

# FCR Immobilien AG

Germany | Real Estate | MCap EUR 153.3m

22 December 2021

UPDATE



## Major disposal of non-core assets frees-up fresh capital for investments

### What's it all about?

With the disposal of a student dormitory in Bamberg, Germany, FCR Immobilien ("FCR") delivered on its promised disposal of non-core assets. With 139 apartments and a total lettable area of c. 4,000m<sup>2</sup>, FCR received proceeds of c. EUR 20m, thereby sharpening its focus as an asset manager for retail properties in established secondary locations in Germany. In addition, the fresh inflow of capital is likely to provide further "firepower" in order to pursue value accretive acquisitions. Given that FCR is increasingly becoming a pure play asset manager, we believe that the valuation gap to other peers (15-20%) no longer is justifiable. We therefore reiterate our BUY recommendations with unchanged PT of EUR 17.50.

**BUY** (BUY)

<b>Target price</b>	<b>EUR 17.50 (17.50)</b>
Current price	EUR 15.70
Up/downside	11.5%



**MAIN AUTHOR**

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# FCR Immobilien AG

Germany | Real Estate | MCap EUR 153.3m | EV EUR 380.2m

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**Target price** EUR 17.50 (17.50)  
**Current price** EUR 15.70  
**Up/downside** 11.5%

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## Major disposal of non-core assets frees-up fresh capital

**Major asset disposal** Last week, FCR announced that it has finalized its long-awaited disposal of its student dormitory in Bamberg, Germany. For the 139 fully furnished apartments and a lettable area of c. 4,000m<sup>2</sup> FCR received proceeds of approx. EUR 20m. According to the company, the asset has been sold to a Munich based family office and has made a positive earnings contribution, which – in our view – has already been reflected in FCR’s previous accounts due to IFRS “mark-to-market” valuation. Consequently, the disposal of the asset is likely to boost 2021 sales but will be neutral to FCR’s 2021 earnings.

**Cash influx provides the basis for further investments** FCR will most likely use the influx of fresh capital to grow within its core business – i.e. the asset management of retail properties in established secondary locations in Germany. Given limited competition and FCR’s superior expertise and know-how within this sub-segment of the German real estate market, FCR is able to achieve initial yields between 8-12%. Coupled with a typical leverage (LTV) of 70-80%, FCR is likely to use the “new” cash in order to acquire assets worth EUR 40-50m and with an additional FFO contribution of EUR 4-5m p.a. (eAR).

**Strategic implication and model adjustments.** With this disposal, FCR has made a major step towards becoming a pure play asset manager in its niche for retail properties. The annualized net rent of its existing portfolio amounts to EUR 28m and therefore provides a strong foundation for recurring revenues in the years to come. FCR’s trading portfolio now accounts for only 3-4 remaining assets and therefore play only a minor part. Given that the impact of the trading portfolio is getting increasingly smaller and timing of asset disposal is difficult, we are now excluding the remaining asset disposals from our forecast, which is why we adjust our estimates accordingly. From a valuation perspective we had already excluded one-time gains from asset disposals, which is why the reduced estimates have no impact on our valuation.

**BUY confirmed** - Given that FCR is increasingly becoming a pure play asset manager, we believe that the valuation gap to other peers (15-20%) no longer is applicable. We therefore reiterate our BUY recommendations with unchanged PT of EUR 17.50.

FCR Immobilien AG	2018	2019	2020	2021E	2022E	2023E
Sales	37.3	49.7	38.9	52.0	36.2	43.8
<i>Growth yoy</i>	127.4%	33.2%	-21.7%	33.6%	-30.4%	21.2%
EBIT	7.1	18.1	14.4	22.6	24.9	31.1
FFO	3.4	-3.7	4.9	7.9	12.8	15.7
FFO-Margin	23.9%	-19.5%	21.6%	30.1%	39.5%	39.3%
Net profit	2.9	9.7	9.6	11.7	14.1	18.2
Net debt (net cash)	152.8	208.8	226.9	287.0	366.9	431.7
LTV	64.4%	68.0%	72.1%	69.7%	71.5%	72.2%
EPS recurring	0.35	1.07	1.05	1.20	1.44	1.87
FFOPS	0.41	-0.41	0.54	0.81	1.31	1.61
DPS	0.17	0.30	0.30	0.30	0.36	0.47
<i>Dividend yield</i>	1.1%	1.9%	1.9%	1.9%	2.3%	3.0%
FFO-yield	2.6%	-2.6%	3.4%	5.1%	8.3%	10.3%
EV/EBIT	43.3x	20.0x	26.4x	19.5x	20.9x	18.8x
P/E	45.4x	14.7x	15.0x	13.1x	10.9x	8.4x

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

**High/low 52 weeks** 16.30 / 10.60  
**Price/Book Ratio** 1.6x

**Ticker / Symbols**

ISIN DE000A1YC913  
WKN A1YC91  
Bloomberg FC9:GR

**Changes in estimates**

		Sales	EBIT	EPS
<b>2021E</b>	old	52,5	24,7	1,38
	Δ	-1,0%	-8,5%	-13,0%
<b>2022E</b>	old	59,4	38,2	2,24
	Δ	-39,1%	-34,8%	-38,0%
<b>2023E</b>	old	67,4	44,2	2,68
	Δ	-34,9%	-29,7%	-29,8%

**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.

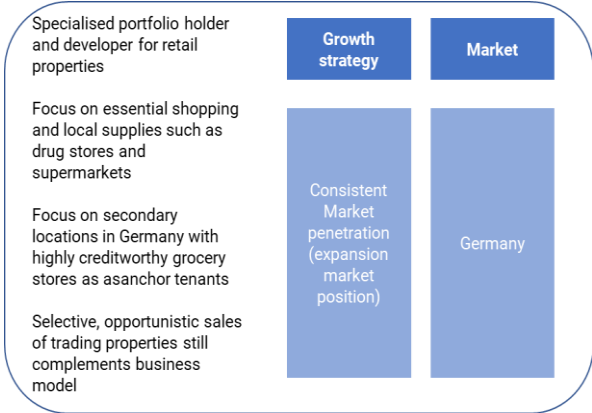
## Recent transactions overview

Date	Purchase / Disposal	Location	Anchor tenant	net rent in EUR K	Leasable area in sqm	WAULT Years	Purchase price EURm
16.01.2020	VK	Duisburg	C&A		10.000		
05.02.2020	K	Gummersbach	C&A		4.500		
12.02.2020	K	Höchststadt a.d. Aisch	TAKKO und Action		1.700		
27.02.2020	K	Landau a.d. Isar	Dänisches Bettenlager und Deichmann		1.300		
09.03.2020	K	Bayern	Dänisches und Sonderpreis Baumarkt				
		Cadolzburg	Dänisches Bettenlager		1.100		
		Schwandorf	Sonderpreis Baumarkt		1.300		
		Strullendorf	Sonderpreis Baumarkt		900		
28.05.2020	VK	Lichtentanne	Penny		1.500		
01.07.2020	K	Westeregeln	EDEKA		1.300		
09.09.2020	VK	Hof	TAKKO		900		
21.10.20	K	Eilenburg	Kaufland und toom Baumarkt	800	15.000	8,7	10
27.10.20	K			185			1,99
		Ruhle, Thüringen	Netto	100	1.200	9	
		Bückeberg, Thüringen	Niedrig-Preis-Markt (NP)	85	1.000	4	
30.10.20	K	Ludwigslust	toom Baumarkt	435	7.600		3,8
3.11.20	VK	Oer-Erkenschwick, NRW	Buschkamp-Center		6.200		
6.11.20	VK	Magdeburg			2.800		
17.11.20	K	Pulsnitz, Sachsen	Hammer und Pfennigpfeiffer	173	3.300		1,51
8.12.20	VK	Pößneck, Thüringen	NKD, vongut		7.600		
9.4.21	K	Görlitz	Möbel Roller, toom Baumarkt	1600	28.000	6	20 (eAR)
30.4.21	K	Bauzen, Dresden, Plauen	pitstop, Carglass, Dänisches B.		4.200		
30.4.21	K	Altenberg	Netto, lokaler Baumarkt	600	3.300		7 (eAR)
9.6.21	K	Zollenroder	Pfennigpfeiffer	92	1.144	4,8	0,9 (eAR)
9.6.21	K	Eching		160	5.000	6,9	2,9 (eAR)
1.9.21	K	Finsterwalde	EDEKA, Rossmann, Deichmann	500	5.000	4,3	5,3 (eAR)
10.11.21	K	Siegen	100% C&A	>1000	7.112	6,4	10,5 (eAR)
2.12.21	K	Eisenach	Marktkauf, toom, TEDI, Woolwortf	4000	26.000		30 (eAR)
17.12.21	VK	Bamberg					20

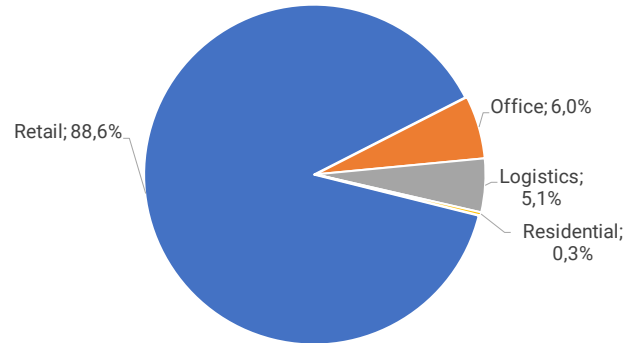
Source: Company data, AlsterResearch, K=purchase, VK=disposal

# Investment case in six Charts

## Business Model



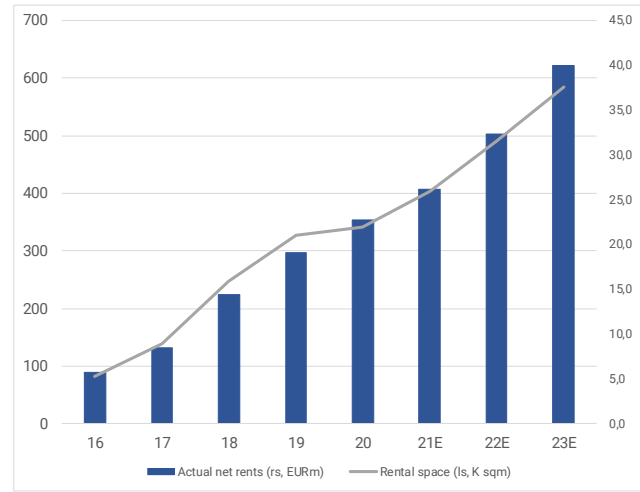
## Rental income as per asset class (H1 2021)



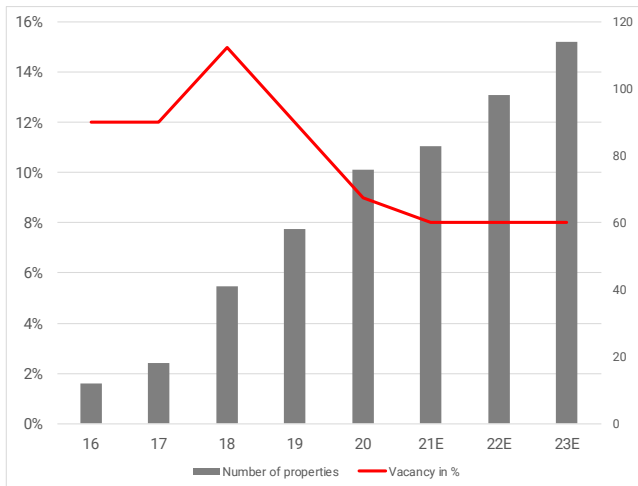
## Major tenants

Food retail / grocery	Specialty retail

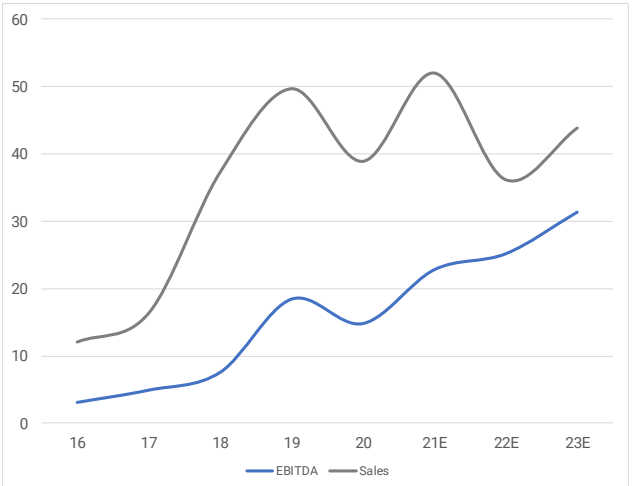
## Rental Space and actual net rental income



## 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 17.64 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 3.9% p.a. The long-term growth rate is set at 2.0%.

**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 10.3%. With pre-tax cost of borrowing at 5.0%, a tax rate of 25.0% and target debt/equity of 0.5 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	15.9	17.1	21.7	26.4	30.0	36.8	40.4	44.6	
Depreciation & amortization	0.3	0.3	0.3	-0.1	0.0	-0.0	0.0	-0.0	
Change in working capital	5.2	0.5	-0.1	-0.0	-0.0	-0.0	-0.0	-0.0	
Chg. in long-term provisions	-3.0	-4.0	-4.0	-3.4	-3.6	-3.7	-4.6	-3.9	
Capex	-88.2	-97.8	-80.8	-88.2	-35.2	-26.2	-21.6	-5.3	
Cash flow	-69.8	-83.9	-62.9	-65.3	-8.7	6.9	14.1	35.3	592.4
Present value	-69.7	-77.5	-53.8	-51.7	-6.4	4.7	8.9	20.6	343.1
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	118.0
Mid-year adj. total present value	122.7
Net debt / cash at start of year	237.1
Financial assets	320.5
Provisions and off b/s debt	na
Equity value	206.1
No. of shares outstanding	11.7
<b>Discounted cash flow / share upside/(downside)</b>	<b>17.64 / 12.4%</b>

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2021E - 2028E)	3.9%
Terminal value growth (2028E - infinity)	2.0%
Terminal year ROCE	15.6%
Terminal year WACC	8.1%

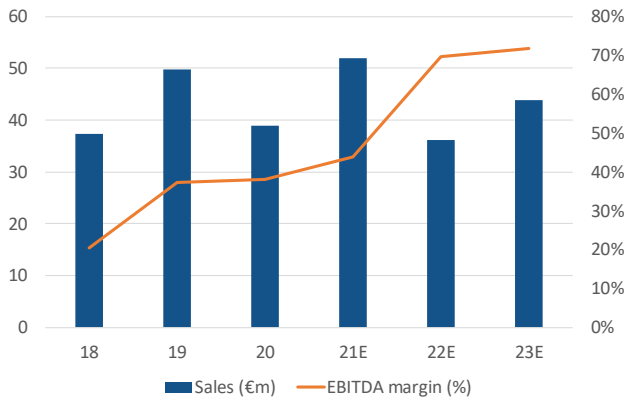
Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	25.0%
Equity beta	1.00
Unlevered beta (industry or company)	1.00
Target debt / equity	0.5
Relevered beta	1.38
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	10.3%

<b>Share price</b>	<b>15.50</b>
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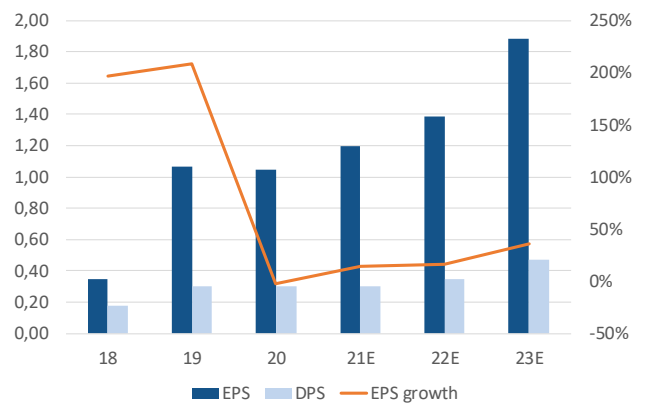
Sensitivity analysis DCF								
Change in WACC (%-points)		Long term growth					Share of present value	
		1.0%	1.5%	2.0%	2.5%	3.0%		
2.0%		5.2	6.3	7.6	9.0	10.7	2021E - 2024E	-214.1%
1.0%		8.6	10.1	11.8	13.8	16.2	2025E - 2028E	23.5%
0.0%		13.1	15.2	17.6	20.5	24.0	terminal value	290.7%
-1.0%		19.2	22.3	25.9	30.4	35.9		
-2.0%		27.9	32.6	38.4	45.9	55.8		

# Financials in six charts

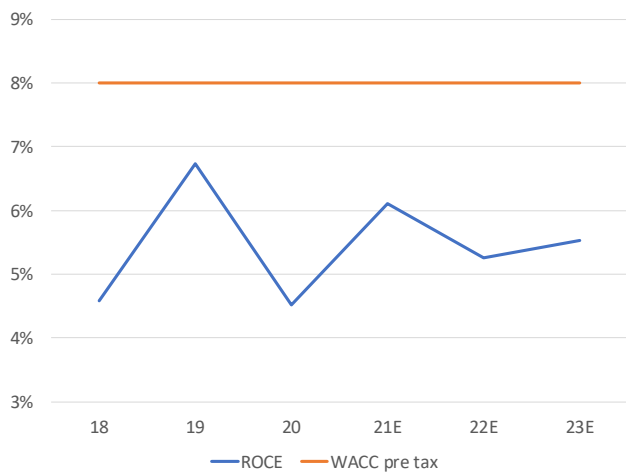
**Sales vs. EBITDA margin development**



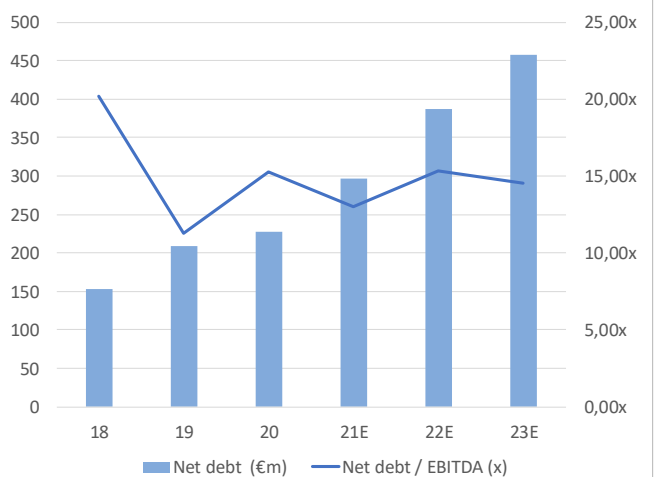
**EPS, DPS in EUR & yoy EPS growth**



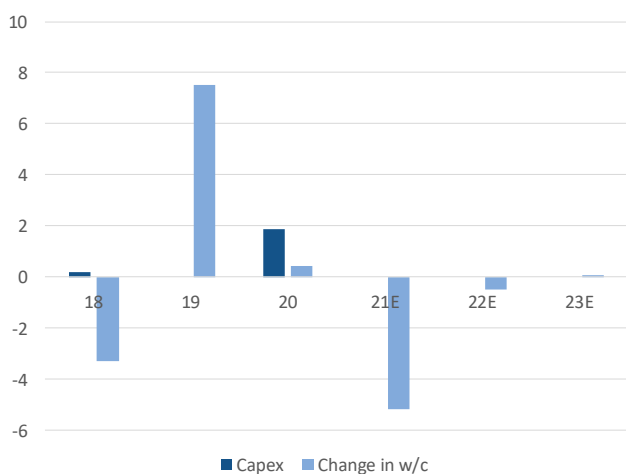
**ROCE vs. WACC (pre tax)**



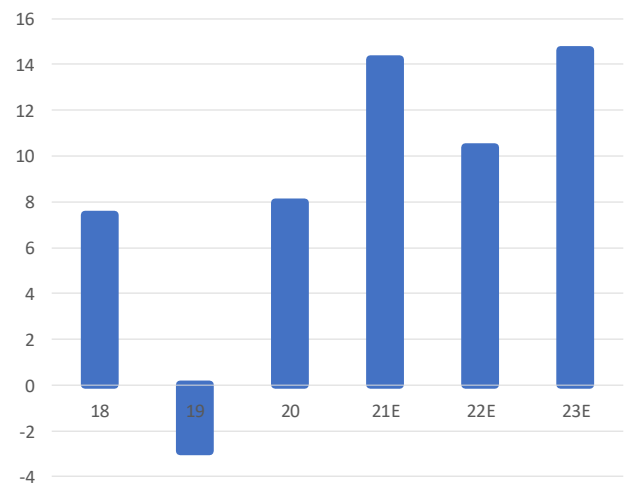
**Net debt and net debt/EBITDA**



**Capex & chg in w/c requirements in EURm**



**Free Cash Flow in EURm**



Source: Company data; AlsterResearch

## Financials

Profit and loss (EUR m)	2018	2019	2020	2021E	2022E	2023E
<b>Net sales</b>	<b>37.3</b>	<b>49.7</b>	<b>38.9</b>	<b>52.0</b>	<b>36.2</b>	<b>43.8</b>
Sales growth	127.4%	33.2%	-21.7%	33.6%	-30.4%	21.2%
Change in finished goods and work-in-process	-0.0	0.5	3.2	4.2	-0.5	-0.4
<b>Total sales</b>	<b>37.3</b>	<b>50.1</b>	<b>42.1</b>	<b>56.2</b>	<b>35.6</b>	<b>43.4</b>
Change in the value of investment property	0.0	13.7	0.8	2.9	3.6	4.2
Expenses from financial investments held real estate	21.3	27.9	10.9	21.8	0.0	0.0
Personnel expenses	5.1	10.9	12.5	10.0	9.5	11.0
Material expenses and other opex	5.1	10.9	12.5	10.0	9.5	11.0
Total operating expenses	29.7	31.7	27.3	33.3	10.4	12.0
<b>EBITDA</b>	<b>7.6</b>	<b>18.5</b>	<b>14.8</b>	<b>22.9</b>	<b>25.2</b>	<b>31.4</b>
Depreciation	0.5	0.4	0.4	0.3	0.3	0.3
EBITA	7.1	18.1	14.4	22.6	24.9	31.1
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
<b>EBIT</b>	<b>7.1</b>	<b>18.1</b>	<b>14.4</b>	<b>22.6</b>	<b>24.9</b>	<b>31.1</b>
Financial result	-4.3	-6.2	-6.7	-8.5	-8.0	-9.2
Recurring pretax income from continuing operations	2.8	11.9	7.7	14.1	16.9	21.9
Extraordinary income/loss	0.0	0.0	3.8	0.0	0.0	0.0
Earnings before taxes	2.8	11.9	11.5	14.1	16.9	21.9
Taxes	-0.1	2.2	1.9	2.4	2.9	3.7
Net income from continuing operations	2.9	9.7	9.6	11.7	14.1	18.2
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>2.9</b>	<b>9.7</b>	<b>9.6</b>	<b>11.7</b>	<b>14.1</b>	<b>18.2</b>
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	2.9	9.7	9.6	11.7	14.1	18.2
Average number of shares	8.48	9.15	9.15	9.76	9.76	9.76
<b>EPS reported</b>	<b>0.35</b>	<b>1.07</b>	<b>1.05</b>	<b>1.20</b>	<b>1.44</b>	<b>1.87</b>

Profit and loss (common size)	2018	2019	2020	2021E	2022E	2023E
<b>Net sales</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Change in finished goods and work-in-process	-0%	1%	8%	8%	-2%	-1%
<b>Total sales</b>	<b>100%</b>	<b>101%</b>	<b>108%</b>	<b>108%</b>	<b>99%</b>	<b>99%</b>
Change in the value of investment property	0%	28%	2%	6%	10%	10%
Expenses from financial investments held real estate	57%	56%	28%	42%	0%	0%
Personnel expenses	14%	22%	32%	19%	26%	25%
Material expenses and other opex	14%	22%	32%	19%	26%	25%
Total operating expenses	80%	64%	70%	64%	29%	27%
<b>EBITDA</b>	<b>20%</b>	<b>37%</b>	<b>38%</b>	<b>44%</b>	<b>70%</b>	<b>72%</b>
Depreciation	1%	1%	1%	1%	1%	1%
EBITA	19%	36%	37%	43%	69%	71%
Amortisation of goodwill and intangible assets	0%	0%	0%	0%	0%	0%
Impairment charges	0%	0%	0%	0%	0%	0%
<b>EBIT</b>	<b>19%</b>	<b>36%</b>	<b>37%</b>	<b>43%</b>	<b>69%</b>	<b>71%</b>
Financial result	-11%	-12%	-17%	-16%	-22%	-21%
Recurring pretax income from continuing operations	8%	24%	20%	27%	47%	50%
Extraordinary income/loss	0%	0%	10%	0%	0%	0%
Earnings before taxes	8%	24%	30%	27%	47%	50%
Taxes	-0%	4%	5%	5%	8%	8%
Net income from continuing operations	8%	20%	25%	22%	39%	42%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
<b>Net income</b>	<b>8%</b>	<b>20%</b>	<b>25%</b>	<b>22%</b>	<b>39%</b>	<b>42%</b>
Minority interest	0%	0%	0%	0%	0%	0%
Net profit (reported)	<b>8%</b>	<b>20%</b>	<b>25%</b>	<b>22%</b>	<b>39%</b>	<b>42%</b>

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	513.0	598.0
<b>FIXED ASSETS</b>	<b>238.3</b>	<b>300.2</b>	<b>322.8</b>	<b>413.6</b>	<b>514.7</b>	<b>599.4</b>
Inventories	0.3	1.9	4.2	0.2	0.2	0.2
Accounts receivable	1.2	9.7	5.2	4.3	3.0	3.6
Other current assets	4.8	4.8	7.6	7.6	7.6	7.6
Liquid assets	3.9	10.1	8.7	13.0	23.1	28.3
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	0.8	0.5	0.7
<b>CURRENT ASSETS</b>	<b>10.5</b>	<b>26.8</b>	<b>25.8</b>	<b>25.8</b>	<b>34.5</b>	<b>40.4</b>
<b>TOTAL ASSETS</b>	<b>248.8</b>	<b>327.0</b>	<b>348.7</b>	<b>439.5</b>	<b>549.2</b>	<b>639.8</b>
<b>SHAREHOLDERS EQUITY</b>	<b>71.0</b>	<b>85.6</b>	<b>92.4</b>	<b>108.1</b>	<b>119.2</b>	<b>133.9</b>
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	390.0	460.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.3	0.2	0.3
Other provisions	2.0	3.3	1.4	1.0	0.7	0.9
<b>Non-current liabilities</b>	<b>149.3</b>	<b>214.8</b>	<b>212.6</b>	<b>301.4</b>	<b>390.9</b>	<b>461.1</b>
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	0.7	0.8	1.0
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	2.1	1.4	1.8
Deferred taxes	13.9	14.4	15.6	15.6	15.6	15.6
Deferred income	0.0	0.0	0.0	1.7	1.2	1.4
<b>Current liabilities</b>	<b>28.5</b>	<b>26.5</b>	<b>43.7</b>	<b>20.1</b>	<b>19.1</b>	<b>19.8</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>248.8</b>	<b>327.0</b>	<b>348.7</b>	<b>429.5</b>	<b>529.2</b>	<b>614.8</b>

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%	94%	93%	93%
<b>FIXED ASSETS</b>	<b>96%</b>	<b>92%</b>	<b>93%</b>	<b>94%</b>	<b>94%</b>	<b>94%</b>
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%	3%	4%	4%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
<b>CURRENT ASSETS</b>	<b>4%</b>	<b>8%</b>	<b>7%</b>	<b>6%</b>	<b>6%</b>	<b>6%</b>
<b>TOTAL ASSETS</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>SHAREHOLDERS EQUITY</b>	<b>29%</b>	<b>26%</b>	<b>27%</b>	<b>25%</b>	<b>22%</b>	<b>21%</b>
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	59%	65%	61%	68%	71%	72%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	1%	1%	0%	0%	0%	0%
<b>Non-current liabilities</b>	<b>60%</b>	<b>66%</b>	<b>61%</b>	<b>69%</b>	<b>71%</b>	<b>72%</b>
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%	0%	0%	0%
Deferred taxes	6%	4%	4%	4%	3%	2%
Deferred income	0%	0%	0%	0%	0%	0%
<b>Current liabilities</b>	<b>11%</b>	<b>8%</b>	<b>13%</b>	<b>5%</b>	<b>3%</b>	<b>3%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>98%</b>	<b>96%</b>	<b>96%</b>

Source: Company data; AlsterResearch

Cash flow statement (EUR m)	2018	2019	2020	2021E	2022E	2023E
Net profit/loss	2.9	9.8	9.6	11.7	14.1	18.2
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	-3.0	-4.0	-4.0
Cash flow from operations before changes in w/c	4.3	4.6	10.3	9.0	10.4	14.5
Increase/decrease in inventory	0.0	0.0	-2.4	4.1	-0.0	-0.0
Increase/decrease in accounts receivable	0.0	0.0	4.5	0.9	1.3	-0.6
Increase/decrease in accounts payable	0.0	0.0	-0.7	-0.8	0.2	0.1
Increase/decrease in other w/c positions	3.3	-7.5	-1.9	1.1	-0.9	0.4
Increase/decrease in working capital	3.3	-7.5	-0.4	5.2	0.5	-0.1
<b>Cash flow from operating activities</b>	<b>7.6</b>	<b>-2.9</b>	<b>9.8</b>	<b>14.2</b>	<b>10.9</b>	<b>14.4</b>
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	-88.2	-97.8	-80.8
Income from asset disposals	0.0	0.0	-1.4	10.0	10.0	5.0
<b>Cash flow from investing activities</b>	<b>-96.7</b>	<b>-56.0</b>	<b>-20.9</b>	<b>-78.2</b>	<b>-87.8</b>	<b>-75.8</b>
Cash flow before financing	-89.1	-58.9	-11.0	-64.0	-76.9	-61.4
Increase/decrease in debt position	91.1	64.6	16.7	64.4	90.0	70.0
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	-2.9	-3.5
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
<b>Cash flow from financing activities</b>	<b>87.4</b>	<b>65.7</b>	<b>7.9</b>	<b>68.3</b>	<b>87.1</b>	<b>66.5</b>
Increase/decrease in liquid assets	-1.7	6.9	-3.1	4.3	10.2	5.1
<b>Liquid assets at end of period</b>	<b>3.1</b>	<b>9.1</b>	<b>5.6</b>	<b>9.9</b>	<b>20.0</b>	<b>25.1</b>

Source: Company data; AlsterResearch

Real estate ratios in EURm	2018	2019	2020	2021E	2022E	2023E
Number of properties	58	76	83	98	114	130
Rental space	248,000	327,000	342,000	403,807	490,200	585,000
Actual net rents	14.4	19.1	22.7	26.2	32.4	40.0
FFO	3.4	-3.7	4.9	7.9	12.8	15.7
FFO margin	23.9%	-19.5%	21.6%	30.1%	39.5%	39.3%
FFOPS	0.41	-0.41	0.54	0.81	1.31	1.61
Potential net rents	17.7	22.2	21.7	26.5	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	513.0	598.0
ACTUAL net rental returns	6.1%	6.4%	7.2%	6.4%	6.3%	6.7%
WAULT	5.5	4.4	5.1	5.2	5.3	5.4
NAV	8.9	11.1	11.7	12.6	13.7	15.2
LTV	64.4%	68.0%	72.1%	69.7%	71.5%	72.2%

Source: Company data; AlsterResearch

Ratios	2018	2019	2020	2021E	2022E	2023E
<b>Per share data</b>						
Earnings per share reported	0.35	1.07	1.05	1.20	1.44	1.87
Cash flow per share	0.84	-0.35	1.03	1.42	1.08	1.45
Book value per share	8.37	9.36	10.11	11.07	12.21	13.72
Dividend per share	0.17	0.30	0.30	0.30	0.36	0.47
<b>Valuation</b>						
P/E	45.4x	14.7x	15.0x	13.1x	10.9x	8.4x
P/CF	18.8x	-44.4x	15.2x	11.0x	14.5x	10.8x
P/BV	1.9x	1.7x	1.6x	1.4x	1.3x	1.1x
Dividend yield (%)	1.1%	1.9%	1.9%	1.9%	2.3%	3.0%
FCF yield (%)	5.3%	-2.3%	6.6%	9.1%	6.9%	9.2%
EV/Sales	8.2x	7.3x	9.8x	8.5x	14.4x	13.3x
EV/EBITDA	40.5x	19.6x	25.6x	19.3x	20.6x	18.6x
EV/EBIT	43.3x	20.0x	26.4x	19.5x	20.9x	18.8x
<b>Income statement (EURm)</b>						
Sales	37.3	49.7	38.9	52.0	36.2	43.8
yoy chg in %	127.4%	33.2%	-21.7%	33.6%	-30.4%	21.2%
Gross profit	21.3	27.9	10.9	21.8	0.0	0.0
Gross margin in %	57.0%	56.1%	28.0%	41.9%	0.0%	0.0%
EBITDA	7.6	18.5	14.8	22.9	25.2	31.4
EBITDA margin in %	20.3%	37.2%	38.1%	44.0%	69.7%	71.7%
EBIT	7.1	18.1	14.4	22.6	24.9	31.1
EBIT margin in %	18.9%	36.5%	37.1%	43.4%	68.9%	71.0%
Net profit	2.9	9.7	9.6	11.7	14.1	18.2
<b>Cash flow statement (EURm)</b>						
CF from operations	7.6	-2.9	9.8	14.2	10.9	14.4
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	14.2	10.9	14.4
<b>Balance sheet (EURm)</b>						
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	108.1	119.2	133.9
Pension provisions	0.0	0.0	0.0	0.3	0.2	0.3
Liabilities and provisions	158.7	222.3	237.1	301.4	390.9	461.1
Net financial debt	152.8	208.8	226.9	287.0	366.9	431.7
w/c requirements	-0.9	9.2	7.8	3.8	2.3	2.9
<b>Ratios</b>						
ROE	4.1%	11.4%	10.3%	10.8%	11.8%	13.6%
ROCE	3.1%	5.9%	4.4%	5.5%	4.9%	5.2%
Net gearing	215.3%	243.9%	245.5%	265.6%	307.7%	322.4%
Net debt / EBITDA	20.2x	11.3x	15.3x	12.6x	14.5x	13.7x

Source: Company data; AlsterResearch

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