

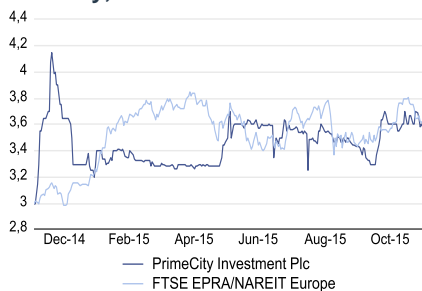
# PrimeCity Investment Plc

**BUY (BUY) | Target 5.60 EUR (5.60 EUR)**

 Price (last closing price) : **3.40 EUR** | Upside : 65 %

|             |              |              |
|-------------|--------------|--------------|
| Est. change | <b>2015e</b> | <b>2016e</b> |
| FFO I PS    | -            | -            |

## Reliable delivery but share price still lacking momentum

**Tuesday, 01 December 2015**

**Capital**

|                         |             |
|-------------------------|-------------|
| ALPCI FP   ALPCI.PA     |             |
| Market Cap (EURm)       | 351         |
| Enterprise value (EURm) | 518         |
| Extrema 12 months       | 3.00 - 4.20 |
| Free Float (%)          | 44.0        |

| Performance (%)     | 1m   | 3m   | 12m   |
|---------------------|------|------|-------|
| Absolute            | -2.8 | -0.3 | -4.1  |
| Perf. rel. "sector" | -6.3 | -2.5 | -16.5 |
| Perf. rel. CDAX     | -6.2 | -1.5 | -14.0 |

| P & L              | 12/15e | 12/16e | 12/17e |
|--------------------|--------|--------|--------|
| Sales (EURm)       | 42.7   | 72.4   | 105.6  |
| EBIT (EURm)        | 187    | 276    | 340    |
| Net profit (EURm)  | 151    | 223    | 272    |
| EPS (EUR)          | 1.51   | 2.23   | 2.72   |
| FFOI PS (EUR)      | 0.22   | 0.41   | 0.60   |
| DPS (EUR)          | 0.00   | 0.12   | 0.18   |
| P/FFO I (x)        | 15.7   | 8.4    | 5.7    |
| P/NAV (x)          | 1.03   | 0.62   | 0.43   |
| P/EPRA NAV (x)     | 0.93   | 0.64   | 0.46   |
| FFOI yield (%)     | 6.4    | 11.9   | 17.5   |
| Dividend yield (%) | 0.0    | 3.6    | 5.3    |
| Net LTV (%)        | 49.0   | 49.5   | 49.8   |
| NAVPS (EUR)        | 2.27   | 3.75   | 5.49   |
| EPRA NAVPS (EUR)   | 3.64   | 5.35   | 7.33   |

**Next Events**

### Reliable delivery after nine months

Prime City Investment (PCI) posted 9M 2015 figures with all financial metrics up significantly yoy, showing accelerated growth and, thus, confirming our full year 2015e targets. Reported 9M revaluation gains of € 137m reached already our full year 2015 estimate of € 137m. Consequently we increased our YE 2015e estimate to € 152m. FFO I grew +84% to € 15m (€ 0.15 per share). For full year 2015e we expect FFO I at € 22.4m (€ 0.22 per share). Run rates for rental revenues and FFO were € 46m and € 25m, respectively. LTV remains at a healthy 37% and WACD a low 3%. PCI has expanded its portfolio from 34 hotels/5k rooms at YE 2014 to 54 hotels/8.5k rooms as of Nov 2015, which corresponds to total assets of € 824m (vs. € 513m at YE 2014; +61%).

### Strong growth and cheap valuation

PCI generated € 15m FFO I vs € 27.9m lease revenues, corresponding to a ~53% FFO I conversion rate. By 2017e we expect PCI to further improve its FFO I conversion to 57%. The peer group average conversion rate is around 50% (Dt. Euroshop: 60%; alstria: 55%; VIB DIC: below 40%). PCI is also above average in terms of its prospective FFO I growth, with an estimated CAGR 2015-17e of 63% vs peers at 14%.

The most appropriate peer group, in our view, is a mixture of growth, niche and shopping centre players. PCI has no listed peers while our peer group covers PCI's growth component, niche market and its non-operational asset holder position.

The share is currently trading at a discount of -7% to our 2015e EPRA NAV p/s estimate, which stands at € 3.64, and at more significant discounts of -36% and -54% for 2016e and 2017e respectively vs the peer group averages of +8.4%, +3.1% and -2.1% in 2015-17e. We estimate PCI's EPRA NAV to grow at a CAGR of 42% for 2015-17e vs 5% for the peer group. PCI's valuation gap to its peer group is even more pronounced from a P/FFO I perspective. While PCI trades at 15.2x, 8.4x and 5.7x in 2015e, 2016e and 2017e, the peer group average P/FFO I stands at 19.2x, 16.3x and 15.2x respectively.

### Strong prospects going forward – Buy

Overall, PCI delivered a reliable set of figures confirming its core attractions, i.e. growth and strong FFO I generation. Although the company continues to deliver solid figures, its share continues to lack momentum. We highlight the significant undervaluation relative to peers in terms of P/FFO I of ~27%, 95% and 166% for 2015e, 2016e and 2017e, respectively and thus stick to our Buy rating. We leave our TP unchanged at € 5.60 p/s, which corresponds to a discount of some -24% to our 2017e EPRA NAV estimate. For investors that consider PCI's liquidity and capitalisation too low, Aroundtown (ATP) offers an alternative means to participate in the hotel story as ATP presently holds 78% in PCI.

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Peer Group: P/FFO I

| Company name                               | FFO I per share (EUR) |             |       | Share price<br>(EUR) | P/FFO I multiples |             |             | FFO I yield |             |             | CAGR<br>2015e-17e |
|--------------------------------------------|-----------------------|-------------|-------|----------------------|-------------------|-------------|-------------|-------------|-------------|-------------|-------------------|
|                                            | 2015e                 | 2016e       | 2017e |                      | 2015e             | 2016e       | 2017e       | 2015e       | 2016e       | 2017e       |                   |
| <b>Niche and growth players</b>            |                       |             |       |                      |                   |             |             |             |             |             |                   |
| DEMIRE Deutsche Mittelstand Real Estate AG | N.A.                  | N.A.        | N.A.  | 3.93                 |                   |             |             |             |             |             |                   |
| Fair Value REIT-AG                         | 0.61                  | 0.64        | 0.88  | 7.01                 | 11.6              | 11.0        | 8.0         | 8.7%        | 9.1%        | 12.6%       | 20.4%             |
| WCM Beteiligungs- und Grundbesitz-AG       | 0.08                  | 0.18        | 0.20  | 2.31                 | 28.9              | 12.8        | 11.5        | 3.5%        | 7.8%        | 8.7%        | 58.1%             |
| VIB Vermoegen AG                           | 1.21                  | 1.31        | 1.36  | 17.69                | 14.7              | 13.5        | 13.0        | 6.8%        | 7.4%        | 7.7%        | 6.3%              |
| Cofinimmo SA                               | 6.43                  | 6.31        | 6.45  | 98.77                | 15.4              | 15.7        | 15.3        | 6.5%        | 6.4%        | 6.5%        | 0.2%              |
| Fonciere de Paris                          | 5.75                  | 2.82        | 2.85  | 108.90               |                   |             |             |             |             |             |                   |
| <b>Shopping centre players</b>             |                       |             |       |                      |                   |             |             |             |             |             |                   |
| Unibail-Rodamco SE                         | 10.54                 | 11.62       | 12.55 | 242.55               | 23.0              | 20.9        | 19.3        | 4.3%        | 4.8%        | 5.2%        | 9.1%              |
| Klepiere SA                                | 1.94                  | 2.11        | 2.20  | 42.64                | 22.0              | 20.2        | 19.3        | 4.5%        | 4.9%        | 5.2%        | 6.6%              |
| Eurocommercial Cert.Of Shs                 | 2.10                  | 2.24        | 2.36  | 40.18                | 19.2              | 17.9        | 17.0        | 5.2%        | 5.6%        | 5.9%        | 6.0%              |
| Vastned Retail Belgium                     | N.A.                  | N.A.        | N.A.  | 56.51                |                   |             |             |             |             |             |                   |
| Deutsche EuroShop AG                       | 2.13                  | 2.19        | 2.25  | 40.45                | 19.0              | 18.5        | 18.0        | 5.3%        | 5.4%        | 5.6%        | 2.7%              |
| <b>Average</b>                             |                       |             |       |                      | <b>19.2</b>       | <b>16.3</b> | <b>15.2</b> | <b>5.6%</b> | <b>6.4%</b> | <b>7.2%</b> | <b>13.7%</b>      |
| <b>Median</b>                              |                       |             |       |                      | <b>19.1</b>       | <b>16.8</b> | <b>16.2</b> | <b>5.2%</b> | <b>6.0%</b> | <b>6.2%</b> | <b>6.5%</b>       |
| <i>thereof shopping centre player</i>      |                       |             |       |                      |                   |             |             |             |             |             |                   |
| <i>Average</i>                             |                       |             |       |                      | 20.8              | 19.4        | 18.4        | 4.8%        | 5.2%        | 5.4%        | 6.1%              |
| <i>Median</i>                              |                       |             |       |                      | 20.6              | 19.3        | 18.7        | 4.9%        | 5.2%        | 5.4%        | 6.3%              |
| <i>thereof niche player</i>                |                       |             |       |                      |                   |             |             |             |             |             |                   |
| <i>Average</i>                             |                       |             |       |                      | 17.6              | 13.3        | 11.9        | 6.4%        | 7.7%        | 8.9%        | 21.2%             |
| <i>Median</i>                              |                       |             |       |                      | 15.0              | 13.2        | 12.3        | 6.7%        | 7.6%        | 8.2%        | 13.3%             |
| PrimeCity Investment Plc                   | 0.22                  | 0.41        | 0.60  | 3.40                 | 15.2              | 8.4         | 5.7         | 6.6%        | 11.9%       | 17.5%       | 63.1%             |
| <i>average P/FFO I of our peer group</i>   | 19.2                  | 16.3        | 15.2  |                      |                   |             |             |             |             |             |                   |
| <i>average P/FFO I of shopping players</i> | 20.8                  | 19.4        | 18.4  |                      |                   |             |             |             |             |             |                   |
| <i>average P/FFO I of niche players</i>    | 17.6                  | 13.3        | 11.9  |                      |                   |             |             |             |             |             |                   |
| FV based on average peer group             | 4.31                  | 6.62        | 9.06  |                      |                   |             |             |             |             |             |                   |
| FV based on shopping players               | 4.66                  | 7.86        | 10.99 |                      |                   |             |             |             |             |             |                   |
| FV based on niche players                  | 3.95                  | 5.38        | 7.13  |                      |                   |             |             |             |             |             |                   |
| <b>FVpS average peer group</b>             |                       | <b>6.66</b> |       |                      |                   |             |             |             |             |             |                   |
| <b>FVpS shopping centre player</b>         |                       | <b>7.84</b> |       |                      |                   |             |             |             |             |             |                   |
| <b>FVpS niche player</b>                   |                       | <b>5.48</b> |       |                      |                   |             |             |             |             |             |                   |

Source: Company Data, Factset, Oddo Seydler Bank AG

Peer Group: EPRA NAV

| Company name                                 | EPRA NAV ps |             |        | Share price<br>(EUR) | EPRA NAV prem/disc |             |              | CAGR<br>2015-17e |
|----------------------------------------------|-------------|-------------|--------|----------------------|--------------------|-------------|--------------|------------------|
|                                              | 2015e       | 2016e       | 2017e  |                      | 2015e              | 2016e       | 2017e        |                  |
| <b>Niche and growth players</b>              |             |             |        |                      |                    |             |              |                  |
| DEMIRE Deutsche Mittelstand Real Estate AG   | N.A.        | N.A.        | N.A.   | 3.93                 |                    |             |              |                  |
| Fair Value REIT-AG                           | 9.56        | 10.02       | 10.44  | 7.01                 | -26.6%             | -30.0%      | -32.9%       | 4.5%             |
| WCM Beteiligungs- und Grundbesitz-AG         | 2.10        | 2.36        | 2.60   | 2.31                 | 9.9%               | -2.2%       | -11.2%       | 11.3%            |
| VIB Vermoegen AG                             | 15.27       | 15.83       | 16.73  | 17.69                | 15.8%              | 11.8%       | 5.8%         | 4.6%             |
| Cofinimmo SA                                 | 94.53       | 94.97       | 94.95  | 98.77                | 4.5%               | 4.0%        | 4.0%         | 0.2%             |
| Fonciere de Paris                            | N.A.        | N.A.        | N.A.   | 108.90               |                    |             |              |                  |
| <b>Shopping centre players</b>               |             |             |        |                      |                    |             |              |                  |
| Unibail-Rodamco SE                           | 181.48      | 195.14      | 208.59 | 242.55               | 33.7%              | 24.3%       | 16.3%        | 7.2%             |
| Klepiere SA                                  | 35.59       | 37.36       | 39.04  | 42.64                | 19.8%              | 14.1%       | 9.2%         | 4.7%             |
| Eurocommercial Cert.Of Shs                   | 39.25       | 40.39       | 43.19  | 40.18                | 2.3%               | -0.5%       | -7.0%        | 4.9%             |
| Vastned Retail Belgium                       | N.A.        | N.A.        | N.A.   | 56.51                |                    |             |              |                  |
| Deutsche EuroShop AG                         | 37.55       | 39.12       | 40.78  | 40.45                | 7.7%               | 3.4%        | -0.8%        | 4.2%             |
| <b>Average</b>                               |             |             |        |                      | <b>8.4%</b>        | <b>3.1%</b> | <b>-2.1%</b> | <b>5.2%</b>      |
| <b>Median</b>                                |             |             |        |                      | <b>8.8%</b>        | <b>3.7%</b> | <b>1.6%</b>  | <b>4.7%</b>      |
| <i>thereof shopping centre player</i>        |             |             |        |                      |                    |             |              |                  |
| <i>Average</i>                               |             |             |        |                      | 15.9%              | 10.3%       | 4.4%         | 5.3%             |
| <i>Median</i>                                |             |             |        |                      | 13.8%              | 8.8%        | 4.2%         | 4.8%             |
| <i>thereof niche player</i>                  |             |             |        |                      |                    |             |              |                  |
| <i>Average</i>                               |             |             |        |                      | 0.9%               | -4.1%       | -8.6%        | 5.2%             |
| <i>Median</i>                                |             |             |        |                      | 7.2%               | 0.9%        | -3.6%        | 4.6%             |
| PrimeCity Investment Plc                     | 3.64        | 5.35        | 7.33   | 3.40                 | -6.7%              | -36.4%      | -53.6%       | 41.8%            |
| <i>average prem/disc of our peer group</i>   | 8.4%        | 3.1%        | -2.1%  |                      |                    |             |              |                  |
| <i>average prem/disc of shopping players</i> | 15.9%       | 10.3%       | 4.4%   |                      |                    |             |              |                  |
| <i>average prem/disc of niche players</i>    | 0.9%        | -4.1%       | -8.6%  |                      |                    |             |              |                  |
| FV based on average peer group               | 3.95        | 5.51        | 7.17   |                      |                    |             |              |                  |
| FV based on shopping players                 | 4.22        | 5.90        | 7.65   |                      |                    |             |              |                  |
| FV based on niche players                    | 3.68        | 5.13        | 6.70   |                      |                    |             |              |                  |
| <b>Fair value per share</b>                  |             | <b>5.54</b> |        |                      |                    |             |              |                  |

Source: Company Data, Factset, Oddo Seydler Bank AG

## Profit and loss account

|                                                                       | IFRS | EURm | 2013           | 2014            | 2015e           | 2016e           | 2017e           |
|-----------------------------------------------------------------------|------|------|----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Revenue</b>                                                        |      |      | <b>9.9</b>     | <b>25.6</b>     | <b>42.7</b>     | <b>72.4</b>     | <b>105.6</b>    |
| YoY growth                                                            |      |      | 154.9%         | 158.9%          | 67.0%           | 69.5%           | 45.9%           |
| Capital gains, property revaluation and other income<br>as % of sales |      |      | 26.8<br>271.1% | 102.8<br>402.0% | 151.6<br>355.0% | 215.0<br>296.9% | 250.2<br>236.8% |
| Property operating expenses<br>as % of sales                          |      |      | -1.3<br>-12.8% | -1.9<br>-7.3%   | -3.0<br>-7.0%   | -5.0<br>-6.9%   | -7.1<br>-6.7%   |
| Administrative and other expenses<br>as % of sales                    |      |      | -1.1<br>-11.3% | -2.0<br>-7.7%   | -3.8<br>-8.9%   | -6.2<br>-8.6%   | -9.0<br>-8.5%   |
| <b>EBIT</b>                                                           |      |      | <b>34.3</b>    | <b>124.5</b>    | <b>187.5</b>    | <b>276.1</b>    | <b>339.7</b>    |
| as % of sales                                                         |      |      | 347.0%         | 487.0%          | 439.1%          | 381.5%          | 321.6%          |
| <b>EBIT excl. non cash items</b>                                      |      |      | <b>7.5</b>     | <b>21.7</b>     | <b>35.9</b>     | <b>61.2</b>     | <b>89.5</b>     |
| as % of sales                                                         |      |      | 75.9%          | 85.0%           | 84.1%           | 84.5%           | 84.8%           |
| Finance expenses                                                      |      |      | -3.8           | -5.3            | -9.6            | -13.4           | -19.3           |
| Other financial results                                               |      |      | -0.1           | -5.8            | 0.0             | 0.0             | 0.0             |
| <b>Financial result</b>                                               |      |      | <b>-3.8</b>    | <b>-11.1</b>    | <b>-9.6</b>     | <b>-13.4</b>    | <b>-19.3</b>    |
| as % of sales                                                         |      |      | -39.0%         | -43.3%          | -22.5%          | -18.6%          | -18.3%          |
| <b>Profit before tax</b>                                              |      |      | <b>30.4</b>    | <b>113.4</b>    | <b>177.9</b>    | <b>262.7</b>    | <b>320.3</b>    |
| as % of sales                                                         |      |      | 308.1%         | 443.7%          | 416.5%          | 362.9%          | 303.3%          |
| Current tax expenses                                                  |      |      | -0.7           | -2.9            | -3.9            | -7.2            | -10.5           |
| Deferred tax expenses                                                 |      |      | 0.3            | -6.5            | -22.7           | -32.2           | -37.5           |
| <b>Tax expenses</b>                                                   |      |      | <b>-0.4</b>    | <b>-9.4</b>     | <b>-26.7</b>    | <b>-39.4</b>    | <b>-48.1</b>    |
| Tax rate in %                                                         |      |      | -1.4%          | -8.3%           | -15.0%          | -15.0%          | -15.0%          |
| <b>Net profit</b>                                                     |      |      | <b>30.0</b>    | <b>104.0</b>    | <b>151.2</b>    | <b>223.3</b>    | <b>272.3</b>    |
| as % of sales                                                         |      |      | 303.8%         | 406.8%          | 354.1%          | 308.5%          | 257.8%          |
| Minorities                                                            |      |      | 0.1            | 7.2             | 0.0             | 0.0             | 0.0             |
| <b>Net profit attributable to shareholders</b>                        |      |      | <b>29.9</b>    | <b>96.8</b>     | <b>151.2</b>    | <b>223.3</b>    | <b>272.3</b>    |
| as % of sales                                                         |      |      | 303.2%         | 378.8%          | 354.1%          | 308.5%          | 257.8%          |
| <b>EPS, basic (EUR)</b>                                               |      |      | <b>0.30</b>    | <b>0.97</b>     | <b>1.51</b>     | <b>2.23</b>     | <b>2.72</b>     |
| <b>EPS, diluted (EUR)</b>                                             |      |      | <b>0.30</b>    | <b>0.93</b>     | <b>1.01</b>     | <b>1.49</b>     | <b>1.82</b>     |
| <b>DPS (EUR)</b>                                                      |      |      | <b>0.00</b>    | <b>0.00</b>     | <b>0.00</b>     | <b>0.12</b>     | <b>0.18</b>     |
| Dividend yield                                                        |      |      | 0.0%           | 0.0%            | 0.0%            | 3.6%            | 5.3%            |
| <b>FFO I</b>                                                          |      |      | <b>3.0</b>     | <b>13.6</b>     | <b>22.4</b>     | <b>40.6</b>     | <b>59.7</b>     |
| <b>FFO I p/s (EUR)</b>                                                |      |      | <b>0.03</b>    | <b>0.14</b>     | <b>0.22</b>     | <b>0.41</b>     | <b>0.60</b>     |
| FFO yield                                                             |      |      | 0.9%           | 4.0%            | 6.6%            | 11.9%           | 17.5%           |

Source: Company Data, Oddo Seydler Bank AG

## Balance Sheet

|                                                        | IFRS | EURm | 2013         | 2014         | 2015e        | 2016e          | 2017e          |
|--------------------------------------------------------|------|------|--------------|--------------|--------------|----------------|----------------|
| <b>Assets</b>                                          |      |      |              |              |              |                |                |
| <b>Non-current assets</b>                              |      |      | <b>183.2</b> | <b>448.2</b> | <b>879.9</b> | <b>1,395.2</b> | <b>1,995.8</b> |
| as % of total assets                                   |      |      | 98.2%        | 87.3%        | 96.6%        | 97.7%          | 98.4%          |
| Equipment and intangible assets                        |      |      | 0.0          | 4.5          | 4.5          | 4.5            | 4.5            |
| Investment property                                    |      |      | 152.9        | 422.0        | 873.6        | 1,388.5        | 1,988.7        |
| Advanced payment for investment property               |      |      | 3.5          | 20.1         | 0.0          | 0.0            | 0.0            |
| Equity-accounted investees                             |      |      | 25.4         | 0.0          | 0.0          | 0.0            | 0.0            |
| Deferred tax assets                                    |      |      | 0.7          | 0.9          | 1.2          | 1.5            | 2.0            |
| Other long-term assets                                 |      |      | 0.8          | 0.7          | 0.7          | 0.7            | 0.7            |
| <b>Current assets</b>                                  |      |      | <b>3.5</b>   | <b>65.1</b>  | <b>31.4</b>  | <b>33.1</b>    | <b>33.3</b>    |
| as % of total assets                                   |      |      | 1.8%         | 12.7%        | 3.4%         | 2.3%           | 1.6%           |
| Cash and cash equivalents                              |      |      | 1.1          | 4.7          | 28.0         | 29.7           | 29.9           |
| Short trade deposits                                   |      |      | 1.6          | 1.7          | 1.7          | 1.7            | 1.7            |
| Trade securities at fair value through profit and loss |      |      | 0.0          | 57.0         | 0.0          | 0.0            | 0.0            |
| Trade and other receivables                            |      |      | 0.7          | 1.1          | 1.1          | 1.1            | 1.1            |
| Other financial assets                                 |      |      | 0.1          | 0.6          | 0.6          | 0.6            | 0.6            |
| <b>Total Assets</b>                                    |      |      | <b>186.7</b> | <b>513.2</b> | <b>911.3</b> | <b>1,428.3</b> | <b>2,029.1</b> |
| <b>Total equity and liabilities</b>                    |      |      |              |              |              |                |                |
| <b>Total equity</b>                                    |      |      | <b>84.5</b>  | <b>213.1</b> | <b>373.6</b> | <b>596.9</b>   | <b>857.0</b>   |
| as % of total equity and liabilities                   |      |      | 45.3%        | 41.5%        | 41.0%        | 41.8%          | 42.2%          |
| Share capital                                          |      |      | 0.0          | 1.0          | 1.0          | 1.0            | 1.0            |
| Premium and other capital reserves                     |      |      | 0.0          | 1.7          | 11.1         | 11.1           | 11.1           |
| Retained earnings                                      |      |      | 78.3         | 176.6        | 327.8        | 551.1          | 811.2          |
| <b>Shareholders' equity</b>                            |      |      | <b>78.3</b>  | <b>179.4</b> | <b>339.9</b> | <b>563.2</b>   | <b>823.3</b>   |
| Minorities                                             |      |      | 6.2          | 33.7         | 33.7         | 33.7           | 33.7           |
| <b>Non-current liabilities</b>                         |      |      | <b>98.1</b>  | <b>287.4</b> | <b>513.8</b> | <b>796.7</b>   | <b>1,122.1</b> |
| as % of total equity and liabilities                   |      |      | 52.5%        | 56.0%        | 56.4%        | 55.8%          | 55.3%          |
| Loans and borrowings                                   |      |      | 57.3         | 137.7        | 299.6        | 550.3          | 838.2          |
| Convertible bonds                                      |      |      | 0.0          | 96.7         | 138.5        | 138.5          | 138.5          |
| Derivative financial instruments                       |      |      | 3.1          | 5.0          | 5.0          | 5.0            | 5.0            |
| Deferred tax liabilities                               |      |      | 15.4         | 46.6         | 69.4         | 101.6          | 139.1          |
| Other long-term liabilities                            |      |      | 22.2         | 1.3          | 1.3          | 1.3            | 1.3            |
| <b>Current liabilities</b>                             |      |      | <b>4.1</b>   | <b>12.8</b>  | <b>23.9</b>  | <b>34.6</b>    | <b>50.0</b>    |
| as % of total equity and liabilities                   |      |      | 2.2%         | 2.5%         | 2.6%         | 2.4%           | 2.5%           |
| Current portion of long-term loans                     |      |      | 3.0          | 6.9          | 17.8         | 28.4           | 43.5           |
| Trade and other payables                               |      |      | 0.9          | 3.3          | 3.5          | 3.7            | 3.8            |
| Provisions and current liabilities                     |      |      | 0.3          | 2.6          | 2.6          | 2.6            | 2.6            |
| <b>Total equity and liabilities</b>                    |      |      | <b>186.7</b> | <b>513.2</b> | <b>911.3</b> | <b>1,428.3</b> | <b>2,029.1</b> |

Source: Company Data, Oddo Seydler Bank AG

## Cash flow statement

|                                                      | IFRS | EURm | 2013         | 2014         | 2015e         | 2016e         | 2017e         |
|------------------------------------------------------|------|------|--------------|--------------|---------------|---------------|---------------|
| <b>Profit for the year</b>                           |      |      | <b>30.0</b>  | <b>104.0</b> | <b>151.2</b>  | <b>223.3</b>  | <b>272.3</b>  |
| Capital gains, property valuation and other income   |      |      | -26.8        | -102.8       | -151.6        | -215.0        | -250.2        |
| Finance expenses, net                                |      |      | 3.8          | 11.1         | 9.6           | 13.4          | 19.3          |
| Tax and deferred tax expenses                        |      |      | 0.4          | 9.4          | 26.7          | 39.4          | 48.1          |
| Trade and other receivables                          |      |      | -0.4         | 1.1          | -0.3          | -0.4          | -0.5          |
| Trade and other payables                             |      |      | -1.3         | -1.4         | 0.2           | 0.2           | 0.2           |
| Provisions for other liabilities and charges         |      |      | 0.0          | 0.3          | 0.0           | 0.0           | 0.0           |
| Taxes paid                                           |      |      | -0.7         | -1.9         | -3.9          | -7.2          | -10.5         |
| <b>Cash flows from operating activities</b>          |      |      | <b>5.2</b>   | <b>19.8</b>  | <b>31.9</b>   | <b>53.8</b>   | <b>78.7</b>   |
| Proceeds from disposal of investment properties, net |      |      | -3.8         | 35.5         | 0.0           | 0.0           | 0.0           |
| Acquisition of subsidiaries, net of cash acquired    |      |      | -24.1        | -41.6        | -300.0        | -300.0        | -350.0        |
| Change in trade securities and others                |      |      | -1.6         | -61.0        | 77.1          | 0.0           | 0.0           |
| <b>Cash flows from investing activities</b>          |      |      | <b>-29.4</b> | <b>-67.1</b> | <b>-222.9</b> | <b>-300.0</b> | <b>-350.0</b> |
| Change in debt (incl. bonds)                         |      |      | -2.4         | 54.3         | 214.6         | 261.3         | 303.1         |
| Proceeds of loans from others, net                   |      |      | 27.7         | 1.5          | 0.0           | 0.0           | 0.0           |
| Finance expenses paid, net                           |      |      | 0.1          | -4.9         | -9.6          | -13.4         | -19.3         |
| Dividends paid                                       |      |      | 0.0          | 0.0          | 0.0           | 0.0           | -12.2         |
| Others                                               |      |      | 0.0          | 0.0          | 9.3           | 0.0           | 0.0           |
| <b>Cash flows from financing activities</b>          |      |      | <b>25.4</b>  | <b>50.9</b>  | <b>214.3</b>  | <b>247.8</b>  | <b>271.5</b>  |
| <i>Change in cash and cash equivalents</i>           |      |      | <i>1.1</i>   | <i>3.6</i>   | <i>23.3</i>   | <i>1.7</i>    | <i>0.3</i>    |
| Cash at the beginning of the year                    |      |      | 0.0          | 1.1          | 4.7           | 28.0          | 29.7          |
| <b>Cash as of the end of the year</b>                |      |      | <b>1.1</b>   | <b>4.7</b>   | <b>28.0</b>   | <b>29.7</b>   | <b>29.9</b>   |

Source: Company Data, Oddo Seydler Bank AG

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| Date             | Recommendation | Price at change date | Price target |
|------------------|----------------|----------------------|--------------|
| 01 December 2015 | BUY            | EUR 3.40             | EUR 5.60     |
| 13 August 2015   | BUY            | EUR 3.50             | EUR 5.60     |
| 22 June 2015     | BUY            | EUR 3.59             | EUR 5.60     |

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