

Issuing of an additional convertible bond with a volume of € 20.38m planned; Focus on project financing; Strike price below the current share price

Company: EYEMAXX Real Estate AG^{*4;5a;6a;10;11}

ISIN: DE000A0V9L94

Target price: 15.00 €

Current share price: 12.07 € (27/03/17; XETRA-closing price)

Rating: BUY

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*Potential conflicts of interest on page 3

After EYEMAXX Real Estate AG successfully issued a convertible bond of € 4.19m in December 2016, the company now plans to issue a second, larger convertible bond of € 20.38m. The new convertible bond has in comparison to the first convertible bond, also an interest rate of 4.5 % (semi-annual interest). The issue shall have subscription rights for existing shareholders and bond holders of the EYEMAXX-convertible bond 2016/2019.

It is planned to use the issue proceeds of the convertible bond to finance projects in the existing project pipeline as well as for additional real estate projects. Currently, EYEMAXX has a project pipeline of over € 400m. The projects are usually sold at an early stage or with the realisation of the project, but the transfer of the liquid funds doesn't take place until the project transfer. The issue proceeds of the bonds and the convertible bonds are used for the prefinancing of the equity in SPVs. With an equity ratio of 20-30% in the SPV, we can expect for the 20,38m € of issue proceeds to finance a total project volume of up to 100m €.

The strike price of the convertible bond is 11.89 € per share and is only slightly below the current share price of 12.07 € (XETRA; 27/03/2017; closing price). In a market comparison, this strike price is quite attractive because usually the strike price is significantly above the share price. Thus, the features of the planned convertible bond are very attractive.

Bond terms	
ISIN	DE000A2DAJB7
Listing	Freiverkehr Frankfurt
Volume	planned 20,376,000.00 EUR
Strike Price	11.89 EUR
Interest rate	4.5 % p.a.
Interest payment	semi-annual interest
Beginning of the term	21/04/2017
End of the term	15/12/2019

Based on our DCF-valuation (see research study from 13/03/2017) and the extensive project pipeline we determined a target price of 15.00 € per share (undiluted). The upside potential of the current strike price relative to our target price is 26.2%.

ANNEX

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HOLD	The expected return, based on the derived target price, incl. dividend payments within the rel 10% and < + 10%.
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