

FCR Immobilien AG

Germany | Real Estate | MCap EUR 117.2m

5 August 2021

UPDATE



H1 sets excellent foundation to reach FY guidance; BUY

What's it all about?

FCR released excellent H1/21 results setting a strong foundation to meet or even exceed its FY 2021 guidance. The highlight of yesterday's reporting has been a steep increase in FFO of 67% yoy to EUR 3.7m. Whilst this is also the result of the discontinuation of Covid-19 related special effects such as rental deferrals, FFO increased mainly due to a healthy increase in acquired properties. Here, FCR acquired in total 12 properties in H1 worth EUR 30m (eAR). Still, CEO Falk Raudies envisaged a well filled pipeline for the coming months, with initial yields between 8-12%. The EPRA-NAV increased to EUR 11.93 despite paying EUR 0.30 dividends per share. Consequently, the stock is still trading at par with its book value, which we view as a good entry opportunity given that peers are trading with premiums between 20-30% to the respective NAVs. We therefore maintain our BUY rating, PT EUR 14.80. A dividend yield of above 3% (eAR for 2021E) further appeals to the equity story.

BUY (BUY)

Target price	EUR 14.80 (14.80)
Current price	EUR 12.00
Up/downside	23.3%



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FCR Immobilien AG

Germany | Real Estate | MCap EUR 117.2m | EV EUR 344.1m

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H1 sets excellent foundation to reach FY guidance; BUY

FCR reported strong H1/21 results showing nice improvements at virtually all KPI's. **Funds From Operation (FFO) continued to increase and improved by a remarkable 67% yoy to EUR 3.7m** (H1/20 EUR 2.2m). Besides the discontinuation of pandemic-led special items such as rental deferrals, FCR benefitted from the overall expansion of its property portfolio. In H1, FCR acquired 12 properties of in total EUR 30m (eAR). With the acquisition pipeline well filled for the second half, FCR reiterates its FFO guidance of minimum EUR 8m or >60% yoy growth (eAR EUR 9.3m). According to CEO Falk Raudies properties worth EUR 50m are in direct acquisition.

KPIs – Also, all major KPIs improved during the course of H1/21. The weighted average unexpired lease term (WAULT) rose to 5.3 years after 5.1 years at the end of 2020. Similarly, the occupancy rate further improved by 30bp to 91.6% after 90.3% at the end of 2020. We view this as a **compelling sign that the active portfolio management of FCR is continuously bearing fruit.**

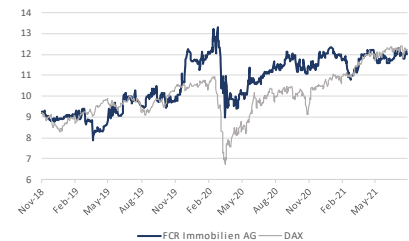
Guidance: With the release of the H1 results, FCR confirmed its 2021 outlook to increase its EBT to EUR 14m (eAR EUR 17.1m / H1/21 EUR 6.7m) and an improvement in FFO to EUR 8m (eAR EUR 9.3m). On the back of the strong H1/21 results as well as additional earnings enhancing acquisitions at hand, we believe that FCR can achieve or even overachieve its guidance. Consequently, we stick to our slightly more bullish expectations for FY 2021.

On a more general note, we believe that **FCR's strategy still is intact.** The company aims to profitably grow in the niche market for retail properties in established secondary locations in Germany. Limited competition and in-depth market know allows for attractive (initial) yields in the range of 8-12%. Consequently, FCR is set continue showing **disproportionate FFO growth in the coming years.**

Valuation: Despite having paid EUR 0.30 per share in dividends, the EPRA-NAV per share has risen to EUR 11.93. As such, FCR is still trading at par with its book value, which we view as not justifiable, given that peers are trading with a 20-30% premium to NAV. **We therefore reiterate our DCF-based PT of EUR 14.80, providing a healthy upside potential of 23%. We therefore maintain our BUY rating, downside protected by a favorable dividend yield of >3% (eAR EUR 0.36 for 2021E).** -continued-

FCR Immobilien AG	2018	2019	2020	2021E	2022E	2023E
Sales	37.3	49.7	38.9	57.5	60.5	68.5
<i>Growth yoy</i>	127.4%	33.2%	-21.7%	47.8%	5.2%	13.2%
EBIT	7.1	18.1	14.4	25.6	39.4	45.5
FFO	3.4	-3.7	4.9	9.3	16.7	20.2
FFO-Margin	23.9%	-19.5%	21.6%	35.5%	37.4%	39.0%
Net profit	2.9	9.7	9.6	14.2	22.9	27.2
Net debt (net cash)	152.8	208.8	226.9	294.1	391.5	442.6
LTV	64.4%	68.0%	72.1%	71.4%	74.0%	73.5%
EPS recurring	0.35	1.07	1.05	1.46	2.34	2.79
FFOPS	0.41	-0.41	0.54	0.95	1.71	2.07
DPS	0.17	0.30	0.30	0.36	0.59	0.70
<i>Dividend yield</i>	1.5%	2.5%	2.5%	3.0%	4.9%	5.8%
FFO-yield	3.4%	-3.4%	4.5%	7.9%	14.3%	17.2%
EV/EBIT	38.2x	18.0x	23.9x	16.1x	12.9x	12.3x
P/E	34.7x	11.3x	11.5x	8.2x	5.1x	4.3x

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

High/low 52 weeks 12.40 / 10.60
Price/Book Ratio 1.2x

Ticker / Symbols

ISIN DE000A1YC913
WKN A1YC91
Bloomberg FC9:GR

Changes in estimates

		Sales	EBIT	EPS
2021	old	57.8	25.6	1.46
	Δ	-	-	-
2022	old	60.5	39.4	2.34
	Δ	-	-	-
2023	old	68.5	45.5	2.79
	Δ	-	-	-

Key share data

Number of shares: (in m pcs) 9.76
Book value per share: (in EUR) 10.11
Ø trading volume: (12 months) 4,000

Major shareholders

RAT Asset & Trading AG 65.0%
FaMe Invest & Mgmt GmbH 8.0%
Free Float 27.0%

Company description

FCR Immobilien AG is a German-based company in the real estate sector. The public limited company focuses on retail properties in established secondary locations in Germany with anchor tenants that are mainly highly credible grocery stores.

P&L data

Earnings before taxes (EBT) improved by 53% to EUR 6.7m, after EUR 4.4m during the first half-year 2020. Sales on the other hand declined from EUR 18.9m in H1/20 to EUR 14.5m in H1/21 – a decline of 23% yoy. Sales figures at FCR however should not be overinterpreted in our view, given that this number has significantly fluctuated in the past due to property disposals. For the coming periods, we still expect larger revenue contributions (and less so on the earnings level due to the mark-to-marked valuation) as FCR aims to become a pure play portfolio manager of properties. At the end of H1/21 the trading portfolio (incl. the two hotels in Italy, Il Pelagone, and Austria, Suiten am Schloss) had a market value of EUR 46.2m.

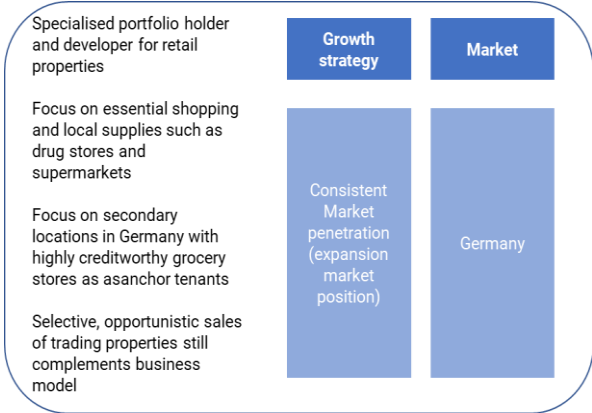
Recent transactions overview

Date	Purchase / Disposal	Location	Anchor tenant	net rent in EUR K	Leasable area in sqm	WAULT Years	Purchase price EURm
16.01.2020	D	Duisburg	C&A		10.000		
05.02.2020	P	Gummersbach	C&A		4.500		
12.02.2020	P	Höchststadt a.d. Aisch	TAKKO und Action		1.700		
27.02.2020	P	Landau a.d. Isar	Dänisches Bettenlager und Deichmann		1.300		
09.03.2020	P	Bayern	Dänisches und Sonderpreis Baumarkt				
		Cadolzburg	Dänisches Bettenlager		1.100		
		Schwandorf	Sonderpreis Baumarkt		1.300		
		Strullendorf	Sonderpreis Baumarkt		900		
28.05.2020	D	Lichtentanne	Penny		1.500		
01.07.2020	P	Westeregeln	EDEKA		1.300		
09.09.2020	D	Hof	TAKKO		900		
21.10.20	P	Eilenburg	Kaufland und toom Baumarkt	800	15.000	8,7	10
27.10.20	P			185			1,99
		Ruhle, Thüringen	Netto	100	1.200	9	
		Bückerburg, Thüringen	Niedrig-Preis-Markt (NP)	85	1.000	4	
30.10.20	P	Ludwigslust	toom Baumarkt	435	7.600		3,8
3.11.20	D	Oer-Erkenschwick, NRW	Buschkamp-Center		6.200		
6.11.20	D	Magdeburg			2.800		
17.11.20	P	Pulsnitz, Sachsen	Hammer und Pfennigpfeiffer	173	3.300		1,51
8.12.20	D	Pößneck, Thüringen	NKD, vongut		7.600		
9.4.21	P	Görlitz	Möbel Roller, toom Baumarkt	1600	28.000	6	20 (eAR)
30.4.21	P	Bauzen, Dresden, Plauen	pitstop, Carglass, Dänisches B.		4.200		
30.4.21	P	Altenberg	Netto, lokaler Baumarkt	600	3.300		7 (eAR)
9.6.21	P	Zollenroder	Pfennigpfeiffer	92	1.144	4,8	0,9 (eAR)
9.6.21	P	Eching		160	5.000	6,9	2.9 (eAR)

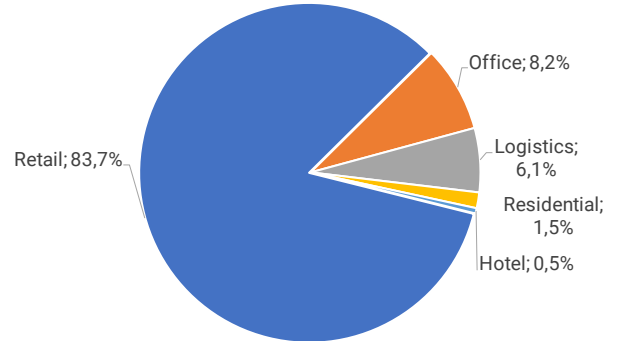
Source: Company data, AlsterResearch

Investment case in six Charts

Business Model



Rental income as per asset class (H1 2021)



Major tenants

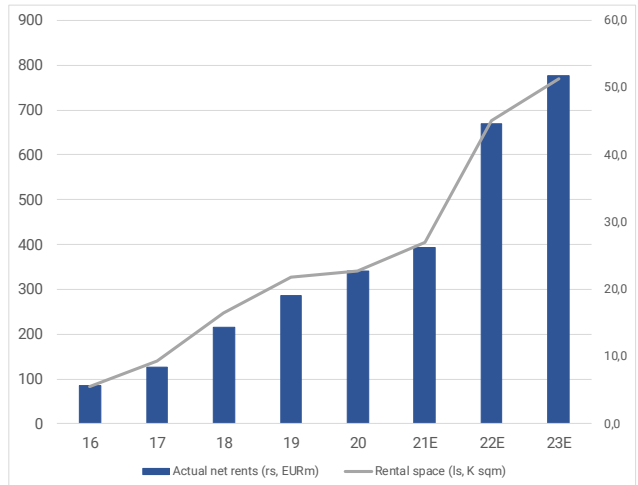
Food retail / grocery



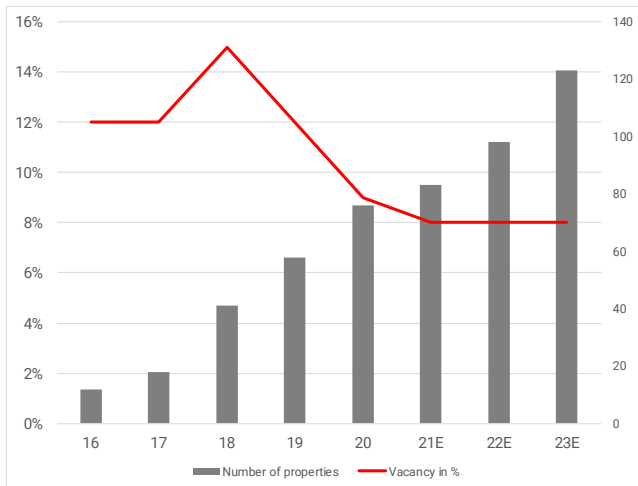
Specialty retail



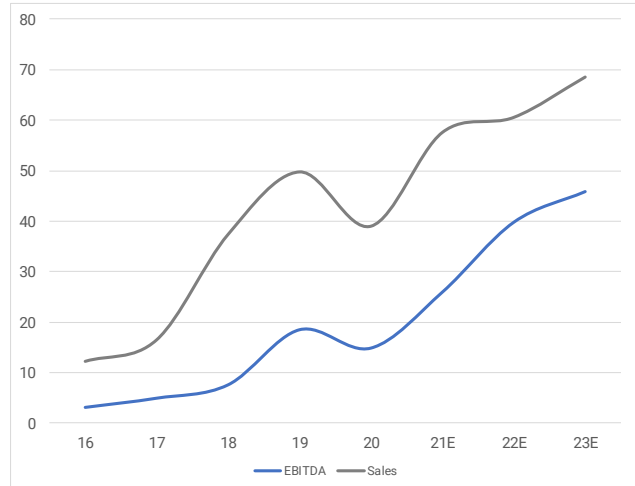
Rental Space and actual net rental income



Development of vacancies and number of properties



Sales and earnings development in EURm



Source: Company data, AlsterResearch

SWOT Analysis

Strengths

- Convincing business model with promising future perspectives
- High financial strength thanks to stock market listing
- High management competence
- Clear degression effects through scalable business model
- AI-based software expertise
- Space reserves at the locations of the retail parks

Weaknesses

- Organizational structure still reflects the announced company size not sufficiently again (sole director)
- Lack of stock market liquidity causes still low free float
- Lack of breadth in the shareholder structure (share of private customers, institutional)

Opportunities

- Improved balance sheet and cash flow statement ratios due to the company's re-focusing on its core portfolio management and development competencies
- Trend reversal in regional population development in favour of rural areas (D locations)
- Greater attractiveness of locations by expanding the sector mix (service provider, health care provider, gastronomy)
- Capital increase provides opportunity for better rating and lower refinancing costs

Threats

- Corona crisis could massively dampen consumer spending nationwide
- Individual risk in key positions through strong focus on the founder
- Conditions imposed by local authorities that restrict use
- Stronger growth in online trade
- Designation of further retail spaces in the neighbourhood

Valuation

DCF Model

The DCF model results in a **fair value of EUR 14.96 per share**:

Top-line growth: We expect FCR Immobilien AG to continue benefitting from structural growth. Hence our growth estimates for 2021-28E is in the range of 1.3% p.a. The long-term growth rate is set at 2.5%.

WACC. The averaged 1-, 3- and 5-year historical equity beta is calculated as 1.00. Unlevering and correcting for mean reversion yields an asset beta of 1.00. Combined with a risk free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 12.5%. With pre-tax cost of borrowing at 5.0%, a tax rate of 25.0% and target debt/equity of 1.0 this results in a long-term WACC of 8.1%.

DCF (EUR m) (except per share data and beta)	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	Terminal value
NOPAT	16.3	26.4	30.6	35.7	36.7	37.0	37.2	37.1	
Depreciation & amortization	0.3	0.3	0.3	-0.1	0.0	-0.0	0.0	-0.0	
Change in working capital	5.4	0.2	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	
Chg. in long-term provisions	-4.9	-6.3	-7.0	-8.1	-8.4	-8.5	-8.7	-8.8	
Capex	-86.2	-111.0	-65.9	-77.4	-17.6	-4.4	-4.3	0.2	
Cash flow	-69.0	-90.3	-42.0	-49.9	10.7	24.0	24.3	28.5	519.4
Present value	-66.9	-81.1	-34.9	-38.4	7.6	15.8	14.8	16.1	291.3
WACC	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.1%

DCF per share derived from	
Total present value	124.4
Mid-year adj. total present value	129.3
Net debt / cash at start of year	237.1
Financial assets	320.5
Provisions and off b/s debt	na
Equity value	212.7
No. of shares outstanding	14.2
Discounted cash flow / share upside/(downside)	14.96 / 24.7%

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2021E - 2028E)	1.3%
Terminal value growth (2028E - infinity)	2.5%
Terminal year ROCE	12.1%
Terminal year WACC	8.1%

Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	25.0%
Equity beta	1.00
Unlevered beta (industry or company)	1.00
Target debt / equity	1.0
Relevered beta	1.75
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	12.5%

Share price	12.00
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Sensitivity analysis DCF								
Change in WACC (%-points)		Long term growth					Share of present value	
		1.5%	2.0%	2.5%	3.0%	3.5%		
2.0%		5.7	6.5	7.4	8.5	9.7	2021E - 2024E	-177.9%
1.0%		8.2	9.3	10.6	12.1	13.8	2025E - 2028E	43.7%
0.0%		11.6	13.1	15.0	17.1	19.8	terminal value	234.1%
-1.0%		16.2	18.5	21.3	24.8	29.3		
-2.0%		22.9	26.6	31.4	37.6	46.2		

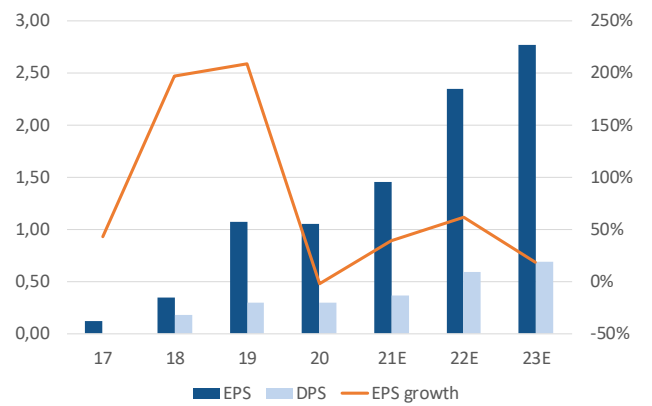
Source: AlsterResearch

Financials in six charts

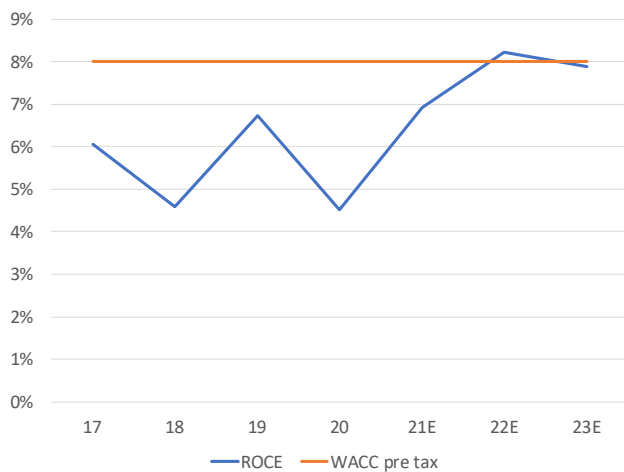
Sales vs. EBITDA margin development



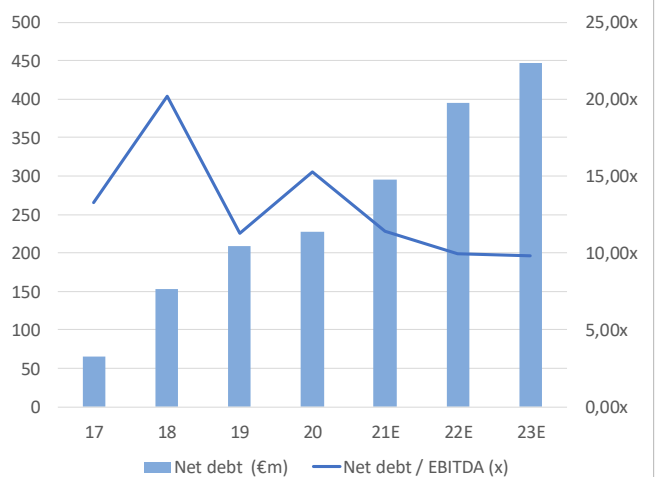
EPS, DPS in EUR & yoy EPS growth



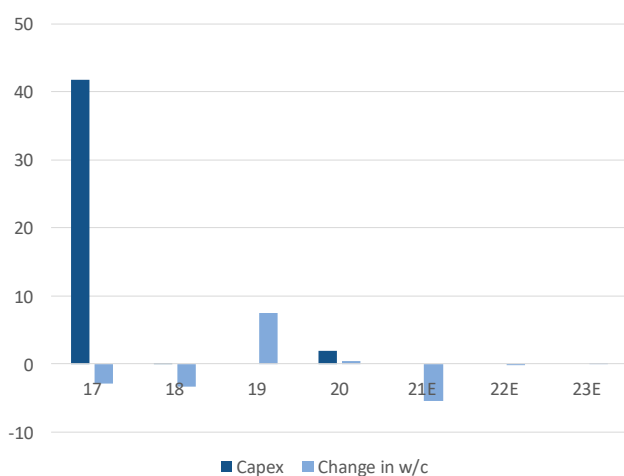
ROCE vs. WACC (pre tax)



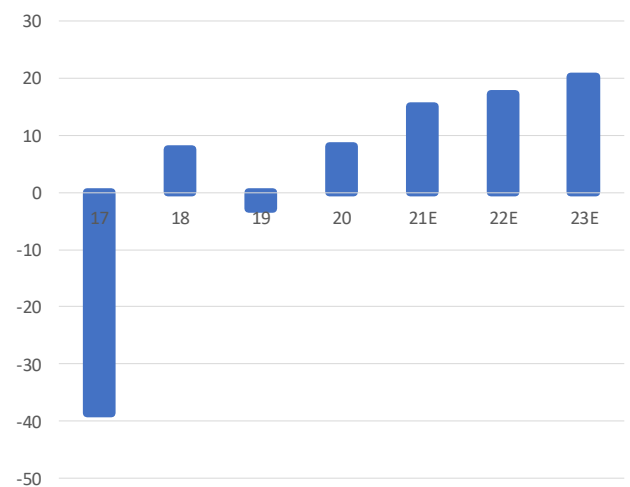
Net debt and net debt/EBITDA



Capex & chg in w/c requirements in EURm



Free Cash Flow in EURm



Financials

Profit and loss (EUR m)	2018	2019	2020	2021E	2022E	2023E
Net sales	37.3	49.7	38.9	57.5	60.5	68.5
Sales growth	127.4%	33.2%	-21.7%	47.8%	5.2%	13.2%
Change in finished goods and work-in-process	-0.0	0.5	3.2	4.6	-0.9	-0.7
Total sales	37.3	50.1	42.1	62.1	59.6	67.8
Change in the value of investment property	0.0	13.7	0.8	4.9	6.3	7.2
Expenses from financial investments held real estate	21.3	27.9	10.9	27.2	11.9	12.8
Personnel expenses	5.1	10.9	12.5	9.5	9.5	11.0
Material expenses and other opex	5.1	10.9	12.5	9.5	9.5	11.0
Total operating expenses	29.7	31.7	27.3	36.2	19.8	22.0
EBITDA	7.6	18.5	14.8	25.9	39.7	45.8
Depreciation	0.5	0.4	0.4	0.3	0.3	0.3
EBITA	7.1	18.1	14.4	25.6	39.4	45.5
Amortisation of goodwill and intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	7.1	18.1	14.4	25.6	39.4	45.5
Financial result	-4.3	-6.2	-6.7	-8.5	-11.9	-12.8
Recurring pretax income from continuing operations	2.8	11.9	7.7	17.1	27.5	32.8
Extraordinary income/loss	0.0	0.0	3.8	0.0	0.0	0.0
Earnings before taxes	2.8	11.9	11.5	17.1	27.5	32.8
Taxes	-0.1	2.2	1.9	2.9	4.7	5.5
Net income from continuing operations	2.9	9.7	9.6	14.2	22.9	27.2
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	2.9	9.7	9.6	14.2	22.9	27.2
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	2.9	9.7	9.6	14.2	22.9	27.2
Average number of shares	8.48	9.15	9.15	9.76	9.76	9.76
EPS reported	0.35	1.07	1.05	1.46	2.34	2.79

Profit and loss (common size)	2018	2019	2020	2021E	2022E	2023E
Net sales	100%	100%	100%	100%	100%	100%
Change in finished goods and work-in-process	-0%	1%	8%	8%	-2%	-1%
Total sales	100%	101%	108%	108%	99%	99%
Change in the value of investment property	0%	28%	2%	9%	10%	11%
Expenses from financial investments held real estate	57%	56%	28%	47%	20%	19%
Personnel expenses	14%	22%	32%	17%	16%	16%
Material expenses and other opex	14%	22%	32%	17%	16%	16%
Total operating expenses	80%	64%	70%	63%	33%	32%
EBITDA	20%	37%	38%	45%	66%	67%
Depreciation	1%	1%	1%	1%	0%	0%
EBITA	19%	36%	37%	45%	65%	66%
Amortisation of goodwill and intangible assets	0%	0%	0%	0%	0%	0%
Impairment charges	0%	0%	0%	0%	0%	0%
EBIT	19%	36%	37%	45%	65%	66%
Financial result	-11%	-12%	-17%	-15%	-20%	-19%
Recurring pretax income from continuing operations	8%	24%	20%	30%	46%	48%
Extraordinary income/loss	0%	0%	10%	0%	0%	0%
Earnings before taxes	8%	24%	30%	30%	46%	48%
Taxes	-0%	4%	5%	5%	8%	8%
Net income from continuing operations	8%	20%	25%	25%	38%	40%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	8%	20%	25%	25%	38%	40%
Minority interest	0%	0%	0%	0%	0%	0%
Net profit (reported)	8%	20%	25%	25%	38%	40%

Source: Company data; AlsterResearch

Balance sheet (EUR m)	2018	2019	2020	2021E	2022E	2023E
Intangible assets (excl. Goodwill)	0.2	0.2	1.5	1.5	1.5	1.5
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	0.5	0.8	0.8	0.5	0.2	-0.1
Financial assets	237.6	299.2	320.5	411.6	528.9	602.0
FIXED ASSETS	238.3	300.2	322.8	413.6	530.6	603.4
Inventories	0.3	1.9	4.2	0.3	0.3	0.4
Accounts receivable	1.2	9.7	5.2	4.7	5.0	5.6
Other current assets	4.8	4.8	7.6	7.6	7.6	7.6
Liquid assets	3.9	10.1	8.7	5.9	28.5	7.4
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.3	0.3	0.1	0.9	0.9	1.0
CURRENT ASSETS	10.5	26.8	25.8	19.4	42.3	22.0
TOTAL ASSETS	248.8	327.0	348.7	433.0	573.0	625.5
SHAREHOLDERS EQUITY	71.0	85.6	92.4	110.6	129.9	151.4
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	147.3	211.5	211.1	300.0	420.0	450.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.3	0.4	0.4
Other provisions	2.0	3.3	1.4	1.1	1.2	1.4
Non-current liabilities	149.3	214.8	212.6	301.5	421.6	451.8
short-term liabilities to banks	9.5	7.4	24.5	0.0	0.0	0.0
Accounts payable	2.3	2.2	1.5	1.2	1.5	1.7
Advance payments received on orders	0.1	0.2	0.1	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	2.8	2.3	2.0	2.3	2.4	2.7
Deferred taxes	13.9	14.4	15.6	15.6	15.6	15.6
Deferred income	0.0	0.0	0.0	1.9	2.0	2.3
Current liabilities	28.5	26.5	43.7	20.9	21.5	22.3
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	248.8	327.0	348.7	433.0	573.0	625.5

Balance sheet (common size)	2018	2019	2020	2021E	2022E	2023E
Intangible assets (excl. Goodwill)	0%	0%	0%	0%	0%	0%
Goodwill	0%	0%	0%	0%	0%	0%
Property, plant and equipment	0%	0%	0%	0%	0%	-0%
Financial assets	96%	91%	92%	95%	92%	96%
FIXED ASSETS	96%	92%	93%	96%	93%	96%
Inventories	0%	1%	1%	0%	0%	0%
Accounts receivable	0%	3%	1%	1%	1%	1%
Other current assets	2%	1%	2%	2%	1%	1%
Liquid assets	2%	3%	3%	1%	5%	1%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
CURRENT ASSETS	4%	8%	7%	4%	7%	4%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	29%	26%	27%	26%	23%	24%
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	59%	65%	61%	69%	73%	72%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	1%	1%	0%	0%	0%	0%
Non-current liabilities	60%	66%	61%	70%	74%	72%
short-term liabilities to banks	4%	2%	7%	0%	0%	0%
Accounts payable	1%	1%	0%	0%	0%	0%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	1%	1%	1%	1%	0%	0%
Deferred taxes	6%	4%	4%	4%	3%	2%
Deferred income	0%	0%	0%	0%	0%	0%
Current liabilities	11%	8%	13%	5%	4%	4%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Cash flow statement (EUR m)	2018	2019	2020	2021E	2022E	2023E
Net profit/loss	2.9	9.8	9.6	14.2	22.9	27.2
Depreciation of fixed assets (incl. leases)	0.5	0.4	0.4	0.3	0.3	0.3
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.8	-5.5	0.3	-4.9	-6.3	-7.0
Cash flow from operations before changes in w/c	4.3	4.6	10.3	9.6	16.9	20.5
Increase/decrease in inventory	0.0	0.0	-2.4	4.0	-0.1	-0.0
Increase/decrease in accounts receivable	0.0	0.0	4.5	0.4	-0.2	-0.7
Increase/decrease in accounts payable	0.0	0.0	-0.7	-0.3	0.3	0.2
Increase/decrease in other w/c positions	3.3	-7.5	-1.9	1.4	0.2	0.5
Increase/decrease in working capital	3.3	-7.5	-0.4	5.4	0.2	-0.0
Cash flow from operating activities	7.6	-2.9	9.8	15.1	17.1	20.5
CAPEX	-0.2	0.0	-1.9	0.0	0.0	0.0
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	-96.6	-56.0	-17.6	-86.2	-111.0	-65.9
Income from asset disposals	0.0	0.0	-1.4	0.0	0.0	0.0
Cash flow from investing activities	-96.7	-56.0	-20.9	-86.2	-111.0	-65.9
Cash flow before financing	-89.1	-58.9	-11.0	-71.1	-93.9	-45.4
Increase/decrease in debt position	91.1	64.6	16.7	64.4	120.0	30.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	1.0	6.4	0.0	6.7	0.0	0.0
Dividends paid	-0.3	-1.5	-2.7	-2.7	-3.6	-5.7
Others	-4.4	-3.7	-6.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	87.4	65.7	7.9	68.3	116.4	24.3
Increase/decrease in liquid assets	-1.7	6.9	-3.1	-2.8	22.6	-21.1
Liquid assets at end of period	3.1	9.1	5.6	2.8	25.4	4.2

Source: Company data; AlsterResearch

Real estate ratios in EURm	2018	2019	2020	2021E	2022E	2023E
Number of properties	58	76	83	98	123	140
Rental space	248,000	327,000	342,000	403,807	676,500	770,000
Actual net rents	14.4	19.1	22.7	26.2	44.6	51.7
FFO	3.4	-3.7	4.9	9.3	16.7	20.2
FFO margin	23.9%	-19.5%	21.6%	35.5%	37.4%	39.0%
FFOPS	0.41	-0.41	0.54	0.95	1.71	2.07
Potential net rents	17.7	22.2	21.7	na	na	na
Letting quota	85.0%	88.0%	91.0%	92.0%	92.0%	92.0%
Market value	237.4	299.0	314.5	411.6	528.9	602.0
ACTUAL net rental returns	6.1%	6.4%	7.2%	6.4%	8.4%	8.6%
WAULT	5.5	4.4	5.1	5.2	5.3	5.4
NAV	8.9	11.1	11.7	12.8	14.8	17.0
LTV	64.4%	68.0%	72.1%	71.4%	74.0%	73.5%

Source: Company data; AlsterResearch

Ratios	2018	2019	2020	2021E	2022E	2023E
Per share data						
Earnings per share reported	0.35	1.07	1.05	1.46	2.34	2.79
Cash flow per share	0.84	-0.35	1.03	1.51	1.72	2.07
Book value per share	8.37	9.36	10.11	11.33	13.31	15.51
Dividend per share	0.17	0.30	0.30	0.36	0.59	0.70
Valuation						
P/E	34.7x	11.3x	11.5x	8.2x	5.1x	4.3x
P/CF	14.4x	-33.9x	11.6x	7.9x	7.0x	5.8x
P/BV	1.4x	1.3x	1.2x	1.1x	0.9x	0.8x
Dividend yield (%)	1.5%	2.5%	2.5%	3.0%	4.9%	5.8%
FCF yield (%)	7.0%	-2.9%	8.6%	12.6%	14.3%	17.2%
EV/Sales	7.2x	6.6x	8.8x	7.2x	8.4x	8.2x
EV/EBITDA	35.7x	17.6x	23.2x	15.9x	12.8x	12.2x
EV/EBIT	38.2x	18.0x	23.9x	16.1x	12.9x	12.3x
Income statement (EURm)						
Sales	37.3	49.7	38.9	57.5	60.5	68.5
yoy chg in %	127.4%	33.2%	-21.7%	47.8%	5.2%	13.2%
Gross profit	21.3	27.9	10.9	27.2	11.9	12.8
Gross margin in %	57.0%	56.1%	28.0%	47.4%	19.6%	18.7%
EBITDA	7.6	18.5	14.8	25.9	39.7	45.8
EBITDA margin in %	20.3%	37.2%	38.1%	45.1%	65.7%	66.9%
EBIT	7.1	18.1	14.4	25.6	39.4	45.5
EBIT margin in %	18.9%	36.5%	37.1%	44.5%	65.2%	66.5%
Net profit	2.9	9.7	9.6	14.2	22.9	27.2
Cash flow statement (EURm)						
CF from operations	7.6	-2.9	9.8	15.1	17.1	20.5
Capex	-0.2	0.0	-1.9	0.0	0.0	0.0
Maintenance Capex	0.5	0.4	0.4	0.3	0.3	0.3
Free cash flow	7.4	-2.9	8.0	15.1	17.1	20.5
Balance sheet (EURm)						
Intangible assets	0.2	0.2	1.5	1.5	1.5	1.5
Tangible assets	0.5	0.8	0.8	0.5	0.2	-0.1
Shareholders' equity	71.0	85.6	92.4	110.6	129.9	151.4
Pension provisions	0.0	0.0	0.0	0.3	0.4	0.4
Liabilities and provisions	158.7	222.3	237.1	301.5	421.6	451.8
Net financial debt	152.8	208.8	226.9	294.1	391.5	442.6
w/c requirements	-0.9	9.2	7.8	3.8	3.8	4.3
Ratios						
ROE	4.1%	11.4%	10.3%	12.9%	17.6%	18.0%
ROCE	3.1%	5.9%	4.4%	6.2%	7.2%	7.5%
Net gearing	215.3%	243.9%	245.5%	265.9%	301.3%	292.3%
Net debt / EBITDA	20.2x	11.3x	15.3x	11.4x	9.9x	9.7x

Source: Company data; AlsterResearch

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