

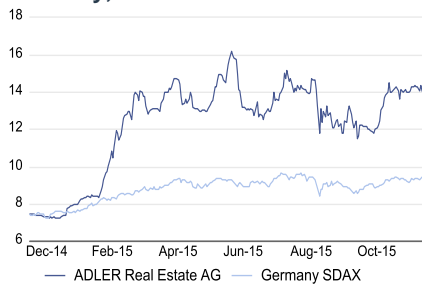
# ADLER Real Estate AG

**Buy (Buy) | 17.50 EUR (17.50 EUR)**

 Price (last closing price) : **13.98 EUR** | Upside : 25%

Est. change	<b>2015e</b>	<b>2016e</b>
FFO I p/s	-15%	-

## Solid Q3 results underline attractions of our Buy

**Tuesday, 01 December 2015**


<b>Capital</b>	
ADLGY   ADLG.DE	
Market Cap (EURm)	644
Enterprise value (EURm)	2,612
Extrema 12 months	7.17 - 16.24
Free Float (%)	49.8

<b>Performance (%)</b>	<b>1m</b>	<b>3m</b>	<b>12m</b>
Absolute	2.0	7.4	89.7
Perf. rel. "sector"	4.5	1.5	48.8
Perf. rel. CDAX	3.4	3.2	53.3

<b>P &amp; L</b>	<b>12/15e</b>	<b>12/16e</b>	<b>12/17e</b>
NOI (EURm)	108	132	157
EBIT (EURm)	195	199	208
Attr. net profit (EURm)	102	108	116
EPS (EUR)	2.21	2.35	2.51
FFO I p/s (EUR)	0.32	0.64	0.98
Dividend (EUR)	0.00	0.00	0.00
P/E (x)	6.3	6.0	5.6
P/NAV (x)	1.05	0.92	0.81
P/EPRA NAV (x)	0.90	0.80	0.72
P/FFO I (x)	44.3	22.0	14.3
FFO I yield (%)	2.3	4.6	7.0
Dividend yield (%)	0.0	0.0	0.0
Net LTV (%)	70.7	69.6	68.6
NAVPS (EUR)	13.31	15.22	17.25
EPRA NAVPS (EUR)	15.45	17.39	19.49
Prem/disc EPRA NAV	-0.10	-0.20	-0.28

**Next Events**

### Q3 2015: Top line above expectations; improved reporting

Recently, Adler Real Estate (ADL) reported Q3 2015 figures delivering solid results - broadly in line and improvements on several levels. As gross rental income came in well above its expectations, ADL increased its full year guidance to € 210m (prev. € 196m vs our new 2015e est. € 220m). Additional pluses were revealed in the quarterly reporting and also steadily decreasing leverage.

### ADL vs peers; large value accretion potential in existing portfolio

Q3 2015 EPRA NAV totalled € 14.26/share which is 1.5% above the current share price. ADL currently trades at a 10% discount to our YE 2015e EPRA NAV, while peers trade with an average premium of 23% to 2015e EPRA NAV. ADL's current valuation looks cheap vs. peers.

From a cash earnings perspective, ADL trades at 2015e 44x P/FFO I (peers at 22x) and looks expensive due to the currently low FFO I generation. As fair comparison we emphasize our P/FFO I valuation on 2017e, when the FFO generation should be rather comparable to its peers (2017e P/FFO I: ADL 14x vs peers 19x).

High growth in key valuation metrics, (FFO I and EPRA NAV) for 2015-17e, show ADL as an attractive investment case. For EPRA NAV we estimate growth of 49%, 13% and 12% in 2015-2017e vs our peer group's estimates of 13%, 7% and 6%, respectively (CAGR 2014-17e ADL compared to peer group of 23% vs 9%).

For the FFO I yoy growth, we forecast a significant pick up with 102% in 2016e and ~ 54% in 2017e vs the more moderate peer group average growth scenario of 9% and 7%, respectively (CAGR 2015-17e ADL compared to peer group of 76% vs 8%).

This is due to the considerable optimisation potential of ADL's portfolio and its internal structures, enhancing its FFO I generation. In comparison to ADL, the mature players; i) have already reached a high level of internal efficiency, and ii) manage or buy primarily quality portfolios (with low vacancy rates, well-capexed assets, located in prime locations) vs ADL's existing portfolio bears large self-help potential.

### Q3 confirms our Buy recommendation

Q3 2015 results confirm our Buy recommendation as ADL delivers improvements on several levels and an upbeat performance in rental income. From a valuation point of view, to catch up to peers such as LEG/DWNI/VNA (premium of >20%), ADL will need to improve FFO conversion and deleverage, as well as steadily improve portfolio quality (vacancy reduction, sell off non-core assets). In our view, the stock remains an attractive, under-owned residential growth play poised to re-rate to EPRA NAV premium. We stick to Buy, and our unchanged TP of € 17.50/share, equating to 10% discount to our target EPRA NAV for 2017e. On the downside, concerns remain relating to i) a slower deleverage due to simultaneous growth efforts and ii) persistently low FFO I generation going forward.

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## Q3 2015 highlights

Recently ADL reported Q3 2015 figures, which underline our Buy recommendation as the company delivers solid results on several levels. Highlights are the following:

- i. ADL reported solid numbers, majorly in line with our expectations and well on track to reach our YE 2015e estimates. Gross rental income came in better than expected at € 152.1m in 9M 2015. FFO I amounted to € 9.9m or € 0.21 per share. The figures are hardly comparable on a yoy basis as the Westgrund units were included in Q3 for the first time. Interest expenses are currently high at € -57.6m as of 9M 2015 due to high CoD. As of Q3 2015, WACD totalled 4.02%.
- ii. Gross rental income run rate stands at currently € 243m and FFO I run rate at € 17m.
- iii. Q3 was characterised by non-recurring one time effects of some € 6.4m which were included in other operating expenses that totalled € 18.3m (PY: € 7.6m). The costs are mainly attributable to acquisition, transaction, legal and consultancy costs.
- iv. Strong disposal activity. Accentro scored a disposal margin of approx. 12% on a volume of € 40m – gross proceeds of € 45m – significantly increasing FFO II to € 38m or € 0.83/share. The number of units sold totalled 1,836 (539 privatised units; 1,297 non-core units).
- v. Deleverage. LTV (ADL calculation) improved from 68.9% in Q2 2015 to 65.9% in Q3. Net LTV (industry calculation) amounted to 73.2% vs 78.8% in Q2 2015. However the Accentro assets (disposal assets) are held at cost in inventories while most industry peers only include investment properties to calculate the LTV.
- vi. Portfolio. The current rental portfolio includes some 48k units as well as almost 2k units which are proprietary units for privatisation. The vacancy rate increased from 11.5% in Q2 2015 to 11.9% in Q3 2015 attributable to the consolidation of a portfolio with higher vacancy post H1 2015 results.
- vii. ADL announced that there will be an earnings call from YE 2015e figures and following quarters.
- viii. Initially, conwert's (CWI) stake was incorporated in the balance sheet. As of 9M 2015, the mandatory convertible bond of € 175m is allocated under "Other current liabilities" due to the AGM's outstanding decision which took place after 30 Sept 2015. Now it is transferred to the equity and can be found under "Capital reserves". The value on the asset side amounts to ~€ 350m which is based on the value assessment of an external appraiser. However the mark-to-market value of the 25% stake in CWI comprises some € 290m, which is based on the current CWI share price.

## Estimate adjustments

Backed by the Q3 2015 results, ADL has adjusted its guidance upwardly for gross rental income by ~7% to € 210m (old: € 196m). Consequently, following the reported Q3 2015 gross rental income of € 71m, we revised our 2015e estimates up to € 220m (old: € 197m).

For YE 2015e, we estimate FFO I of € 14.5m which is in line with company guidance of around € 14m. However we differ slightly on a per share basis as we have applied the weighted average number of shares whilst ADL uses the total number of shares outstanding. Hence our new FFO I estimate for 2015e is € 0.32 (old: € 0.37), which is based on the total number of shares.

## Valuation

Q3 2015 EPRA NAV totalled € 14.26/share which is 1.5% above the current share price. ADL currently trades at a 10% discount to our YE 2015e EPRA NAV, while peers trade with an average premium of ~23% to 2015e EPRA NAV. Thus, ADL's current valuation looks cheap vs. peers.

From a cash earnings perspective, ADL trades at 2015e 44x P/FFO I (peers at 22x) and looks expensive due to the currently low FFO I generation. As a fair comparison, we emphasize our P/FFO I valuation on 2017e, when the FFO generation should be rather comparable to its peers (2017e P/FFO I: ADL 14x vs peers 19x).

Underpinned by the company's current stage of development - compared to the premium-traded peers like DWNI, LEG, VNA - we see a valuation range of -10% to 0% to EPRA NAV as justified for the time being. Core reasons to justify a lower valuation include: i) the smaller asset base, ii) high leverage and high CoD, iii) currently no dividend, iv) a vacancy rate above 10% and v) two major takeovers - with their integration efforts and costs.

**A comparison to the four largest players in the sector**, in terms of units (i.e. VNA, DWNI, LEG, TAG), can be seen below. The average premium of the peer group to its 2015 EPRA NAV totals ~23% vs ADL is traded at some 9% discount.

#### Peer group comparison with largest players

Company name	Market cap.	EV	# of units	Vacancy in %	LTV in %	DPS yield	Prem/disc EPRA NAV			P/FFO I		
							2015e	2016e	2017e	2015e	2016e	2017e
Vonovia SE	14,029	26,979	350	3.4	50.0	3.1%	9.3%	3.0%	-3.2%	22.5	19.9	17.9
Deutsche Wohnen AG	8,595	13,353	142	2.1	40.9	2.0%	25.0%	13.4%	5.7%	27.7	25.1	23.7
LEG Immobilien AG	4,671	7,654	107	3.2	48.3	3.1%	31.4%	20.5%	12.1%	22.1	19.3	18.1
TAG Immobilien AG	1,535	3,871	74	8.4	61.9	4.9%	25.1%	20.6%	17.4%	16.4	16.3	15.4
							<b>22.7%</b>	<b>14.4%</b>	<b>8.0%</b>	<b>22.1</b>	<b>20.2</b>	<b>18.8</b>
							<b>25.1%</b>	<b>17.0%</b>	<b>8.9%</b>	<b>22.3</b>	<b>19.6</b>	<b>18.0</b>
ADLER Real Estate AG	644	2,612	50	11.9	73.2	0.0%	-9.5%	-19.6%	-28.3%	44.3	22.0	14.3

Source: Factset, Oddo Seydler Bank AG

According to Factset consensus, TAG trades with a large premium to its 2015e EPRA NAV (+26%) even though i) it has the largest vacancy rate, ii) the highest LTV and iii) is smaller in terms of its asset base. However, TAG also offers the highest dividend yield and trades at the lowest P/FFO I multiple 2015e (4.9% and 16.4x).

High growth in key valuation metrics, (FFO I and EPRA NAV) for 2015-17e, show ADL as an attractive investment case. For **EPRA NAV** we estimate growth of 49%, 13% and 12% in 2015-2017e vs our peer group's estimates of 13%, 7% and 6%, respectively (CAGR 2014-17e ADL compared to peer group of 23% vs 9%).

For the **FFO I** yoy growth, we forecast a significant pick up with 102% in 2016e and ~ 54% in 2017e vs the more moderate peer group average growth scenario of 9% and 7%, respectively (CAGR 2015-17e ADL compared to peer group of 76% vs 8%).

#### Peer group comparison with largest players: EPRA NAV and FFO I growth

Company name	FFO I growth			CAGR		EPRA NAV growth			CAGR	
	2015e	2016e	2017e	2014-17e	2015-17e	2015e	2016e	2017e	2014-17e	2015-17e
Vonovia SE	23.4%	13.1%	10.9%	15.7%	12.0%	17.5%	6.1%	6.4%	9.9%	6.2%
Deutsche Wohnen AG	28.3%	10.2%	5.9%	14.4%	8.0%	26.2%	10.2%	7.4%	14.3%	8.8%
LEG Immobilien AG	19.0%	14.1%	7.0%	13.2%	10.5%	7.0%	9.1%	7.5%	7.8%	8.3%
TAG Immobilien AG	16.2%	0.3%	5.6%	7.2%	2.9%	1.4%	3.8%	2.7%	2.6%	3.2%
	<b>21.7%</b>	<b>9.4%</b>	<b>7.3%</b>	<b>12.6%</b>	<b>8.4%</b>	<b>13.0%</b>	<b>7.3%</b>	<b>6.0%</b>	<b>8.7%</b>	<b>6.6%</b>
	<b>21.2%</b>	<b>11.7%</b>	<b>6.4%</b>	<b>13.8%</b>	<b>9.2%</b>	<b>12.2%</b>	<b>7.6%</b>	<b>6.9%</b>	<b>8.9%</b>	<b>7.3%</b>
ADLER Real Estate AG	n/a	101.9%	53.9%	n/a	76.3%	49.0%	12.5%	12.1%	23.4%	12.3%

Source: Factset, Oddo Seydler Bank AG

This is due to the considerable optimisation potential of ADL's portfolio and its internal structures, enhancing its FFO I generation. In comparison to ADL, the mature players; i) have already reached a high level of internal efficiency, and ii) manage or buy primarily quality portfolios (with low vacancy rates, well-capexed assets, located in prime locations) vs ADL's existing portfolio bears large self-help potential.

### Valuation ranges

Consequently, ADL has several triggers to extract value from its existing structure and portfolio. The progress will determine the premium or discount range of ADL's valuation. The four scenarios below play out how ADL's share might trade in our forecast period always depending on the state of development. From a conservative point of view we prefer scenario # 01 (on which our valuation is based).

### Peer group comparison: EPRA NAV and FFO I growth

Company name	EPRA NAV per share (EUR)			Share price (EUR)	Prem/Disc to EPRA NAV			EPRA NAV growth			CAGR 2014-17e
	2015e	2016e	2017e		2015e	2016e	2017e	2015e	2016e	2017e	
BUWOG AG	18.28	19.27	20.82	18.96	3.7%	-1.6%	-9.0%	2.8%	5.4%	8.1%	5.4%
conwert Immobilien Invest SE	15.08	15.40	15.78	13.30	-11.8%	-13.6%	-15.7%	-0.3%	2.1%	2.5%	1.4%
Vonovia SE	27.03	28.68	30.50	29.53	9.3%	3.0%	-3.2%	17.5%	6.1%	6.4%	9.9%
Deutsche Wohnen AG	20.95	23.10	24.80	26.20	25.0%	13.4%	5.7%	26.2%	10.2%	7.4%	14.3%
Grand City Properties SA	11.61	13.69	16.32	19.56	68.5%	42.8%	19.8%	19.9%	17.9%	19.2%	19.0%
LEG Immobilien AG	57.36	62.56	67.26	75.40	31.4%	20.5%	12.1%	7.0%	9.1%	7.5%	7.8%
TAG Immobilien AG	8.99	9.33	9.58	11.25	25.1%	20.6%	17.4%	1.4%	3.8%	2.7%	2.6%
					<b>21.6%</b>	<b>12.2%</b>	<b>3.9%</b>	<b>10.6%</b>	<b>7.8%</b>	<b>7.7%</b>	<b>8.6%</b>
					<b>25.0%</b>	<b>13.4%</b>	<b>5.7%</b>	<b>7.0%</b>	<b>6.1%</b>	<b>7.4%</b>	<b>7.8%</b>
ADLER Real Estate AG	15.45	17.39	19.49	13.98	-9.5%	-19.6%	-28.3%	49.0%	12.5%	12.1%	26.8%

#### Scenario # 01

Market premium/discount	-10%	-5%	0%
EPRA NAV after market prem/disc	13.91	16.52	19.49
<b>Fair Value per share (EUR)</b>	<b>16.64</b>		

#### Scenario # 02

Market premium/discount	-5%	0%	5%
EPRA NAV after market prem/disc	14.68	17.39	20.46
<b>Fair Value per share (EUR)</b>	<b>17.51</b>		

#### Scenario # 03

Market premium/discount	-5%	0%	10%
EPRA NAV after market prem/disc	14.68	17.39	21.44
<b>Fair Value per share (EUR)</b>	<b>17.83</b>		

#### Scenario # 04

Market premium/discount	0%	5%	10%
EPRA NAV after market prem/disc	15.45	18.26	21.44
<b>Fair Value per share (EUR)</b>	<b>18.38</b>		

### Sensitivity analysis

	2015e	2016e	2017e
-10%	13.91	15.65	17.54
-5%	14.68	16.52	18.51
0%	15.45	17.39	19.49
5%	16.22	18.26	20.46
10%	17.00	19.13	21.44

Source: Factset, Oddo Seydler Bank AG

## conwert stake

In our view ADL's acquisition of a 25% stake in conwert (CWI) presents a good opportunity in line with its strategy to acquire event-driven companies and special situations that it can make value-accretive going forward. CWI, a chronic restructuring case in recent years, was the last major listed German residential company (25k resi units in Germany) trading at a significant discount to EPRA NAV (-12%). The conwert stake was acquired via the acquisition of Mountainpeak Trading Ltd which holds c.25% in CWI.

Primarily, the rationale behind this transaction is that both companies can leverage their special skills. ADL pointed out that they i) assume synergies regarding the property management, and ii) CWI could manage ADL's externally managed units (two-thirds of total) at lower cost. Furthermore, CWI owns assets in A1 locations which could be liquidated at strong gains through Accentro due to the current attractive market pricing. We expect a dividend contribution from the CWI stake, assuming dividend payouts of € 0.29, € 0.39 and € 0.40 for 2015-17e respectively (equating to ~50% of FFO I), which will be deducted from CWI's net profit contribution to ADL's P&L (at equity accounting).

Through the engagement of new CEO Mr Beck, ADL expects that CWI should achieve a rerating and therefore close its existing gap to EPRA NAV.

From today's standpoint it is not clear if ADL will bid for the remaining shares in CWI or maintain its 25% stake. In this context, we outlined the following scenarios in a recent note (9 September):

**Scenario #1:** keep the ~25% stake. Here ADL could achieve NAV accretion (at equity accounting) through CWI's intended value generating restructuring process. ADL could also accelerate the restructuring process e.g. by supporting the disposal of CWI's commercial portfolio via ADL's network, or supporting the disposal of CWI's non-core residential assets through Accentro.

**Scenario #2:** attempt a complete takeover. Here ADL could achieve NAV accretion with the aforementioned measures and also through synergies based on portfolio overlaps, economies of scale, and SG&A cost-cutting potential. Furthermore, ADL's balance sheet quality would improve through the addition of CWI's relatively solid balance sheet. However, according to Austrian takeover rules, ADL must prepare its bid in cash. This applies to both voluntary and mandatory bids. Furthermore, ADL must ensure before the bid that it can finance such a bid in cash. This requirement can make the pricing of a potential bid quite difficult because the bid must be high enough to convince CWI shareholders to take the cash, but not so high as to prevent future value appreciation.

Besides the two aforementioned base scenarios, ADL and CWI have several options they could consider. In our view, CWI's assets could also be split up in the future. For instance, CWI could sell its German residential units to ADL, perhaps in exchange for ADL's stake in CWI as one part of a potential deal, dispose its commercial units (potentially with support from ADL's network) and keep its Austrian residential units.

We appreciate this deal from ADL's perspective, as it has already demonstrated its value generation skills in past take-overs, e.g. Estavis & Westgrund. In our view ADL will not dilute its business model going forward either with residential assets outside of Germany or commercial assets. Except for the commercial and Austrian assets, the CWI portfolio is a good fit for ADL's existing portfolio.

Below we have shown the pro forma FFO I which includes a 25% contribution of CWI's FFO I generation (even though it is not a cash FFO).

Pro forma FFO I incl. CWI contribution					
	IFRS	EURm	2015e	2016e	2017e
<b>Adj. EBITDA</b>			<b>104.1</b>	<b>118.5</b>	<b>140.7</b>
YoY grow th			-	13.8%	18.7%
<b>Funds from operations (FFO)</b>			<b>14.5</b>	<b>29.4</b>	<b>45.2</b>
YoY grow th			-	101.9%	53.9%
<i>convert FFO I</i>			48.2	60.9	62.5
<u>25% share</u>			<u>12.0</u>	<u>15.1</u>	<u>15.5</u>
<u>FY contribution</u>			<u>3.0</u>	<u>15.1</u>	<u>15.5</u>
<b>FFO I incl. CWI</b>			<b>17.5</b>	<b>44.5</b>	<b>60.7</b>
YoY grow th			-	153.7%	36.5%
number of shares			46.09	46.09	46.09
<b>Pro forma FFO I per share (EUR)</b>			<b>0.38</b>	<b>0.96</b>	<b>1.32</b>
FFO I yield			2.7%	6.8%	9.3%
<b>FFO I per share (EUR) excl. CWI</b>			<b>0.32</b>	<b>0.64</b>	<b>0.98</b>
FFO I yield			2.2%	4.5%	6.9%

Source: Oddo Seydler Bank AG

**P&L**

	IFRS	EURm	2012	2013	2014	2015e	2016e	2017e
Gross rental income			0.4	17.3	83.9	220.9	259.3	301.2
Property operating expenses			-1.4	-10.2	-51.8	-112.6	-127.1	-144.6
<b>Net operating income</b>			<b>-0.9</b>	<b>7.0</b>	<b>32.1</b>	<b>108.2</b>	<b>132.3</b>	<b>156.6</b>
YoY growth			-112.2%	-858.6%	357.0%	237.4%	22.2%	18.4%
Income from the sale of properties			5.3	2.0	56.8	64.8	58.0	59.1
Expenses from the sale of properties			-3.1	-0.8	-54.4	-53.2	-48.4	-43.1
<b>Proceeds from the sale of properties</b>			<b>2.2</b>	<b>1.2</b>	<b>2.4</b>	<b>11.7</b>	<b>9.6</b>	<b>16.0</b>
Other operating income			2.2	0.2	29.7	62.4	0.0	0.0
IAS 40 fair value valuation			1.1	59.6	132.9	45.0	75.0	55.0
Personnel expenses			-0.9	-1.2	-5.0	-11.8	-12.0	-12.8
Other operating expenses			-1.2	-2.5	-21.1	-20.0	-6.2	-7.1
<b>EBITDA</b>			<b>2.3</b>	<b>64.3</b>	<b>170.9</b>	<b>195.4</b>	<b>198.7</b>	<b>207.7</b>
in % of NOI			-250.4%	916.9%	533.0%	180.6%	150.2%	132.6%
Depreciation and amortisation			0.0	0.0	-0.5	-0.9	0.0	0.0
<b>EBIT</b>			<b>2.3</b>	<b>64.3</b>	<b>170.4</b>	<b>194.6</b>	<b>198.7</b>	<b>207.7</b>
in % of NOI			-249.3%	916.7%	531.4%	179.8%	150.2%	132.6%
<i>Adj. EBIT (excl. non-cash items)</i>			<i>1.2</i>	<i>4.7</i>	<i>7.8</i>	<i>87.2</i>	<i>123.7</i>	<i>152.7</i>
Financial result			-1.4	-1.3	-37.7	-64.1	-52.1	-46.3
<b>EBT</b>			<b>0.9</b>	<b>63.0</b>	<b>132.8</b>	<b>130.4</b>	<b>146.5</b>	<b>161.4</b>
in % of NOI			-102.5%	897.9%	413.9%	120.5%	110.8%	103.0%
Taxes			-0.5	-16.1	-21.2	-23.0	-32.7	-40.2
as % of EBT			-52.5%	-25.6%	-16.0%	-17.7%	-22.3%	-24.9%
<b>Net income including minorities</b>			<b>0.5</b>	<b>46.9</b>	<b>111.6</b>	<b>107.4</b>	<b>113.8</b>	<b>121.2</b>
Minority interests			0.0	-8.1	-2.4	-5.7	-5.7	-5.7
<b>Net income attributable to shareholders</b>			<b>0.4</b>	<b>38.8</b>	<b>108.6</b>	<b>101.7</b>	<b>108.2</b>	<b>115.5</b>
as % of NOI			-42.8%	552.4%	338.6%	94.0%	81.8%	73.8%
<b>Earnings per share (EUR), basic</b>			<b>0.03</b>	<b>2.57</b>	<b>4.75</b>	<b>2.21</b>	<b>2.35</b>	<b>2.51</b>
<b>Earnings per share (EUR), diluted</b>			<b>0.03</b>	<b>2.23</b>	<b>3.57</b>	<b>1.90</b>	<b>2.02</b>	<b>2.16</b>
<b>Dividend per share (EUR)</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Dividend yield			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>FFO I</b>			<b>n/m</b>	<b>neg</b>	<b>neg</b>	<b>14.5</b>	<b>29.4</b>	<b>45.2</b>
<b>FFO I per share (EUR)</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>0.32</b>	<b>0.64</b>	<b>0.98</b>
FFO I yield			-	-	-	2.3%	4.6%	7.0%
<b>Pro forma FFO I incl. CWI contribution</b>			<b>n/m</b>	<b>n/m</b>	<b>n/m</b>	<b>26.6</b>	<b>44.7</b>	<b>60.8</b>
<b>Pro forma FFO I per share (EUR)</b>			<b>n/m</b>	<b>n/m</b>	<b>n/m</b>	<b>0.58</b>	<b>0.97</b>	<b>1.32</b>
Pro forma FFO I yield			-	-	-	4.1%	6.9%	9.4%

Source: Company Data, Oddo Seydler Bank AG

## Balance sheet

	IFRS	EURm	2012	2013	2014	2015e	2016e	2017e
<b>Assets</b>								
<b>Noncurrent assets</b>			<b>20.6</b>	<b>423.1</b>	<b>1,203.6</b>	<b>2,821.1</b>	<b>3,243.5</b>	<b>3,647.6</b>
as % of total assets			47.1%	91.8%	85.0%	92.8%	95.0%	95.9%
Intangible assets (incl. Goodwill)			0.0	0.0	28.8	152.4	152.4	152.4
PPE			0.0	0.0	0.5	1.0	1.0	1.0
Financial assets available for sale			0.0	0.0	1.2	1.2	1.2	1.2
Loans to participations			1.6	1.1	0.9	1.1	1.1	1.1
Interest in associated companies			3.7	3.5	1.1	350.6	366.2	383.5
Investment properties			14.5	417.9	1,170.2	2,307.1	2,713.8	3,100.6
Deferred tax assets			0.9	0.6	1.0	0.9	0.9	0.9
<b>Current assets</b>			<b>23.1</b>	<b>37.8</b>	<b>212.8</b>	<b>217.8</b>	<b>170.7</b>	<b>155.6</b>
as % of total assets			52.9%	8.2%	15.0%	7.2%	5.0%	4.1%
Inventories			19.6	18.8	89.6	100.0	60.0	40.0
Accounts receivables			2.2	3.4	27.5	30.4	30.4	30.4
Deferred income taxes			0.0	0.0	0.2	0.2	0.2	0.2
Other receivables and other assets			0.3	9.7	56.3	65.6	55.0	45.0
Cash and cash equivalents			1.1	5.9	33.1	14.3	17.9	32.8
<b>Total Assets</b>			<b>43.8</b>	<b>460.9</b>	<b>1,416.5</b>	<b>3,038.9</b>	<b>3,414.2</b>	<b>3,803.2</b>
<b>Total equity and liabilities</b>								
<b>Total equity</b>			<b>26.4</b>	<b>86.9</b>	<b>311.2</b>	<b>809.1</b>	<b>922.9</b>	<b>1,044.1</b>
as % of total equity and liabilities			60.4%	18.9%	22.0%	26.6%	27.0%	27.5%
Capital stock			15.0	16.5	31.9	46.1	46.1	46.1
Own shares			-0.8	0.0	0.0	0.0	0.0	0.0
Capital reserve			8.3	13.1	108.1	452.2	452.2	452.2
Retained earnings			3.9	42.7	151.4	256.2	364.4	479.9
Minorities			0.1	14.6	19.8	54.7	60.3	66.0
<b>Noncurrent liabilities</b>			<b>10.6</b>	<b>340.9</b>	<b>1,010.9</b>	<b>1,977.9</b>	<b>2,216.6</b>	<b>2,460.1</b>
as % of total equity and liabilities			24.1%	74.0%	71.4%	65.1%	64.9%	64.7%
Pension provision			0.8	0.7	4.3	12.9	12.9	12.9
Other liabilities			0.1	0.1	0.8	0.4	0.5	0.5
Financial liabilities incl. bonds			9.3	323.2	965.8	1,860.3	2,087.7	2,322.9
Deferred tax liabilities			0.4	15.6	39.1	92.3	103.5	111.8
<b>Current liabilities</b>			<b>6.8</b>	<b>33.0</b>	<b>94.3</b>	<b>251.9</b>	<b>274.7</b>	<b>299.0</b>
as % of total equity and liabilities			15.4%	7.2%	6.7%	8.3%	8.0%	7.9%
Other provisions			0.2	0.2	0.5	0.5	0.6	0.6
Income tax payables			0.4	0.4	3.2	5.4	5.4	5.4
Financial liabilities incl. bonds			5.0	3.7	47.8	97.9	109.9	122.3
Trade accounts payables			0.7	6.0	21.1	24.7	24.7	24.7
Other current liabilities			0.5	20.4	17.7	107.7	118.4	130.3
<b>Total equity and liabilities</b>			<b>43.8</b>	<b>460.9</b>	<b>1,416.5</b>	<b>3,038.9</b>	<b>3,414.2</b>	<b>3,803.2</b>

Source: Company Data, Oddo Seydler Bank AG



### Cash flow statement

	IFRS	EURm	2011	2012	2013	2014	2015e	2016e	2017e
<b>Cash flow from operating activities</b>			5.1	0.1	11.9	16.7	193.6	184.3	186.0
<b>Cash flow from investing activities</b>			0.3	-3.5	-94.2	-208.3	-756.0	-347.4	-349.1
<b>Cash flow from financing activities</b>			-1.4	0.1	88.1	217.7	543.7	166.7	177.9
<b>Total change in cash and cash equivalents</b>			4.0	-3.4	5.8	26.1	-18.7	3.6	14.9
Cash and cash equivalents at the start of the period			0.5	4.5	1.1	6.9	33.0	14.3	17.9
<b>Cash and cash equivalents at the end of the period</b>			4.5	1.1	6.9	33.0	14.3	17.9	32.8

Source: Company Data, Oddo Seydler Bank AG

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Date	Recommendation	Price at change date	Price target
01 December 2015	BUY	EUR 13.98	EUR 17.50
09 September 2015	BUY	EUR 12.47	EUR 17.50
11 March 2015	Restricted	EUR 13.54	Restricted
23 January 2015	BUY	EUR 8.47	EUR 12.00
21 November 2014	BUY	EUR 7.27	EUR 12.00

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