

# GRAND CITY Properties S.A.

Luxembourg / Real Estate  
 Frankfurt  
 Bloomberg: GYC GR  
 ISIN: LU0775917882

9M / 17  
 Reporting

**RATING**  
**BUY**

**PRICE TARGET**  
**€ 26.00**

Return Potential 38.7%  
 Risk Rating Medium

## STEADY GROWTH CONTINUES IN THIRD QUARTER

Third quarter reporting again demonstrated GCP's ability to grow earnings and add value with a combination of opportunistic acquisitions and organic growth. Rental income and FFO I improved Y/Y while revaluations remained strong (Q3: €213m) and continued to drive NAV growth. In our view, the company is well positioned to continue this performance, thanks to a portfolio that harbours operational upside and a network that will continue to provide select acquisition opportunities. The September inclusion of GCP shares in the MDAX index was also a key milestone for the company. Our rating remains Buy with a €26 price target.

**Portfolio harbours 30% rental income upside potential** Rental and operating income climbed 8% Y/Y in Q3 and 12% Y/Y on a nine month basis (table 1 overleaf). The strong 9M operating performance was driven by 2.3% like-for-like (LFL) in-place rent growth, while LFL occupancy and LFL total net rent growth improved 1.5% and 2.3% respectively. Investment properties topped €5.8bn vs €4.8bn at the end of 2016 and continue to be embedded with ample operational upside. Some 85% of the portfolio's in-place rent is still priced below corresponding in-place rent market levels. According to the company, Berlin, Hamburg, Bremen and the NRW region harbour the strongest LFL rent upside. The annualised rental income market potential now stands at €440m equal to 30% upside on the September run rate (€338m).

**Share price well below NAV** Operations continue to deliver strong earnings and NAV growth (9M/17: +9.1% FFOPS I; +9.2% NAVPS). We believe the portfolio will continue to drive FFO I and revaluation growth and target FFOPS I of €1.09 (+4.3%) and NAVPS of €23.60 (+14.0%) in 2017. Despite strong 9M/17 operating performance, the stock currently trades some 20% below projected 2017E NAV. This is also well below the peer mean, although GCP's FFO I and dividend yields top peers. In our view, the discount to NAV and peers is unwarranted considering GCP's steady operational performance and the portfolio's upside potential. (p.t.o.)

### FINANCIAL HISTORY & PROJECTIONS

	2014	2015	2016	2017E	2018E	2019E
Rental income (€m)	216.84	333.50	442.67 <sup>1</sup>	483.07	526.29	564.09
Y/Y growth	117.7%	53.8%	32.7%	9.1%	8.9%	7.2%
Adj. EBITDA (€m)	112.01	177.27	224.73	246.12	267.88	286.33
Net income	243.8	393.6	653.1	551.3	429.0	461.8
EPS (diluted) (€)	1.52	2.35	3.25	2.61	2.03	2.19
EPRA NAV (€m)	1348.65	2402.09	3208.45	3878.62	4274.88	4708.74
DPS (€)	0.20	0.25	0.68	0.69	0.75	0.85
FFO I (€m)	76.11	128.04	160.12	175.20	192.56	207.91
FFOPS I	0.66	1.01	1.05	1.10	1.16	1.23
Liquid assets (€ m)	272.30	388.93	630.27	461.65	471.53	497.48

<sup>1</sup> includes €7m from trading property disposal

### 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 17 Nov 2017

Closing Price	€ 18.74
Shares outstanding	164.79m
Market Capitalisation	€ 3088.66m
52-week Range	€ 14.95 / 19.15
Avg. Volume (12 Months)	260,670

Multiples	2016	2017E	2018E
P/FFO I	17.9	17.0	16.1
P/EPRA NAV	0.9	0.8	0.7
FFO I/Yield	5.6%	5.9%	6.2%
Div. Yield	3.6%	3.7%	4.0%

### STOCK OVERVIEW



### COMPANY DATA

As of 30 Sep 2017

Liquid Assets	€ 535.98m
Current Assets	€ 1,027.07m
EPRA NAV <sup>1</sup>	€ 3,733.96m
Total Assets	€ 7,147.29m
Current Liabilities	€ 402.95m
Total Equity	€ 3581.32m

<sup>1</sup> including perpetual notes

### SHAREHOLDERS

Edolaxia Ltd.	37.6%
Edge Point	5.1%
FMR LLC	4.3%
Merrill Lynch	2.4%
Free Float	50.7%



## STRONG QUARTERLY AND NINE MONTH RESULTS

Table 1: Results vs forecasts

in € '000	Q3/17	Q3/17E	delta	Q3/16	delta	9M/17	9M/16	delta
Rental income	127,049	126,033	0.8%	117,862	7.8%	367,172	326,666	12.4%
Net rent	82,220	81,291	1.1%	72,838	12.9%	241,526	210,325	14.8%
Adjusted EBITDA	62,590	62,043	0.9%	57,944	8.0%	183,495	165,212	11.1%
margin	49.3%	49.2%	-	49.2%	-	50.0%	50.6%	-
FFO I	45,203	44,841	0.8%	40,871	10.6%	130,389	117,007	11.4%
FFOPS I <sup>1</sup> (€)	0.36	0.36	0.8%	0.33	9.1%	0.83	0.77	7.8%

<sup>1</sup> after perpetual note attribution

Source: First Berlin Equity Research; Company

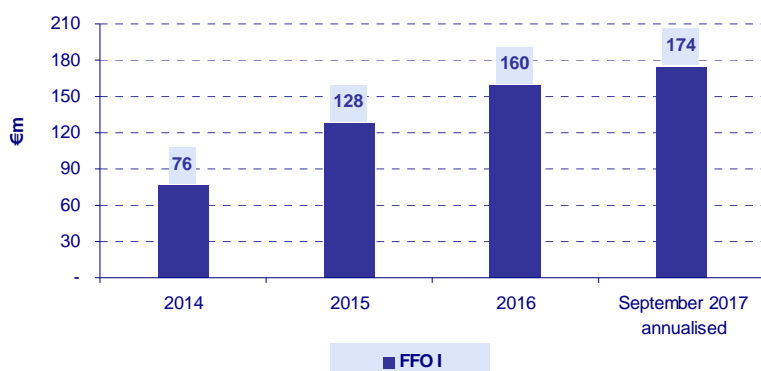
GCP reported rental and operating income (RI) of €127m for the three month period, which was in-line with our estimate (FBe: €126m). The figure grew 7.8% Y/Y and 4.6% Q/Q. The increase can be traced to the larger portfolio and operational improvements in its existing properties through rent and occupancy increases. On a nine month basis, RI climbed some 12.4% Y/Y to €367m, whereas net rent reached €242m versus €210m in the prior year period. The portfolio contains 86k units as of August compared to 83k at the end of 2016. As of September 2017, the monthly annualised run rate for net rent edged higher to €338m extending the positive trend.

Adjusted EBITDA, which reflects the recurring operational profit excluding capital gains and revaluation effects, rose 8.0% in Q3/17 to €63m (Q3/16: €58m; FBe: €62m). The increase is traced to external growth realised through selective acquisitions and the improving occupancy rates and rent levels. The capital gains, property revaluations and other income line item totalled €213m in the third quarter (Q3/16: €85m) and €381m at the nine month mark (9M/16: €464m). The strong development relates to GCP's strategy of acquiring properties with strong value upside and ability to reposition the assets to unlock this potential. Net income (NI) grew by 14% for the period to €179m (Q3/16: €103m) fuelled by top line growth, revaluation uplift, and economies of scale. On a nine month basis, NI totalled €404m.

FFO I, which corresponds to bottom line profits, increased some 11% during Q3 to €45m compared to €41m in the prior year period, thanks to the strong adjusted EBITDA growth and excellent financing conditions owing to the low cost of debt. On a nine month basis, FFO I increased 11% Y/Y to €130m equal to €0.83 FFOPS I. This resulted in an annualised FFO I yield of 6.0%. On an annualised basis FFOPS I now equals €1.11 giving us a high degree of confidence in our €1.09 target. GCP's maintenance and value-add CapEx amounted to €79m for the nine month time frame. Adjusted for CapEx spend, 9M adjusted FFO (AFFO) totalled €75m.



Figure 1: FFO I development



Source: First Berlin Equity Research; Company

**EPRA NAV remained ascendant, +21% YTD at the nine month mark.** As of September, EPRA NAV totalled €3.1bn (€18.6 /share, 13% YTD) compared to €2.5bn year end 2016 (€16.4 /share). Including the perpetual notes, which are classified as equity under IFRS, the KPI stood at €3.7bn or €22.6 / share (+9% YTD).

Table 2: Financial highlights

in €'000	9M/17	2016	Delta
Cash & liquid assets	536,383	631,904	-15.1%
Investment property <sup>1</sup>	5,814,443	4,795,757	21.2%
Total equity	3,581,320	3,065,064	16.8%
EPRA NAV incl. hybrid notes	3,733,961	3,208,453	16.4%
EPRA NAV	3,068,090	2,541,060	20.7%
Interest bearing debt	1,008,542	937,410	7.6%
Straight bonds	1,318,303	1,050,078	25.5%
Convertible bond (series F)	431,021	427,909	0.7%
Loan-to-Value (LTV)	37%	35%	-
Equity ratio	50%	50%	-

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

Source: First Berlin Equity Research; Company

**Balance sheet metrics stable over three month period** GCP reported cash and liquid assets of €536m for the period ended 30 September compared to €632m at the end of 2016, while net debt stood at €2.2bn vs €1.8bn at the end of 2016. The debt structure featured an LTV of 37%, which is up slightly compared to end 2016 (35%), resulting from the small net increase in straight bonds (see below). This remains well below the 45% internal limit set by the Management Board. Coverage ratios remained solid with a debt service coverage ratio (DSCR) and an interest coverage ratio (ICR) of 4.8x and 6.1x respectively at the end of Q3. In our view, the ample cash position and attractive debt structure, which features a 1.5% cost of debt and 7.5 year maturity, positions the company well for opportunistic growth.

**Table 3: Cash flow KPIs**

in EUR '000	9M/17	9M/16	Delta
Operating cash flow	151,247	151,055	0.1%
Cash flow from investment activities	-382,127	-517,936	-26.2%
Cash flow from financing activities	240,105	629,562	-61.9%
Net cash flow	9,225	262,681	-

Source: First Berlin Equity Research; Company

Net operating cash flow was flat Y/Y at €151m for the nine month period. This was due to advance payments made to suppliers and tax authorities and investments in trade properties, which offset the double digit increase in recurring cash flows from letting activities. Cash flow from investing was lower as the company continues to grow opportunistically, while sticking to strict investment discipline and avoiding deals with insufficient value-add potential. The variation in cash flow from financing reflects the capital market activities that included the Q1 issuance of Series F convertible bonds for €450m and the €198m cap hike in Q3. This was largely offset by the buyback of the Series D straight bond and the larger dividend payout to shareholders. In October, the company issued Series H straight bonds for €110m under the EMTN (Euro Medium Term Note) program with a 2.00% coupon.

**Adjustments to forecasts** We leave our top line rental income forecasts unchanged. However, we have tweaked our operating expenses, as well as our financial and tax expense assumptions to reflect the updated debt load and current tax structure. This results in minor fluctuations in our adjusted EBITDA and FFO I targets.

**Table 4: Changes to our forecasts**

in €'000	2017E			2018E		
	Old	New	% change	Old	New	% change
Rental income	483,073	483,073	0.0%	526,288	526,288	0.0%
Adjusted EBITDA	249,749	246,118	-1.5%	271,403	267,881	-1.3%
margin	51.7%	50.9%	-	51.6%	50.9%	-
FFO I	175,022	175,201	0.1%	195,199	192,562	-1.4%

Source: First Berlin Equity Research



## EPRA NAV VALUATION

Our discounted EPRA NAV valuation model yields a price target of €26.00. This corresponds to a total return of 42.4% including the dividend yield. The Grand City share remains quite attractive compared to its rivals in the German residential property market (table 5 overleaf). The sector currently trades at a 4.4% FFO yield, and a 2.4% dividend yield on 2017 street consensus forecasts. On our figures, Grand City's FFO yield for 2017 and 2018 is well above the mean values of its peers. The company also trades at a much higher dividend yield than the peer average, and only TAG Immobilien AG offers a higher dividend yield than GCP.

All figures in EUR '000	2017E	2018E	2019E
Shareholders' equity (incl. perpetual notes)	3,471,521	3,825,065	4,213,055
Derivative financial instruments	11,536	11,536	11,536
Deferred tax liabilities	395,560	438,284	484,148
EPRA NAV	3,878,617	4,274,885	4,708,739
<b>EPRA NAV per share (€)</b>	<b>23.5</b>	<b>25.7</b>	<b>27.5</b>
FFO I	175,201	192,562	207,910
Revaluation results	439,532	269,894	289,725
New Equity	198,000	-	-
<b>Total return</b>	<b>812,733</b>	<b>462,456</b>	<b>497,635</b>

EPRA NAV	3,878,617	4,274,885	4,708,739
Return on NAV	25%	12%	12%
Cost of equity	5.0%	5.0%	5.0%
<b>Spread (percentage points)</b>	<b>20.4%</b>	<b>7.0%</b>	<b>6.7%</b>
Value creation	790,423	298,011	314,962
NPV	787,825	288,239	295,617
Dividends paid	112,468	113,881	125,165
Present value of dividends paid	112,098	110,146	117,478

Fair value calculation	
PV of total value created	1,371,682
NAV (FY16)	3,065,064
Equity value	4,436,746
PV of dividends	339,722
<b>Fair value</b>	<b>4,776,468</b>
Number of shares (fully diluted)	182,827
<b>Fair value per share (€)</b>	<b>26.00</b>

Valuation metrics	2017E	2018E	2019E
Price target (€)	26.00	26.00	26.00
Share price (€)	18.74	18.74	18.74
Return potential	38.7%	38.7%	38.7%
Dividend yield	3.7%	4.0%	4.5%
<b>Total return potential</b>	<b>42.4%</b>	<b>42.7%</b>	<b>43.3%</b>
NAV discount / premium (share price)	-20.4%	-27.0%	-31.9%
FFOPS I yield	5.9%	6.2%	6.6%



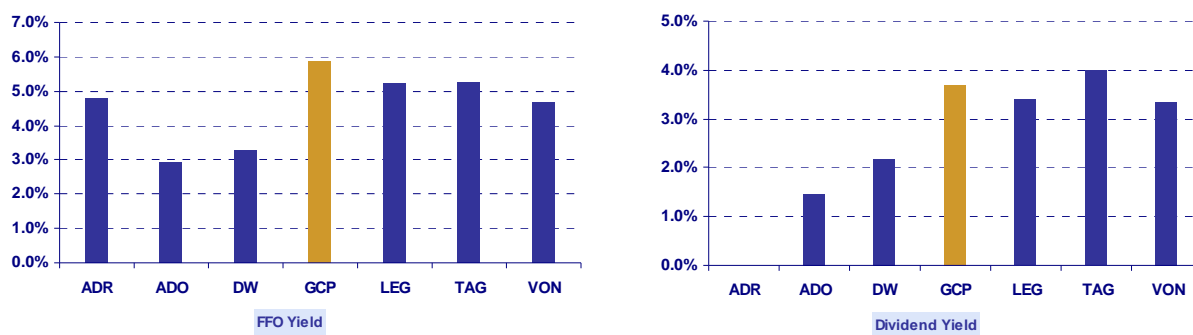
Table 5: German residential property peer group

	Market			EPRA NAV (€m)			FFOPS (€)			Dividend (€)		
	Price (€)	cap (€m)	SO (m)	2016	2017E	2018E	2016	2017E	2018E	2016	2017E	2018E
Adler Real Estate	12.77	786	58	1,069	1,214	1,396	0.47	0.61	0.78	0.00	0.00	0.02
ADO Properties	43.32	1,750	44	1,591	1,878	2,162	1.11	1.28	1.37	0.45	0.64	0.75
Deutsche Wohnen	37.01	12,355	355	10,017	12,363	13,640	1.14	1.22	1.29	0.74	0.80	0.86
Grandcity Properties	18.55	2,984	165	3,208	3,891	4,333	1.05	1.09	1.17	0.68	0.69	0.76
LEG Immobilien AG	90.27	5,218	63	4,641	4,931	5,528	4.26	4.70	5.10	2.76	3.06	3.35
TAG Immobilien AG	15.57	2,055	147	1,642	1,735	2,031	0.72	0.82	0.94	0.57	0.62	0.69
Vonovia SE	39.77	17,158	485	17,047	17,980	19,992	1.63	1.86	1.98	1.12	1.33	1.43

	NAVPS (€)			EPRA NAV Premium / Discount			FFO yield			Dividend yield		
	2016	2017E	2018E	2016	2017E	2018E	2016	2017E	2018E	2016	2017E	2018E
Adler	18.6	21.1	24.3	-31.3%	-39.5%	-47.4%	3.7%	4.8%	6.1%	0.0%	0.0%	0.2%
ADO Properties	36.1	42.6	49.0	20.1%	1.7%	-11.6%	2.6%	3.0%	3.2%	1.0%	1.5%	1.7%
Deutsche Wohnen	28.2	34.9	38.5	31.1%	6.2%	-3.8%	3.1%	3.3%	3.5%	2.0%	2.2%	2.3%
LEG Immobilien AG	67.8	78.0	87.5	33.1%	15.7%	3.2%	4.7%	5.2%	5.6%	3.1%	3.4%	3.7%
TAG Immobilien AG	11.2	11.8	13.9	38.9%	31.5%	12.3%	4.6%	5.3%	6.0%	3.7%	4.0%	4.4%
Vonovia SE	35.1	37.1	41.2	13.1%	7.3%	-3.5%	4.1%	4.7%	5.0%	2.8%	3.3%	3.6%
Mean	32.8	37.6	42.4	17.5%	3.8%	-8.5%	3.8%	4.4%	4.9%	2.1%	2.4%	2.7%
Grand City (excl hybrid)	16.4	19.6	22.0	13.1%	-5.2%	-15.8%	5.6%	5.9%	6.3%	3.7%	3.7%	4.1%
Grand City (incl hybrid)	20.7	23.6	26.0	-10.4%	-21.4%	-28.7%	5.6%	5.9%	6.3%	3.7%	3.7%	4.1%

Source: First Berlin Equity Research; Bloomberg

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



Source: First Berlin Equity Research; Bloomberg



## INCOME STATEMENT

All figures in EUR '000	2014A	2015A	2016A	2017E	2018E
<b>Net rent</b>	<b>142,028</b>	<b>218,441</b>	<b>285,363</b>	<b>311,582</b>	<b>339,456</b>
<b>Rental and operating income</b>	<b>216,837</b>	<b>333,497</b>	<b>435,668</b>	<b>483,073</b>	<b>526,288</b>
Revenue from sale of buildings	14,675	0	7,002	0	0
<b>Revenue</b>	<b>231,512</b>	<b>333,497</b>	<b>442,670</b>	<b>483,073</b>	<b>526,288</b>
Capital gains, property revaluations & other	230,969	311,131	598,280	439,532	269,894
Result from equity-accounted investees	94	0	541	6,134	9,522
Property expenses	-100,175	-151,552	-204,108	-227,527	-247,882
Cost of buildings sold	-14,425	0	-4,971	0	0
Administration expenses	-5,650	-7,153	-9,550	-11,111	-12,631
<b>Operating income (EBIT)</b>	<b>342,325</b>	<b>485,923</b>	<b>822,862</b>	<b>690,101</b>	<b>545,191</b>
Finance expenses	-22,040	-25,830	-36,319	-40,891	-39,422
Other financial results	-32,664	-73	-11,121	0	0
<b>Pre-tax income (EBT)</b>	<b>287,621</b>	<b>460,020</b>	<b>775,422</b>	<b>649,210</b>	<b>505,769</b>
Tax and deferred tax expenses	-43,787	-66,450	-122,317	-97,882	-76,745
Minority interests	-38,259	-35,120	-88,013	-55,133	-42,902
Hybrid note investors	0	-14,517	-22,604	-22,053	-17,161
<b>Net income</b>	<b>205,575</b>	<b>343,933</b>	<b>542,488</b>	<b>474,143</b>	<b>368,960</b>
Basic EPS (in €)	1.73	2.71	3.56	2.98	2.23
Diluted EPS (in €)	1.52	2.35	3.25	2.61	2.03
<b>Adjusted EBITDA</b>	<b>112,009</b>	<b>177,274</b>	<b>224,729</b>	<b>246,118</b>	<b>267,881</b>
<b>Ratios</b>					
Adjusted EBITDA margin on rental income	51.7%	53.2%	51.6%	50.9%	50.9%
Tax rate	12.4%	12.8%	11.9%	11.5%	12.7%
<b>Expenses as % of revenues</b>					
Property expenses	46.2%	45.4%	46.8%	47.1%	47.1%
Administration expenses	2.6%	2.1%	2.2%	2.3%	2.4%
<b>Y-Y Growth</b>					
Rental and operating income	117.6%	53.8%	30.6%	10.9%	8.9%
Total revenues	36.5%	44.1%	32.7%	9.1%	8.9%
Operating income	11.9%	41.9%	69.3%	-16.1%	-21.0%
Adjusted EBITDA	106.5%	58.3%	26.8%	9.5%	8.8%
Net income/ loss	-9.1%	67.3%	57.7%	-12.6%	-22.2%
<b>Funds from Operations (FFO)</b>					
<b>Operating profit</b>	<b>342,325</b>	<b>485,923</b>	<b>822,862</b>	<b>690,101</b>	<b>545,191</b>
Depreciation and amortisation	903	1,729	1,695	1,932	2,105
<b>EBITDA</b>	<b>343,228</b>	<b>487,652</b>	<b>824,557</b>	<b>692,033</b>	<b>547,296</b>
Capital gains, property revaluations and other	-230,969	-311,131	-598,280	-439,532	-269,894
Result from disposal of trading properties	-250	0	-2,031	-249	0
Others	0	753	483	-6,134	-9,522
<b>Adjusted EBITDA</b>	<b>112,009</b>	<b>177,274</b>	<b>224,729</b>	<b>246,118</b>	<b>267,881</b>
Financial expense	-22,040	-25,830	-36,319	-40,891	-39,422
Tax	-13,863	-22,776	-26,799	-28,304	-34,021
Minorities	0	-628	-1,491	-1,723	-1,875
<b>FFO I</b>	<b>76,106</b>	<b>128,040</b>	<b>160,120</b>	<b>175,201</b>	<b>192,562</b>
CapEx	-22,201	-33,804	-56,325	-69,418	-79,881
<b>AFFO</b>	<b>53,905</b>	<b>94,236</b>	<b>103,795</b>	<b>105,783</b>	<b>112,682</b>



## BALANCE SHEET

All figures in EUR '000	2014A	2015A	2016A	2017E	2018E
<b>Assets</b>					
<b>Current assets, total</b>	<b>401,815</b>	<b>627,204</b>	<b>1,027,702</b>	<b>889,306</b>	<b>923,981</b>
Cash and cash equivalents	270,131	236,001	448,873	280,250	290,131
Traded securities at fair value though P&L	2,165	152,924	181,397	181,397	181,397
Trade and other receivables	123,705	226,402	219,668	264,697	288,377
Inventories - Trading property	5,814	11,877	27,270	12,467	13,583
Assets held for sale	0	0	150,494	150,494	150,494
<b>Non-current assets, total</b>	<b>2,227,243</b>	<b>4,061,699</b>	<b>5,126,031</b>	<b>6,282,143</b>	<b>6,766,121</b>
Equipment and intangible assets	7,516	9,493	15,833	17,416	19,158
Investment property	2,179,982	3,845,979	4,768,487	5,911,241	6,378,085
Equity accounted investees	0	0	117,785	123,919	133,441
Other LT assets	28,552	195,390	209,397	213,585	217,857
Deferred tax assets	11,193	10,837	14,529	15,982	17,580
<b>Total assets</b>	<b>2,629,058</b>	<b>4,688,903</b>	<b>6,153,733</b>	<b>7,171,449</b>	<b>7,690,102</b>
<b>Shareholders' equity &amp; debt</b>					
<b>Current liabilities, total</b>	<b>153,266</b>	<b>277,317</b>	<b>338,325</b>	<b>354,659</b>	<b>385,418</b>
Short-term debt	5,792	54,676	29,236	19,338	21,898
Trade and other payables	128,837	190,358	251,503	274,279	298,816
Other current liabilities	18,637	32,283	57,586	61,041	64,704
<b>Long-term liabilities, total</b>	<b>1,434,142</b>	<b>2,239,291</b>	<b>2,750,344</b>	<b>3,093,470</b>	<b>3,184,918</b>
Long-term debt	537,217	792,224	896,577	966,899	1,094,917
Convertible and straight bonds	716,832	1,167,989	1,477,987	1,679,300	1,597,997
Deferred taxes	141,003	239,374	325,982	395,560	438,284
Other LT liabilities	39,090	39,704	49,798	51,711	53,720
Minority interests	90,736	142,260	196,666	251,799	294,701
<b>Shareholders' equity</b>	<b>950,914</b>	<b>2,030,035</b>	<b>2,868,398</b>	<b>3,471,521</b>	<b>3,825,065</b>
<b>Total consolidated equity and debt</b>	<b>2,629,058</b>	<b>4,688,903</b>	<b>6,153,733</b>	<b>7,171,449</b>	<b>7,690,102</b>
<b>Ratios</b>					
Current ratio (x)	2.62	2.26	3.04	2.51	2.40
Equity ratio	39.6%	46.3%	49.8%	51.9%	53.6%
EPRA NAV ('000)	1,348,650	2,402,087	3,208,453	3,878,617	4,274,885
Net debt ('000)	987,545	1,625,964	1,783,493	2,203,890	2,243,284
Financial leverage	103.9%	80.1%	62.2%	63.5%	58.6%
Loan-to-value (LTV)	45.3%	41.9%	34.9%	35.6%	33.7%
Return on equity (ROE)	23.4%	18.1%	21.3%	14.8%	10.4%





## CASH FLOW STATEMENT

All figures in EUR '000	2014A	2015A	2016A	2017E	2018E
<b>Net income</b>	<b>243,834</b>	<b>393,570</b>	<b>653,105</b>	<b>551,329</b>	<b>429,024</b>
Depreciation and amortisation	903	1,729	1,695	1,932	2,105
Profit from investments in equity accounted investees	-94	0	-541	-6,134	-9,522
Change in fair value of investment properties	-230,968	-311,131	-598,280	-439,532	-269,894
Net finance expenses	54,704	25,903	47,440	40,891	39,422
Tax result	43,787	66,450	122,317	97,882	76,745
Others	171	753	1,024	0	0
<b>Operating cash flow</b>	<b>112,337</b>	<b>177,274</b>	<b>226,760</b>	<b>246,367</b>	<b>267,881</b>
Inventories - trading properties	14,134	-943	2,421	14,803	-1,115
Trade & other receivables	-39,030	-24,825	-5,908	-45,029	-23,679
Trade & other payables	31,359	20,234	2,510	22,776	24,537
Provisions for other liabilities	5,875	4,506	-5,549	3,915	4,073
Tax paid	-10,791	-18,798	-18,941	-28,304	-34,021
<b>Net cash flow from operating activities</b>	<b>113,884</b>	<b>157,448</b>	<b>201,293</b>	<b>214,529</b>	<b>237,675</b>
Investment in fixed/intangible assets	-1,847	-3,680	-3,304	-3,516	-3,847
Investments and acquisitions of investment property	-349,944	-406,475	-476,195	-703,222	-196,950
Acquisition of subsidiaries	-38,561	-445,922	-110,640	0	0
Proceeds from investments in financial assets	62,449	-358,971	32,955	-4,188	-4,272
<b>Cash flow from investing</b>	<b>-327,903</b>	<b>-1,215,048</b>	<b>-557,184</b>	<b>-710,926</b>	<b>-205,068</b>
Debt financing, net	393,143	440,130	487,473	283,132	130,578
Equity financing, net	0	639,939	170,999	198,000	0
Other financing activities	-11,648	-23,735	-43,838	-112,468	-113,881
Net paid financing expenses	-29,887	-32,864	-45,871	-40,891	-39,422
<b>Cash flow from financing</b>	<b>351,608</b>	<b>1,023,470</b>	<b>568,763</b>	<b>327,774</b>	<b>-22,725</b>
<b>Net cash flows</b>	<b>137,589</b>	<b>-34,130</b>	<b>212,872</b>	<b>-168,623</b>	<b>9,881</b>
Cash, start of the year	132,542	270,131	236,001	448,873	280,250
<b>Cash, end of the year</b>	<b>270,131</b>	<b>236,001</b>	<b>448,873</b>	<b>280,250</b>	<b>290,131</b>
<b>Adjusted EBITDA/share (in €)</b>	<b>0.94</b>	<b>1.27</b>	<b>1.46</b>	<b>1.49</b>	<b>1.61</b>
<b>FFO I</b>	<b>76,106</b>	<b>128,040</b>	<b>160,120</b>	<b>175,201</b>	<b>192,562</b>
<b>FFO/share (in €)</b>	<b>0.66</b>	<b>1.01</b>	<b>1.05</b>	<b>1.10</b>	<b>1.16</b>
<b>Y-Y Growth</b>					
Operating cash flow	85.5%	38.3%	27.8%	6.6%	10.8%
Adjusted EBITDA/share	32.6%	34.5%	15.0%	2.2%	7.8%
FFO I	99.5%	68.2%	25.1%	9.4%	9.9%

## 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...20	↓	↓	↓	↓
21	22 June 2017	€18.16	Buy	€25.10
22	22 August 2017	€18.22	Buy	€26.00
23	7 September 2017	€18.27	Buy	€26.00
24	Today	€18.74	Buy	€26.00

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