EDISON

Globalworth Real Estate

Update on equity raise and acquisitions

Strong growth continuing

Real estate

2018 was a year of dynamic growth for Globalworth (GWI), and this has continued into 2019. Since reporting FY18 results, it has completed the issue of 55m new shares, valued at c €500m, directed at funding continued portfolio investment and the acquisition of the outstanding minority in its Polish subsidiary. Further acquisitions with a value of c €283m have been reported, and the group has a new core shareholder.

Year end	NOI* (€m)	EPRA earnings** (€m)	EPRA EPS (c)	EPRA NAV/ share*** (€)	DPS (c)	P/EPRA NAV (x)	Yield (%)
12/17	51.1	16.8	17.9	8.84	44	1.02	4.9
12/18	133.4	60.9	46.0	9.04	54	1.00	6.0
12/19e	154.3	88.3	50.1	9.52	54	0.94	6.0
12/20e	185.8	113.8	59.6	10.31	58	0.87	6.4
12/21e	201.6	127.1	66.6	10.89	62	0.83	6.9
12/22e	210.4	135.1	70.8	11.32	66	0.80	7.3

Note: *NOI is net operating income. **EPRA earnings is adjusted for revaluation movements and other non-recurring items. ***EPRA NAV is adjusted for deferred tax liabilities, fair value of interest rate derivatives and other items.

Equity raise, minority buy-out and acquisitions

Of the 55m new shares issued at €9.10 per share, a slight premium to end-FY18 EPRA NAV per share of €9.04, c 38.1m were placed for cash, raising gross proceeds of c €348m to part-fund continuing growth. The balance was exchanged for minorities in Globalworth Poland, in which GWI's ownership is now 99.6% and de-listing of the Polish subsidiary has begun. The increased economic exposure to Poland and simplification of the group structure is a welcome move that should create efficiencies. Meanwhile, Growthpoint has reinforced its position as GWI's largest shareholder (29.8%) and Aroundtown, one of Europe's largest listed real estate companies, is a new core shareholder with 18.1%. The near-term acquisition pipeline of Polish office assets under exclusive negotiation has been completed, for an aggregate €283m at a blended average stabilised yield of 7.8%.

Per share forecasts lower but strong growth

In our updated multi-year analysis, FY22e EPRA earnings and NAV per share are reduced by 8–10% (see page 4), although the rate of growth in NAV, earnings and dividends in the years to end-FY22 remains strong. The drivers of growth are an increased contribution from recently completed acquisitions and developments, future developments, and rental growth, with a modest contribution from assumed further acquisitions of c €125m, partly re-gearing the balance sheet after the recent equity increase. Rental growth and development profits should drive capital growth and increasing EPRA NAV per share, and there is scope (not captured in our forecast) for market-wide yield tightening, especially in Romania, to further lift NAV.

Valuation: Growth should drive shareholder returns

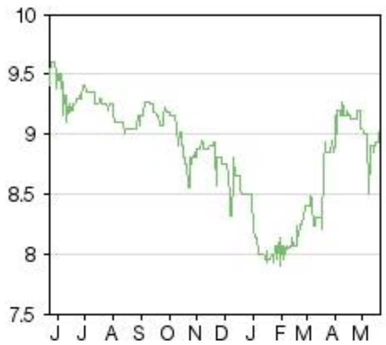
GWI shares have performed well in recent weeks and now trade at a slight premium to FY18 EPRA NAV. We would expect shareholder returns to be driven by the strong upside potential in income and capital earnings, and we forecast a compound annual average NAV total return of 10.9% per year to FY22.

21 May 2019

Price	**€9.00**
Market cap	**€1,714m**

Net debt (€m) as at 31 December 2018	1,259
Net LTV as at 31 December 2018	43.9%
Shares in issue	190.5m
Free float	34.3%
Code	GWI
Primary exchange	AIM
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	(1.1)	10.7	(5.0)
Rel (local)	0.9	9.5	1.4
52-week high/low		€9.60	€7.90

Business description

Globalworth Real Estate is a real estate investment company, incorporated in Guernsey and listed on AIM. It is the leading office investor in the CEE region with a portfolio of more than €2.5bn in Romania and Poland. It targets a sustainable and growing dividend with capital growth.

Next events

AGM	24 June 2019

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Edison profile page

Globalworth Real Estate is a research client of Edison Investment Research Limited

Strong growth continuing in 2019

Since it listed in 2013, GWI has grown rapidly to become one of the leading real estate companies in the CEE region. It is focused on Romania and Poland, where commercial property markets are supported by strong economic growth, above the EU average, and an increasing number of multinational companies operating in the region. 2018 was a year of dynamic growth for Globalworth and this has continued into 2019. During FY18, GWI consolidated the late 2017 acquisition of a controlling stake in Polish GPRE, closed acquisitions with a total value of more than €500m, mostly in Poland, and made further progress with its development pipeline in Romania. Already in 2019 it has completed the issue of 55m new shares with a value of c €500m, has closed or agreed acquisitions with an aggregate value of c €280m, and has greatly simplified the group structure by acquiring the minority interest in its Polish subsidiary. We commented briefly on the FY18 results in our update note published on 13 March 2019. In this note we update our multi-year financial forecasts for the period to end-FY22. Our forecasts assume a modest re-gearing of the balance sheet, including a notional €125m of acquisitions to take the LTV closer to the 40% medium term target. In practice, we would expect the group to do more than this, given its dynamic track record of growth and strategic goal of further portfolio expansion over time, locking in attractive returns, and building scale to become the landlord of choice, funded through a balance of new equity and debt resources. The recently completed issue of 55m new shares at slightly above EPRA NAV and recent upgrades to investment grade of the group's issuer credit rating by both Moody's and S&P (Fitch already rated GWI investment grade) underline the group's access to capital markets on favourable terms. While we recognise this potential upside, we do not include it in our forecasts given the uncertainties surrounding the scale, terms and timing of such action.

Placing and exchange offer completed

Consistent with its growth strategy, GWI recently completed the issue of 55m new shares. These were directed at part-funding continuing portfolio investment and the acquisition of minority interests in Globalworth Poland. Of the 55m new shares issued at €9.10 per share, slightly ahead of the end-FY18 EPRA NAV per share of €9.04, c 38.2m shares were placed ("the placing") with investors to raise gross proceeds of €347.6m. Growthpoint, South Africa's largest REIT and since 2016 GWI's largest shareholder, subscribed to c 1.6m of the placing shares and it also received c 16.8m new shares in exchange for its 21.6% direct investment in Globalworth Poland (formerly GPRE). Growthpoint acquired the stake in June 2018 when it subscribed to an equity raise by GWI's Polish subsidiary.

As a result of the transactions, Growthpoint's shareholding in the enlarged GWI share capital has increased slightly, to 29.8%, and including some other, smaller recent minority acquisitions, GWI's ownership of Globalworth Poland has now increased to 99.6%. GWI has begun the procedure for delisting the Globalworth Poland subsidiary, which it expects to complete later in the year. This will represent a welcome rationalisation of the group structure, presenting a simpler equity story to investors, and has the potential to reduce administration costs and deliver operational synergies.

With an 18.1% stake, Aroundtown SA, one of the largest listed commercial and residential real estate companies in Europe, with a market capitalisation of more than €8bn, becomes GWI's second large listed investor.

Exhibit 1: Shareholder structure

Shareholder	Ownership
Growthpoint	29.8%
Aroundtown	18.1%
Ioannis Papalekas	12.7%
Altshuler Shaham Ltd	6.3%
EBRD	5.8%
York Capital	4.2%
Others	23.7%
Total	**100.0%**
Of which free float*	34.3%

Source: Globalworth Real Estate. Note: *Free float as defined by the AIM Rules for Companies.

The net proceeds of the placing will be used to fund investment opportunities in both Romania and Poland, as well as for general corporate purposes, while providing support for GWI's long-term gearing strategy, which targets an LTV of less than 40%. Since announcing the capital increase, the acquisitions of four office properties in Poland (the near-term pipeline of opportunities under exclusive negotiation, announced in March), for an aggregate €283m before debt, have been agreed. Two have already completed, for an aggregate consideration of c €170m, and two are expected to complete in July, for an aggregate c €113m, subject to conditions being met. GWI's strategy is to seek further acquisitions of office assets in Poland, providing potential for economies of scale and asset management driven value creation. In Romania, GWI has a strong pipeline of office/light industrial and logistics developments, and management estimates future capital investment of c €250m including current and planned projects.

Reflecting the further strengthening of the group's financial position, both Moody's Investors Service and S&P, the international credit rating agencies, have recently upgraded their issuer credit ratings on GWI; Moody's from to Baa3 from Ba1, and S&P from BBB- to BB+. GWI is now rated investment grade with each of Moody's, S&P and Fitch. The impact on GWI's unsecured bonds, listed on the Irish and the Bucharest stock exchanges, has been noticeably favourable, which is a positive indicator for future funding costs as the group looks to further grow its portfolio. The yield on the company's 2.875% unsecured Eurobonds due in 2022 is now 1.23% (17 May 2019), having been at around 2% for most of 2018 before rising closer to 3% in the late-year worldwide market sell-off. The yield on the 3.0% unsecured loan notes due in 2025 is now at 2.3%, having been c 3% throughout 2018 and closer to 4% at end-2018.

Ongoing acquisitions

In line with its plans to further expand in Poland through acquisition, in March the company announced a pipeline of near-term opportunities consisting of four Class A office assets under exclusive negotiation, with an aggregate value of c €280m, and a blended stabilised yield of above 7.5%. The acquisitions of Rondo Business Park in Krakow and the Warsaw Trade Tower have been completed, and the acquisitions of Retro Office House in Wroclaw and Silesia Star in Katowice have been conditionally agreed and are expected to complete in July. Assuming full completion, the four assets represent an aggregate investment of €283.1m, and will add an immediate €20.7m to annual contracted rental income. We estimate reversionary potential to €22.1m of annual contracted rent, or a stabilised yield of c 7.8%.

Exhibit 2: Completed and agreed near-term acquisition pipeline

	Location	Investment (€m)	GLA ('000 sqm)	Contracted rent (€m)	Occupancy	Rent potential (€m)	WALL* (years)	Stabilised yield
Completed transactions								
Rondo Business Park	Krakow	37.0	17.8	3.0	90%	3.3	4.5	8.9%
Warsaw Trade Tower	Warsaw	132.9	45.4	9.0	88%	10.1	2.2	7.6%
Transactions conditionally agreed								
Retro Office House	Wroclaw	58.8	21.9	3.9	100%	3.9	5.0	6.6%
Silesia Star	Katowice	54.4	29.2	4.8	100%	4.8	3.6	8.8%
Total		**283.1**	**114.3**	**20.7**		**22.1**		**7.8%**

Source: Globalworth Real Estate, Edison Investment Research. Note: *WALL is weighted average unexpired lease length.

Rondo Business Park is strategically located directly adjacent to the already owned Quattro Business Park. Warsaw Trade Tower benefits from AXA as the largest tenant, alongside other international companies including American Express and Mattel, with reversionary potential from letting vacant space. Retro Office House is a 100% let newly completed office development in central Wroclaw, benefiting from good transport links to other parts of the city. Silesia Star, fully let to multiple occupiers, is a complex of two interconnecting buildings in the centre of Katowice, developed in 2014 and 2016.

Forecast update

A strong FY18 performance included good underlying progress from the existing portfolio and a full-year earnings contribution from Globalworth Poland, fully reflected in the FY17 balance sheet but contributing to the FY17 income statement for less than one month. Underlying progress reflected strong leasing activity and an increasing contribution from recently completed developments, rental growth, ongoing acquisitions and operational efficiency. FY18 net operating income increased from €51.1m to €133.4m and EPRA earnings grew from €16.8m (17.9 cents per share) to €60.9m (46.0 cents per share). Including increased DPS and growth in EPRA NAV per share to €9.04, the NAV total return for the year was 7.8%.

Having reviewed the results in detail, and taken account of recent further acquisitions, the Globalworth Poland minority buy-out and the capital increase, we have updated our multi-year financial forecasts for the period to end-FY22 (Exhibit 3). Our forecasts for growth in rental income and capital values include an increased contribution from recently completed acquisitions and developments, assumed further acquisitions of €125m to partly re-gear the balance sheet following the recent equity raise, rental growth and a significant potential contribution from the active development programme. Not specifically included in our forecasts is the potential for additional capital growth that would result from a convergence of Bucharest office yields towards the lower levels seen in markets elsewhere around the CEE region.

Compared with our previous forecasts, income, earnings and net assets are all much higher, although in per share terms forecast EPRA earnings and NAV are lower. There are a number of factors contributing to the per share reductions including:

- An increase in forecast administrative costs as a result of the significantly expanded property management platform in Poland.
- A reduction in development gains implied by management's revised development schedule, including slightly higher construction costs not matched by a similar uplift in expected asset values.
- The surrender of the Polish master lease and NOI guarantees in late FY18 in return for a €21.5m one-off cash settlement. Although we anticipate that this will be broadly value-neutral to GWI, while providing cash up front and increasing its asset management flexibility with respect

to the relevant assets, we expect some of the income recognised in FY18 to be offset by future costs, including near-term void costs and leasing costs.

- Despite the assumed €125m of additional acquisitions, there is a small reduction in our forecast FY22 LTV, from 39.5% previously to 39.0%.

We are now assuming a flat DPS in the current year and have slightly trimmed our rate of DPS growth so as to build EPRA earnings cover and then maintain it at c 1.1x.

Exhibit 3: FY18 performance versus forecast and forecast revisions summary

	NOI (€m)			EPRA earnings (€m)			EPRA EPS (c)*			EPRA NAV per share (€)*			DPS (c)		
	Actual	F'cast	Diff.	Actual	F'cast	Diff.	Actual	F'cast	Diff.	Actual	F'cast	Diff.	Actual	F'cast	Diff.
FY18	133.4	116.4	15%	60.9	55.3	10%	46.0	41.8	10%	9.0	9.1	-1%	54	54	0%
	New	Old	Change	New	Old	Change	New	Old	Change	New	Old	Change	New	Old	Change
FY19e	154.3	149.3	3%	88.3	73.0	21%	50.1	55.1	-9%	9.5	9.7	-2%	54	56	-4%
FY20e	185.8	162.4	14%	113.8	84.3	35%	59.6	63.6	-6%	10.3	10.7	-4%	58	58	0%
FY21e	201.6	177.3	14%	127.1	97.2	31%	66.6	73.3	-9%	10.9	11.6	-7%	62	62	0%
FY22e	210.4	186.3	13%	135.1	104.4	29%	70.8	78.8	-10%	11.3	12.3	-8%	66	72	-8%

Source: Edison Investment Research. Note: Due to an Edison modelling error, the FY21 and FY22 EPRA earnings and EPRA EPS forecasts were previously mis-stated as €99.1m/€74.7 per share and €115.8m/€87.3 per share, respectively. There was no impact on the published IFRS earnings, EPRA NAV or total return forecasts.

Specifically, we have updated the detailed forecast set out in our outlook note to include:

- All of the recently announced acquisitions shown in Exhibit 2 as well as an assumed €125m of additional acquisition of standing assets with an immediate yield on cost of 7.2% and yield potential at full occupancy of 8.0%. The assumed further acquisition is assumed to take place at the beginning of FY20.
- The current and planned development projects, in line with the updated assumptions provided by management, shown in Exhibit 4. The expected capex remaining to complete these developments is c €250m, with an expected addition to contracted rental income of €31.5m.

Exhibit 4: Current and planned developments

	Globalworth Campus Tower III	Globalworth Square	TAP II first phase	TAP & TAP II expansion*	Luterana	Green Court D	Globalworth West
Location	Bucharest new CBD	Bucharest new CBD	Timisoara	Timisoara	Bucharest new CBD	Bucharest new CBD	Bucharest new CBD
Type	Office	Office	Light ind./ logistics	Light ind./ logistics	Office	Office	Office
Status	Under development	Under development	Under development	Future development	Future development	Future development	Future development
Expected/potential delivery	Q419	Q120	Q219	2019–20	Q221	Q420	Q121
Expected GLA ('000sqm)	34.8	26.4	17.7	150.6	26.4	16.2	33.4
Cost/capex to 31 December 2018 (€m)	17.0	14.2	3.3	5.0	7.1	2.6	3.0
As is value at 31 December 2018 (€m)	25.5	13.8	5.4	7.8	14.3	5.1	3.2
Estimated remaining capex (€m)	39.0	39.9	5.2	59.1	40.4	23.9	42.4
Estimated rental income (€m)	5.6	5.1	0.8	6.5	5.8	2.9	4.8
Estimated yield on cost (€m)	10.0%	9.5%	10.0%	10.2%	12.2%	11.0%	10.6%

Source: Globalworth Real Estate. Note: *To be developed in stages.

- We assume that GWI acquires 100% of the now completed Renault Bucharest Connected (RBC), developed as a 50:50 joint venture and housing Groupe Renault's new headquarters in Romania and a dedicated auto design centre, at the end of FY19. This adds €5.5m to contracted rental income, while during FY19 we allow for GWI's 50% share of this through the JV line in the income statement.
- We have indexed rents to the European Harmonised Index of Inflation (HICP) and have assumed a constant rate of 2.0% per year over the period, similar to the current level.
- We assume the maintenance of a high level of occupancy across the portfolio as a whole. For the speculatively developed assets we assume 60–70% initial occupancy, followed by a steady increase towards the long-term level of c 95% that we assume for the portfolio as a whole

(95.1% at end-FY18 for the standing commercial portfolio, including certain office rental guarantees).

- We have assumed positive revaluation movement in line with rental growth and we have assumed a yield of 7% on the Romanian development assets, similar to the current blended yield on the completed Romanian portfolio post completion and letting. Specifically, we have not assumed any generalised market-driven changes in yield, either positive or negative, although as we discuss below there is potential for Romanian yields in particular to tighten, converging on the levels seen in more established regional markets.

NAV sensitivity to yield shift

Current market conditions suggest good potential for prime office yields to tighten in Bucharest in particular, where prime office yields remain well above the levels in other regional markets and valuations remain well below historical highs. Although prime office yields in Bucharest have declined over the past three years, the tightening has not kept pace with that seen in Warsaw, Budapest and Prague (1.0–1.5pp), and they remain noticeably higher. Bucharest prime yields of c 7.25% compare with c 5.0% in Warsaw, 6.0% in Budapest and c 4.75% in Prague, and remain well above the c 6.0% seen at the 2007 pre-financial crisis market peak. GWI management continues to anticipate that the gap with other CEE centres will narrow, which would have a positive impact on our EPRA NAV and total return forecasts.

The full occupancy yield on the Romanian commercial portfolio was c 7.4% at end-FY18 or 6.9% based on contracted rental income, a small discount to the Bucharest prime office yield of 7.25% and reflecting the quality and location of the assets.

In Exhibit 5 we show an updated sensitivity of our EPRA NAV forecasts to alternative full occupancy yield assumptions. We estimate that a 50bp tightening in yields across the portfolio would increase FY22 EPRA NAV per share by c €2, or c 17%. If confined to Romanian assets, this would equate to a c 100bp tightening in Romanian yields.

Exhibit 5: Impact of full occupancy yield change on EPRA NAV per share

EPRA NAV per share (€) for yield change of:	2019e	2020e	2021e	2022e
-1.00%	2.9	3.5	4.0	4.3
-0.75%	2.1	2.5	2.9	3.1
-0.50%	1.3	1.6	1.9	2.0
-0.25%	.6	.8	.9	1.0
No change in yield (ie as forecast)	**0.0**	**0.0**	**0.0**	**0.0**
+0.25%	(.6)	(.7)	(.8)	(.9)
+0.50%	(1.2)	(1.4)	(1.6)	(1.7)

Source: Edison Investment Research

Valuation

The FY18 aggregate dividend per share increased to €0.54 from €0.44, set with a view to the expected growth in income earnings, as recent acquisitions make a full contribution and current and planned developments complete. We expect dividends to represent a significant element of shareholder returns and our revised forecasts continue to indicate strong growth in DPS, to €0.66 (declared basis) in FY22, 1.07x covered by EPRA earnings.

Capital growth has been strong since the IPO and we forecast this to continue, enhancing income returns further. As noted above, our base forecasts assume no market-driven shifts in the portfolio valuation yield, with revaluation movements driven by expected inflation indexation of rents and our forecast for development gains. The latter are based on management's expectations for the costs, timing and rent potential of the developments and our assumption that the post-completion yields will be similar to current portfolio levels.

Exhibit 6: EPRA NAV total return and forecasts

	FY14	FY15	FY16	FY17	FY18	FY19e	FY20e	FY21e	FY22e	FY19–22e
Opening EPRA NAV per share (€)	5.57	8.09	9.08	8.57	8.84	9.04	9.52	10.31	10.89	9.04
Closing EPRA NAV per share (€)	8.09	9.08	8.57	8.84	9.04	9.52	10.31	10.89	11.32	11.32
DPS paid (€)	0.00	0.00	0.00	0.22	0.49	0.54	0.56	0.60	0.64	2.34
EPRA NAV total return	**45.4%**	**12.2%**	**-5.6%**	**5.8%**	**7.8%**	**11.3%**	**14.1%**	**11.4%**	**9.8%**	**51.0%**

Source: Globalworth Real Estate data, Edison Investment Research

Combining our DPS and capital return expectations, we estimate an aggregate 51% EPRA NAV total return between end-FY18 and end-FY22, or a compound annual average return of 10.9%. Dividends represent just under half of the forecast return and capital growth represents the balance. Although lower than the aggregate return of 60.7% and compound annual average return of 12.6% implied by our previous forecasts, we consider this to be an attractive prospect in the current low rate environment.

As noted above, yield convergence, especially in relation to the Romanian portfolio, has the potential to materially increase returns above the levels that we estimate.

Although there are no direct comparators to GWI, in Exhibit 7 we show a summary valuation and share price performance comparison of GWI with a small number of other quoted companies that are also significant investors in the CEE regional commercial property market within more broadly spread portfolios. The table uses historical (rather than forecast) financial data. On this basis, GWI offers a higher yield than the peer group average, while trading at a slightly higher P/NAV. The GWI share price has performed strongly over the past three months and we would expect future shareholder returns to be driven by growth in EPRA NAV per share and supported by the attractive yield and growing DPS.

Exhibit 7: Peer comparison table

	Price (local)	Market cap (€m)	P/NAV (x)	Yield (%)	P/E (x)	Share price performance (%)			
						1 month	3 months	12 months	From 12m high
NEPI Rockcastle	7.35	4,306	1.04	7.2	13.8	-2.0	-8.7	-13.0	-14.0
IMMOFINANZ	22.85	2,571	0.80	3.7	14.8	-0.3	1.7	9.2	-2.8
CA IMMO	33.50	3,310	1.01	2.7	26.4	6.7	10.9	15.3	-1.3
GTC	8.70	964	0.82	4.3	15.3	-6.6	-8.2	-3.3	-9.7
Average (ex-Globalworth)			**0.92**	**4.5**	**17.6**	**-0.6**	**-1.1**	**2.1**	**-7.0**
Globalworth	9.03	1,714	1.00	6.0	19.6	-1.4	9.1	-5.5	-8.6

Source: Globalworth Real Estate data. Note: Priced at 21 May 2019. NAV data is last reported and DPS data is trailing 12-month declared.

Exhibit 8: Financial summary

Year ended 31 December (€000's)	2016	2017	2018	2019e	2020e	2021e	2022e
INCOME STATEMENT							
Rental income	46.2	53.9	137.6	159.3	191.8	208.2	217.4
Net property operating expenses	(2.6)	(2.8)	(4.2)	(5.0)	(6.0)	(6.7)	(7.0)
Net operating income (NOI)	43.6	51.1	133.4	154.3	185.8	201.6	210.4
Administrative expenses	(7.7)	(10.2)	(15.3)	(17.0)	(17.5)	(17.8)	(18.1)
Depreciation of long-term assets	(0.2)	(0.2)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
Acquisition costs	(0.1)	(10.8)	(1.2)	0.0	0.0	0.0	0.0
Fair value gain on investment property	6.7	6.7	34.1	108.4	142.0	97.5	68.9
Bargain purchase gain on acquisition of subsidiaries	0.0	28.9	0.3	0.0	0.0	0.0	0.0
Share based payments	(0.0)	(0.1)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
FX gain/(loss)	(0.1)	(0.3)	(1.2)	0.0	0.0	0.0	0.0
Other net operating income/(expense)	1.5	(4.1)	(4.0)	0.0	0.0	0.0	0.0
Gain on sale of financial instruments	0.0	0.0	5.5	0.0	0.0	0.0	0.0
EBIT	43.7	61.0	150.7	244.8	309.3	280.4	260.3
Net finance expense	(31.5)	(37.0)	(38.4)	(42.1)	(46.3)	(47.7)	(47.7)
JV	0.0	2.2	3.1	2.8	0.0	0.0	0.0
Profit before tax (PBT)	12.2	26.2	115.3	205.4	263.0	232.7	212.6
Tax charge	(0.9)	(2.4)	(15.4)	(23.2)	(30.0)	(23.7)	(19.6)
Profit after tax	11.3	23.7	99.9	182.2	233.0	209.0	192.9
Minorities	0.0	0.7	(19.7)	(2.9)	0.0	0.0	0.0
Attributable profit after tax (PAT)	11.3	24.4	80.3	179.4	233.0	209.0	192.9
EPRA earnings adjustments:							
Fair value gain on investment property	(6.7)	(6.7)	(34.1)	(108.4)	(142.0)	(97.5)	(68.9)
Other EPRA adjustments	4.0	(0.9)	14.7	17.3	22.7	15.6	11.0
EPRA earnings	8.6	16.8	60.9	88.3	113.8	127.1	135.1
Basic average number of shares (m)	64.4	92.5	132.3	176.1	190.6	190.6	190.6
Fully diluted average number of shares (m)	64.4	93.8	132.5	176.3	190.8	190.8	190.8
IFRS EPS - basic (c)	17.6	26.4	60.7	101.9	122.3	109.6	101.2
Diluted EPRA EPS (c)	13.3	17.9	46.0	50.1	59.6	66.6	70.8
DPS (c)	0.0	44.0	54.0	54.0	58.0	62.0	66.0
Dividend cover		0.4	0.9	0.9	1.0	1.1	1.07
BALANCE SHEET							
Investment property	980.9	1,792.4	2,391.0	2,953.1	3,336.7	3,466.3	3,535.1
Other non-current assets	17.7	49.2	69.0	30.7	30.7	30.7	30.7
Total non-current assets	998.6	1,841.6	2,460.0	2,983.8	3,367.4	3,497.0	3,565.9
Cash & equivalents	221.3	273.3	229.5	101.7	35.2	27.5	49.8
Other current assets	11.8	46.1	47.4	47.4	47.4	47.4	47.4
Total current assets	233.2	319.4	277.0	149.1	82.6	74.9	97.2
Interest bearing loans & borrowings	(375.6)	(834.0)	(1,235.1)	(1,243.6)	(1,399.1)	(1,404.6)	(1,410.1)
Deferred tax liabilities	(70.6)	(99.6)	(107.0)	(124.3)	(147.0)	(162.6)	(173.7)
Other non-current liabilities	(4.5)	(13.1)	(15.9)	(17.7)	(20.2)	(21.6)	(22.0)
Total non-current liabilities	(450.6)	(946.7)	(1,358.0)	(1,385.7)	(1,566.4)	(1,588.8)	(1,605.8)
Interest bearing loans & borrowing	(38.7)	(36.4)	(24.0)	(20.9)	(20.9)	(20.9)	(20.9)
Other current liabilities	(27.1)	(41.5)	(57.7)	(50.7)	(60.4)	(64.7)	(67.6)
Total current liabilities	(65.8)	(77.8)	(81.7)	(71.7)	(81.3)	(85.7)	(88.5)
Net assets	715.4	1,136.5	1,297.3	1,675.6	1,802.3	1,897.4	1,968.8
Non-controlling interests	0.0	(67.6)	(212.4)	0.0	0.0	0.0	0.0
Shareholders' equity	715.4	1,068.9	1,084.9	1,675.6	1,802.3	1,897.4	1,968.8
Adjustments to EPRA:							
Add deferred tax liability	70.6	112.1	128.6	146.0	168.7	184.3	195.3
Deduct goodwill as a result of deferred tax	(5.7)	(5.7)	(5.7)	(5.7)	(5.7)	(5.7)	(5.7)
Add negative fair value of interest rate swap	3.6	2.6	2.1	2.1	2.1	2.1	2.1
Other	0.0	(6.5)	(9.8)	0.0	0.0	0.0	0.0
EPRA NAV	783.8	1,171.5	1,200.2	1,817.9	1,967.4	2,078.1	2,160.5
Period end number of shares, fully diluted (m)	91.5	132.5	132.7	190.9	190.9	190.9	190.9
Basic NAV per share (€)	7.91	8.09	8.19	8.79	9.45	9.95	10.33
EPRA NAV per share (€)	8.57	8.84	9.04	9.52	10.31	10.89	11.32
CASH FLOW							
Net cash flows from operating activities	19.9	10.1	80.1	101.1	133.0	139.9	145.4
Cash flows from investing activities	(39.5)	(388.0)	(426.9)	(475.4)	(242.0)	(32.5)	(0.4)
Cash flows from financing	206.9	430.6	303.1	246.5	42.5	(115.1)	(122.7)
Change in cash	187.3	52.7	(43.7)	(127.9)	(66.5)	(7.7)	22.3
Opening cash	31.0	218.4	271.0	227.3	99.4	32.9	25.2
Closing cash	218.4	271.0	227.3	99.4	32.9	25.2	47.6
Adjustments to balance sheet cash	3.0	2.3	2.3	2.3	2.3	2.3	2.3
Balance sheet cash	221.3	273.3	229.5	101.7	35.2	27.5	49.8
Debt as per balance sheet	(414.2)	(870.4)	(1,259.1)	(1,264.6)	(1,420.1)	(1,425.6)	(1,431.1)
Debt fair value adjustment	0.0	(12.6)	(20.5)	(20.5)	(20.5)	(20.5)	(20.5)
Debt at nominal value	(414.2)	(883.0)	(1,279.6)	(1,285.1)	(1,440.6)	(1,446.1)	(1,451.6)
Net (debt)/cash	(192.9)	(609.7)	(1,050.1)	(1,183.4)	(1,405.4)	(1,418.6)	(1,401.8)
Net LTV	19.7%	34.0%	43.9%	39.9%	41.8%	40.5%	39.0%

Source: Globalworth Real Estate Investment, Edison Investment Research

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