EDISON

Fair Value REIT

Simplification pays dividends

Q3 results and dividend increase

Real estate

Fair Value REIT (FVI) reported a solid nine-month operating performance with occupancy levels back to the trend average of 95%. EPRA NAV per share increased 4% to €9.63 from the end of 2012, and EPRA consolidated net profit declined 5% (versus 9M12) reflecting asset disposals. The planned exit from the BBV09 associate at year end is a significant step forward in increasing dividend paying capacity. Management forecasts for the 2013 DPS have doubled to €0.24 and the prospective yield is now on a par with peers. The process of simplifying the group structure continues, and while scale and liquidity still lag that of peers, the continuing valuation gap seems increasingly harsh.

Year end	Revenue (€m)	Adj net profit* (€m)	Adj EPS* (€)	DPS (€)	P/NAV (x)	Yield (%)
12/11	13.4	5.5	0.59	0.08	0.53	1.6
12/12	13.6	5.6	0.60	0.10	0.53	2.0
12/13e	12.4	5.3	0.57	0.24	0.50	4.9
12/14e	12.3	5.7	0.61	0.24	0.48	4.9

Note: *Net profit and EPS are normalised, excluding intangible amortisation, exceptional items and share-based payments. EPS and NAV are on an EPRA basis.

Portfolio optimisation accelerates…

FVI's continuing strategy of portfolio optimisation, selling smaller properties that are generally lower return, and reducing the share of associate investments has gathered pace. Including the BBV09 termination, asset disposals are ahead of the 2013-14 targets and the refocus on consolidated assets larger. Management continues to explore options for a significant expansion of the directly owned portfolio, supported by an increase in the equity base.

…and supports increased dividend forecast

Asset sales are reducing revenues but the reduction in interest payments should largely compensate. The BBV09 transaction is significant; the GAAP carrying value (the GAAP accounts determine the dividend) is lower than in the IFRS accounts. Disposal at around current IFRS book value creates a GAAP gain that can be used to unwind expensive fixed-rate debt swaps and lower debt charges by an amount that will compensate for loss of revenue (EPRA net income forecast €5.7m in 2014, up from €5.3m in 2013). The effective transfer from associate income to higher consolidated income (through lower debt charges) increases dividend paying capacity under HGB, supporting the doubled dividend forecast.

Valuation: Continuing discount increasingly harsh

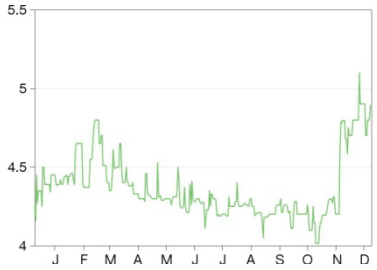
Despite the recent increase, FVI continues to trade at a c 50% discount to 2013e EPRA NAV, much larger than for peers (23% on average), despite a similar NAV total return over the past five years and the yield differential closing. Scale and liquidity still lag that of peers, but the valuation gap seems increasingly harsh, especially if FVI is successful in significantly increasing the size of its directly owned portfolio (which would require equity funding).

10 December 2013

Price	**€4.90**
Market cap	**€46m**

Net debt (€m) as at 30 September 2013	73.4
Shares in issue	9.3m
Free float (est.)	46%
Code	FVI
Primary exchange	Frankfurt
Secondary exchange	Stuttgart, Berlin, Munich

Share price performance



%	1m	3m	12m
Abs	2.0	15.1	13.7
Rel (local)	0.7	3.6	(7.0)
52-week high/low		€5.10	€4.01

Business description

Fair Value REIT (FVI) is a real estate investment trust managing c 411,000m² at 60 commercial properties in 11 German states. It has a diversified portfolio of office and retail assets, with a focus on regional locations.

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Edison profile page

Fair Value REIT is a research client of Edison Investment Research Limited

Investment summary

German regional commercial property investor

FVI is a real estate investment trust (REIT), which manages a portfolio of commercial office and retail properties in regional German locations, equally split between east and west. The group invests directly in real estate assets and indirectly through holdings in property companies, closed-end funds and partnerships (as subsidiaries or associates).

Simplification pays dividends

In this note we update on the Q3 results and further strategic progress. In our view, the most significant development is FVI's announcement of a doubling in its dividend forecast for 2013 to €0.24 per share (and from an actual €0.10 in 2012), a level we believe is sustainable.

IFRS consolidated net income increased 44% to €5.3m during the nine months to 30 September 2013. In a broadly stable operating environment, the main drivers were year over year swings in the valuation result and mark to market changes in the value of interest rate derivatives (both c €1m). EPRA net income strips this out, and declined by 5% to €4.0m. The main movements in EPRA net income were generated by a decline in rental revenues (property sales and re-letting costs), partially offset by lower underlying (excluding swap value movements) interest expense (lower average debt). FVI has made further disposals in Q4, aimed at disposing consolidated properties and continuing to rationalise the ownership of its associate holdings. Significantly, in October, FVI announced the conversion of its 25% interest in BBV09 into a receivable (with interest rights) that will liquidate over three years from the end of 2013. The gain that this transaction will generate in the local GAAP accounts (less than the IFRS fair value) provides FVI with the means to lift (buy-back) its swap on c €25m of group debt (fixing its costs at a high level) and materially lower interest expense to compensate for the reduction in associate earnings. The transaction also effectively shifts more of the group consolidated earnings from associates into core GAAP earnings, providing the means for FVI to lift its 2013 dividend forecast from €0.12 to €0.24 (2012: €0.10). Our forecasts suggest that this higher level should be sustainable. Our adjusted forecasts (in line with company guidance) allow for property and associate disposals, as well as reduced net interest payments, and increased dividends. In line with management guidance, gross rental income in 2014e (including FVI's share of the gross rental income of unconsolidated associates) is a little more than 20% down on 2012, partly offset at the net rental level by expected lower re-letting costs.

Exhibit 1: Earnings revisions

	Revenue €m)			FFO/EPRA EPS (€)			EPRA NAV (€)			DPS (€)		
	Old	New	% chg	Old	New	% chg	Old	New	% chg	Old	New	% chg
FY13e	12.5	12.4	-0.7	0.59	0.57	-4.5	9.78	9.88	0.8%	0.12	0.24	100.0
FY14e	12.7	12.3	-3.4	0.60	0.61	-0.2	10.26	10.27	-0.2%	0.12	0.24	100.0
FY15e	12.7	12.3	-3.4	0.61	0.63	1.7	10.75	10.65	-1.3%	0.12	0.24	100.0

Source: Edison Investment Research

Valuation: Discount persists despite tangible progress

FVI shares have increased in recent weeks but continue to trade at a c 50% discount to 2013e EPRA NAV, much larger than for peers (23% on average), even though compound NAV total return has been similar over the past five years. With the increase in forecast dividend, the yield differential with peers is also closed. The process of simplifying the group structure continues, and scale and liquidity still lags that of peers, but the valuation gap seems increasingly harsh, especially if FVI is successful in significantly increasing the size of its directly owned portfolio (which would require equity funding).

Background

FVI's original strategy of consolidating unquoted German real estate funds, offering the prospect of a larger, more efficient and more liquid investment vehicle, has created a group with a relatively complicated structure. The group is invested in a portfolio of wholly owned properties, majority owned (and therefore consolidated) subsidiaries, as well as minority owned, equity accounted associates. This structure has complicated financial reporting and has historically limited the share of group earnings that could be distributed. We believe this has been an important contributor to FVI's wider-than-average discount to NAV. Although FVI's REIT structure requires it to pay out at least 90% of German GAAP net income, unlike the primary IFRS earnings, GAAP does not consolidate subsidiaries and associates and this has limited the amount of group (IFRS) earnings that FVI has been able to distribute. FVI has been steadily optimising the underlying property portfolios to increase its efficiency and increase its level of ownership. This process has made significant progress with the announced conversion of a 25% interest in the BBV09 associate into a receivable (with interest rights for FVI if repayment is delayed) that will liquidate over three years from the end of 2013. A gain will be generated in the GAAP accounts (see below) that will provide FVI with the balance sheet flexibility to lift (buy-back) its swap on c €25m of group debt (fixing its costs at a high level) and materially lower interest expense. This will compensate for the reduction in associate earnings. The transaction also effectively shifts more of the group consolidated earnings from associates into core GAAP earnings, providing the means for FVI to lift its 2013 dividend forecast from €0.12 to €0.24 (2012: €0.10). At the current share price, the prospective yield on FVI shares will be similar to peers at c 5%.

However, we expect FVI to do more. The prospective yield may have moved in line but the current discount to NAV remains high versus peers. We expect FVI to continue to pursue increased ownership and control of associates so as to better align the GAAP earnings (on which dividends are based) with the consolidated IFRS earnings. We also expect FVI to seek what it sees as attractive acquisition opportunities for portfolios of retail property in regional centres. Management is attracted by the stable and recurring income of the longer lease terms, which tend to be at least 15 years on new lettings, rental yields on regional or secondary locations that are typically above 8%, and borrowing costs that remain relatively low. However, any such material acquisition would require shareholder support to raise additional equity. Earlier in the year, management had intended to seek shareholder approval to raise up to €100m in new equity, but withdrew the proposal when its negotiations to acquire a large property portfolio stalled.

As we outlined in detail in our initiation report, the benefits to shareholders from a significant portfolio expansion are the spreading of fixed costs across a larger asset base and an increase in the amount of wholly (directly) owned earnings that are eligible for dividend distribution under German GAAP accounting. These benefits, and a possible increase in the P/NAV ratio (low by comparison with peers), would need to be considered against the dilution of NAV that would inevitably occur if equity is issued below the current NAV (the current price is just 0.50x 2013e NAV on an EPRA basis).

Increasing dividend capacity

BBV09 is one of six associated companies in which FVI is invested. The 25% stake was carried at a value of €12.7m as at 30 September 2013, compared with total associate holdings valued at €56.9m and IFRS shareholders' equity of €84.0m. FVI has terminated its investment in the privately owned BBV09 with effect from the end of 2013, at which point the holding will be replaced by a receivable from the company, liquidating in phased repayments over three years as it sells assets. If payments are delayed (eg because BBV09 takes longer to sell its properties) then interest is payable to FVI at c 4%. In the nine months to September 2013, BBV09 contributed €2.1m to FVI

earnings (€5.0m in total for associates), which included a €1.0m valuation gain from interest rate swaps. The underlying interest expense for BBV09 was €0.9m. We have adjusted our 2014 and 2015 estimates for the discontinuation of this investment. For now, we have assumed that the transaction takes place at the 30 September 2013 IFRS NAV, although the year end valuation could well be different.

The carrying value in FVI's GAAP accounts is much lower, reflecting the accounting treatment of the stake acquisition (based on the €5 par value of the shares issued at €10) in 2007. We believe the GAAP carrying value is thus c €5.5m. A realisation at or around IFRS NAV will thus generate a significant GAAP accounting profit. Rather than distribute the gain in one large dividend payment (under REIT rules), FVI intends to offset it by repurchasing some, or all, of the existing (floating to fixed) interest rate swap covering c €30m of debt. This will realise some or all of the unrealised loss on the swap, lower interest costs, and support an ongoing dividend increase.

With asset sales, the debt itself has been reduced to c €25m at a cost of Euribor plus 106bp. The swap has a cost of 494bp less Euribor (or c 4.5%). Because interest rates have fallen since FVI entered into the swap, its value has increased, generating a €5.2m liability in FVI's IFRS balance sheet as at 30 September. FVI management believes that it may be able to reduce the cost of this debt by up to the full 450bp or c €1.4m pa, although we have allowed for slightly less in our estimates (c €1.1m in addition to the benefit from lower average debt as a result of ongoing property disposals). Our lower estimate provides some headroom should FVI decide to negotiate a new fixed-rate swap (at lower cost than the old) to provide ongoing protection against increased rates.

In Exhibit 2 we show 2011 and 2012 dividend payments were 96% and 94% of GAAP balance sheet profit respectively. We also show how 2013-15e IFRS income forecasts translate into GAAP earnings in a simplified form. We refer to it as indicative because there are a number of factors that cannot be forecast (such as valuation movements, as well as the use of reinvestment reserves and profit carry forwards. However, we believe the table gives a strong indication of the sustainability of the increased dividends forecast by management.

Exhibit 2: Indicative German GAAP dividend cover

	2011	2012	2013e	2014e	2015e
Consolidated net income (IFRS)	4,550	1,175	6,805	5,658	5,857
Income from equity accounted participations	1,909	2,581	3,233	1,798	1,849
Result of the subsidiaries	(2,131)	(2,734)	(2,674)	(3,376)	(3,376)
Ongoing earnings associated companies (economic result)	(2,762)	1,041		(3,503)	(3,602)
Changes in value of associated companies	(450)	(2,250)			
Associate as reported in IFRS P&L	(3,212)	(1,209)	(6,299)	(3,503)	(3,602)
Minority interest in the result	853	1,242	1,260	1,591	1,591
Other	(28)	(21)	0	0	0
Single entity net income (IFRS)	1,941	1,034	2,326	2,168	2,319
Depreciation and changes in value of properties	(1,521)	(889)	0	0	0
Changes in value of participations/result from sale of participation	236	667	0	0	0
Other	55	272	0	0	0
Net income (German GAAP)	711	1,084	2,326	2,168	2,319
Reinvestment reserve acc. to sec 13 REIT Act	0	(119)	0	0	0
Profit carry forward	65	30	0	0	0
Net balance sheet profit (German GAAP)	776	995	2,326	2,168	2,319
Dividends declared (paid in following FY)	(745)	(932)	(2,238)	(2,238)	(2,238)
Pay-out	96%	94%	96%	103%	97%

Source: FVI, Edison Investment Research

Asset disposals significantly accelerated

FVI has been working through an asset disposal programme aimed at 1) reducing lower-yielding and smaller consolidated properties, and 2) reducing the proportion of assets owned indirectly

through associate holdings. So far in 2013, FVI has sold properties with a carried value of €12.1m (FVI's proportionate share), or c 6% of the €212.9m proportionate value of properties owned at the start of the year. The announced disposals of five wholly owned consolidated properties have been at an average 8.5% premium to carrying value, with two subsidiary owned properties exited at an average 9.4% premium. Two associate company-owned properties have been exited at a 2.7% premium, bringing the average disposal uplift to 4.8%.

Exhibit 3: Property disposals in 2013

	FVI share	Valuation (FVI share)	Sales price before cost	Gain on sale (before costs)
Direct investments		€"000s	€"000s	€"000s
Boostedt	100%	126,000	151,500	25,500
Helgoland	100%	561,000	600,000	39,000
Norderstedt U 545	100%	680,000	780,000	100,000
Uetersen	100%	1,800,000	1,900,000	100,000
Kölln-Reisiek	100%	184,000	205,000	21,000
Subtotal		3,351,000	3,636,500	285,500
				0
Subsidiaries				
Emmerich	57%	374,154	425,175	51,021
Altenberge	57%	436,513	462,024	25,511
Subtotal		810,667	887,199	76,532
				0
Associated companies				
Rheda-Wiedenbrück	38%	1,033,767	1,114,470	80,703
Berlin	45%	6,903,360	7,038,720	135,360
Subtotal		7,937,127	8,153,190	216,063
Total property sales 2013		12,098,794	12,676,889	578,095

Source: Company data, Edison Investment Research. Note: Includes announced disposals to 9 December 2013.

However, the announced BBV09 exit (not included in Exhibit 3) accelerates the programme by removing indirectly owned property, valued at €27.0m, from the proportionately owned portfolio at year end 2013. The BBV09 exit price will be determined at the same time.

Exhibit 4: BBV09 exit

		Valuation (FVI share)
Bad Salzungen	25%	3,195,320
Eisenach	25%	11,120,720
München	25%	5,585,520
Naumburg	25%	4,679,760
Weilburg	25%	2,380,136
Subtotal		26,961,456

Source: Company data, Edison Investment Research

We expect ongoing portfolio activity to be focused on continuing to increase the share of consolidated assets.

On a pro-forma basis, including announced property sales and the BBV09 transaction, we estimate the remaining proportionate portfolio split to be as shown in Exhibit 4, with consolidated investments (wholly owned and subsidiary) to now be slightly above 50% of the total.

Exhibit 5: Portfolio split (gross assets on a proportionate basis)

	2012		Pro-forma September 2013	
	€m	%	€m	%
Wholly owned	43.7	21%	42.3	24%
Subsidiaries	48.1	23%	47.8	27%
Associates	121.0	57%	86.9	49%
	212.8	100%	177.0	100%

Source: FVI, Edison Investment Research. Note: Pro forma takes 30 September balance sheet adjusted for announced disposal (including BBV09 investment) as at 25 November 2013.

Sensitivities

The main drivers of FVI's IFRS earnings are rental rates, occupancy, interest costs and revaluation gains. The cost base is relatively high, reflecting a large number of smaller, higher-yielding properties, but flexible. Debt levels are comfortable and declining, and financing risk (access to finance) is not an issue for FVI.

- The average remaining lease term across FVI's portfolio (on a look-through basis, including its share of the associate's investment property) was a relatively healthy 5.5 years at 30 September 2013, a small decline from 5.7 years at 31 December despite six months passing. More than 10% of the overall portfolio is due to renew in each of 2013-15 and we have allowed for material declines in rent levels on some of the more expensive, older, maturing leases.
- Average occupancy was 95.0% at 30 September 2013, similar to the level of the past five years.
- FVI has a flexible cost-efficient structure via the outsourcing of its property management and accounting functions, enabling management to concentrate on portfolio management. Despite the flexibility, we consider the overall cost structure to be relatively high, reflecting the spread of the portfolio, but this is currently matched by above-average rental yields. The main company providing third-party services is IC Immobilien Service (ICIS), a subsidiary of IC Immobilien Holding, which is an 18% shareholder.
- Valuations of the directly and indirectly owned property portfolio are undertaken by CB Richard Ellis on an annual basis. Valuation movements on the consolidated property portfolio have been relatively modest and mostly positive since the end of 2010, although more significantly negative in the associate-owned portfolio, reflecting the expiry of longer-term leases with rents above currently available levels. We have assumed no valuation gains or losses in our estimates.

Performance and valuation

Over five years, on an IFRS basis (EPRA data is not available for the whole period), FVI's NAV compound total return performance is at least comparable with peers (a selection shown in Exhibit 6). We have not included 2013 data due to limited revaluation movement within the year, but the overall picture remains largely unchanged.

Exhibit 6: NAV total return (IFRS basis)

	2008	2009	2010	2011	2012	Compound return
Alstria Office REIT	-7.9%	-9.0%	-0.4%	0.2%	0.3%	-3.5%
Hamborner REIT	-4.1%	1.3%	-12.9%	4.2%	-3.1%	-3.1%
Prime Office REIT					-4.3%	-4.3%
VIB Vermoegen	0.8%	9.0%	6.4%	1.1%	9.8%	5.4%
Fair Value REIT	-18.9%	-4.7%	2.8%	4.4%	1.6%	-3.3%

Source: Company data, Edison investment research

Despite a comparable return performance, Exhibit 7 shows that FVI continues to trade at a much larger discount to NAV than the peer average (c 50% versus 23%).

Exhibit 7: Sector comparison

	Market cap	P/NAV (EPRA)	Yield		
	€m	June 2013	2012	2013e	2014e
Alstria Office REIT	735	0.89	5.4%	5.7%	6.0%
Hamborner REIT	340	0.92	5.3%	5.9%	6.1%
Prime Office REIT	156	0.41	6.0%	0.0%	0.7%
VIB Vermoegen	251	0.86	3.4%	3.6%	3.7%
Average	,370	0.77	5.0%	3.8%	4.2%
Fair Value REIT	41	0.51	2.3%	5.5%	5.5%

Source: Company data, Bloomberg. Note: Prices as at 25 November 2013.

In our view, the larger discount reflects the smaller size of FVI (with implications for trading liquidity), its corporate structure (which includes substantial value in non-consolidated minority holdings), and historically lower dividends as a result of lower distributable earnings under HGB (compared with IFRS). As we have shown above, the corporate structure continues to be simplified, and dividend paying capacity has improved as a result. In our initiation report, we explored the possible impact of management's ambitions to raise equity and significantly expand the directly owned portfolio. The benefits to shareholders include the spreading of fixed costs across a larger asset base and an increase in the amount of wholly (directly) owned earnings that are eligible for dividend distribution under the German HGB accounting code. These benefits, and a possible increase in the P/NAV ratio (low by comparison with peers), would need to be considered against the dilution of NAV that would inevitably occur if equity is issued below the current NAV. Depending on the exact terms of any transaction, our analysis shows that the potential for revaluation has the possibility to create shareholder value overall.

Financials

A summary of our forecast changes is shown in Exhibit 1 on page 2. The main changes to our 2013 estimates since we last published are driven by further asset disposals and (positive) Q3 mark-to-market changes in financial derivatives. The latter affects IFRS forecasts (IFRS 2013e net consolidated income increases to €6.6m from €6.1m) but not EPRA (EPRA 2013e net consolidated income falls to €5.3m from €5.5m). 2014 shows the full impact of asset disposals (including BBV09 from the end of 2013) but also the anticipated impact on financial expenses from lower average debt and reduced interest charges. In aggregate, both our IFRS and our EPRA net consolidated income forecasts for 2014e are materially unchanged, with 2015e very slightly higher.

On a proportionate basis (consolidated plus underlying share of non-consolidated associates), gross rent is forecast 16% lower in 2014 versus 2013 (-23% versus 2012), mainly due to BBV09 and other associate disposals (consolidated gross rent down 2%). The proportionate decline in forecast net rent is lower (-12%) because of lower assumed re-letting costs.

Our forecast contribution from associates drops 44% in 2014, partly because we do not forecast a repeat of mark-to-market financial derivative gains. In underlying terms, the decline is c 30%; loss of revenue from disposals is not fully offset by lower debt costs. However, consolidated group debt costs are forecast to fall by c 40%, partly due to lower debt (c 8% lower on average), but mostly due to the assumed lifting of the expensive fixed-rate debt swap. For the latter, our forecasts include c €1.125m, equivalent to 375bp on the €30m debt hedge.

FVI is affected by the Praktiker (DIY) insolvency through the 38.4%-owned associate company BBV10, which has two properties (in Celle and Eisenhüttenstadt) that are leased to the Praktiker group of companies. The combined rent attributable to FVI from these locations represents 3.4% of the underlying total (including FVI's share of unconsolidated associate rents), and FVI has previously indicated that if both leases were cancelled, the impact on EPRA earnings would be no more than €0.2m on a quarterly basis (2013e EPRA net income €5.3m, 2014e €5.7m). FVI estimates a slightly larger impact on German GAAP (HGB) earnings (the narrower measure of earnings that determines dividend-paying capacity) under these circumstances as a result of the anticipated waiving of a profit distribution from BBV10 to FVI.

The Praktiker lease in Eisenhuettenstadt ended on 31 October 2013. The store is currently closed but the space is not vacated and FVI is still receiving rent. This situation is likely to persist until year end. Discussions with potential new tenants have begun; alternatively FVI may seek to extend the mall and build a mixture of larger stores and small shops in order to appeal to a wider tenant base.

The Praktiker lease in Celle will run until the end of January 2014 (instead of 31 December 2022) as it has now been cancelled by the administor. Advanced discussions are underway with new tenants for a new c 10-year lease, although a vacant period of up to three months is likely during the change.

We have not specifically forecast any impact on FY14 earnings as the impact, though uncertain, does not fall outside the normal range of positive and negative factors affecting our expected outcome.

Exhibit 8: Financial summary

Year ending December	€m	2011	2012	2013e	2014e	2015e
		IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS						
Total Revenue		13.4	13.6	12.4	12.3	12.3
Net property expenses		(4.6)	(5.2)	(5.2)	(4.0)	(4.0)
Net rental income		8.8	8.4	7.2	8.2	8.2
EBITDA normalised		6.4	5.8	5.0	5.9	5.9
Intangible Amortisation		0.0	0.0	0.0	0.0	0.0
Revaluation of inv. Property		0.3	0.0	(0.0)	0.0	0.0
Associates		3.2	1.2	6.3	3.5	3.6
Gain on disposal of inv. Property		0.0	0.1	0.5	0.0	0.0
EBIT		9.9	7.1	11.7	9.4	9.5
Net Interest		(4.5)	(4.6)	(3.7)	(2.2)	(2.1)
Profit Before Tax (norm)		5.1	2.3	7.6	7.2	7.4
Profit Before Tax (IFRS)		5.4	2.4	8.1	7.2	7.4
Tax		0.0	0.0	0.0	0.0	0.0
Minority interests		(0.9)	(1.2)	(1.3)	(1.6)	(1.6)
EPRA Net income		5.5	5.6	5.3	5.7	5.9
Net income (IFRS)		4.6	1.2	6.8	5.7	5.9
Average Number of Shares Outstanding (m)		9.3	9.3	9.3	9.3	9.3
EPRA EPS - adjusted (€)		0.59	0.60	0.57	0.61	0.63
EPRA EPS - normalised and fully diluted (€)		0.59	0.60	0.57	0.61	0.63
EPS - (IFRS) (€)		0.49	0.13	0.73	0.61	0.63
Dividend per share (p)		0.08	0.10	0.24	0.24	0.24
Gross Margin (%)		65.7	61.8	57.7	67.3	67.3
EBITDA Margin (%)		48.0	42.6	40.0	48.4	48.4
Operating Margin (before GW and except.) (%)		74.1	51.7	90.8	77.0	77.8
BALANCE SHEET						
Fixed Assets		179.7	176.3	176.0	177.7	179.4
Investment property		129.1	126.7	122.3	122.3	122.3
Equity accounted investments		50.3	49.5	41.3	43.0	44.8
Other non-current assets		0.2	0.2	12.4	12.4	12.4
Current Assets		11.0	8.5	9.0	9.0	9.0
Trade receivables		1.2	1.3	1.1	1.1	1.1
Cash		7.7	5.9	7.0	7.0	7.0
Other		2.0	1.4	0.9	0.9	0.9
Current Liabilities		(40.4)	(15.5)	(15.0)	(14.4)	(13.8)
Trade payables		(1.0)	(0.9)	(0.8)	(0.8)	(0.8)
Short term borrowing		(38.2)	(13.1)	(12.9)	(12.3)	(11.7)
Other		(1.2)	(1.5)	(1.3)	(1.3)	(1.3)
Long Term Liabilities		(58.7)	(76.6)	(68.3)	(65.5)	(62.7)
Long-term debt		(52.8)	(69.9)	(63.0)	(60.2)	(57.4)
Provisions and other		(5.9)	(6.8)	(5.3)	(5.3)	(5.3)
Net Assets		91.5	92.7	101.7	106.7	111.9
IFRS NAV per share (€)		8.25	8.30	9.17	9.54	9.92
EPRA NAV per share (€)		9.21	9.25	9.87	10.23	10.62
CASH FLOW						
Operating Cash Flow		8.3	7.9	(3.6)	7.7	7.8
Net Interest		(4.5)	(4.6)	(3.7)	(2.2)	(2.1)
Tax		0.0	0.0	0.0	0.0	0.0
Capex		(0.2)	0.0	0.0	0.0	0.0
Acquisitions/disposals		1.2	3.6	16.9	0.0	0.0
Financing		0.0	0.0	(0.4)	0.0	0.0
Dividends		(0.9)	(0.7)	(0.9)	(2.2)	(2.2)
Net Cash Flow		3.9	6.2	8.3	3.3	3.5
Opening net debt/(cash)		87.2	83.3	77.1	68.8	65.5
HP finance leases initiated		0.0	0.0	0.0	0.0	0.0
Other		(0.0)	0.0	0.0	(0.0)	0.0
Closing net debt/(cash)		83.3	77.1	68.8	65.5	62.1

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