Event: Deutsche Annington Immobilien SE - Q1 2015 analyst conference call

Date: Monday, 1 June 2015

Speakers: Mr Rolf Buch (Chief Executive Officer), Mr Thomas Zinnöcker (Deputy Chief Executive Officer), Dr Stefan Kirsten (Chief Financial Officer) and Mr Thomas Eisenlohr (Head of Investor Relations)

Call Duration: 1:12:45

Conference Ref No: EV00027011 & DE10038964

Monday, 1 June 2015

OPERATOR: Dear ladies and gentlemen, welcome to the analysts' conference of Deutsche Annington Immobilien SE. At our customer's request, this conference will be recorded. As a reminder, all participants will be in a listen-only mode. After the presentation, there will be an opportunity to ask questions. If any participant has difficulties hearing the conference, please press the star key followed by zero on your telephone for operator assistance.

May I now hand you over to Mr Eisenlohr, who will lead you through this conference? Please go ahead, sir.

THOMAS EISENLOHR: Thank you very much and welcome to our Q1 2015 results conference call. This call is hosted by Rolf Buch, CEO, Thomas Zinnöcker, Deputy CEO, and Dr Stefan Kirsten, CFO of the company. The management team will lead you through the presentation first and afterwards we are happy to answer your questions. And with this, I would like to hand over to Rolf Buch.

ROLF BUCH: Yes. Hello there, ladies and gentlemen. Also a warm welcome from my side. Let me highlight a little bit what we will present you today.

This is a Q1 call, so of course you will see that both companies, GAGFAH and Deutsche Annington, had a good start in the year. The FFO 1 per share for

Deutsche Annington including one month of GAGFAH is up by 27 per cent and the EPRA net asset value per share is up by 17 per cent. We are also - and you will see this in a minute from Stefan - able to give you attractive guidance on the combined Deutsche Annington and GAGFAH, ten months of GAGFAH and 12 months of Deutsche Annington. FFO 1 per share will be up by 42 per cent. EPRA net asset value per share will be up by 20 per cent or around €29 and, assuming that the development is as we think, the management board and supervisory board can propose later at the beginning of next year a dividend for 2015 of around €1 per share. This means that the principal dividend policy of around 70 per cent of FFO 1 remains unchanged.

So the big point is, of course, we will talk about the GAGFAH integration. The integration is running smoothly and the synergy potential is well above the initial synergy potential. Please keep in mind - and Thomas Zinnöcker will explain to you - that the initial synergy potential of €84 million was an outside-in view. Now we have detailed knowledge. Working teams have worked together. We have a detailed time-plan and so we are able to raise the synergy potential to €130 million with €55 million lower one-off costs and, also important, a significantly shortened integration phase. All the other points of our strategy will remain unchanged, specifically the portfolio strategy and the acquisition strategy.

On the next page, you can see that this unchanged strategy works very well. In property management, we will show you that we have seen in the first quarter a 2.6 per cent like-for-like rental growth and we are down to a 3.4 per cent vacancy rate, which is a 30-basis-point year-on-year decrease. Our cost per unit in 2015 is around €700, whereas it was €754 in the last year. In the financial strategy, you will see from Stefan that the acquisition price is fully and long-term funded and that there are several options in place to reach our below 50 per cent LTV target and that the maturity profile we have now in the combined entity offers further headroom for cost-reduction.

In the portfolio management, I will show you later that we have a new ideal structure of our portfolio and of course a very important modernisation programme is on track and growing. Today we will not talk about our extension strategy because this is reserved for the capital markets day, which will be held in Berlin on 15 and 16 June. You are all heartily invited and here we will show you more examples for the extension, but today for time reasons we will not talk about the extension.
And then fifth, of course, our (Inaudible) acquisition. Thomas will lead you in detail through our integration plan of GAGFAH and in the end I will give you also some flavour of potential further acquisitions that might happen in the future. With this, I'll hand over to Stefan, who will lead you through the figures.

STEFAN KIRSTEN: Thank you, Rolf. I will take a touch more time than normal because this has of course been a quarter that has been rather disruptive from the numbers. It's very difficult to read. Some of you have commented on that in the early research this morning already. If you want to know what's included in which column, I would like to refer you to the appendix to page 25. For instance, in these numbers, you only have one month of GAGFAH and this is an issue that should not be underestimated. So, when you see these little green bars on the FFO, please do me a favour and don't try to extrapolate them by 10 for this year or by 12 for the full year. There are all sorts of effects involved that will grow out over time, so we are here to help you through the numbers. I will therefore concentrate a little bit more on the relatives like per unit or per share or per square metre numbers because, if you look at the FFO 1, it's of course catchy to say you have an increase of 87 per cent. That's all fine. Our FFO 1 per unit has increased by 19.2 per cent. That's the important number with regard to the combined entity. Our EPRA NAV moved up to €28.35. You have more detailed analysis about the calculation of the NAV, as well as the way we treated goodwill in there, in the appendix. The last two pieces of the chart I would like to leave out in the first quarter.

On page 5, now it gets comparable because residential in-place like-for-like rent increases; residential in-place like-for-like rent increase of 2.6 per cent, absolutely in line with our guidance to which we'll come later, so we're now at €5.60. On the vacancy rate, we were shedding another 30 basis points together to 3.4 per cent as at 31 March 2015. You will see in our guidance that we are having a prognosis for 3.0 per cent. On adjusted EBITDA, the important number is the 6.2 per cent growth in EBITDA per rental unit and of course we have included the rental units of GAGFAH only there for one month, as all the numbers look like.

On the fair value, I think this little chart needs a little bit more illustration. Firstly, the fair value per square metre does not belong to Annington; on 31 March 2015 it belongs to both. That's important. It's just from an illustration point of view, not optimal. Secondly, a decline of 2.9 per cent. You will see in a later chart that we have of course created the initial purchase price allocation and the first-time consolidation. I would like to re-emphasise that this is based on 31 December of last year numbers for GAGFAH running the old GAGFAH methodology. If we adjust this to our methodology, which is going to happen during the second quarter, I can assure you that it will not be -2.9 per cent but ±0.1 per cent, so it's a pure methodological issue. We don't have a shrinking value. That's important to understand.

On page 6 we come to the FFO and this is for the first time that we are hitting our usual wall together about the treatment of hybrids, so let me remind you. We have two hybrids outstanding, a non-call five-year from April last year, which is under IFRS debt, and a non-call seven of December last year, which is equity. The relevant interest of the equity-treated hybrid is not included in the FFO 1 and therefore you see FFO 1 €115.7 million thereof attributable to our shareholders, thereof attributable to our equity hybrid investors. We will have a discussion on whether or not this is the right way to present it, but if it is equity under IFRS it doesn't belong in the FFO. The good news is that the numbers get so big around them that in the end this is not moving the needle. All other FFO numbers improved accordingly and properly. Good.

Let's move to page 7, the NAV bridge. You'll see the NAV as of 31 December 2014. You'll see the shifts, mainly the capital increase in March 2015 to pay for the GAGFAH acquisition and the stock contribution part. We also have of course the deferred taxes and the fair value of derivatives, which go against that. So, within the EPRA calculations, we are showing an NAV of €10 billion versus €6.6 billion at 31 December. In this NAV are included goodwill of €106 million at 31 December 2014 and €2.309 billion at 31 March 2015. This implies €2.2 billion initial goodwill, which I will address later, for the GAGFAH transaction. You will also see, in line with the standard that in Germany has developed, a calculation of NAV and the *bereinigte* NAV - so adjusted NAV - in the respective data so that you can adjust your models appropriately.

On page 8, we are coming to the maturity profile and we are now, slowly but surely, starting to get into the financing bit of the presentation. So there are a couple of very important messages. The first one is: you have all noticed that on 27 May we did not pay back the CMBS structures as we had as a working assumption in December last year. There's a reason for that. The reason is that we don't have to. Our December assumption, on which also the financial synergies were based, was that there would be a potential change of control clauses, not in the main documents but in the ancillary documents. Cross default issues or anything else happening: this is not the case. So what we can do now is we can refinance in the CMBS structures in the most appropriate way. I can assure you that we will not touch them - give or take the same interest environment as we're having at the moment - that we will not touch them in the year 2015.

If you look at page 8 at the top, the green shaded bars are only illustrative because we would not like to give you an indication when we are refinancing what. This is not to keep you in the dark but let's keep in mind the CMBS structures are stock-listed instruments and therefore I don't want to give the wrong signals. So what you see is the maturity profile, which of course is always a little bit challenging, in 2018 but this is just the economic maturity. If you break this green bar up into the three shaded ones, it looks much more digestible but that's not our full strategy, as I mentioned before. At the bottom left, you can see that the CMBS is now a bit more than a quarter of our total financing, structured loans 20 per cent, mortgages 9 per cent, bonds including hybrids 43 per cent, and that leads to the situation that our unencumbrance ratio with 32 per cent is below the 50 per cent mark that is necessary for S&P. As you might recall from S&P's correspondence, we have until September next year to fix that and we have all plans in place to do so. You'll also see that our financing costs have dropped from 3.4 per cent at the end of last year to 2.9 per cent now. By the way, if we would repay the CMBS structures in one go and replace them all with eight-year bonds, for instance, our total financing cost would drop to 2.5 per cent but at what prepayment cost? And that is exactly the guiding light for us on if we go efficient or not. So this is one of the first examples where you see that the outside-in view of December has been improved by the inside-out view of sitting together with our colleagues from GAGFAH.

Let me draw your attention on page 9 and this is a very important chart for us because I intend to deal with all the capital equity increase rumours on this chart. I would like to do this slowly and systematically so that we can target the respective questions properly. Our LTV post-closing and funding of the GAGFAH transaction is at 56.3 per cent. In the V, the goodwill is included.

So the key drivers for influencing this leverage are valuation, financing, disposals and acquisitions. On valuations, you know that we will have our standard increases. You know that we are still expecting further yield compression, without being able to quantify that at the moment. This will be quantified at the end of the year. And as I mentioned before, we will use the second quarter to harmonise the GAGFAH valuation along the Deutsche Annington standards, together with CBRE of course. On financing, after our AGM, which was a month ago, we got all the approvals for our authorised and contingent capital and therefore the full endorsement of our shareholder base for our capital strategy. We have an updated EMTN programme, so, if anything shows up on the horizon that might cloud the interest environment, we can react very quickly. Disposals: GAGFAH had their own non-core assets and their own privatisation aspects, which means that we can upgrade this number. We also have introduced a non-strategic portfolio. Rolf will dwell on these two aspects very clearly, but be assured in the moment when we dispose we will de-lever with that. Acquisitions: we closed the Franconia transaction at 1 April 2015, so they will be in the Q2 numbers. Of course, we will look at potential further acquisitions and will use those in future to over-equitise. Now comes the important sentence: because we are absolutely committed to a medium-term target of a loan-to-value ratio of less than 50 per cent and we are firmly within the boundaries of our BBB+ rating. It is normal for us in acquisitions that our leverage ratio might increase and when we de-lever it decreases again over time. GAGFAH is of course not a deal you do every week and therefore these things are of course a bit more disruptive at the moment. We get the right grace periods from Standard & Poor's and we are happy with the way it is looking at the moment. We as a company will continuously monitor the market, its cash flow needs and balance sheet structure and assess all financing instruments at our disposal and their implications. At the moment, we do not see that we need to make a decision on raising equity and that's it. While some of you might have expected an announcement this morning, it didn't come. Everything else is for future questions.

All right. Let's move to page 10 to the guidance. We believe it's an attractive guidance we are giving you there, the like-for-like rental growth, and that shows the similarity between the GAGFAH housing and our housing. The like-for-like rental growth is in lockstep. The vacancy will even go down to 3 per cent. Always bear in mind GAGFAH is in there only for ten months, so for run-rates we have the next chart. Rental income will be at around €1,350 million to €1,370 million. FFO 1 group guidance: €530 million to €550 million.

Now comes an important bit and I'll jump straight to the dividend. If you use this and use 70 per cent for the number of shares, you're ending up at a dividend of about €1. We are having so many different factors which are in the one-off area and others that we would like to limit ourselves to only 28 per cent increase in the dividend and say, "Okay, we'll stay at 99 cents or €1". So that's a very clear intention by the management but this does not unhinge our 70 per cent FFO 1 dividend policy, which stays firmly intact.

You see the per-group share numbers. You see our EPRA NAV per share of around €29, which was always a little bit fluctuating and independent. What is important is that we are investing at least €600 million through maintenance and modernisation into our stock. That translates to €31 per square metre or 5.3 monthly rents. That gives you a strong indication that are committing to improving our product wherever we can.

On privatisation, with the new GAGFAH stock we can increase the number to 2,200 units. Fair market value step-ups will be in the 340 per cent range. The rest have not really changed. Rolf will show you later the Q1 results, which were quite encouraging. Dividend-per-share: as I mentioned before, no change in policy. It's a little bit of an exception that we set ourselves a limit at the beginning of the year, but this has more to do with integration costs and (Inaudible). Good. We believe that we can improve this very attractive guidance in the next years.

Further on page 11 you'll see the run-rate, so we are missing out on €40 million of FFO 1 from GAGFAH because we couldn't close the transaction before 1 March, so the full-year run-rate of the company - and this does not include any significant synergies at the moment - is €570 million to €590 million.

How did we fund the purchase price? Page 12. We paid in shares; we paid in cash. This is, by the way, not Q1. This is year-to-date, so that includes the cash offer of May. It's still rounded in a way that's easy to handle. Transaction costs, which are including of course accruals for synergies, etc, are a total of €5.2 billion. So we have the perpetual hybrid - that's the non-call seven, which I just mentioned - of €1 billion in December, another €1 billion of an EMTN issuance and the capital-raising of March, plus cash-on-hand as much as it is used. By the way, some of the proceeds of our November ABB are in there.

What do we have now? That's on the right-hand side. The purchase price of GAGFAH is fully funded. There are no term loans left. The whole bridge financing has been cancelled over the last weeks. The remaining GAGFAH free float is 6.2 per cent out of which JP Morgan oscillates around 5 per cent. Therefore, we are having firm control over the company in an accounting and in a managerial sense since 6 March. By the way, which is also important, we also have all the favours(?) in place for the CMBS financing so that we can run the company as a unified group.

Let's have a look at page 13. You know our acquisition targets, which include FFO-per-share increases and NAV-per-share non-dilutive behaviour. You see this in the chart here. Even if equity hybrid bondholders shed 10 cents off the 21 cents, it's a clearly positive number. And even on the EPRA NAV, it is a positive number, so the transaction has proven very positive.

There is a potential drawback off that and that is of course that you have to record the goodwill. That's on page 14. So now let's start with a lengthy disclaimer. The first-time consolidation and the purchase price allocation of the GAGFAH transaction is temporary. It's not final. Under IFRS you have 12 months to finalise it; we will only need nine months, so with the next yearend this will be absolutely final because we have to go through pension calculations. We have to go through interest schedules. We have to go through the valuation, etc. The number will not fluctuate in a massive way, so what you see here is pre-final but it is not closed.

We will always reconcile to you what we are doing in this goodwill. It will be over when de facto and that's why Rolf said the whole integration will go faster when the integration is over and that's at our reporting date in March next year.

If you look at our total balance sheet, even something that looks like €2.2 billion of goodwill is actually less than 10 per cent of the total balance sheet. This goodwill stems from two effects. The first one is the premium to be paid and the second one is let's keep in mind that our share price on which the offer was based was €25.90. Since then, the share has significantly appreciated and therefore pushed the equity number as well as the goodwill up. That's one of the reasons, by the way, the loan-to-value is also below 60 per cent. We have not broken this initial goodwill down to cash-generating units as is intended to be done over the next quarters. This is early stages. We have not run - and I say this not only for our lawyers and our auditors - we have not run a goodwill impairment test. But every indication we have at the moment is that we have quite some headroom and therefore we will not foresee that the goodwill needs to be impaired. What helps here a lot is what Thomas will present to you later: that we have a significant increase in our synergy level. So what you see here is very indicative. We will harden the number for you at any phase of our reporting. The good news is this is not cash-relevant, but nevertheless we will guide you through that. The goodwill is included in the NAV. The goodwill is included in the LTV, as would be fluctuations in the goodwill of course.

Let's not move to anything that I can handle, but Thomas might. Thank you.

THOMAS ZINNÖCKER: Thank you, Stefan. A warm welcome from my side. So, yes, I would like to give you a quick overview on the integration process and synergy assessment. On page 15 you see that we ticked a lot of boxes from our business combination agreement and the elements of the takeover offer, so another promise-and-deliver page.

On page 16 you see where we are in the integration process. Let me highlight a few things. First of all - and this is written below this graph - first of all we decided to put all the GAGFAH operations on the Annington system and this was a big decision because it will shorten our integration process by a year. So you see the target is that we start in 2016 with a fully integrated system and obviously we may see additional efficiency improvements afterwards, but the integration process will be finalised by then. The second highlight on this page is written in the middle of the page: Q3, the financial integration. We will start from 1 July, so next month, on an integrated SAP system, which is a big base to get all the asset data running until the end of the year. The message you can summarise is that the integration process is running more smoothly and faster than everybody expected.

So, on the next page, page 17, let's talk about the synergies. We heard from Rolf and Stefan that we started with an outside-in view. The colleagues had six weeks' time and all the documents a listed company will provide to the market to analyse the potential for synergies at the beginning and the number we all know was €84 million. We now took our time for a prudent analysis and came back with a fully committed synergy potential of €130 million. You see this on the left side. €130 million will kick in later in 2018. Obviously, on our path to 2018 we may realise operational synergies mainly in 2016 and 2017. The financial synergies are dependent on our refinancing programme and everything which is important to that was mentioned by Stefan ahead.

On the right side you see the cost to achieve. We have higher synergies and lower one-offs. On the financing side it's just a timing effect, also related to the refinancing strategy and Stefan explained that. On the operational side, these one-offs are severance payments, consultancy fees, IT adaption costs and reorganisation costs. If you do the maths, overall we have €130 million in synergies to be expected by €255 million in one-offs, which gives us quite a nice amortisation period of under two years.

With that, I would like to hand over to Rolf for the acquisition part.

ROLF BUCH: Thank you very much, Thomas. I'm very happy that you are running this integration process here in the company because I think you are the right person to do so and also keep the GAGFAH management motivated to work together with the Deutsche Annington management. They are joined now as a full team, which makes a lot of you working together.

So, on page 18, it's the first time ever that I'm able to disclose to you the strategic reasoning for the acquiring of GAGFAH because it's not only about the synergies and about the scale but it is also about the portfolio quality. You know that we are using this total return matrix to measure ourselves and to give us the direction to improve our portfolio quality. Here on this slide you can see all our major acquisitions that we have done since two years or nearly one year and a half. Here you can see also of course DeWAG and Vitus we have talked about and Franconia we have talked about. But here you can see that GAGFAH's portfolio quality, mainly also Dresden, was much better than the underlying portfolio quality of Deutsche Annington's original portfolio. You can see here in the total returns the matrix at acquisition of GAGFAH improved overall, now a big (Inaudible) of Deutsche Annington, so I think this was the reasoning. I've never disclosed it in the beginning but I think now is the right time to disclose it.

Talking about portfolio management, actually you know we have two sorts of portfolio management. One is this matrix and the second is the sorting by activity. You know our three strategic brackets, which are operate, upgrade buildings and optimise apartments. All these apartments, which we call now strategic, we want to keep at least for a very long time, not to say forever. These are strategic further developments. These are the right buildings and these are not for sale. To be very precise, on the right side you see 191,000 operated. This includes 123,000 operated from the GAGFAH portfolio. Part of this 123,000 will be sorted later this year in our normal modernisation process in the part of the upgrade buildings and optimise apartments, so overall 274,000 units are for us strategic. On the lower end on the block you see our non-core, which adds up around the non-core of Deutsche Annington and non-core GAGFAH and it's a privatised portfolio.

But you also see a new bracket, which is called non-strategic. This is new and this is because of the size of the new company. So, as I explained to you all in the offer document for the takeover of GAGFAH, the size gives us more flexibility to find some cities and some locations where we don't need to be. So this is a stable cash flow business and this is a nice portfolio but we don't need to be there strategically. So that's why there is an option if somebody comes and offers us an attractive price that we are able to sell this at least, but we don't have to sell. This is different in the non-core; we want to sell as fast as possible.

On the next page you'll see that we also continue our modernisation programme. You know that before the old Deutsche Annington, the only portfolio we announced €200 million investment. Now in this year, 2015, including the GAGFAH, we will be around €280 million to €300 million. We think this is a 7 per cent yield and of course this will be then reviewed for the next year, for 2016, but for 2015 - and I think it's important for your calculation - you should calculate on the bigger portfolio with an investment of €280 million to €300 million with an unlevered yield of 7 per cent.

Also, for time reasons, I will be very short. I will give you a short update on page 21 about the sales result. As you can see, we have sold in the first quarter nearly the same amount of privatisation of apartments but, impressively, you see that the fair value step-up even goes higher. Some of you remember that we had a target of 20 per cent a year ago. Now we are at 36.7 per cent, so this is much above the 31 per cent of Q1. For non-core disposals, which is completely opportunistic mainly of the selling of the non-core portfolio, the units sold were due to a disposal of a GAGFAH sub-portfolio significantly higher than in the first year, 2014, and we stick with our target of the fair value step-up of around zero per cent. So sales are running smoothly.

On the other hand, now coming to acquisition, we promised you always to give you an update on acquisition. It is very important to notice that the acquisition department of Deutsche Annington is not influenced by the merger, so they are continuing to work as they have worked in 2014.

On the right side of the slide, you see that we - Deutsche Annington and GAGFAH together - had nearly 25 per cent of the whole transition market in acquisitions last year. If you only reduce it to deals above €100 million, then Deutsche Annington and GAGFAH made around 41 per cent of this market. This, of course, gives also the ambition to the acquisition team to be successful in acquisition in this year. We are still committed to look in every single portfolio above 1,000 units in Germany and, as you are used to from us, we are always disclosing how much potential we have looked on. Since 1 January 2015, we have looked on 114,000 units. Of course, we are looking always accordingly to our strong criteria, which you know, and we are in a bidding process of 40,000 units. This means that we see plenty of opportunity also in this year for further acquisitions but this is also clear: we will talk about acquisitions in the moment if we have done them and then we will inform you accordingly to what you are used to from us. So we see future potential to grow our company.

So let me summarise what you have heard. So we had a strong start into the new year. Both companies started with an excellent operating and financial performance. You have seen that integration is fully on track, faster and with higher synergies than initially announced, and based on these figures that we are also able to give you attractive full-year guidance. We are staying with our strategy. We have sustainable efficiency improvements we will make and value-enhancing portfolio management. We will see future potential for external growth and that's the reason why we are very optimistic for the year 2015 and beyond.

Before I close, I would like to invite you again to the capital markets day in Berlin on 15 and 16 June. We have not covered the extension programme today, but we will have a very impressive, very attractive and very innovative solution that we will present to you in Berlin on 15 and 16 June. Thank you very much for this and I'll hand over for questions.

OPERATOR: Thank you. We will now begin our question-and-answer session. If you have a question for our speakers, please dial 01 on your telephone keypad now to enter the queue. Once your name has been announced, you can ask a question. If you find your question is answered before it's your turn to speak, you can dial 02 to cancel your question. If you are using speaker equipment today, please lift the handset before making your selection.

One moment, please, for the first question. The first question comes from Remco Simon, Kempen.

REMCO SIMON: Good afternoon, gentlemen. I was just wondering if you could maybe elaborate a little bit more on your FFO guidance. Why is it exactly that you do not include the interest cost on your hybrid bond in your FFO, as clearly it's not profits that are attributable to equity holders?

STEFAN KIRSTEN: Remco, this is Stefan. If we take FFO as a definition of funds that are available for equity holders, the FFO 1 should not include this because they are equity. We're talking about €40 million for a full-run year. In the moment when you have this FFO 1, you then have to split it up. To whom does it belong? We happen, by the way, to also split out the minority shareholders that we have. That is another detail, but it's not meaningful. But the key point for us is that's the reason why they are not part of the FFO. The whole thing - and I think this is one of the misconceptions where I have difficulties to explain myself properly to the market - the whole thing is equity and the only issue is that it flips to the debt side after seven years. So, for the first seven years and first IFRS purposes in perpetuity and for rating purposes after seven years, the equity reverts. So it is not debt and that's why it doesn't belong in the FFO 1. But we will always show it to you separately for your models.

REMCO SIMON: Okay. Thank you. And would you say that the same holds for minorities, as you exclude minorities as well?

STEFAN KIRSTEN: No. The FFO 1, of course, gets also paid to minorities. For instance, to (Inaudible) structures, to outstanding GAGFAH shareholders, etc. The amount was just not meaningful enough that we wanted to overburden the FFO bridge even further.

REMCO SIMON: Okay. That's very clear. Thank you. Your comment about the loan-to-value and the fact that goodwill was larger or higher than you initially expected and that therefore your loan-to-value came down to 56 per cent rather than about 50 per cent you expected: has that in any way influenced your thinking about potentially raising equity for the GAGFAH acquisition as you previously seemed a bit more leaning towards the idea of raising equity for this deal rather than waiting for the next deal to potentially over-equitise on that?

STEFAN KIRSTEN: Remco, not exactly. What happened was the following. Our share price appreciated so much we had no further approved capital left. The only alternative would've been another hybrid and another hybrid would just simply not be efficient compared to the share price improvement. And then, in the moment when we then saw how the accounting works, we saw that we were in line with the brackets that S&P have given us and therefore we could solve it within the EMTN drawing. But it is not the case that this has influenced our capital strategy. It was more the share price appreciation. So it was the reason for the goodwill, not the goodwill itself, which let us hesitate in January to launch another hybrid.

REMCO SIMON: Okay. Maybe a final question: in your deleveraging strategy, you mentioned that for the non-strategic part of the portfolio you can take a bit more time to sell that than the non-core part of the portfolio. What is your expectation? Could you give us some more indication on potential asset disposal volumes for the foreseeable future?

ROLF BUCH: I think it is important to underline that I said that it's the non-core we want to sell as fast as possible as long as we get the right price. For the non-strategic, we are not forced to sell, but this gives us an additional bracket. If somebody wants to have these assets, we are ready to sell because we don't need them. So both are opportunistic, so that's why we are not putting ourselves under time pressure to sell these. It would economically not be wise because, if somebody would know that we are under time pressure to sell, this would not be good for the selling price, so please understand that I cannot give you a timeframe. I think we are clear: non-core has to be sold as fast as possible; non-strategic can be kept but, if we get an attractive price, we can sell.

REMCO SIMON: So maybe to clarify, with the merger announcement you indicated that you might dispose of about 25,000 units to de-lever or to help the deleveraging or to help bring the leverage down. Is that still a valid target or has that changed?

ROLF BUCH: No, I think we have never made a commitment to sell really 25,000, but if you would say I said it might be 25,000 because of the size and now you've seen the non-strategic 31,000, so it fits more or less with this. But it's not necessary to sell it. But as I said, these are portfolios. If somebody comes to us and offers a nice price, we are ready to sell because we don't need it for our strategy.

REMCO SIMON: Thank you very much, gentlemen.

OPERATOR: Thank you. The next question comes from Mike Bessell, Bank of America.

MIKE BESSELL: Morning, guys. A few questions from me. The first one just on the expectation of yield compression: how much have you put into your NAV guidance in that because it doesn't look like there's much coming through? What should we infer from that?

STEFAN KIRSTEN: Very simple: nothing; zero. Our NAV guidance is always based on the usual increase in line with rental growth and we have already included -- well, that doesn't work on the NAV. All right. That's because it's shifting in goodwill the harmonisation of the GAGFAH numbers, but it's nothing on the yield compression side. That's always *une bonne surprise* at the end of the year because that really depends on the market data.

MIKE BESSELL: Okay. Just on the inclusion of goodwill within your NAV, could you give us some colour on what conversations you have had with EPRA regarding goodwill's inclusion within the NAV and how much should go in there because it does seem to be a fairly sort of divisive point across the market?

STEFAN KIRSTEN: Yes, Mike, we know. No, we of course went through the best practice guidelines, talked to EPRA about it and looked at what our competitors have done, mainly Deutsche Wohnen on the GSW transaction. We believe that we know that these matters are getting more complicated and also more difficult for you guys to analyse, but we should stick to one standard and be very transparent in how we present that. That's why you also find in the appendix, for instance, a chart that shows an adjusted NAV for your models depending on how you go forward.

But it's very clear: this NAV stems from the value of the properties that we have bought. If you look at it commercially, what do you have here? You are having a heap of stones that has been well-managed and has now been put onto a platform and at least part of the platform value has been crystallised in the purchase price. That's in the NAV argumentation and the goodwill argumentation and therefore it belongs in the NAV. That's also the argumentation that we have with EFRA and, as I said, we're in line with our competitors in the way we present that because we believe that it doesn't make sense at the moment to deviate from that point.

MIKE BESSELL: Okay. Can you point me to which slide in the presentation you're referring to in terms of --

STEFAN KIRSTEN: Let me check that. Yes, ask your next question and I'll check that.

MIKE BESSELL: And the final one, actually, a final quick one on the NAV in terms of the acquisition criteria for acquisitions going forward. One of the old Annington criteria was always that deals would be NAV-accretive day one. Obviously the GAGFAH deal was a significant strategic transaction. Rolf said, yes, the normal acquisition criteria. How should we view that? Are you going back to your four key pillars as before or is there a revised guidance there?

ROLF BUCH: No, we are still sticking exactly with the same criteria. Of course, the net asset value criterion was created in a time when we were trading below net asset value per share. Today we are trading above net asset value per share, so that's why the criterion of being net asset value accretive is much easier to achieve than in the past.

MIKE BESSELL: Okay. Finally, in terms of the FFO guidance, could you just put some greater numbers around the quantum or the percentage of the synergies that you expect to achieve within your 2015 guidance but also that you expect to achieve in 2016 versus 2017, please?

ROLF BUCH: To be very clear, there is nothing meaningful in synergies in the 2015 guidance. The majority, if you look on the operational piece, if you understand and Thomas pointed out that nearly the whole systems are finished in 2015, so the majority of the operational synergies will kick in during the year of 2016.

The financial synergies are very much dependent on which date we pay back the CMBS. I think Stefan pointed out that we don't want to give you guidance because it's a capital market instrument for which date we are doing it and that's why it is a little bit difficult for us to point out how much of the synergies are coming in 2016 and 2017.

MIKE BESSELL: Okay.

STEFAN KIRSTEN: Mike, I still owe you an answer. (a) The chart's not in the pack; I've seen that now. (b) We're looking at the quarterly accounts because we know that we have the reconciliation in the quarterly accounts. I'll give you the page number and we will add the pack and publish it, too. Okay?

MIKE BESSELL: Yes, thank you.

OPERATOR: Thank you. The next question comes from Bianca Riemer, Morgan Stanley.

BIANCA RIEMER: Hi. Good morning. It's actually at page 21 in your quarterly report, where you're showing your goodwill.

ROLF BUCH: Thank you, Bianca.

BIANCA RIEMER: My question is about the *Mietspiegel*. So, Rolf, you've been very vocal in the German press saying that the *Mietspeigel* is here to stay. We've had a few movements in Germany in recent weeks following this court case in Berlin overturning the 2013 *Mietspiegel* and I'm well aware you don't have much in Berlin itself but you do have some exposure to strong markets where maybe the *Mietspiegel* is quite far behind the underlying rental market.

Where do you see the *Mietspiegel* heading over the next few years where it's clearly a problem that rents in Germany are still too low? Here, as a commercially minded landlord, obviously it's also in your best interests to ensure that rents are going up in line with the market. Is there any mechanism that you can think of or where you are lobbying or maybe also taking legal action to ensure that the *Mietspiegel* becomes more representative?

ROLF BUCH: Actually, I am in direct contact with the Minister of Justice. You know that it's not the Minister of Housing who is developing the rules for the *Mietspiegel* but the Minister of Justice. We are in discussion with them. They are thinking. They are thinking also. They know that the *Mietspiegel* is important not only for big landlords like us because we could increase rent also by different means. Probably I would like to remind you of our Bremen acquisition where in Bremen we have no *Mietspiegel* and it is also attractive for us having in cities with no *Mietspiegel* because with comparable apartments we can increase rent.

But this is of course something for private owners that is more difficult, so I think there is an interest for everybody in Germany to have a better *Mietspiegel* concept. The politicians are working on it with clearer rules and of course you have to accept - and this was, I think, the debate in Berlin - that the *Mietspiegel* today is a very political instrument and I think there are chances that the new *Mietspiegel* will come out with a better and more precise method, so we will have some more clear guidance on how a *Mietspiegel* should look and this of course would be in the interests of everybody in the market.

BIANCA RIEMER: Okay. Thank you very much. Could you give us an idea of how much of your recurring earnings is minorities in millions of euros, please?

STEFAN KIRSTEN: Now you are catching me on the wrong foot.

ROLF BUCH: It is not meaningful, but we will come back to you.

STEFAN KIRSTEN: I know we've discussed it internally and we said it doesn't make it to the materiality clause because, if we would have had an acceptance rate of 56 per cent at GAGFAH, we would have a different story. But sorry.

BIANCA RIEMER: You also have some minorities in your joint venture with the craftsmen association, don't you?

STEFAN KIRSTEN: Yes, that's correct, but these amounts are capped and therefore they're also very low. I think they are in the €4 million to €5 million range a year, so that's tiny.

BIANCA RIEMER: Okay. And just lastly, is there any cap, be it self-imposed or imposed by a rating agency, on how much hybrid debt you can issue?

STEFAN KIRSTEN: Yes, there is a cap. S&P articulates that you should not exceed with the equity portion of your hybrid 15 per cent of your equity, so there would be headroom for another one or two big hybrids for the company.

BIANCA RIEMER: Okay. Thank you very much.

OPERATOR: Thank you. The next question comes from Georg Kanders, Bankhaus Lampe.

GEORG KANDERS: Good morning. I have one question here regarding also the minorities more or less for the 5 per cent that JP Morgan has currently in GAGFAH. Is there planned to be a more or less fixed interest payment for this?

The second question I have: of these 45,000 units you are still bidding for, has nothing been closed on this, so the 45,000 units could theoretically, if everything goes good, go to you? I just only wanted to know in this case if there are some processes that have already been closed.

ROLF BUCH: Stefan, are you starting (Overspeaking)

STEFAN KIRSTEN: Yes, I can start with that. JP Morgan's a shareholder of GAGFAH. Until GAGFAH is delisted, they will of course follow the normal policy. Afterwards, it will be a very minor fixed-amount structure, which will cover their stake. But we will of course treat all shareholders equally.

ROLF BUCH: To be also very clear, as far as acquisition, our policy is not to talk about acquisition before we have done it, so this is very clear. So I will not disclose anything and this would be a contradiction only because, if I disclose a potential acquisition here before I have signed it, this would definitely have a bad impact on my price and negotiation power. So I think this is natural(?). So as soon as we sign something, then of course we will disclose it, as you are used to.

You can make a calculation if you are saying 45,000 bids and a 40 per cent success rate would lead to 28,000, but I think this is not guidance, so you should just (Inaudible).

GEORG KANDERS: The question I have is simply if, for these 45,000, the processes are still open or has some of them already been sold to others?

STEFAN KIRSTEN: At the moment when we have signed something or it reaches a stage where all the approvals have to be done and it's meaningful enough, we have to go ad hoc, yes.

THOMAS ZINNÖCKER: The bid means it's open. It must be open.

GEORG KANDERS: Yes, all the 45,000, so all are in the process?

THOMAS ZINNÖCKER: Yes.

GEORG KANDERS: I only mean that you have started to bid for this, yes, and then someone else takes it, yes? That's just to see if this number is still available in principle.

THOMAS ZINNÖCKER: Yes. The bids are at different stages, yes, so you can't really make a good assumption on how much will be in our pockets after we've negotiated, so that's a question or that's a topic to wait, Mr Kanders.

GEORG KANDERS: But the question I have only is: so you have bid for this and also not someone else has more or less signed these deals?

ROLF BUCH: Please allow us because, if we are going to answer this question, we are coming in a world where we are not seeing as our principle anymore that we disclose in the moment when we are done. But one very thing: I think the message of this slide is that we think that there is enough potential out there to make significant acquisitions.

GEORG KANDERS: Okay. Thanks.

OPERATOR: Thank you. The next question comes from Marc Mozzi, Société Générale.

MARC MOZZI: Yes. A very good morning, gentlemen. Well done for your numbers. Impressive. However, on this FFO guidance, not including the coupon of the hybrids, which is whatever the argument is, and it has to be paid somewhere. Implicitly, if I'm correct - but please help me to understand correctly what I'm stating here - your pay-out ratio on cash available for distribution to shareholders is 75 per cent and not 70 per cent.

STEFAN KIRSTEN: It's a touch lower, but you are in the right direction. Let me try to illustrate a little bit further because, Marc, we're having this discussion for weeks now and we enjoy it. There is one aspect to it. The 30 per cent gets permanently bigger.

MARC MOZZI: Can you say that again? Sorry.

STEFAN KIRSTEN: The 30 per cent gets permanently bigger but not our need to spend the 30 per cent because we don't get more pensioners because of that or something like that. So, in the end, what you have is you can assimilate the €40 million quite easily in the process. You're ending up at something like 74 per cent of pay-out ratio for the next years until the first call date. That's correct.

MARC MOZZI: No, fair enough. It was just for the sake of comparison between you guys and your competitors and everyone has a different pay-out policy and, as a consequence, your 70 per cent is not comparable to the 60 per cent of someone else. That's just what I wanted to flag here. Second point: on your --

ROLF BUCH: Marc, probably one remark also would you always keep -- because we are saying 70 per cent of FFO 1. You have to keep in mind and you have seen that we are relatively successful with the disposal and the privatisation, so there is additional cash available.

MARC MOZZI: Perfect. Rolf, that's a perfect transition for my second question. Seventy-one thousand units is what you have under this non-strategic privatised non-core category, which is roughly €4 billion of assets if I'm doing the maths correctly. You've been previously indicating something around €1.5 billion in your previous slideshow that you will need to dispose. I understand you don't want to comment on your strategic/non-strategic disposals, but if I just do a run-rate on the Q1 you've made I would achieve something around €500 million when I combine privatisation to non-core, on top of which potentially non-strategic will be added.
Is it fair to assume that part of your deleveraging will be achieved by the disposal of big chunks of portfolio and is it fair that between €500 million and €1 billion a year seems to be the new norm in terms of disposals, everything included in that category?

ROLF BUCH: No, I think what is very clear: I pointed out for the non-core and the non-strategic we are both on an opportunistic road, so this depends if we find buyers who are attractive to pay the right price. And this means that we are not ready and that this cannot be predictable from the first quarter. It's quite holistic(?).

MARC MOZZI: Okay. On that same question, should we expect even more synergies when you will dispose of those non-strategic assets in the sense that you will sell teams with those assets?

ROLF BUCH: We have not done the calculation, but what I said and I think what Thomas said is, in the year 2016, after having done all the integration work and been stable, we will start a constant improvement process and probably there some additional synergies can be seen and this can be also done in the light of some disposals.

STEFAN KIRSTEN: But, Marc, this is a bit shady. Where do you stop calling it a synergy or calling it normal course of business? That's a little bit of a problem, but that would be a problem for the controllers to calculate.

MARC MOZZI: Okay, but we can expect some - let's say - cost saving? Let's put it that way.

STEFAN KIRSTEN: Yes.

ROLF BUCH: But one thing is clear. If we are concentrating our portfolio better on the big cities, our cost to operate this portfolio will go down.

MARC MOZZI: Yes. Fair enough, yes. It's cost saving instead of synergies. Fair enough. The last point or, sorry, my third question will be on the goodwill. So you've got €2.3 billion of goodwill now. What is the risk in your opinion that we should see a write-down of this goodwill? What sort of percentage should we get here? Is it --

STEFAN KIRSTEN: Okay, Marc, I do not want to repeat all the disclaimers I mentioned before, yes? We have not split into the cash-generating units, etc, but with a market work(?), under the current scenarios, we do not foresee that we will not pass an impairment test.

MARC MOZZI: Okay, brilliant.

STEFAN KIRSTEN: It could come from a lawyer, that statement, but we had a very vivid discussion in our own supervisory board about these matters and rightly so because it's an important amount and it's very early stages when we are creating it. But I have no indicator at the moment that this goodwill will not make it over the next year.

MARC MOZZI: Okay. So then the question to the CFO would be: how much asset revaluation due to the harmonisation of GAGFAH portfolio valuation to Annington's portfolio structure are you discounting in that €2.3 billion?

STEFAN KIRSTEN: And the CFO answers: between €200 million and €240 million.

MARC MOZZI: Thank you. And the last one will be on your LTV. What is the LTV for equity shareholders only, ie restating at 100 per cent your hybrid into the LTV?

STEFAN KIRSTEN: Ask more questions. I have it somewhere. I have to check that.

MARC MOZZI: That's it after that.

STEFAN KIRSTEN: I have to check that. I'll come back to you. Stay on the call. All right?

MARC MOZZI: Thank you.

OPERATOR: Thank you. The next question comes from Peter Yu, Standard Life Investments.

PETER YU: Hi. I've just got a quick question firstly on the hybrids. It's just that there's some talk in the market at the moment on central changes in the tax laws in Germany on tax deductibility and also, if that does come into effect, it could essentially trigger a 101 call event. I just want to get your views on the potential tax laws changes and also does that affect your views on issuing hybrids going forward and, if such an event does happen, you're more likely to call existing hybrids at 101?

STEFAN KIRSTEN: It will not affect the existing hybrids because, for the existing hybrids, we have firm tax opinions from all jurisdictions which are relevant. But I'm with you. It can have an effect for frequent hybrid users in future, a touch less for us because these hybrids are in an environment where we have a lot of losses carried forward, so tax-deductibility of the hybrid was also at the current interest rates not really the highest priority for us. But I'm with you. We are having some clouds on the horizon there. Just coming back to Marc's question, let me just have a look. If the hybrid would be calculated at that, we're losing 3 points of loan-to-value. Okay, let's go ahead.

PETER YU: Okay. So, also just on your LTV target, you've mentioned less than 50 per cent in the medium term. Do you have any targets and milestones on where you want to be by yearend or just how quickly do you want to get there, just to get a general idea?

STEFAN KIRSTEN: Due to the mix we have presented, it's always a bit difficult to put a timeline onto it. I must actually say the loan-to-value ratio at the moment doesn't keep me awake at night. The thing that is from my point of view more in my focus is the unencumbrance ratio and there I have a clear deadline of September next year, so I'm more looking at refinancing secured loans into unsecured products, for instance, than looking at getting my LTV down. If opportunities arise, we can move the LTV relatively quickly.

PETER YU: Okay, that's great. Thanks.

OPERATOR: Thank you. The next question comes from Peter Papadakos, Green Street Advisors.

PETER PAPADAKOS: Good afternoon. You mentioned before - I think it was Stefan and Thomas - in terms of what is synergies and what is normal cost of business. So, Thomas, also, if I look back at the H1 2014 GAGFAH presentation where you demonstrated the roadmap for GAGFAH and cost-cutting and if I were to take your guidance for 2017 and add it to a standalone guidance for Annington for 2017, I basically get to your run-rate of €570 million to €590 million plus the €130 million of synergies. So what am I missing in terms of what is the real synergy versus what you would have improved on your own?

THOMAS ZINNÖCKER: Peter, first, obviously I know what we have guided for GAGFAH, yes, from last year, but I'm not quite sure if there was any guidance --

STEFAN KIRSTEN: We had no guidance there.

THOMAS ZINNÖCKER: -- from Annington on that topic. What we have done here is we have a new environment, a new frame. We have two big companies coming together and we try to use the best of both worlds for execution. Our synergy assessment figured out that - just one example - there's a high synergy potential for us if the GAGFAH investments are done by Annington craftsmen and this is something we can't have in our guidance for the last year. So I think it's very complicated to make the maths like that, but feel free to discuss this at another time. It's a little bit complicated to discuss this topic on the phone, but maybe Rolf will add something to that.

ROLF BUCH: Peter, if you take the full-year run-rate, €570 million to €590 million, and add the €130 million, you are coming to €700 million to €720 million. But this is a run-rate actually after realising the synergies that we already have decided in 2015, so there's nothing to say about what will happen in 2016, 2017 and 2018 in the constant improvement process. You are comparing a little bit apples not with apples. You are comparing something that is actually decided and in realisation with something that might happen in the future.

PETER PAPADAKOS: Yes, I guess so. My €710 million exactly is what I had on a standalone basis for these two companies, so this will only be rental growth?

ROLF BUCH: But in 2017. In 2017, we are saying €570 million to €590 million plus €130 million but - they are not in the books because it takes some time to realise - but it is actually the 2015 figure. There are other things to come in improvement under 2017.

STEFAN KIRSTEN: Peter, just think about the financing mix. You have of course GAGFAH loan-to-value ratios, which you have in there, where they had to replace and they have had plans to earlier replace the CMBS structures. It is a comparison. I doubt it is a fair comparison at the moment because we're not measuring the same like things. On the other hand, I believe that in your model things will form out along the lines that we have just shown.

THOMAS ZINNÖCKER: Yes. And the key is, Peter, it's nice to have two good companies, but it's better to improve two good companies to a better one and this is clearly the target of this new organisation and I think anything else we should clarify at the table.

PETER PAPADAKOS: Okay, that's great. And then just to finish that off, I don't have any more questions other than to just ask Stefan. So you get more financing synergies at a lower cost.

It sounds almost too good to be true. Can you help me understand why that's the case for the financing?

STEFAN KIRSTEN: Yes. It's relatively simple. We had an outside-in view in the moment when we announced latest, when we get the stock above 50 per cent in our ownership, that we would have to pay back everything immediately and for that we had the mother of all term loans ready and we would have then financed it out in the capital markets. That was the initial assumption. I mean, we had break costs alone of €195 million and the €230 million that I mentioned to you and you have to distinguish between, let's say, true break costs and hedge break costs because hedge break costs is just an interest differential. And we are now seeing that we can reach our unencumbrance ratio with a grace period that we received from S&P. At that time, we expected a grace period of 12 months, not of 18 months. So, with this extension, we can now measure each and every CMBS when it is most efficient from a break cost to a forward rate situation to refinance that. We are delaying a couple of these events a quarter, another quarter, etc. We are seeing that the current interest rates and forward rates are looking better for us and we are therefore saving prepayment costs.

It's again the difference between a mildly educated outside-in view and a deeply educated inside-out view. It's an entirely different thing and we have become more efficient. We have changed tacks there. I agree with that, yes. Again, if the interest rates would shift quickly, we would be quickly in the market. That's why we upgraded our EMTN programme and have €6 billion firepower just alone in there.

PETER PAPADAKOS: Right. Understood. Okay. Thank you, everyone.

OPERATOR: Thank you. The next question comes from Bernd Janssen, VictoriaPartners.

BERND JANSSEN: Yes, good morning. Also a question on page 17, synergies, but this time on the operational synergies. I obviously regarded the €47 million that you initially highlighted as being not very ambitious simply because of the something like €36 million overhead costs or holding costs that I estimated for GAGFAH. Most of this should be gone at some stage. Could you provide us with some more details on where the €30 million came from, meaning basically allocating some numbers to the boxes on page 17?

THOMAS ZINNÖCKER: Yes, Bernd, it's a crossover over our main pillars. We have a higher synergy assumption on the TGS part, so this craftsmen piece. We see higher synergies now in the operational efficiency through scaling effects. We also have higher synergies in the overheads part. Last but not least, now we have the opportunity to check the integration of the IT systems and we also find higher synergies there in this regard. Let's say the original synergies, they all meet the right topics but now we find a higher volume for execution.

ROLF BUCH: To give you two very concrete examples, for example, we figured out -- sorry, before December, it was an outside-in view. We figured out when we looked very detailed that GAGFAH had a significant part of outsourced call-centre operations. This was not possible to see in the public figures. So of course this outsourced call-centre operation can be directly directed to the Bochum call centre. It's a significant improvement in synergy which was not foreseeable before. Second, in the IT, I can tell you just openly the negotiation with IBM went much better than we thought because of the higher volume. So these are things which you are achieving in the moment if you are working on it and this is not what you are doing in an outside view, so I think this gives you a little bit of flavour. So it's a lot of detailed work and of course we are now more comfortable because we have the commitment of the individual managers to achieve the synergies.

BERND JANSSEN: Obviously, these operational synergies are key to making a judgement on the success of this takeover, so I would very much welcome if we could get some numbers reported particularly under the - in my view - very unfavourable total cost method that Annington is using. You don't have the same transparency as you have for the other companies in the realty sector that use a turnover structure.

ROLF BUCH: I'm very suspicious(?). The problem is some of this business, especially of our operations, is our intellectual property and that's why we will not disclose the detailed cost structure of our operations because this also is a value in itself of the platform, so that's why we will be there limited. But this is to protect the company and to keep our intellectual property.

BERND JANSSEN: Okay. We might come back to this, but I think it would at least be helpful to get some numbers along the road on how this €75 million will evolve and where they mainly are allocated to.

ROLF BUCH: We'll see what we can do.

BERND JANSSEN: Thank you.

OPERATOR: Thank you. Currently there are no further questions. As a final reminder, if you would like to ask a question, please press 01 on your telephone keypad now. There are no further questions. I'll hand back to the speakers.

ROLF BUCH: Okay. So then, thank you very much for attending this call and thank you very much for your good questions. I think you have seen that we have started very strongly in the year, that we have given very promising guidance and that we also see potential for further following our strategy including also acquisitions. I would like to invite you again to the capital markets day in Berlin because probably one of the most interesting elements of Deutsche Annington is the extension piece and we haven't talked about it but this will happen with concrete examples in Berlin on 15 and 16 June. Thank you very much.

OPERATOR: Ladies and gentlemen, thank you for your attendance. This call has been concluded. You may disconnect.