

# Aroundtown SA

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

Update

## RATING

### PRICE TARGET

Return Potential  
 Risk Rating

## BUY

€ 4.00

45.3%  
 Medium

## EPRA 2024 CONFERENCE TAKEAWAYS

We attended the EPRA 2024 Conference in Berlin to take the pulse of the property sector, get a first-hand look at some of Aroundtown's local assets, and meet with company brass. Attendance was good, and the general mood was optimistic that the worst of the downcycle is over. A tour bus full of various real estate stakeholders had a chance to see a mixed sample of Aroundtown's commercial properties, showcasing their quality and locations, as well as the landlord's strategy for repositioning underperforming assets to harness embedded upside. The tour left a good impression and reinforced our view that AT will emerge a long-term winner as we progress through the cycle. We remain Buy-rated on AT with a €4.0 TP (old: €3.6) after factoring lower Bund yields into our model.

**Hilton hotel stars on the tour** The Berlin tour included a small sample of hotels, office buildings, and properties combining hotels with short-term residential units. Our first stop was the four-star Hilton hotel located at the Gendarmenmarkt—a bustling residential and commercial hub and historical landmark for tourists in the heart of Berlin. The hotel offers 601 rooms and suites as well as 1,900m<sup>2</sup> of event space, restaurants, bars, and parking facilities. AT bought the property in 2018 and has since added integrated short-term residential units to the property. These 22 apartments enjoy the same services as hotel guests and are in high demand from business travellers.

**Mood mixed on commercial real estate** Folks we spoke with at the conference were largely positive regarding the current rebound of the hospitality sector, which echoes data recently published by JLL (Jones Lang LaSalle). The real estate services outfit noted that 2023 RevPAR (revenue per available room) exceeded the 2019 comp by 12% on a global basis, thanks to upticks in both corporate and leisure travel. The mood was more . . . (p.t.o.)

## FINANCIAL HISTORY & PROJECTIONS

|                    | 2020     | 2021     | 2022     | 2023     | 2024E   | 2025E   |
|--------------------|----------|----------|----------|----------|---------|---------|
| Rental income (€m) | 1,003.0  | 1,085.7  | 1,222.1  | 1,192.8  | 1,153.3 | 1,206.0 |
| Y/Y growth         | 31.0%    | 8.2%     | 12.6%    | -2.4%    | -3.3%   | 4.6%    |
| Adj. EBITDA (€m)   | 944.1    | 974.9    | 1,002.3  | 1,002.9  | 996.1   | 1,046.1 |
| Net income (€m)    | 906.4    | 1,078.1  | -457.1   | -2,426.4 | -61.7   | 980.4   |
| EPRA NTA (€m)      | 11,186.9 | 11,564.0 | 10,135.2 | 8,058.7  | 7,690.4 | 8,127.4 |
| EPRA NTAPS (€)     | 9.5      | 10.2     | 9.3      | 7.4      | 7.0     | 7.4     |
| DPS (€)            | 0.22     | 0.23     | 0.00     | 0.00     | 0.21    | 0.19    |
| FFO 1 (€m)         | 357.8    | 353.2    | 362.7    | 330.6    | 305.5   | 279.4   |
| FFOPS 1 (€)        | 0.27     | 0.30     | 0.33     | 0.30     | 0.28    | 0.25    |
| Liquid assets (€m) | 3,260.7  | 3,240.3  | 2,709.4  | 3,026.0  | 3,884.3 | 1,418.9 |

## 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 23 Sep 2024

|                         |               |
|-------------------------|---------------|
| Closing Price           | € 2.75        |
| Shares outstanding      | 1537.02m      |
| Market Capitalisation   | € 4,229.88m   |
| 52-week Range           | € 1.62 / 2.78 |
| Avg. Volume (12 Months) | 3,992,812     |

| Multiples   | 2023  | 2024E | 2025E |
|-------------|-------|-------|-------|
| P/FFO 1     | 9.1   | 10.0  | 11.0  |
| P/NTA       | 3.0   | 4.0   | 5.0   |
| FFO 1 Yield | 11.0% | 10.0% | 9.1%  |
| Div. Yield  | 0.0%  | 7.5%  | 6.8%  |

## STOCK OVERVIEW



## COMPANY DATA

As of 30 Jun 2024

|                       |             |
|-----------------------|-------------|
| Liquid Assets         | € 2,749.0m  |
| Investment Properties | € 24,022.0m |
| Total Assets          | € 32,525.5m |
| Current Liabilities   | € 2,387.4m  |
| EPRA NTA              | € 7,663.0m  |
| Total Equity          | € 14,423.1m |

## SHAREHOLDERS

|                          |       |
|--------------------------|-------|
| Treasury shares*         | 29.0% |
| Avisco Group / Vergoport | 15.0% |
| Stumpf Capital           | 10.0% |
| Free Float               | 46.0% |

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



. . . sceptical regarding the future of the offices, which still make up 39% of AT's portfolio. But there are signs (overleaf) that the power pendulum is swinging back to employers, who want their rank-and-file back in the office.

**Hotel sector doing just fine** During the tour, Aroundtown spoke about the continuing rebound in the hotel sector, which has benefited from an event-filled summer that included the European Soccer Championship in Germany and the Olympics in Paris. More good news for hoteliers is that in-person conferences and events are also back in vogue. After years of Zoom meetings, it seems folks still prefer face-to-face interaction over virtual meetings.

The upshot is that hoteliers are bustling again and operating in the black, and that AT is collecting hotel rents on time. AT provisioned over €350m for unpaid rents during the pandemic years (2020 – 2023). What the current recovery does not mean is that the landlord can expect a windfall collection of unpaid rents. As management discussed on the tour, the company has long-standing relationships with many of its hotel tenants and will work closely with them to work down owed balances on a case-by-case basis. But Mr Massatschi, AT's chief of capital markets, said they do not want to put undue strain on their tenants, who still have not fully recovered from hefty losses incurred during covid.

**Don't bury the office yet** We also exchanged views about the office sector with a number of conference visitors. Most expressed uncertainty, some outright doom, about the future of the work-from-office model, as corporates continue to look for the right balance for their employees. Smart businesses are making the workplace much more appealing than pre-pandemic setups. "Flexibility" is the operative word for modern configurations, and many offices are even pet-friendly underscoring how far corporates are bending to accommodate workers.

Working from home is increasingly less tolerated evidenced by a wave of corporates recalling staff to the workplace. Top companies like Tesla and SpaceX have mandated 40 hours of office time weekly, while BlackRock and Disney also require their staff to spend a minimum of four days in the office. In Germany, media powerhouse, Axel Springer, also told its rank-and-file in June to get back to the office five days a week.

Amazon is the latest to kill remote working. Its boss, Andy Jassy, told employees earlier this month that the days of working from home are over and that the company would obligate workers to show up 5 days a week—up from 3 immediately after the pandemic—starting in January. The tech-giant's hard-core mandate to push employees back into the office five days a week is a signal that—in the tech sector at least—employers have regained some leverage over workers.

**Power dynamic has shifted** During the pandemic, employers were desperate to secure enough talent to navigate the recovery. Now a slackening labour market is allowing managers to find the right applicant, who is *also* willing to commute. This change is visible on LinkedIn, a social media platform for businesses and employment seekers, where only 10% of job postings last December were for fully remote positions vs 18% in 2022.

We think these trends will continue, but it may take years for empty office towers, particularly in America, to fill back up. And judging by the views exchanged at the EPRA event, it will take time for office sentiment to improve as well. Nevertheless, we think AT has a quality and well located office portfolio that should allow it to participate in the rebound.



## VALUATION MODEL

**We remain Buy-rated on Aroundtown** There are clear signposts pointing to a bottoming of the property cycle: (1) initial rate cuts in the EU and by the Fed; (2) decelerating negative property valuations; and (3) improving access to the capital markets. Occupier demand in the office segment may not quite be there yet, but this may be the next factor to turn the corner, if economic activity picks up. Employers clearly want their staff back on premise. We thus reckon it's merely a matter of time before new office lettings pick up. Our TP moves to €4.0 (old: €3.6) after lowering the risk-free rate in our WACC estimate to 2.35% (old: 2.45%) to track German 10 year bonds.

Figure 1: DCF model

| All figures in EURm                  | 2024E      | 2025E      | 2026E      | 2027E      | 2028E        | 2029E        | 2030E        | 2031E        |
|--------------------------------------|------------|------------|------------|------------|--------------|--------------|--------------|--------------|
| AEBITDA                              | 996        | 1,046      | 1,092      | 1,131      | 1,167        | 1,206        | 1,246        | 1,287        |
| (-) Tax                              | -120       | -126       | -131       | -136       | -140         | -145         | -149         | -154         |
| <b>(=) Net operating cash flow</b>   | <b>877</b> | <b>921</b> | <b>961</b> | <b>995</b> | <b>1,027</b> | <b>1,061</b> | <b>1,096</b> | <b>1,132</b> |
| (-) Total investments (CapEx and WC) | -25        | -598       | -530       | -412       | -428         | -446         | -450         | -469         |
| (-) Capital expenditures             | 99         | -575       | -509       | -394       | -411         | -429         | -432         | -450         |
| (-) Working capital                  | -124       | -23        | -21        | -18        | -17          | -18          | -18          | -19          |
| <b>(=) Free cash flows (FCF)</b>     | <b>852</b> | <b>322</b> | <b>430</b> | <b>583</b> | <b>599</b>   | <b>615</b>   | <b>646</b>   | <b>663</b>   |
| PV of FCF's                          | 841        | 303        | 386        | 498        | 488          | 477          | 477          | 467          |

  

| All figures in EUR '000            | WACC       | Terminal growth rate |      |      |      |      |      |      |      |
|------------------------------------|------------|----------------------|------|------|------|------|------|------|------|
|                                    |            | 1.7%                 | 1.8% | 1.9% | 2.0% | 2.1% | 2.2% | 2.3% |      |
| PV of FCFs in explicit period      | 4.838      | 4.4%                 | 6.5  | 7.1  | 7.8  | 8.6  | 9.5  | 10.4 | 11.4 |
| PV of FCFs in terminal period      | 15,401     | 4.6%                 | 5.0  | 5.6  | 6.2  | 6.8  | 7.5  | 8.3  | 9.1  |
| Enterprise value (EV)              | 20,239     | 4.8%                 | 3.7  | 4.2  | 4.7  | 5.3  | 5.9  | 6.5  | 7.2  |
| + Net cash / - net debt (2023)     | -15,923    | 5.0%                 | 2.6  | 3.0  | 3.5  | 4.0  | 4.5  | 5.0  | 5.6  |
| + Investments / minority interests | 0          | 5.2%                 | 1.6  | 2.0  | 2.4  | 2.8  | 3.2  | 3.7  | 4.2  |
| Shareholder value                  | 4,316      | 5.4%                 | 0.7  | 1.1  | 1.4  | 1.8  | 2.1  | 2.5  | 3.0  |
| <b>Fair value per share in EUR</b> | <b>4.0</b> | 5.6%                 | 0.0  | 0.2  | 0.5  | 0.9  | 1.2  | 1.5  | 1.9  |

  

|                         | WACC        | Terminal AEBITDA margin |       |       |       |       |       |       |     |
|-------------------------|-------------|-------------------------|-------|-------|-------|-------|-------|-------|-----|
|                         |             | 88.2%                   | 89.2% | 90.2% | 91.2% | 92.2% | 93.2% | 94.2% |     |
| Cost of equity          | 6.9%        | 4.4%                    | 7.4   | 7.8   | 8.2   | 8.6   | 9.0   | 9.4   | 9.8 |
| Pre-tax cost of debt    | 3.0%        | 4.6%                    | 5.7   | 6.1   | 6.5   | 6.8   | 7.2   | 7.5   | 7.9 |
| Tax rate                | 12.0%       | 4.8%                    | 4.3   | 4.6   | 4.9   | 5.3   | 5.6   | 5.9   | 6.3 |
| After-tax cost of debt  | 2.6%        | 5.0%                    | 3.0   | 3.3   | 3.6   | 4.0   | 4.3   | 4.6   | 4.9 |
| Share of equity capital | 45.0%       | 5.2%                    | 1.9   | 2.2   | 2.5   | 2.8   | 3.1   | 3.3   | 3.6 |
| Share of debt capital   | 55.0%       | 5.4%                    | 1.0   | 1.2   | 1.5   | 1.8   | 2.0   | 2.3   | 2.5 |
| <b>WACC</b>             | <b>5.0%</b> | 5.6%                    | 0.1   | 0.4   | 0.6   | 0.9   | 1.1   | 1.3   | 1.6 |

\*Please note our model runs through 2033 and we have only shown the abbreviated version for formatting purposes; perpetual notes included in net debt for DCF purposes



## INCOME STATEMENT

| All figures in EURm                           | 2020         | 2021         | 2022         | 2023          | 2024E        | 2025E        |
|---|--------------|--------------|--------------|---------------|--------------|--------------|
| <b>Net rent</b>                               | <b>1,003</b> | <b>1,086</b> | <b>1,222</b> | <b>1,193</b>  | <b>1,153</b> | <b>1,206</b> |
| Operating and other income                    | 177          | 238          | 388          | 410           | 374          | 391          |
| <b>Rental and operating income (RI)</b>       | <b>1,180</b> | <b>1,323</b> | <b>1,610</b> | <b>1,603</b>  | <b>1,528</b> | <b>1,597</b> |
| Capital gains, property revaluations & other  | 769          | 810          | -497         | -3,218        | -673         | 489          |
| Result from equity-accounted investees        | 196          | 193          | 6            | -150          | -45          | 6            |
| Property OpEx                                 | -443         | -533         | -695         | -638          | -542         | -564         |
| Other income                                  | 0            | 0            | 0            | 0             | 0            | 0            |
| Administration & other OpEx                   | -51          | -57          | -63          | -65           | -61          | -63          |
| <b>Operating income (EBIT)</b>                | <b>1,652</b> | <b>1,737</b> | <b>361</b>   | <b>-2,468</b> | <b>206</b>   | <b>1,466</b> |
| Net financial result                          | -201         | -180         | -185         | -230          | -230         | -282         |
| Other financial expenses                      | -168         | -162         | -194         | -14           | -26          | 0            |
| Impairment of goodwill                        | 0            | 0            | -404         | -137          | 0            | 0            |
| <b>Pre-tax income (EBT)</b>                   | <b>1,283</b> | <b>1,394</b> | <b>-422</b>  | <b>-2,849</b> | <b>-50</b>   | <b>1,184</b> |
| Tax expense                                   | -89          | -100         | -117         | -120          | -120         | -126         |
| Deferred tax                                  | -287         | -216         | 82           | 543           | 108          | -78          |
| <b>Tax result</b>                             | <b>-377</b>  | <b>-316</b>  | <b>-35</b>   | <b>423</b>    | <b>-12</b>   | <b>-204</b>  |
| <b>Comprehensive net income</b>               | <b>906</b>   | <b>1,078</b> | <b>-457</b>  | <b>-2,426</b> | <b>-62</b>   | <b>980</b>   |
| Minority interests                            | 165          | 330          | 70           | -592          | -60          | 156          |
| Perpetual notes                               | 90           | 106          | 118          | 153           | 201          | 215          |
| <b>Net income to owners</b>                   | <b>652</b>   | <b>642</b>   | <b>-645</b>  | <b>-1,988</b> | <b>-203</b>  | <b>609</b>   |
| Basic EPS (€)                                 | 0.50         | 0.55         | -0.58        | -1.82         | -0.18        | 0.54         |
| <b>AEBITDA</b>                                | <b>944</b>   | <b>975</b>   | <b>1,002</b> | <b>1,003</b>  | <b>996</b>   | <b>1,046</b> |
| <b>Ratios</b>                                 |              |              |              |               |              |              |
| AEBITDA before JV contributions (NRI)         | 77.5%        | 80.2%        | 77.2%        | 79.3%         | 81.2%        | 81.5%        |
| FFO 1 margin ( NRI)                           | 35.7%        | 32.5%        | 29.7%        | 27.7%         | 26.5%        | 23.2%        |
| <b>Expenses as % of revenues</b>              |              |              |              |               |              |              |
| Property OpEx                                 | 37.5%        | 40.3%        | 43.2%        | 39.8%         | 35.5%        | 35.3%        |
| Administration & other OpEx                   | 4.3%         | 4.3%         | 3.9%         | 4.0%          | 4.0%         | 3.9%         |
| <b>Y/Y Growth</b>                             |              |              |              |               |              |              |
| Net rent                                      | 31.0%        | 8.2%         | 12.6%        | -2.4%         | -3.3%        | 4.6%         |
| Operating income                              | -23.4%       | 5.1%         | -79.2%       | n.m.          | n.m.         | 610.6%       |
| Adjusted EBITDA                               | 22.2%        | 3.3%         | 2.8%         | 0.1%          | -0.7%        | 5.0%         |
| Net income/ loss                              | -50.2%       | -1.5%        | n.m.         | n.m.          | n.m.         | n.m.         |
| <b>Funds from Operations (FFO)</b>            |              |              |              |               |              |              |
| <b>AEBITDA before JV contribution</b>         | <b>777</b>   | <b>871</b>   | <b>944</b>   | <b>946</b>    | <b>936</b>   | <b>983</b>   |
| Finance expense                               | -201         | -180         | -185         | -230          | -230         | -282         |
| Tax expense                                   | -89          | -100         | -117         | -120          | -120         | -126         |
| Minority adjustment                           | -36          | -82          | -136         | -126          | -129         | -131         |
| Other adjustments                             | 9            | 7            | 5            | 5             | 5            | 5            |
| Perpetual attribution                         | -90          | -106         | -118         | -153          | -201         | -215         |
| <b>FFO 1 before JV contribution</b>           | <b>371</b>   | <b>409</b>   | <b>392</b>   | <b>320</b>    | <b>261</b>   | <b>234</b>   |
| JV FFO 1 contributions                        | 107          | 69           | 46           | 43            | 44           | 45           |
| Extraordinary provision for uncollected rents | -120         | -125         | -75          | -33           | 0            | 0            |
| <b>FFO 1</b>                                  | <b>358</b>   | <b>353</b>   | <b>363</b>   | <b>331</b>    | <b>305</b>   | <b>279</b>   |
| FFOPS 1 (€)                                   | 0.27         | 0.30         | 0.33         | 0.30          | 0.28         | 0.25         |



## BALANCE SHEET

| All figures in EURm                       | 2020          | 2021          | 2022          | 2023          | 2024E         | 2025E         |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Assets</b>                             |               |               |               |               |               |               |
| <b>Current assets, total</b>              | <b>4,781</b>  | <b>5,529</b>  | <b>4,856</b>  | <b>4,692</b>  | <b>5,523</b>  | <b>3,010</b>  |
| Cash and cash equivalents                 | 2,692         | 2,873         | 2,305         | 2,641         | 3,534         | 1,066         |
| Short-term investments                    | 454           | 376           | 313           | 506           | 508           | 511           |
| Receivables                               | 617           | 1,219         | 1,168         | 1,008         | 1,088         | 1,138         |
| Other current assets                      | 141           | 28            | 138           | 127           | 93            | 96            |
| Assets held for sale                      | 877           | 1,033         | 931           | 410           | 300           | 200           |
| <b>Non-current assets, total</b>          | <b>26,241</b> | <b>33,854</b> | <b>32,492</b> | <b>28,868</b> | <b>28,178</b> | <b>29,282</b> |
| Property, plant & equipment               | 877           | 1,849         | 1,508         | 1,379         | 1,383         | 1,387         |
| Investment properties                     | 21,172        | 29,116        | 27,981        | 24,632        | 23,969        | 25,133        |
| Equity accounted investees                | 3,177         | 1,223         | 1,292         | 1,087         | 1,042         | 965           |
| Other LT assets                           | 1,014         | 1,667         | 1,711         | 1,769         | 1,784         | 1,796         |
| <b>Total assets</b>                       | <b>31,022</b> | <b>39,383</b> | <b>37,347</b> | <b>33,559</b> | <b>33,701</b> | <b>32,292</b> |
| <b>Shareholders' equity &amp; debt</b>    |               |               |               |               |               |               |
| <b>Current liabilities, total</b>         | <b>1,074</b>  | <b>1,607</b>  | <b>1,289</b>  | <b>1,539</b>  | <b>6,226</b>  | <b>4,984</b>  |
| Short-term debt                           | 181           | 544           | 123           | 420           | 5,132         | 3,844         |
| Accounts payable                          | 435           | 621           | 666           | 672           | 628           | 655           |
| Provisions & other current liabilities    | 458           | 442           | 500           | 448           | 466           | 485           |
| <b>Long-term liabilities, total</b>       | <b>14,364</b> | <b>18,620</b> | <b>18,235</b> | <b>16,870</b> | <b>12,577</b> | <b>11,857</b> |
| Long-term debt                            | 11,680        | 15,026        | 14,573        | 13,822        | 9,608         | 8,781         |
| Deferred tax liabilities                  | 2,026         | 2,766         | 2,662         | 2,107         | 1,999         | 2,077         |
| Other LT liabilities                      | 659           | 828           | 999           | 942           | 970           | 999           |
| Minority interests                        | 2,025         | 3,875         | 3,490         | 2,750         | 2,689         | 2,846         |
| <b>Shareholders' equity</b>               | <b>13,558</b> | <b>15,281</b> | <b>14,333</b> | <b>12,400</b> | <b>12,209</b> | <b>12,606</b> |
| <b>Total consolidated equity and debt</b> | <b>31,022</b> | <b>39,383</b> | <b>37,347</b> | <b>33,559</b> | <b>33,701</b> | <b>32,292</b> |
| <b>Ratios</b>                             |               |               |               |               |               |               |
| ICR (x)                                   | 4.3           | 4.9           | 4.9           | 4.0           | 3.2           | 3.0           |
| Net debt / adj. EBITDA (x)                | 11.1          | 14.2          | 12.8          | 11.9          | 11.6          | 11.4          |
| Equity ratio                              | 50.2%         | 48.6%         | 47.7%         | 45.1%         | 44.2%         | 47.8%         |
| Financial leverage                        | 63.4%         | 80.8%         | 84.3%         | 90.5%         | 88.9%         | 88.9%         |
| EPRA NTA                                  | 11,187        | 11,564        | 10,135        | 8,059         | 7,690         | 8,127         |
| EPRA NTAPS (€)                            | 9.5           | 10.2          | 9.3           | 7.4           | 7.0           | 7.4           |
| Net debt                                  | 8,598         | 12,344        | 12,087        | 11,216        | 10,856        | 11,207        |
| Return on equity (ROE)                    | 6.7%          | 7.1%          | -3.2%         | -19.6%        | -0.5%         | 7.8%          |
| Loan-to-value (LTV)                       | 34%           | 39%           | 40%           | 43%           | 43%           | 43%           |



## CASH FLOW STATEMENT

| All figures in EURm                                 | 2020          | 2021          | 2022          | 2023          | 2024E        | 2025E         |
|---|---------------|---------------|---------------|---------------|--------------|---------------|
| <b>Net income</b>                                   | <b>906</b>    | <b>1,078</b>  | <b>-457</b>   | <b>-2,426</b> | <b>-62</b>   | <b>980</b>    |
| Depreciation & amortisation                         | 4             | 16            | 21            | 18            | 17           | 18            |
| Capital gains, property revaluations & other        | -769          | -810          | 497           | 3,218         | 673          | -489          |
| Profit share from equity accounted investees        | -196          | -193          | -6            | 150           | 45           | -6            |
| Goodwill impairment                                 | 0             | 0             | 404           | 137           | 0            | 0             |
| Shared based payment in a subsidiary                | 3             | 6             | 5             | 5             | 0            | 0             |
| Net finance expenses                                | 369           | 343           | 379           | 245           | 256          | 282           |
| Tax result  | 377           | 316           | 35            | -423          | 12           | 204           |
| <b>Operating cash flow</b>                          | <b>694</b>    | <b>755</b>    | <b>879</b>    | <b>923</b>    | <b>941</b>   | <b>988</b>    |
| Changes in working capital                          | -36           | -57           | -27           | -54           | -126         | -33           |
| Provisions for other liabilities                    | -3            | -4            | -2            | -5            | 26           | 27            |
| Dividend received                                   | 43            | 24            | 35            | 19            | 0            | 83            |
| Tax paid  | -83           | -93           | -97           | -111          | -120         | -126          |
| <b>Net operating cash flow</b>                      | <b>616</b>    | <b>626</b>    | <b>788</b>    | <b>772</b>    | <b>722</b>   | <b>939</b>    |
| CapEx/ intangibles                                  | -36           | 23            | -26           | -16           | -21          | -22           |
| Disposal / investment in investment properties, net | 1,427         | 1,179         | 556           | 575           | 99           | -575          |
| Acquisition / disposals of subsidiaries             | 0             | 0             | 0             | 0             | 0            | 0             |
| Proceeds from investments in financial assets       | -377          | -124          | -121          | 50            | 13           | 14            |
| <b>Cash flow from investing</b>                     | <b>1,014</b>  | <b>1,078</b>  | <b>409</b>    | <b>608</b>    | <b>90</b>    | <b>-583</b>   |
| Debt financing, net                                 | -493          | -1,320        | -629          | -338          | 498          | -2,115        |
| Equity financing, net                               | 0             | 0             | 0             | 0             | 0            | 0             |
| Payments for own shares                             | -1,001        | -444          | -255          | 0             | 0            | 0             |
| Share buy-back in a subsidiary                      | 0             | -270          | 0             | 0             | 0            | 0             |
| Dividends paid                                      | -22           | -252          | -169          | 0             | 0            | -227          |
| Other financing activities                          | 94            | -120          | -506          | -499          | -188         | -201          |
| Net paid financing expenses                         | -212          | -201          | -204          | -214          | -230         | -282          |
| <b>Cash flow from financing</b>                     | <b>-1,634</b> | <b>-2,607</b> | <b>-1,764</b> | <b>-1,052</b> | <b>80</b>    | <b>-2,824</b> |
| <b>Net cash flows</b>                               | <b>-5</b>     | <b>-903</b>   | <b>-567</b>   | <b>329</b>    | <b>893</b>   | <b>-2,468</b> |
| Assets held for sale - cash                         | -3            | -2            | -6            | 9             | 0            | 0             |
| Fx effects  | -1            | 16            | 5             | -2            | 0            | 0             |
| Cash & equivalents from TLG                         | 509           | 1070          | 0             | 0             | 0            | 0             |
| <b>Cash, start of the year</b>                      | <b>2,192</b>  | <b>2,692</b>  | <b>2,873</b>  | <b>2,305</b>  | <b>2,641</b> | <b>3,534</b>  |
| <b>Cash, end of the year</b>                        | <b>2,692</b>  | <b>2,873</b>  | <b>2,305</b>  | <b>2,641</b>  | <b>3,534</b> | <b>1,066</b>  |
| FFO 1 before JV contribution                        | 371           | 409           | 392           | 320           | 261          | 234           |
| FFO 1   | 358           | 353           | 363           | 331           | 305          | 279           |
| FFOPS 1 (€)   | 0.27          | 0.30          | 0.33          | 0.30          | 0.28         | 0.25          |

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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.

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.

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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...55         | ↓                   | ↓                          | ↓              | ↓            |
| 56             | 5 April 2023        | €1.25                      | Buy            | €3.50        |
| 57             | 2 June 2023         | €0.96                      | Buy            | €3.50        |
| 58             | 4 September 2023    | €1.51                      | Buy            | €3.50        |
| 59             | 4 December 2023     | €2.24                      | Buy            | €3.30        |
| 60             | 4 April 2024        | €1.88                      | Buy            | €3.40        |
| 61             | 12 April 2024       | €1.79                      | Buy            | €3.40        |
| 62             | 30 May 2024         | €2.06                      | Buy            | €3.50        |
| 63             | 30 August 2024      | €2.24                      | Buy            | €3.60        |
| 64             | Today               | €2.75                      | Buy            | €4.00        |

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