

# GRAND CITY Properties S.A.

Luxembourg / Real Estate

Frankfurt

Bloomberg: GYC GR

ISIN: LU0775917882

9M results

**RATING****PRICE TARGET**

Return Potential

Risk Rating

**BUY****€ 27.00**

30.7%

Medium

## DISPOSALS AND EARNINGS UP IN Q3

Third quarter reporting featured a strong operational performance with all headline figures showing high single digit growth. Net rent climbed 8% Y/Y, thanks to the revisionary potential of the portfolio, which resulted in 3.3% like-for-like (LFL) total net rent growth. The expanding London portfolio, which reached 7% of the total investment properties as of Q3, was a recurring topic on the earnings call and accounted for much of external growth for the period. GCP continued to dispose of non-core and mature assets (€500m YTD) in the quarter as part of cash recycling. Management confirmed full year guidance of FFOPS 1 (€1.19). We look for the current operational trajectory to continue to deliver solid results in the coming quarters as the company unlocks value in its new London assets and optimises its German properties. Our rating remains Buy with a €27 price target (old: €27).

**LFL growth drives results as portfolio value remains stable** Results remain steady as the company continues to extract the embedded value of its portfolio, while optimising the asset base by disposing of non-core and mature properties. LFL net rent growth totalled 3.3% for the nine month period and remained north of 3.0% guidance. The KPI encompasses 2.9% LFL in-place rent and 0.4% LFL occupancy growth. External growth remains limited, due to the persistent supply shortage, but the current €6.9bn (Q2/18: €6.9bn) portfolio harbours some 30% revisionary upside. Annualised net rent market potential, including vacancy compression, now stands at €450m (Q2: €459m) with the small drop traced to disposals. We continue to rank GCP among the top listed residential landlords, thanks to its sizable portfolio (83k flats), strong balance sheet and debt structure (€907m cash and liquid assets, LTV 35%, debt maturity 8.2 years), and excellent operational track record (figure 2 overleaf).

**London calling** The German landlord has made strong inroads into London this year. The British capital now accounts for 7% of total assets (figure 1 overleaf) as the company is using the dip in the market to leverage . . . (p.t.o.)

### FINANCIAL HISTORY & PROJECTIONS

	2015	2016	2017	2018E	2019E	2020E
Rental income (€m)	333.50	435.67	494.89	539.12	588.20	628.51
Y/Y growth	53.8%	30.6%	13.6%	8.9%	9.1%	6.9%
Adj. EBITDA (€m)	177.27	224.73	247.98	276.30	299.69	319.60
Net income <sup>2</sup> (€m)	343.9	542.5	534.6	678.2	419.4	403.2
EPS (diluted) (€)	2.35	3.25	3.06	3.84	2.38	2.28
EPRA NAV <sup>1</sup> (€m)	2402.09	3208.45	3993.06	5012.57	5394.70	5729.05
DPS (€)	0.25	0.68	0.73	0.77	0.88	0.92
FFO 1 (€m)	128.04	160.12	178.01	195.57	213.51	231.67
FFOPS 1 (€)	1.01	1.05	1.12	1.19	1.27	1.34
Liquid assets (€m)	388.93	630.27	401.48	963.61	657.43	431.10

<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.

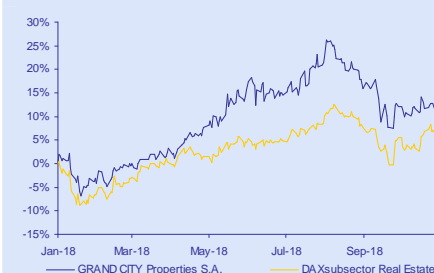
### MARKET DATA

As of 20 Nov 2018

Closing Price	€ 20.66
Shares outstanding	166.69m
Market Capitalisation	€ 3443.82m
52-week Range	€ 17.85 / 24.16
Avg. Volume (12 Months)	277,349

Multiples	2017	2018E	2019E
P/FFO 1	18.5	17.4	16.2
P/EPRA NAV	0.9	0.7	0.7
FFO 1 Yield	5.4%	5.7%	6.2%
Div. Yield	3.5%	3.7%	4.2%

### STOCK OVERVIEW



### COMPANY DATA

As of 30 Sep 2018

Liquid Assets	€ 907.00m
Current Assets	€ 1,598.00m
EPRA NAV <sup>1</sup>	€ 4,682.00m
Total Assets	€ 8,914.00m
Current Liabilities	€ 373.00m
Total Equity	€ 4479.00m

<sup>1</sup> including perpetual notes

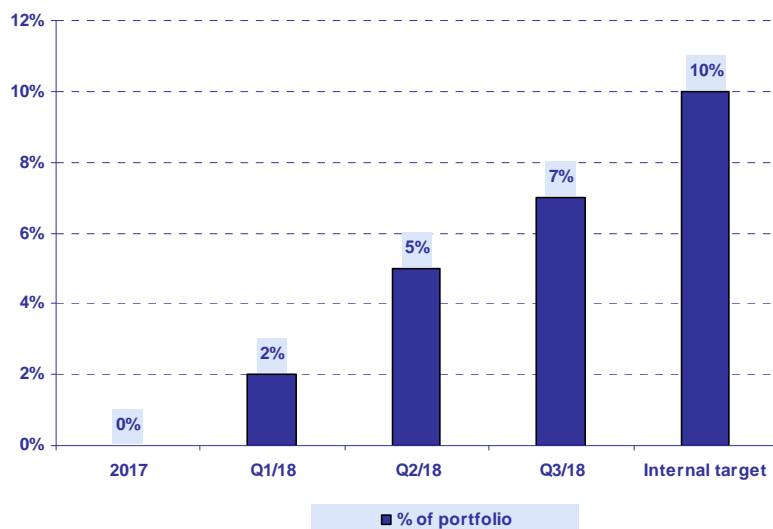
### SHAREHOLDERS

Edolaxia Ltd.	38.6%
Edge Point	5.1%
Free Float	56.3%



. . . its strength as a 'cash buyer' and acquire properties at a substantial discount (~25%) to greater London yields, which are currently hovering around 5.0%. With a healthy price buffer built in, management noted on the Q3 conference call that risk of a hard Brexit is thus priced into the deals.

**Figure 1: Expansion into London**



The London portfolio now contains some 1,200 flats, of which 700 are pre-marketed and newly built units. Properties are well positioned in central districts, such as Highgate, Islington, Barnet, Fulham, and Kingsland among others, and have a 25% vacancy rate. Spurred by strong demand, the company expects to hand over the keys to new tenants in the coming two quarters.

Management also emphasised on the call that the incremental Q3 rise in the London yield (3.1%) stems from rental increases and not from a drop in value. They expect this to continue towards a 5% rental yield going forward, which is more reflective of its German properties. GCP hinted at a €300m London pipeline and continues to target a 10% position to complement the German assets.

Market watcher JLL (Jones Lang and LaSalle), recently expressed optimism in a potential Brexit bounceback once a deal is in place and Londoners start to feel more confident. Macro watchers likewise expect an improving economy over the near-term. The latest GDP forecasts call for 1.2% to 1.5% annualised growth in 2019 followed by 1.2% to 1.7% in 2020. Most recently, UK home prices edged 1.5% higher in October after climbing 2.5% in September.

Although some investors consider the move into London bold ahead of the unsettled Brexit, we believe management have done a good job of de-risking (discounted deals, favourable currency move, leveraging access to cheap capital) the foray into London as much as possible, while giving the company exposure to one of the world's most coveted property markets and its attractive upside. Even if the short-term results are bumpy, we think this is an excellent long play and consider the move well calculated by management.



## NINE MONTH RESULTS

Both the top line and earnings showed solid performances led by a 8% Y/Y rise in net rent. This was spurred by continued strong like-for-like (LFL) performance. As of Q3, GCP realised total LFL net rental growth of 3.3% comprising 2.9% in-place rent and 0.4% occupancy increases.

**Table 1: Third quarter results vs forecasts**

in €m	Q3/18	Q3/18E	Variance	Q3/17	Variance	9M/18	9M/17	Variance
Rental income	135	135	0.0%	127	6.2%	403	366	10.1%
Net rent	90	88	2.3%	83	8.4%	272	242	12.4%
Adjusted EBITDA	67	67	0.4%	62	8.4%	204	183	11.5%
margin	50.0%	49.8%	-	49.1%	-	50.6%	50.0%	-
FFO 1	51	50	1.8%	45	13.6%	150	130	15.4%
FFOPS 1 (€)	0.31	0.30	1.8%	0.28	10.7%	0.91	0.83	9.6%

Source: First Berlin Equity Research; Grand City Properties

FFO 1, the key industry indicator for recurring cash flow, matched our estimate and climbed 14% Y/Y to €51m in Q3/18 equating to FFOPS 1 of €0.31 (+11%). On a nine month basis, FFO 1 rose 15% Y/Y to €150m or € 0.91 per share (+10% Y/Y). Per share growth was partially offset by the higher share count. The strong bottom line performance owes chiefly to the 3.3% LFL rental income growth. On an annualised basis, FFOPS 1 equals €1.21 corresponding to a 5.6% yield. Due to the reshuffling of the portfolio with cash recycling largely offsetting external growth, the results were mostly flat Q/Q with third quarter FFO 1 just topping the Q2 result (€50m).

**Table 2: FFOPS 1 adjusted for perpetual note attribution**

€m	H1/18	H1/17	Variance
<b>FFO 1</b>	<b>99</b>	<b>85</b>	<b>16%</b>
Adjustment for accrued perpetual note attribution	-14	-12	-
<b>FFO 1 after perpetual note attribution</b>	<b>85</b>	<b>73</b>	<b>16%</b>
Weighted avg. basic share count ('000)	164,789	154,336	-
<b>FFOPS 1 after perpetual note attribution</b>	<b>0.52</b>	<b>0.47</b>	<b>11%</b>

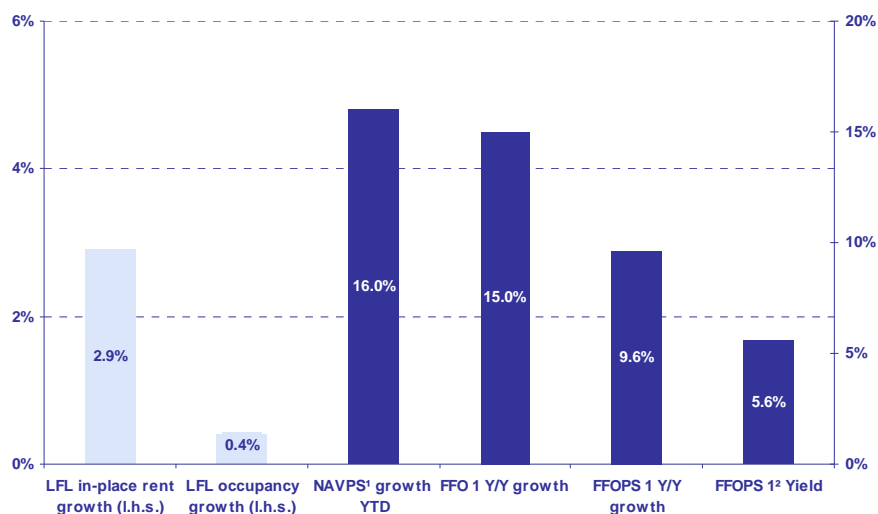
Source: First Berlin Equity Research; Grand City Properties

As part of its capital recycling strategy, Grand City disposed of non-core properties acquired as part of large portfolio deals in 9M for a value of €400m—6% over net book value. This generated a €115m economic profit at a roughly 40% margin resulting in FFO 2 of €265m for the period (9M/17: €155m). The company noted further disposals of €80m post reporting. AFFO (adjusted funds from operations), which considers repositioning CapEx as a measure of recurring operational cash flows, increased to €92m vs €75m in 9M/17.

The capital gains, property revaluations and other income line item totalled €134m for the quarter (Q3/17: €212m, -37%). For the nine month period, this KPI totalled €384m in line with the prior nine month figure (€381m). The continued strong development relates to GCP's value-add business model: acquiring properties with strong value upside and repositioning the assets to unlock this potential. Adjusted EBITDA, which reflects recurring operational profit excluding capital gains and revaluation effects, rose 8% Y/Y to €67m (Q3/17: €62m; FBe: €67m). The 9M figure climbed 12%Y/Y to €204m (9M/17: €183m).



Figure 2: Operating performance as of 30 September



<sup>1</sup>Includes perpetual notes, <sup>2</sup>annualised

Source: First Berlin Equity Research; Grand City Properties

As of 30 September, EPRA NAV totalled €3.7bn (€22.0 / share) compared to €3.3bn at year end 2017 (€20.2 / share, +9%). NAV growth owes predominantly to the strong net profit of €441m recorded for the nine month period. Including the perpetual notes, which are classified as equity under IFRS, this KPI stood at €4.7bn or €28.0 / share (+16%).

Table 3: Portfolio overview as of Q3

	Investment properties (€m)	Rentable area ('000 m <sup>2</sup> )	EPRA vacancy	Annualised net rent (€m)	In-place rent (€/m <sup>2</sup> )	Number of units	Value (€/m <sup>2</sup> )	Rental yield
NRW	1,936	1,844	7.9%	114	5.5	27,591	1,049	5.9%
Berlin	1,474	629	5.8%	54	7.5	8,011	2,342	3.7%
Dresden / Leipzig / Halle	1,011	1,076	8.6%	58	5.0	18,537	940	5.7%
Mannheim / KL / Frankfurt / Mainz	354	256	5.3%	20	6.7	4,216	1,383	5.6%
Nuremberg / Fürth / Munich	211	102	4.4%	10	7.9	1,471	2,069	4.6%
Bremen / Hamburg / Hanover	349	297	5.1%	20	5.8	4,272	1,172	5.6%
London	211	27	27.6%	7	29.9	491	7,967	3.1%
Others	933	1,076	6.6%	64	5.5	18,280	868	6.9%
Development rights & new build*	445	-	-	-	-	-	-	-
<b>Total</b>	<b>6,924</b>	<b>5,307</b>	<b>7.5%</b>	<b>347</b>	<b>5.85</b>	<b>82,869</b>	<b>1,221</b>	<b>5.4%</b>

\* land for development, building rights on existing buildings (€164m) and premarketed new buildings in London (€281m)

Source: First Berlin Equity Research; Grand City Properties

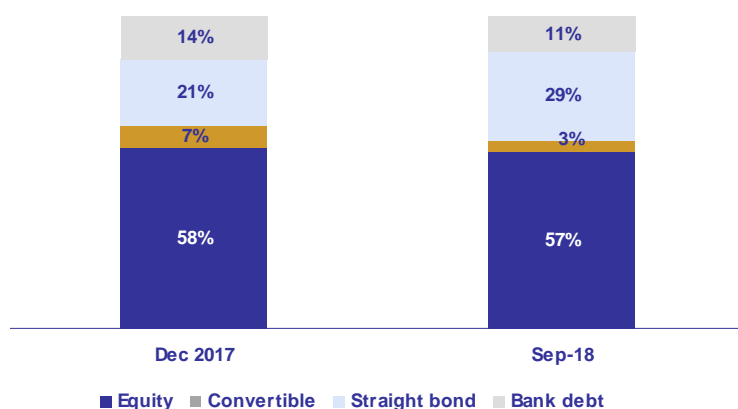
**Table 4: Financial highlights**

in €m	Q3/18	2017	Variance
Cash & liquid assets	907	402	126%
Investment property <sup>1</sup>	6,924	6,388	8%
Total equity	4,479	3,850	16%
EPRA NAV incl. hybrid notes	4,682	3,993	17%
EPRA NAV	3,675	3,327	10%
Interest bearing debt	901	941	-4%
Straight bonds	2,283	1,423	60%
Convertible bond	271	432	-37%
Loan-to-Value (LTV)	35%	36%	-
Equity ratio	50%	51%	-

<sup>1</sup> including inventories-trading property

Source: First Berlin Equity Research; Grand City Properties

**No major changes to the capital structure** GCP reported cash and liquid assets of €907m for the period ended 30 September compared to €402m at the end of Q4/17, while net debt stood at €2.5bn vs €2.4bn at the end of 2017. The debt structure continues to feature an LTV of 35%, which remains well below the 45% internal limit set by the Management Board. Coverage ratios were solid with a debt service coverage ratio (DSCR) and an interest coverage ratio (ICR) of 4.9x and 6.0x respectively at the end of Q3. The debt structure carries an 8.2 year maturity with a 1.6% average cost of debt, while 99% of the capital structure is hedged. Management reiterated its desire to extend debt maturities as opportunities arise and confirmed financial firepower of some €1bn to go alongside the overall €500m pipeline, while keeping the LTV below 45%.

**Figure 3: Financing mix**

Source: First Berlin Equity Research; Grand City Properties



## VALUATION

With disposals largely factored in for the year, management narrowed 2018 guidance and look for FFO 1 of €197m and FFOPS 1 of €1.19 (old: FFO 1 €196m - €201m and FFOPS 1 €1.19 - €1.22). This supports our forecasts, which we leave unchanged.

**Table 5: 9M KPIs vs 2018 guidance**

	9M/18 Annualised	FY 2018G
FFO 1	€200m	€197m
FFOPS 1	€1.21	€1.19
Dividend per share	€0.77	€0.77
LFL rent growth	3.3%	> 3.0%
LTV	35%	< 40%

Source: First Berlin Equity Research; Grand City Properties

Our discounted EPRA NAV valuation model yields a price target of €27. This figure is conservatively based on EPRA NAV excluding perpetual notes. Our PT corresponds to a total return of 35% including the dividend yield. We expect the recent positive share price development to continue supported by the current growth trajectory this year (FBe: FFOPS 1 +6.4%, NAVPS +20.0%). Our rating remains Buy.

All figures in EUR '000	2018E	2019E	2020E
Shareholders' equity (excl. perpetual notes)	3,411,192	3,736,061	4,022,372
Derivative financial instruments	5,885	5,885	5,885
Deferred tax liabilities	586,180	643,449	691,481
EPRA NAV	4,003,257	4,385,395	4,719,738
<b>EPRA NAV per share (€)</b>	<b>30.4</b>	<b>31.6</b>	<b>32.5</b>
FFO I	195,573	213,510	231,669
Revaluation results	480,586	336,880	300,197
<b>Total return</b>	<b>676,159</b>	<b>550,390</b>	<b>531,867</b>

EPRA NAV	4,003,257	4,385,395	4,719,738
Return on NAV	20.3%	13.7%	12.1%
Cost of equity	5.0%	5.0%	5.0%
<b>Spread (percentage points)</b>	<b>15.4%</b>	<b>8.8%</b>	<b>7.2%</b>
Value creation	615,311	385,764	338,695
NPV	613,338	373,145	317,918
Dividends paid	115,708	127,122	149,457
Present value of dividends paid	115,338	122,964	140,289

Fair value calculation	
PV of total value created	1,304,402
NAV (excl. Perpetual notes) (YE: 2017)	3,183,791
Equity value	4,488,193
PV of dividends	378,591
<b>Fair value</b>	<b>4,866,783</b>
Number of shares (fully diluted)	179,027
<b>Fair value per share (€)</b>	<b>27.00</b>

Valuation metrics	2018E	2019E	2020E
Price target (€)	27.00	27.00	27.00
Share price (€)	20.66	20.66	20.66
Return potential	30.7%	30.7%	30.7%
Dividend yield	3.7%	4.2%	4.5%
<b>Total return potential</b>	<b>34.4%</b>	<b>34.9%</b>	<b>35.1%</b>
NAV discount / premium (share price)	-14.6%	-32.1%	-34.7%
FFOPS 1 yield	5.7%	6.2%	6.5%



## INCOME STATEMENT

All figures in EURm	2015	2016	2017	2018E	2019E	2020E
<b>Net rent</b>	<b>220</b>	<b>285</b>	<b>328</b>	<b>353</b>	<b>384</b>	<b>411</b>
<b>Rental and operating income</b>	<b>333</b>	<b>436</b>	<b>495</b>	<b>539</b>	<b>588</b>	<b>629</b>
Revenue from sale of buildings	0	7	2	194	0	0
<b>Revenue</b>	<b>333</b>	<b>443</b>	<b>497</b>	<b>733</b>	<b>588</b>	<b>629</b>
Capital gains, property revaluations & other	311	598	616	481	337	300
Result from equity-accounted investees	0	1	6	8	9	0
Property expenses	-152	-204	-239	-253	-278	-297
Cost of buildings sold	0	-5	-1	0	0	0
Administration expenses	-7	-10	-11	-12	-13	-14
<b>Operating income (EBIT)</b>	<b>486</b>	<b>823</b>	<b>868</b>	<b>957</b>	<b>644</b>	<b>618</b>
Finance expenses	-26	-36	-40	-48	-50	-49
Other financial results	0	-11	-43	-5	0	0
<b>Pre-tax income (EBT)</b>	<b>460</b>	<b>775</b>	<b>786</b>	<b>904</b>	<b>593</b>	<b>568</b>
Tax and deferred tax expenses	-66	-122	-146	-118	-91	-84
Minority interests	-35	-88	-80	-79	-50	-48
Hybrid note investors	-15	-23	-24	-29	-33	-33
<b>Net income</b>	<b>344</b>	<b>542</b>	<b>535</b>	<b>678</b>	<b>419</b>	<b>403</b>
Basic EPS (€)	2.71	3.56	3.35	4.12	2.50	2.33
Diluted EPS (€)	2.35	3.25	3.06	3.84	2.38	2.28
<b>Adjusted EBITDA</b>	<b>177</b>	<b>225</b>	<b>248</b>	<b>276</b>	<b>300</b>	<b>320</b>
<b>Ratios</b>						
Adjusted EBITDA margin	53.2%	51.6%	50.1%	51.3%	51.0%	50.9%
Tax rate	12.8%	11.9%	-11.3%	11.3%	11.3%	11.3%
<b>Expenses as % of revenues</b>						
Property expenses	45.4%	46.8%	48.3%	46.9%	47.2%	47.2%
Administration expenses	2.1%	2.2%	2.2%	2.3%	2.3%	2.3%
<b>Y-Y Growth</b>						
Rental and operating income	53.8%	30.6%	13.6%	8.9%	9.1%	6.9%
Total revenues	44.1%	32.7%	12.2%	47.5%	-19.8%	6.9%
Operating income	41.9%	69.3%	5.5%	10.1%	-32.7%	-4.0%
Adjusted EBITDA	58.3%	26.8%	10.3%	11.4%	8.5%	6.6%
Net income/ loss	67.3%	57.7%	-1.5%	26.9%	-38.2%	-3.9%
<b>Funds from Operations (FFO)</b>						
<b>Operating profit</b>	<b>486</b>	<b>823</b>	<b>868</b>	<b>957</b>	<b>644</b>	<b>618</b>
Depreciation and amortisation	2	2	2	2	2	2
<b>EBITDA</b>	<b>488</b>	<b>825</b>	<b>871</b>	<b>959</b>	<b>646</b>	<b>620</b>
Capital gains, property revaluations and other	-311	-598	-616	-481	-337	-300
Result from disposal of trading properties	0	-2	0	-194	0	0
Others	1	0	-6	-8	-9	0
<b>Adjusted EBITDA</b>	<b>177</b>	<b>225</b>	<b>248</b>	<b>276</b>	<b>300</b>	<b>320</b>
Financial expense	-26	-36	-40	-48	-50	-49
Tax	-23	-27	-28	-31	-34	-36
Minorities	-1	-1	-2	-2	-2	-2
<b>FFO I</b>	<b>128</b>	<b>160</b>	<b>178</b>	<b>196</b>	<b>214</b>	<b>232</b>
CapEx	-34	-56	-67	-84	-93	-99
<b>AFFO</b>	<b>94</b>	<b>104</b>	<b>111</b>	<b>111</b>	<b>121</b>	<b>133</b>



## BALANCE SHEET

All figures in EURm	2015	2016	2017	2018E	2019E	2020E
<b>Assets</b>						
<b>Current assets, total</b>	<b>627</b>	<b>1,028</b>	<b>796</b>	<b>1,660</b>	<b>1,391</b>	<b>1,196</b>
Cash and cash equivalents	236	449	312	874	568	342
Traded securities at fair value though P&L	153	181	89	89	89	89
Trade and other receivables	226	220	260	399	435	465
Inventories - Trading property	12	27	12	14	15	16
Assets held for sale	0	150	123	284	284	284
<b>Non-current assets, total</b>	<b>4,062</b>	<b>5,126</b>	<b>6,712</b>	<b>7,567</b>	<b>8,220</b>	<b>8,844</b>
Equipment and intangible assets	9	16	20	22	24	26
Investment property	3,846	4,823	6,414	7,182	7,718	8,200
Equity accounted investees	0	118	37	45	54	54
Other LT assets	195	155	214	289	390	526
Deferred tax assets	11	15	28	31	34	37
<b>Total assets</b>	<b>4,689</b>	<b>6,154</b>	<b>7,508</b>	<b>9,227</b>	<b>9,611</b>	<b>10,040</b>
<b>Shareholders' equity &amp; debt</b>						
<b>Current liabilities, total</b>	<b>277</b>	<b>338</b>	<b>371</b>	<b>370</b>	<b>398</b>	<b>421</b>
Short-term debt	55	29	62	62	62	62
Trade and other payables	190	252	267	263	289	309
Other current liabilities	32	58	42	44	47	50
<b>Long-term liabilities, total</b>	<b>2,239</b>	<b>2,750</b>	<b>3,288</b>	<b>3,994</b>	<b>3,974</b>	<b>4,046</b>
Long-term debt	792	897	919	890	790	790
Convertible and straight bonds	1,168	1,478	1,810	2,456	2,476	2,496
Deferred taxes	239	326	500	586	643	691
Other LT liabilities	40	50	59	62	65	68
Minority interests	142	197	364	443	493	542
<b>Shareholders' equity</b>	<b>2,030</b>	<b>2,868</b>	<b>3,485</b>	<b>4,421</b>	<b>4,745</b>	<b>5,032</b>
<b>Total consolidated equity and debt</b>	<b>4,689</b>	<b>6,154</b>	<b>7,508</b>	<b>9,227</b>	<b>9,611</b>	<b>10,040</b>
<b>Ratios</b>						
Current ratio (x)	2.26	3.04	2.15	4.49	3.49	2.84
Equity ratio	46.3%	49.8%	51.3%	52.7%	54.5%	55.5%
EPRA NAV <sup>1</sup> (€m)	2,402	3,208	3,993	5,013	5,395	5,729
Net debt (€m)	1,626	1,783	2,393	2,444	2,671	2,918
Financial leverage	80.1%	62.2%	68.7%	55.3%	56.3%	58.0%
Loan-to-value (LTV)	41.9%	34.9%	36.4%	32.5%	33.2%	34.2%
Return on equity (ROE)	18.1%	21.3%	16.6%	16.2%	9.6%	8.7%

<sup>1</sup> including perpetual notes





## CASH FLOW STATEMENT

All figures in EURm	2015	2016	2017	2018E	2019E	2020E
<b>Net income</b>	<b>394</b>	<b>653</b>	<b>639</b>	<b>786</b>	<b>502</b>	<b>484</b>
Depreciation and amortisation	2	2	2	2	2	2
Profit from equity accounted investees	0	-1	-6	-8	-9	0
Change in fair value of investment properties	-311	-598	-616	-481	-337	-300
Net finance expenses	26	47	83	53	50	49
Tax result	66	122	146	118	91	84
Others	1	1	1	0	0	0
<b>Operating cash flow</b>	<b>177</b>	<b>227</b>	<b>248</b>	<b>470</b>	<b>300</b>	<b>320</b>
Inventories - trading properties	-1	2	-6	-163	-1	-1
Trade & other receivables	-25	-6	-39	-145	-36	-30
Trade & other payables	20	3	19	-3	26	20
Provisions for other liabilities	5	-6	3	2	2	2
Tax paid	-19	-19	-23	-31	-34	-36
<b>Net cash flow from operating activities</b>	<b>157</b>	<b>201</b>	<b>202</b>	<b>131</b>	<b>256</b>	<b>275</b>
Investment in fixed/intangible assets	-4	-3	-6	-4	-5	-4
Investments & acquisitions of investment property	-406	-476	-374	-281	-200	-182
Acquisition of subsidiaries	-446	-111	-324	0	0	0
Proceeds from investments in financial assets	-359	33	95	-75	-101	-136
<b>Cash flow from investing</b>	<b>-1,215</b>	<b>-557</b>	<b>-608</b>	<b>-360</b>	<b>-306</b>	<b>-322</b>
Debt financing, net	440	487	597	617	-80	20
Equity financing, net	640	171	176	343	0	0
Other financing activities	-24	-44	-457	-121	-127	-149
Net paid financing expenses	-33	-46	-47	-48	-50	-49
<b>Cash flow from financing</b>	<b>1,023</b>	<b>569</b>	<b>269</b>	<b>792</b>	<b>-257</b>	<b>-179</b>
<b>Net cash flows</b>	<b>-34</b>	<b>213</b>	<b>-137</b>	<b>562</b>	<b>-306</b>	<b>-226</b>
Cash, start of the year	270	236	449	312	874	568
<b>Cash, end of the year</b>	<b>236</b>	<b>449</b>	<b>312</b>	<b>874</b>	<b>568</b>	<b>342</b>
<b>Adjusted EBITDA / share (€)</b>	<b>1.27</b>	<b>1.46</b>	<b>1.50</b>	<b>1.68</b>	<b>1.76</b>	<b>1.82</b>
<b>FFO I</b>	<b>128</b>	<b>160</b>	<b>178</b>	<b>196</b>	<b>214</b>	<b>232</b>
<b>FFOPS I (€)</b>	<b>1.01</b>	<b>1.05</b>	<b>1.12</b>	<b>1.19</b>	<b>1.27</b>	<b>1.34</b>
<b>Y-Y Growth</b>						
Operating cash flow	38.3%	27.8%	0.5%	-35.4%	96.0%	7.2%
Adjusted EBITDA / share	34.5%	15.0%	3.0%	11.4%	4.8%	3.4%
FFO I	68.2%	25.1%	11.2%	9.9%	9.2%	8.5%
FFOPS I	52.8%	3.9%	6.5%	6.4%	7.3%	5.0%

**FIRST BERLIN 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...25	↓	↓	↓	↓
26	21 March 2018	€19.15	Buy	€27.00
27	22 May 2018	€22.74	Buy	€27.00
28	20 August 2018	€23.08	Buy	€27.00
29	Today	€20.66	Buy	€27.00

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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.

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