Corporate Rating
EUROBODEN GmbH
Germany, Real Estate

Scope Ratings
www.scoperatings.com

Corporate profile

EUROBODEN GmbH (henceforth EUROBODEN) is an owner-managed residential real estate developer with a focus on the high-quality segment. Its activities cover the entire development process, from site evaluation and project planning to implementation and marketing. The group develops architecturally valuable residential real estate properties and works with a pool of famous architects, such as David Chipperfield, Jürgen Mayer H. and David Adjaye. Since its foundation in 1999, EUROBODEN has developed 265 residential properties with a total volume of EUR 135m.

Rating

Corporate Rating:	B
Outlook:	Stable
Instrument Ratings:	
ISIN DE000A1RE8B0:	BB-
Sector:	Real Estate
Monitoring:	Monitored

Analysts

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Rating rationale

Scope affirms EUROBODEN's B issuer rating and BB- unsecured bond rating, both with Stable Outlook

The BB- rating of EUROBODEN GmbH's unsecured corporate bond, issued in 2013 and maturing in 2018, reflects Scope's view that the recoupment of this investment is highly probable, thanks to the company's disclosure of hidden reserves and the excellent locations of the properties in its development portfolio.

The B Corporate Issuer Credit Rating (CICR) for EUROBODEN, a real estate developer with a focus on the high-quality segment, is supported by the company's: i) 'A' location and the highly liquid properties in its development portfolio, ii) positive growth prospects in its core markets of Munich and Berlin, iii) profound market knowledge, iv) high profitability compared with other industry players, and v) strong brand recognition facilitating off-market deals.

The CICR is negatively affected by EUROBODEN's position as a small niche player in high-quality residential property development as well as the company's volatile cash flows. Full exposure to the cyclical real estate market and dependence on external financing are also credit-negative. In addition, key person risk exists due to the vital contribution of the CEO, its owner and founder.

Outlook

The rating Outlook is Stable, supported by EUROBODEN's high-quality development pipeline in the booming core markets of Munich and Berlin. The Stable Outlook reflects Scope's expectation that FFO fixed-charge coverage will remain sustainably above 1.0x.

A negative rating action could be considered if the company's LTV were to exceed 60%, if FFO fixed-charge cover did not remain substantially above 1.0x on a sustained basis or if the company's access to bank financing weakened.

Scope could consider a positive rating action if EUROBODEN were to significantly grow in size while maintaining an LTV of under 50%.

Rating drivers

Positive	Negative
Lack of supply in EUROBODEN's core markets of Munich and Berlin helps maintain stability of demand	Exposed to more elastic demand and potential margin deterioration as niche market player in the dev. of high-quality residential real estate
Germany's positive economic environment is expected to bolster the company's business in the next few years	Refinancing risk still high with EUR 13.4m of debt due in the next seven months
Significant reduction of loan/value ratio (LTV) below 40%	Concentrated development pipeline with a limited geographical diversification focusing on Munich and Berlin
EUROBODEN's development portfolio in prime locations supports price stability and asset fungibility	Full exposure to the cyclicality of the real estate market with almost all sources of revenue linked to the company's development activity
EUROBODEN enjoys high profitability compared to peers with a weighted average EBITDA Margin of 16% for the last ten projects	High key person risk associated with the founder
Excellent market knowledge and standing due to its well-established brand facilitating off-market deals	

Financial overview

	2010	2011	2012	2013	2014	2015	2016F	2017E
P&L/Balance sheet (EUR m)								
Total output (reported)	9.9	11.7	13.6	12.9	28.6	30.5	36.9	35.6
Scope adjusted revenues	***7.4***	***6.2***	***21.8***	***10.1***	***3.6***	***32.6***	***17.1***	***8.8***
Revenues growth YoY (%)	*na*	*-16%*	*254%*	*-54%*	*-64%*	*803%*	*-48%*	*-48%*
EBITDA (reported)	0.5	2.8	3.5	1.6	1.9	2.6	7.6	3.2
Operating lease payment	0.0	0.0	0.0	0.0	0.2	0.3	0.2	0.2
Other items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Scope adjusted EBITDA	***0.5***	***2.8***	***3.5***	***1.6***	***2.1***	***2.8***	***7.8***	***3.3***
Cash interest expenses (net)	-0.7	-0.9	-0.7	-0.9	-1.5	-1.3	-2.0	-2.2
Cash tax paid	-0.1	-0.4	-0.8	-0.1	0.0	-0.2	-1.3	-0.3
Pension interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation component operating leases	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1
Dividends received from @ equity	1.1	0.0	0.0	-0.1	0.0	0.0	0.0	0.0
Disposal gains fixed assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Scope funds from operations (FFO)	***0.8***	***1.6***	***2.0***	***0.5***	***0.7***	***1.4***	***4.6***	***0.9***
Δ Working capital	0.0	0.4	6.4	-6.1	-12.8	-12.9	-3.7	-18.3
WC ratio (%)	*na*	*3%*	*42%*	*-43%*	*-49%*	*-49%*	*-10%*	*-51%*
Non-operational cash flow	0.0	0.0	0.0	0.0	0.8	0.2	0.0	0.0
Cash flow from operations (CFO)	***0.8***	***2.0***	***8.4***	***-5.6***	***-11.2***	***-11.4***	***0.9***	***-17.4***
Capex	0.0	-0.1	-0.5	-0.1	0.0	0.1	0.0	0.0
Capex/revenues	*0%*	*-1%*	*-2%*	*-1%*	*-1%*	*0%*	*0%*	*0%*
Free cash flow (FCF)	***0.8***	***1.9***	***7.9***	***-5.7***	***-11.2***	***-11.4***	***0.9***	***-17.4***
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Discretionary cash flow	***0.8***	***1.9***	***7.9***	***-5.7***	***-11.2***	***-11.4***	***0.9***	***-17.4***
Total assets (book value)	***29.7***	***34.9***	***21.5***	***23.8***	***36.1***	***53.4***	***77.5***	***81.6***
Gross financial debt	22.7	26.3	8.6	13.9	25.6	37.6	53.1	55.7
Cash and marketable securities	-6.6	-11.4	-0.5	-0.7	-0.5	-0.7	-20.6	-5.6
Restricted cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pension adjustments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating leases	0.0	0.0	0.0	0.0	0.6	1.0	0.6	0.6
Asset retirement obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Scope adjusted debt (SaD)	***16.0***	***14.9***	***8.1***	***13.2***	***25.7***	***37.9***	***33.1***	***50.7***
Profitability and earning power								
Operating EBITDA margin	4.6%	23.9%	26.0%	12.4%	7.3%	9.3%	21.1%	9.3%
Return on assets	5.0%	7.0%	13.1%	6.2%	6.6%	4.2%	8.1%	3.4%
Debt protection measures								
FFO fixed-charge cover	2.0x	2.7x	3.1x	1.4x	1.3x	1.6x	3.1x	1.3x
EBITDA interest-expense cover	0.6x	3.0x	3.7x	1.4x	1.4x	1.9x	3.9x	1.5x
EBITDA cash-interest cover	0.7x	3.2x	4.8x	1.7x	1.4x	2.1x	3.9x	1.5x
Leverage								
LTV	76.5%	75.5%	40.2%	58.9%	61.0%	< 40%	40 - 50%	
SaD/EBITDA	35.2x	5.3x	2.3x	8.3x	12.3x	13.4x	4.3x	15.4x
FFO/SaD	4.8%	10.5%	24.3%	3.7%	2.8%	3.6%	13.9%	1.8%
Liquidity								
Liquidity	38.1%	75.4%	-54.2%	-88.5%	204.1%	< 100%	> 100%	< 100%

EUROBODEN's financial year ends 30 September // Sources: EUROBODEN, Scope estimates 2016F – 2017E

Rating change drivers

Positive	Negative
Significant growth in size (turnover, number of projects) while maintaining an LTV of under 50%	Company's LTV exceeds 60%
	FFO fixed-charge cover has not remained substantially above 1.0x on a sustained basis
	Company's access to bank financing weakened

Business risk profile

Market development

Cyclicality – high

While the real estate industry is often associated with cyclical features compared to industries with inelastic demand patterns, these vary heavily depending on the individual business model. Scope believes 'developer' corporates in particular are subject to the highest cyclicality, as demand is linked to economic growth. In addition, these companies mostly have to contend with a high time-to-delivery, due to the fact that three to four years are needed to develop a new property from scratch. If demand declines during this time, risks relating to letting and disposal could increase tremendously because of either (i) an economic downturn or (ii) competing existing or newly-built stock.

Market entry barriers – low

Scope believes that the real estate industry generally has low barriers to entry. On the one hand, significant investment is needed to buy, maintain or develop properties. Thus, either (i) significant internal resources or (ii) good access to third-party capital is needed. On the other hand, we observe a (i) high level of fragmentation within the real estate industry and (ii) good general access to credit due to collateral-eligible assets. Both are indicators that the barriers to entry are relatively low.

Substitution risk – low

Substitution risk is low as the properties – mainly for residential spaces – represent one of the basic human needs.

Figure 1: Industry risk assessment I European real estate developers

Cyclicality \ Barriers to entry	Low	Medium	High
High	CCC/B	B/BB	BB/BBB
Medium	B/BB	BB/BBB	BBB/A
Low	BB/BBB	BBB/A	AA/AAA

Source: Scope Ratings

Positive market growth prospects for core markets, Munich and Berlin

Scope believes asset prices and demand for EUROBODEN's core markets in Munich and Berlin will keep growing as both markets have exhibited price rises averaging 50% since 2011. This is underlined by i) the lack of new apartments and ii) positive growth expectations for both cities. The company may profit from these trends and strengthen its business model in the next few years.

Competitive positioning

Small niche player in prime residential property development, experiencing strong growth, however

With total assets of EUR 53m at end-September 2015 (+48% YoY) and FFO of EUR 1.4m for the year to September 2015 (+100%), EUROBODEN is a small company. It is, however, exhibiting strong growth in the highly fragmented German real estate development market. Its activities focus on niche, high-quality residential real estate development, a market characterised by elastic demand and generally volatile prices.

The company's small size and market position also indicate a heightened sensitivity to unforeseen shocks, stronger volatility in cash flows, and higher key person risk.

Niche market player in the prime segment exposed to more elastic demand

As a niche market player, EUROBODEN retains a very small market share of below 1% in its core markets of Munich and Berlin. However, both are highly competitive with approx. 100 competitors each, the largest player holding a 4% market share in Munich and a 1.8% share in Berlin (sources: Neubaukompass Berlin and Munich, Federal Bureau of Statistics of Berlin and Bavaria). Both markets benefit from a strong economic environment. In the case of an economic downturn or a significant decrease in demand, competition is likely to wipe out the majority of EUROBODEN's rivals.

EUROBODEN portrays itself as an 'Architekturmarke' (original architect brand) supported by an established network of well-known architects. According to the company, this self-positioning and brand building allows it to benefit from off-market deals which avoid bidder competition (land and property sourcing) and positively influence its pricing policy. In Scope's view, recent property purchases as well as recently finished projects support this claim.

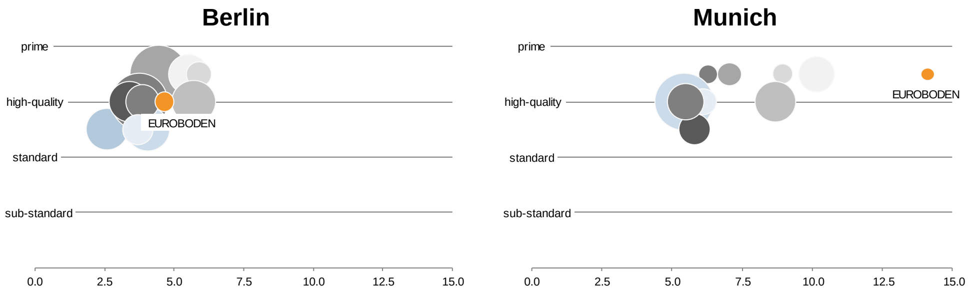
Scope believes, however, that EUROBODEN's focus on the prime, high-price niche market segments in Berlin and Munich, which are characterised by elastic demand and volatile price

Niche market of prime residential real estate development characterised by elastic demand

levels (source: Knight Frank Prime Global Cities Index, Global House Price), exposes the company to adverse market movements.

Figures 2+3: Market positioning EUROBODEN (TOP 10)

X-Axis: pricing (EURk/sq m)I Y-Axis: segment I Bubble: no. of units



Sources: Neubaukompass Berlin and Munich, Scope Ratings

Diversification

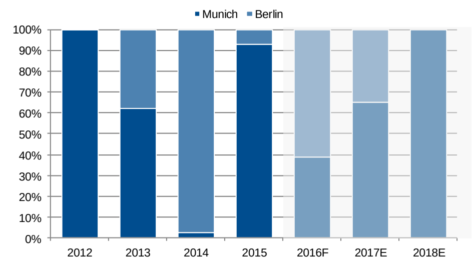
Limited geographical diversification with a focus on Munich and Berlin

The geographical distribution of the company's revenues is highly volatile due to EUROBODEN's small size and substantial development pipeline, limited to Munich and Berlin (Figure 4). Scope considers this localised geographical diversification to be a credit risk, given the highly similar demand patterns in both markets.

Dependent on residential real estate development

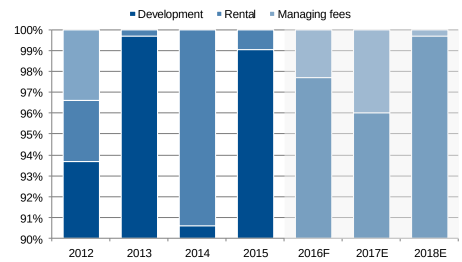
EUROBODEN is very much exposed to the inherent cyclicality of the real estate market, with the majority (2014: 91%; 2015: 99%; 2016F: 98%) of its revenues generated from development activities. Other revenue sources, such as rental income or managing fees, contribute much less (Figure 5) and are also directly linked to the company's development activities. Scope considers this a credit-negative.

Figure 4: Geo. distribution of revenues (%)



Sources: EUROBODEN, Scope Ratings

Figure 5: Income source distribution (%)



Sources: EUROBODEN, Scope Ratings

Concentrated development pipeline of eight projects

EUROBODEN's development pipeline is highly concentrated, consisting of eight projects, the largest of which alone represents 29% of expected four-year turnover. This modest pipeline diversification might affect future cash flow generation if projects are delayed or suffer cost overruns. (Please note: potential impacts are already included in Scope's rating scenario).

Asset quality

Highly liquid development portfolio with 'A' location assets

EUROBODEN's development portfolio is situated in the mature and liquid markets of Munich and Berlin. Scope believes that the company's focus on predominantly 'A' locations in these cities bolsters the fungibility/liquidity of EUROBODEN's properties and lowers potential price haircuts in a distressed sales scenario.

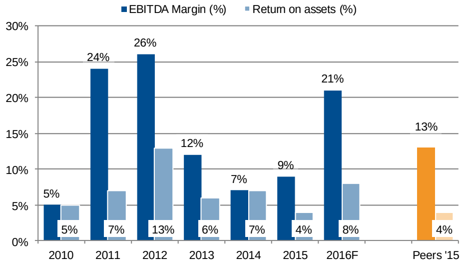
Profitability

High profitability, with adjusted EBITDA margin sustained at 16%

EUROBODEN's profitability has remained stable – the EBITDA margin rose slightly to 9% in 2015 from 7% in 2014. However, Scope believes this will increase to well above 10%, supported by the sustained adjusted EBITDA margin of 16% for the last 10 projects as well as the high-quality pipeline. The increase in profitability is supported by the firm's profound market knowledge and brand recognition facilitating the conclusion of off-market deals.

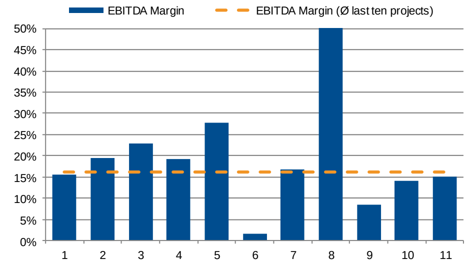
The company's project-related EBITDA margin is steady at 16%, higher than many of its peers. Due to the timing mismatch of cash out- and inflows (expenses and revenues), Scope examined the profitability of EUROBODEN's last ten projects (Figure 7). Seen from this viewpoint, we are able to observe relatively stable profitability, thus providing certainty as to the company's sustainable profitability. EUROBODEN's EBITDA margin of around 16% is comparatively higher than that of most of its peers.

Figure 6: Profitability EUROBODEN and peers (%) – 2015



Sources: EUROBODEN, Scope Ratings

Figure 7: EBITDA margin EUROBODEN (last 10 projects)



Sources: EUROBODEN, Scope Ratings

Management & corporate governance

Experienced market player with streamlined acquisition process

EUROBODEN benefits from long-term relationships with most of its external partners as well as 16 years' experience in its core market of Munich. Its streamlined acquisition process allows purchase decisions to be made within a day. Together with its well-established brand – primarily in Munich – this allows EUROBODEN to participate in off-market deals and avoid bidder competition.

Corporate governance issues and key person risk

Due to the company's size, there is no advisory or supervisory board. Strategic decisions are made by EUROBODEN's owner and CEO, speeding up decision-making, but creating key person risk at the same time.

Financial risk profile

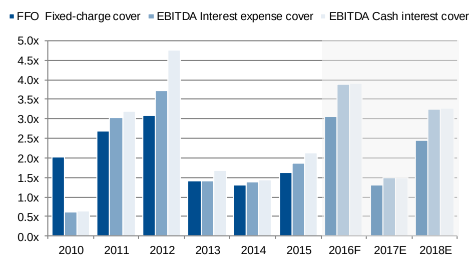
Debt protection and cash flows

FFO fixed-charge cover at 1.6x (2015) expected to remain above 1.0x

EUROBODEN's FFO fixed-charge cover (x) stood at an adequate 1.6x at end-September 2015 and is expected to remain above 1.0x in the coming years (Figure 8) due to expected project deliveries. The ratio will fluctuate heavily, relying on on-time delivery and project disposal. If projects are delayed, EUROBODEN may be dependent on external financing to cover its fixed charges.

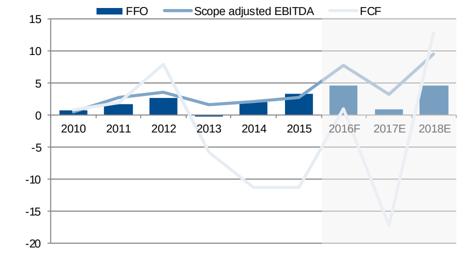
The company's cash flow generation has been volatile with free cash flow (FCF) fluctuating between EUR 7.9m (2012) and minus EUR 11.4m (2015 – Figure 9). Scope expects it to remain volatile as a result of EUROBODEN's business model as a real estate developer. Cash in- and outflows do not necessarily match during a project lifetime and EUROBODEN's small size and substantial project pipeline render it vulnerable. The latter exacerbates the volatility inherent in EUROBODEN's business model.

Figure 8: Debt protection EUROBODEN 2010-18E



Sources: EUROBODEN, Scope Ratings

Figure 9: Cash flows EUROBODEN 2010-18E (EUR m)



Sources: EUROBODEN, Scope Ratings

Leverage

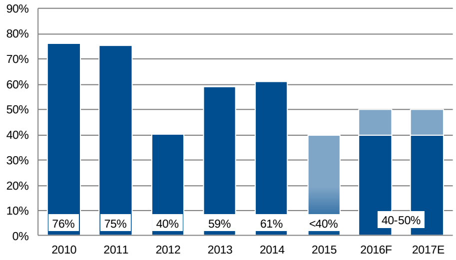
Significant reduction of loan/value ratio (LTV) below 40%

EUROBODEN has reduced its leverage by obtaining building permissions for most of its project pipeline and subsequently increasing hidden reserves, reflected in an LTV of below 40% at YE 2015 (2014: 61%). However, this reduction in fair-value-based leverage is somewhat offset by the debt-financed extension of its project pipeline, which increased Scope adjusted debt (SaD)/EBITDA to a high 13.4x in 2015 (2014: 12.3x). Scope considers this increase to be somewhat mitigated by EUROBODEN's relatively stable asset values, which the agency believes can be realised easily.

The company's SaD/EBITDA (x) level of 13.4x (2015) is consistent with a 'B' financial risk profile (FRP). The ratio has been volatile and will remain so. However, Scope judges this volatility of SaD/EBITDA to be typical for a developer with projects which are not evaluated, or financed, in annual tranches, but rather for the whole development period.

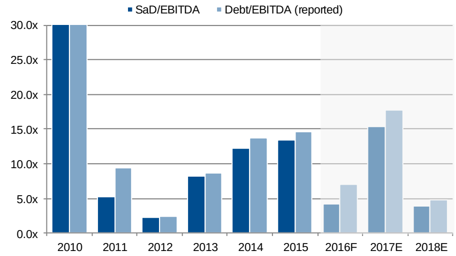
EUROBODEN's total debt position of EUR 8.5m at 31.03.2016 (EUR 8.3m corporate bond) depends on EUROBODEN's ability to generate stable and, above all, sufficient cash flows from its project SPVs to cover these obligations. Due to the volatility of cash flows (Figure 9), Scope sees high risks in connection with delays in developments and respective disposals within the project SPVs.

Figure 10: LTV (%) EUROBODEN 2010 – 18E



Sources: EUROBODEN, Scope Ratings

Figure 11: Cash flow leverage EUROBODEN 2010 – 18E



Sources: EUROBODEN, Scope Ratings

Liquidity and debt repayments

Expected liquidity of below 100% for 2015

Scope expects cash flow from operations to be slightly positive in 2016, and therefore forecasts liquidity for 2015 to be below 1.0x following a volatile pattern in previous years (2014: 2.0x; 2013: -0.9x; 2012: -0.5x). Liquidity is typically tight for small real estate developers with short-term debt covering the bulk of financing for each project. EUROBODEN has converted its debt structure from short- to long-term debt, shifting its short-term ratio of total debt from 86% in 2010 to 13% in 2015.

However, volatility is expected to persist, driven by the company's fluctuating cash flows, which are also sensitive to the extensive project pipeline. Scope expects EUROBODEN to be exposed to refinancing risk in 2018 in connection with its corporate bond – potentially triggered by project delays.

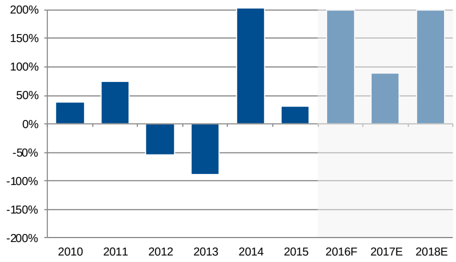
These aspects significantly increase the risk that EUROBODEN will not repay EUR 13.7m of debt due in the next seven months. However, Scope expects the company to refinance the maturing debt through EUR 5.2m of available credit lines, and, if projects are delayed, to extend current debt facilities or proceeds until after the projects have been concluded.

EUR 13.7m of debt due in the next seven months

These aspects significantly increase the risk that EUROBODEN will not repay EUR 13.7m of debt due in the next seven months. Scope does not believe the company will be able to repay that debt from operational cash flow and available cash. This requires the company to turn to external funding to redeem maturing debt. Scope expects maturing debt to be refinanced through the company's available credit lines of EUR 5.2m. In the event of project delays, we expect an extension of current debt facilities or proceeds until after project completion.

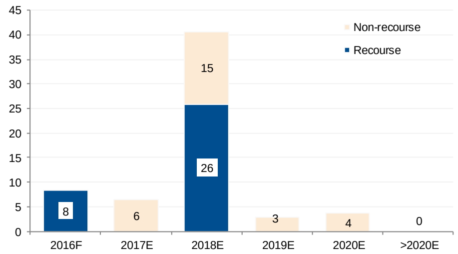
Scope believes that EUROBODEN has achieved operational success – supported by the market environment – and delivers well-nigh on time, on budget and at targeted prices. Therefore, extensions of credit facilities for project debt should also be made available.

Figure 12: Liquidity adj. (x) (%)



Sources: EUROBODEN, Scope Ratings

Figure 17: Debt maturity profile (EUR m) as of 31.03.2016



Sources: EUROBODEN, Scope Ratings

Bond

Bond at BB-

As the bond is unsecured, its credit quality is closely linked to EUROBODEN's credit quality and performance. However, as EUROBODEN has disclosed hidden reserves, and also has a development portfolio with very well-located assets, Scope believes the bond's potential recovery is well above market average, lifting the bond's rating two notches above the CICR.

Outlook

Outlook: Stable

The rating Outlook is Stable, supported by EUROBODEN's high-quality development pipeline in the booming core markets of Munich and Berlin. The Stable Outlook reflects Scope's expectation that FFO fixed-charge coverage will remain sustainably above 1.0x.

A negative rating action could be considered if the company's LTV were to exceed 60%, if FFO fixed-charge cover did not remain substantially above 1.0x on a sustained basis or if the company's access to bank financing weakened.

Scope could consider a positive rating action if EUROBODEN were to significantly grow in size while maintaining an LTV of under 50%.

APPENDIX

EBITDA	
Cash flow measure	EBITDA is a financial measurement of the operating cash flow from operations that is widely used when assessing the performance of companies. It enables a comparison of profitability between different companies by eliminating the effects of financing (by ignoring interest and long-term operating rent payments) and political jurisdictions (by ignoring tax). EBITDA also excludes the non-cash items depreciation and amortisation of assets. Scope will only exclude operating rent payments from the measure if they are not material. EBITDA also includes sustainable core income from investments and associates.
Revenue - Operating expenditures + Depreciation and amortisation + Expenses for long-term operating lease financing + Sustainable associates/investment income = EBITDA	

Scope adjusted funds from operations (FFO)	
Cash flow measure	Scope adjusted funds from operations (FFO) represent operating cash flows before changes in working capital and after dividends received, interest paid and long-term operating lease charges and other non-recurring income or expenses.
EBITDA - Net interest paid - Tax paid + Associate dividends received ± Other non-operating charges before FFO = Scope adjusted funds from operations (FFO)	

Scope adjusted debt (SaD)	
Debt measure	Scope adjusted debt (SaD) is a key determinant for many credit metrics. Based on the disclosure given in a company's annual report (reported financial debt), which typically consists of bank loans, financial leases and capital markets debt such as bonds, Scope applies certain adjustments. The main adjustment items relate to off-balance sheet items such as a company's unfunded pension obligations, operating lease obligations and guarantees given. The measure deducts equity credit resulting from hybrid debt securities that are qualified as equity-like. Long-term operating lease charges are capitalised as a multiple of the rents. This multiple is typically 'eight' but may vary depending on the specific industry the entity operates in and the location of the leased assets. For specific industries such as utilities provisions are included, if material, for example the decommissioning of power plants.
Reported financial debt + Off-balance sheet debt, such as operating leases, unfunded pensions, guarantees, provisions, if applicable - unrestricted cash and equivalents = Scope adjusted debt (SaD)	

EBITDA margin letting (%)	
Operating profitability measure	The EBITDA margin letting illustrates an issuer's profitability, setting aside the group's financing structure, tax situation and operational results from the disposal of properties. It is typically applied to commercial real estate corporates with a focus on letting. It is equal to earnings before interest, tax, depreciation, amortisation and rent charges (EBITDA), divided by total revenue.
$\dfrac{\text{EBITDA + expenses related to sale of properties + revenues from service charge}}{\text{Total revenue – revenues from service charge – revenues from sale of properties}}$	

FFO fixed-charge (x)	
Debt protection measure	This ratio indicates an issuer's ability to pay its fixed financing expenses. This compares the operational cash generating ability of an issuer with its debt service obligations. The ratio is influenced by the relative levels of interest rates in different jurisdictions and the funding mix, including the use of zero-coupon debt.
$\dfrac{\text{FFO + interest paid + preferred dividends + annual pension payments}}{\text{Interest paid + preferred dividends + operating rent charge + annual pension payments}}$	

FFO/SaD (%)	
Debt protection measure	This ratio is a measure of an entity's cash flow generation compared with its debt burden.
$$\frac{\text{FFO + interest paid + preferred dividends}}{\text{SaD}}$$	

SaD/EBITDA (x)	
Debt protection measure	This ratio compares an issuer's debt payment obligations with its ordinary, unleveraged, untaxed cash flow generation before operating rent payments (EBITDA).
$$\frac{\text{SaD}}{\text{EBITDA}}$$	

Liquidity (%)	
Liquidity measure	This ratio indicates the company's ability to pay its short-term debt from its operating cash flow, unrestricted cash and marketable security position, unused committed bank facilities, unused committed factoring lines, and proceeds from committed asset sale.
$$\frac{\text{Operating cash flow}_{t+1} + \text{unrestricted cash and marketable securities}_{t} + \text{unused committed bank facilities}_{t} + \text{committed unused factoring lines}_{t1} + \text{committed proceeds from asset sales}_{t+1}}{\text{Short-term debt}_{t}}$$	

IMPORTANT INFORMATION

Information pursuant to Regulation (EC) No 1060/2009 on credit rating agencies, as amended by Regulations (EU) No. 513/2011 and (EU) No. 462/2013

Responsibility

The party responsible for the dissemination of the financial analysis is Scope Ratings AG, Berlin, District Court for Berlin (Charlottenburg) HRB 161306 B, Executive Board: Torsten Hinrichs (CEO), Dr. Stefan Bund, Dr. Sven Janssen.

The rating analysis has been prepared by Philipp Wass, Lead Analyst
Responsible for approving the rating: Werner Stäblein, Committee Chair

Rating history - EUROBODEN GmbH (Date | Rating action | Rating)

27 May 2016 I Affirmation I B I Stable
28 May 2015 I Initial Rating I B I Stable

Rating History - EUR 15m unsecured corporate bond (2013/2018) of EUROBODEN GmbH (Date | Rating action | Rating)

27 May 2016 I Affirmation I BB- I Stable
28 May 2015 I Initial Rating I BB- I Stable

The rating outlook indicates the most likely direction of the rating if the rating were to change within the next 12 to 18 months. A rating change is, however, not automatically ensured.

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Key sources of Information for the rating

- Prospectus
- Website of the rated entity
- Valuation reports
- Annual financial statements
- Annual reports/semi-annual reports of the rated entity
- Information provided on request
- Data provided by external data providers
- External market reports
- Press reports / other public information
- Interview with the rated entity

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The methodologies applicable for this rating (Corporate Rating Methodology, Rating Methodology - European Real Estate Corporates) are available on www.scoperatings.com. The historical default rates of Scope Ratings can be viewed on the central platform (CEREP) of the European Securities and Markets Authority (ESMA): http://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml. A comprehensive clarification of Scope's default rating, definitions of rating notations and further information on the analysis components of a rating can be found in the documents on methodologies on the rating agency's website.

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