,323</b>
<b>Ratios</b>						
Current ratio (x)	3.04	2.15	4.04	3.59	6.53	5.44
Equity ratio	50%	51%	53%	50%	51%	52%
EPRA NAV <sup>1</sup> (€m)	3,208	3,993	4,783	5,150	5,775	6,088
Net debt (€m)	1,783	2,393	2,560	2,690	2,341	2,525
Net debt / equity (x)	0.6	0.7	0.6	0.6	0.5	0.5
Net debt / EBITDA (x)	7.9	9.7	9.3	9.0	7.6	7.9
Interest cover (x)	6.2	6.2	6.0	6.6	5.4	5.4
Loan-to-value (LTV)	35%	36%	34%	33%	28%	28%
Return on equity (ROE)	21.3%	16.6%	12.5%	9.9%	9.3%	7.9%

<sup>1</sup> including perpetual notes



## CASH FLOW STATEMENT

All figures in EURm	2016	2017	2018	2019	2020E	2021E
<b>Net income</b>	<b>653</b>	<b>639</b>	<b>583</b>	<b>493</b>	<b>526</b>	<b>470</b>
Depreciation and amortisation	2	2	3	4	3	3
Profit from equity accounted investees	-1	-6	-1	0	-2	0
Change in fair value of investment properties	-598	-616	-507	-401	-406	-298
Net finance expenses	47	83	82	78	87	60
Tax result	122	146	115	121	101	86
Others	1	1	1	2	0	0
<b>Operating cash flow</b>	<b>227</b>	<b>248</b>	<b>276</b>	<b>298</b>	<b>309</b>	<b>320</b>
Change in working capital	-7	-24	-23	-20	-89	3
Tax paid	-19	-23	-28	-28	-36	-37
<b>Net cash flow from operating activities</b>	<b>201</b>	<b>202</b>	<b>225</b>	<b>249</b>	<b>185</b>	<b>287</b>
Investment in fixed/intangible assets	-3	-6	-6	-7	-5	-6
Net property investments / disposals	-476	-374	-501	-194	244	-228
Acquisition of subsidiaries	-111	-324	-112	31	-45	0
Proceeds from investments in financial assets	33	95	-100	117	-158	-12
<b>Cash flow from investing</b>	<b>-557</b>	<b>-608</b>	<b>-718</b>	<b>-53</b>	<b>36</b>	<b>-246</b>
Debt financing, net	487	597	916	360	588	-173
Equity financing, net	171	176	312	-33	167	-24
Dividend paid	-38	-112	-79	-107	-71	-140
Other financing activities	-5	-345	-306	-55	-30	0
Net paid financing expenses	-46	-47	-56	-50	-57	-60
<b>Cash flow from financing</b>	<b>569</b>	<b>269</b>	<b>786</b>	<b>115</b>	<b>597</b>	<b>-398</b>
<b>Net cash flows</b>	<b>213</b>	<b>-137</b>	<b>291</b>	<b>311</b>	<b>819</b>	<b>-357</b>
Cash, start of the year	236	449	312	603	914	1,733
<b>Cash, end of the year</b>	<b>449</b>	<b>312</b>	<b>603</b>	<b>914</b>	<b>1,733</b>	<b>1,376</b>
<b>Adjusted EBITDA / share (€)</b>	<b>1.46</b>	<b>1.50</b>	<b>1.65</b>	<b>1.77</b>	<b>1.80</b>	<b>1.86</b>
<b>FFO 1</b>	<b>160</b>	<b>178</b>	<b>198</b>	<b>212</b>	<b>216</b>	<b>223</b>
<b>FFOPS 1 (€)</b>	<b>1.05</b>	<b>1.12</b>	<b>1.19</b>	<b>1.27</b>	<b>1.28</b>	<b>1.30</b>
<b>Y-Y Growth</b>						
Operating cash flow	27.8%	0.5%	11.0%	11.1%	-25.8%	54.8%
Adjusted EBITDA / share	15.0%	3.0%	9.8%	7.3%	1.5%	3.6%
FFO 1	25.1%	11.2%	11.1%	7.1%	1.7%	3.4%
FFOPS 1	3.9%	6.5%	7.1%	6.1%	0.8%	1.6%

## Imprint / Disclaimer

### First Berlin Equity Research

First Berlin Equity Research GmbH ist ein von der BaFin betreffend die Einhaltung der Pflichten des §85 Abs. 1 S. 1 WpHG, des Art. 20 Abs. 1 Marktmissbrauchsverordnung (MAR) und der Markets Financial Instruments Directive (MiFID) II, Markets in Financial Instruments Directive (MiFID) II Durchführungsverordnung und der Markets in Financial Instruments Regulations (MiFIR) beaufsichtigtes Unternehmen.

First Berlin Equity Research GmbH is one of the companies monitored by BaFin with regard to its compliance with the requirements of Section 85 (1) sentence 1 of the German Securities Trading Act [WpHG], art. 20 (1) Market Abuse Regulation (MAR) and Markets in Financial Instruments Directive (MiFID) II, Markets in Financial Instruments Directive (MiFID) II Commission Delegated Regulation and Markets in Financial Instruments Regulations (MiFIR).

#### Anschrift:

First Berlin Equity Research GmbH  
Mohrenstr. 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](mailto:info@firstberlin.com)

Amtsgericht Berlin Charlottenburg HR B 103329 B

UST-Id.: 251601797

Ggf. Inhaltlich Verantwortlicher gem. § 6 MDStV

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, Mohrenstraße 34, 10117 Berlin**

The production of this recommendation was completed on 15 December 2020 at 14:28

**Person responsible for forwarding or distributing this financial analysis: Martin Bailey**

**Copyright© 2020 First Berlin Equity Research GmbH** No part of this financial analysis may be copied, photocopied, duplicated or distributed in any form or media whatsoever without prior written permission from First Berlin Equity Research GmbH. First Berlin Equity Research GmbH shall be identified as the source in the case of quotations. Further information is available on request.

### INFORMATION PURSUANT TO SECTION 85 (1) SENTENCE 1 OF THE GERMAN SECURITIES TRADING ACT [WPHG], TO ART. 20 (1) OF REGULATION (EU) NO 596/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF APRIL 16, 2014, ON MARKET ABUSE (MARKET ABUSE REGULATION) AND TO ART. 37 OF COMMISSION DELEGATED REGULATION (EU) NO 2017/565 (MiFID) II.

First Berlin Equity Research GmbH (hereinafter referred to as: "First Berlin") prepares financial analyses while taking the relevant regulatory provisions, in particular section 85 (1) sentence 1 of the German Securities Trading Act [WpHG], art. 20 (1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) and art. 37 of Commission Delegated Regulation (EU) no. 2017/565 (MiFID II) into consideration. In the following First Berlin provides investors with information about the statutory provisions that are to be observed in the preparation of financial analyses.

### CONFLICTS OF INTEREST

In accordance with art. 37 (1) of Commission Delegated Regulation (EU) no. 2017/565 (MiFID) II and art. 20 (1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) investment firms which produce, or arrange for the production of, investment research that is intended or likely to be subsequently disseminated to clients of the firm or to the public, under their own responsibility or that of a member of their group, shall ensure the implementation of all the measures set out in Article 34 (3) of Regulation (EU) 2017/565 in relation to the financial analysts involved in the production of the investment research and other relevant persons whose responsibilities or business interests may conflict with the interests of the persons to whom the investment research is disseminated. In accordance with art. 34 (3) of Regulation (EU) 2017/565 the procedures and measures referred to in paragraph 2 (b) shall be designed to ensure that relevant persons engaged in different business activities involving a conflict of interests carry on those activities at a level of independence appropriate to the size and activities of the investment firm and of the group to which it belongs, and to the risk of damage to the interests of clients.

First Berlin offers a range of services that go beyond the preparation of financial analyses. Although First Berlin strives to avoid conflicts of interest wherever possible, First Berlin may maintain the following relations with the analysed company, which in particular may constitute a potential conflict of interest (further information and data may be provided on request):

- The author, First Berlin, or a company associated with First Berlin holds an interest of more than five percent in the share capital of the analysed company;
- The author, First Berlin, or a company associated with First Berlin provided investment banking or consulting services for the analysed company within the past twelve months for which remuneration was or was to be paid;
- The author, First Berlin, or a company associated with First Berlin reached an agreement with the analysed company for preparation of a financial analysis for which remuneration is owed;
- The author, First Berlin, or a company associated with First Berlin has other significant financial interests in the analysed company;

In order to avoid and, if necessary, manage possible conflicts of interest both the author of the financial analysis and First Berlin shall be obliged to neither hold nor in any way trade the securities of the company analyzed. The remuneration of the author of the financial analysis stands in no direct or indirect connection with the recommendations or opinions represented in the financial analysis. Furthermore, the remuneration of the author of the financial analysis is neither coupled directly to financial transactions nor to stock exchange trading volume or asset management fees.

If despite these measures one or more of the aforementioned conflicts of interest cannot be avoided on the part of the author or First Berlin, then reference shall be made to such conflict of interest.

**INFORMATION PURSUANT TO SECTION 64 OF THE GERMAN SECURITIES TRADING ACT [WPHG], DIRECTIVE 2014/65/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 15 MAY 2014 ON MARKETS IN FINANCIAL INSTRUMENTS AND AMENDING DIRECTIVE 2002/92/EC AND DIRECTIVE 2011/61/EU, ACCOMPANIED BY THE MARKETS IN FINANCIAL INSTRUMENTS REGULATION (MIFIR, REG. EU NO. 600/2014).**

First Berlin notes that it has concluded a contract with the issuer to prepare financial analyses and is paid for that by the issuer. First Berlin makes the financial analysis simultaneously available for all interested security financial services companies. First Berlin thus believes that it fulfils the requirements of section 64 WpHG for minor non-monetary benefits.

#### PRICE TARGET DATES

Unless otherwise indicated, current prices refer to the closing prices of the previous trading day.

#### AGREEMENT WITH THE ANALYSED COMPANY AND MAINTENANCE OF OBJECTIVITY

The present financial analysis is based on the author's own knowledge and research. The author prepared this study without any direct or indirect influence exerted on the part of the analysed company. Parts of the financial analysis were possibly provided to the analysed company prior to publication in order to avoid inaccuracies in the representation of facts. However, no substantial changes were made at the request of the analysed company following any such provision.

#### ASSET VALUATION SYSTEM

First Berlin's system for asset valuation is divided into an asset recommendation and a risk assessment.

##### ASSET RECOMMENDATION

The recommendations determined in accordance with the share price trend anticipated by First Berlin in the respectively indicated investment period are as follows:

Category		1	2
Current market capitalisation (in €)		0 - 2 billion	> 2 billion
Strong Buy <sup>1</sup>	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%

<sup>1</sup> The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

Our recommendation system places each company into one of two market capitalisation categories. Category 1 companies have a market capitalisation of €0 – €2 billion, and Category 2 companies have a market capitalisation of > €2 billion. The expected return thresholds underlying our recommendation system are lower for Category 2 companies than for Category 1 companies. This reflects the generally lower level of risk associated with higher market capitalisation companies.

##### RISK ASSESSMENT

The First Berlin categories for risk assessment are low, average, high and speculative. They are determined by ten factors: Corporate governance, quality of earnings, management strength, balance sheet and financial risk, competitive position, standard of financial disclosure, regulatory and political uncertainty, strength of brandname, market capitalisation and free float. These risk factors are incorporated into the First Berlin valuation models and are thus included in the target prices. First Berlin customers may request the models.

#### RECOMMENDATION & PRICE TARGET HISTORY

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	21 January 2013	€4.37	Buy	€14.30
2...32	↓	↓	↓	↓
33	6 June 2019	€23.44	Buy	€28.00
34	20 August 2019	€20.46	Buy	€28.00
35	20 November 2019	€21.44	Buy	€28.00
36	10 March 2020	€20.66	Buy	€28.00
37	20 March 2020	€16.04	Buy	€28.00
38	19 May 2020	€19.78	Buy	€27.50
39	18 August 2020	€20.72	Buy	€27.50
40	17 November 2020	€20.36	Buy	€27.50
41	Today	€19.91	Buy	€27.50

#### INVESTMENT HORIZON

Unless otherwise stated in the financial analysis, the ratings refer to an investment period of twelve months.

#### UPDATES

At the time of publication of this financial analysis it is not certain whether, when and on what occasion an update will be provided. In general First Berlin strives to review the financial analysis for its topicality and, if required, to update it in a very timely manner in connection with the reporting obligations of the analysed company or on the occasion of ad hoc notifications.

#### SUBJECT TO CHANGE

The opinions contained in the financial analysis reflect the assessment of the author on the day of publication of the financial analysis. The author of the financial analysis reserves the right to change such opinion without prior notification.

**Legally required information regarding**

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

can be accessed through the following internet link: <https://firstberlin.com/disclaimer-english-link/>

**SUPERVISORY AUTHORITY:** Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) [BaFin], Graurheindorferstraße 108, 53117 Bonn and Marie-Curie-Straße 24-28, 60439 Frankfurt am Main

**EXCLUSION OF LIABILITY (DISCLAIMER)****RELIABILITY OF INFORMATION AND SOURCES OF INFORMATION**

The information contained in this study is based on sources considered by the author to be reliable. Comprehensive verification of the accuracy and completeness of information and the reliability of sources of information has neither been carried out by the author nor by First Berlin. As a result no warranty of any kind whatsoever shall be assumed for the accuracy and completeness of information and the reliability of sources of information, and neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be liable for any direct or indirect damage incurred through reliance on the accuracy and completeness of information and the reliability of sources of information.

**RELIABILITY OF ESTIMATES AND FORECASTS**

The author of the financial analysis made estimates and forecasts to the best of the author's knowledge. These estimates and forecasts reflect the author's personal opinion and judgement. The premises for estimates and forecasts as well as the author's perspective on such premises are subject to constant change. Expectations with regard to the future performance of a financial instrument are the result of a measurement at a single point in time and may change at any time. The result of a financial analysis always describes only one possible future development – the one that is most probable from the perspective of the author – of a number of possible future developments.

Any and all market values or target prices indicated for the company analysed in this financial analysis may not be achieved due to various risk factors, including but not limited to market volatility, sector volatility, the actions of the analysed company, economic climate, failure to achieve earnings and/or sales forecasts, unavailability of complete and precise information and/or a subsequently occurring event which affects the underlying assumptions of the author and/or other sources on which the author relies in this document. Past performance is not an indicator of future results; past values cannot be carried over into the future.

Consequently, no warranty of any kind whatsoever shall be assumed for the accuracy of estimates and forecasts, and neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be liable for any direct or indirect damage incurred through reliance on the correctness of estimates and forecasts.

**INFORMATION PURPOSES, NO RECOMMENDATION, SOLICITATION, NO OFFER FOR THE PURCHASE OF SECURITIES**

The present financial analysis serves information purposes. It is intended to support institutional investors in making their own investment decisions; however in no way provide the investor with investment advice. Neither the author, nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be considered to be acting as an investment advisor or portfolio manager vis-à-vis an investor. Each investor must form his own independent opinion with regard to the suitability of an investment in view of his own investment objectives, experience, tax situation, financial position and other circumstances.

The financial analysis does not represent a recommendation or solicitation and is not an offer for the purchase of the security specified in this financial analysis. Consequently, neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall as a result be liable for losses incurred through direct or indirect employment or use of any kind whatsoever of information or statements arising out of this financial analysis.

A decision concerning an investment in securities should take place on the basis of independent investment analyses and procedures as well as other studies including, but not limited to, information memoranda, sales or issuing prospectuses and not on the basis of this document.

**NO ESTABLISHMENT OF CONTRACTUAL OBLIGATIONS**

By taking note of this financial analysis the recipient neither becomes a customer of First Berlin, nor does First Berlin incur any contractual, quasi-contractual or pre-contractual obligations and/or responsibilities toward the recipient. In particular no information contract shall be established between First Berlin and the recipient of this information.

**NO OBLIGATION TO UPDATE**

First Berlin, the author and/or the person responsible for passing on or distributing the financial analysis shall not be obliged to update the financial analysis. Investors must keep themselves informed about the current course of business and any changes in the current course of business of the analysed company.

**DUPLICATION**

Dispatch or duplication of this document is not permitted without the prior written consent of First Berlin.

**SEVERABILITY**

Should any provision of this disclaimer prove to be illegal, invalid or unenforceable under the respectively applicable law, then such provision shall be treated as if it were not an integral component of this disclaimer; in no way shall it affect the legality, validity or enforceability of the remaining provisions.

**APPLICABLE LAW, PLACE OF JURISDICTION**

The preparation of this financial analysis shall be subject to the law obtaining in the Federal Republic of Germany. The place of jurisdiction for any disputes shall be Berlin (Germany).

**NOTICE OF DISCLAIMER**

By taking note of this financial analysis the recipient confirms the binding nature of the above explanations.

By using this document or relying on it in any manner whatsoever the recipient accepts the above restrictions as binding for the recipient.

**QUALIFIED INSTITUTIONAL INVESTORS**

First Berlin financial analyses are intended exclusively for qualified institutional investors.

**This report is not intended for distribution in the USA and/or Canada.**