

FCR Immobilien AG

Germany | Real Estate | MCap EUR 165.0m

13 January 2022

UPDATE



Further acquisitions lead to successful annual closing; PT up

What's it all about?

At the end of the year, FCR once again significantly increased its acquisition activities. The company invested c. EUR 9m (eAR) in three additional properties. For FY 2021, FCR has thus acquired properties with a total value of around EUR 80m, which means that the annualized net rent from its existing portfolio now totals over EUR 29m and annualized FFO rises to EUR 12.5m. In our view, this again significantly increases the visibility for a further FFO increase in 2022 (eAR +60%) and - depending on further acquisitions in the current financial year - even holds further upside potential. Due to higher long-term growth assumptions, we are raising our price target from EUR 17.50 to EUR 22.00 and confirm our BUY recommendation.

BUY (BUY)

| | |
|---------------------|--------------------------|
| Target price | EUR 22.00 (17.50) |
| Current price | EUR 16.90 |
| Up/downside | 30.2% |



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FCR Immobilien AG

Germany | Real Estate | MCap EUR 165.0m | EV EUR 391.9m

BUY (BUY)

Target price EUR 22.00 (17.50)
Current price EUR 16.90
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Further acquisitions lead to successful annual closing; PT up

Further acquisitions lead to successful annual closing At the end of the year, FCR Immobilien ("FCR") announced further acquisitions and was thus able to expand its portfolio. In 2021, the company has thus acquired a total of 16 properties with a value of over EUR 80m. On average, this should result in approx. EUR 8m additional rental income p.a., which should contribute a total FFO of EUR 4.5m (FFO margin between 50-60%). According to our calculations, the existing portfolio amounts to approx. EUR 400m at year-end (pro forma).

KPIs further improved at group level With these acquisitions, the annualized actual net rent from the FCR portfolio now rises to more than EUR 29m, while annualized FFO improves to EUR 12.5m. In our view, this further increases the visibility of further rising FFO in 2022 (eAR EUR 12.8m / +60%) and - depending on further acquisitions in the current financial year - bears further upside potential.

The acquisitions in detail - The three acquisitions in Pforzheim, Lügde and Zeithain (all Germany) have a total of around 20,000m² of sales space and are all fully let. With the toom DIY chain (2x) and the Hammer Group, FCR has, as usual, been able to attract renowned and crisis-resistant anchor tenants, some of whom have above-average lease terms of up to 11.7 years (Pforzheim). The properties were built between 1993 and 2004 and therefore require little maintenance investment, which further increases the predictability of future income.

Purchase prices The parties have agreed not to disclose the purchase price of the properties, but based on historical purchase multiples and a total of EUR 0.9m additional rental income, we assume that the purchase price for the three properties was around EUR 9m. We see the initial yield in the targeted corridor of 8-12% - not least due to the positive characteristics such as location, substance and long-term rental commitment.

BUY confirmed In view of the fact that FCR is increasingly developing into a pure portfolio holder, we believe that the discount to other peers of c. 20% is no longer justified. We therefore reiterate our BUY recommendation and raise our price target from EUR 17.50 to EUR 22.00 on the back of higher long-term growth assumptions.

| 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> | 1.0% | 1.8% | 1.8% | 1.8% | 2.1% | 2.8% |
| FFO-yield | 2.4% | -2.4% | 3.2% | 4.8% | 7.7% | 9.5% |
| EV/EBIT | 45.0x | 20.6x | 27.2x | 20.1x | 21.3x | 19.2x |
| P/E | 48.8x | 15.9x | 16.2x | 14.1x | 11.7x | 9.1x |

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

High/low 52 weeks 17.70 / 10.60
Price/Book Ratio 1.7x

Ticker / Symbols

ISIN DE000A1YC913
WKN A1YC91
Bloomberg FC9:GR

Changes in estimates

| | | Sales | EBIT | EPS |
|-------|-----|-------|------|------|
| 2021E | old | 52,0 | 22,6 | 1,20 |
| | Δ | 0,0% | 0,0% | 0,0% |
| 2022E | old | 36,2 | 24,9 | 1,44 |
| | Δ | 0,0% | 0,0% | 0,0% |
| 2023E | old | 43,8 | 31,1 | 1,87 |
| | Δ | 0,0% | 0,0% | 0,0% |

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.

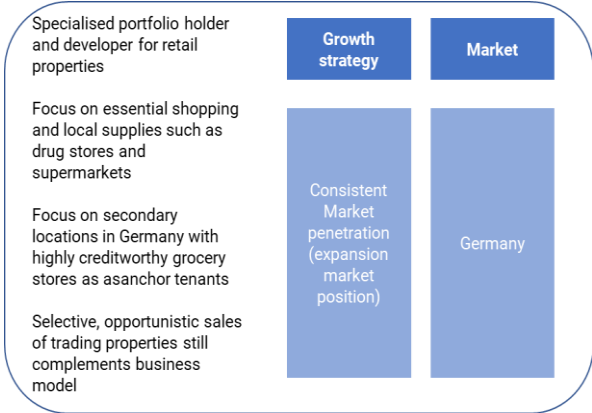
Recent transactions overview

| Date | Purchase / Disposal | Location | Anchor tenant | net rent in EUR K | Leasable area in sqm | WAULT Years | Purchase price EURm |
|------------|---------------------|-------------------------|-------------------------------------|-------------------|----------------------|-------------|---------------------|
| 16.01.2020 | 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 | |
| | | Bückeberg, 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 | 21,5 (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) |
| 1.9.21 | P | Finsterwalde | EDEKA, Rossmann, Deichmann | 500 | 5.000 | 4,3 | 5,3 (eAR) |
| 10.11.21 | P | Siegen | 100% C&A | >1000 | 7.112 | 6,4 | 10,5 (eAR) |
| 2.12.21 | P | Eisenach | Marktkauf, toom, TEDI, Woolwortf | 4000 | 26.000 | | 30 (eAR) |
| 17.12.21 | D | Bamberg | Student houses | | | | 20 |
| 29.12.21 | P | Pforzheim | toom Baumarkt | 201,6 | 5.600 | 11,7 | 2,8 (eAR) |
| 11.1.22 | P | Lüchte, Bad Piermont | toom Baumarkt | 460 | 6.400 | 2,1 | 4,8 (aAR) |
| 11.1.22 | P | Zeithain | Hammer Fachmärkte | 260 | 7.850 | 3,5 | 1,6 (eAR) |

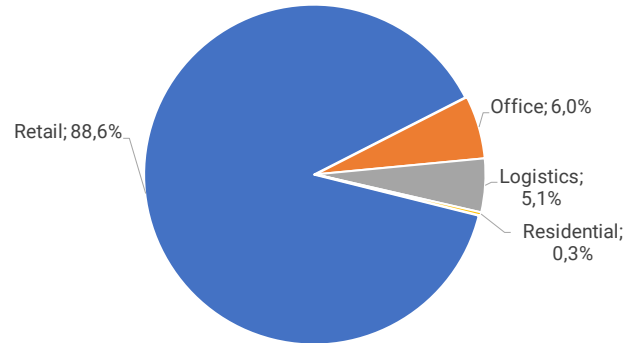
Source: Company data, AlsterResearch, K=purchase, VK=disposal

Investment case in six Charts

Business Model



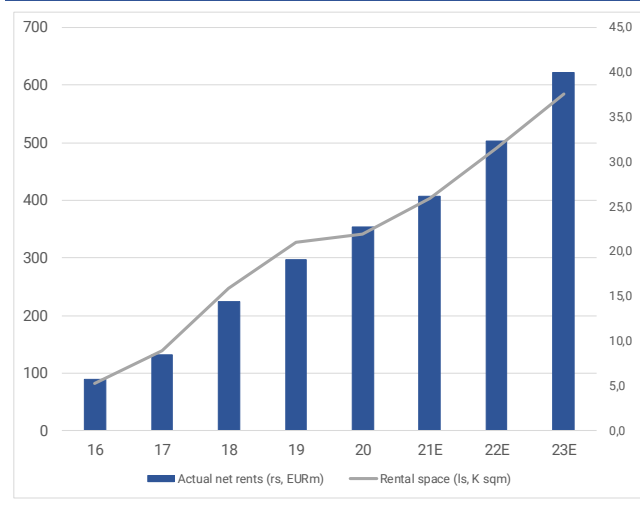
Rental income as per asset class (H1 2021)



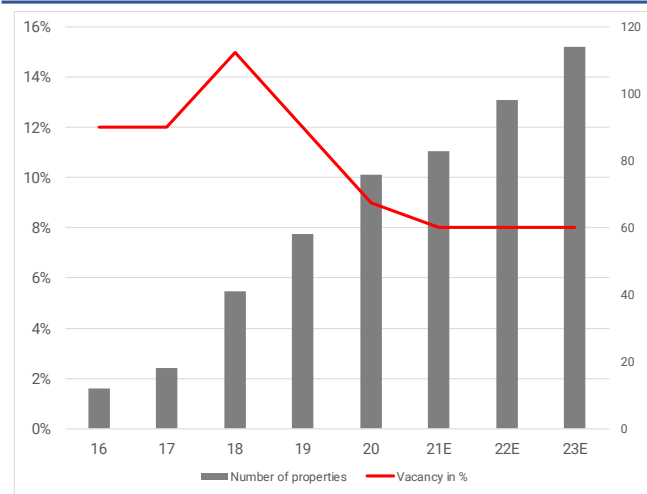
Major tenants

| Food retail / grocery | Specialty retail |
|-----------------------|------------------|
| | |
| | |
| | |

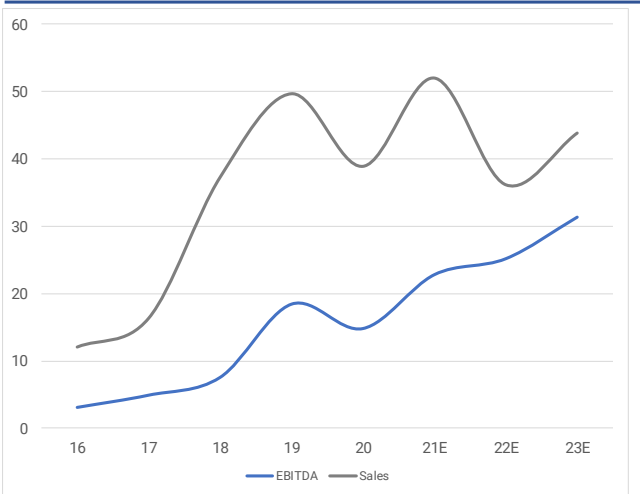
Rental Space and actual net rental income



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 22.01 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 3.8% 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 | 44.2 | |
| 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 | -0.3 | |
| Cash flow | -69.8 | -83.9 | -62.9 | -65.3 | -8.7 | 6.9 | 14.1 | 40.0 | 671.0 |
| Present value | -70.0 | -77.9 | -54.1 | -52.0 | -6.4 | 4.7 | 8.9 | 23.4 | 390.5 |
| 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 | 167.1 |
| Mid-year adj. total present value | 173.7 |
| Net debt / cash at start of year | 237.1 |
| Financial assets | 320.5 |
| Provisions and off b/s debt | na |
| Equity value | 257.1 |
| No. of shares outstanding | 11.7 |

| | |
|-------------------------------------|--------------|
| Discounted cash flow / share | 22.01 |
| upside/(downside) | 30.3% |

| | |
|--------------------|--------------|
| Share price | 16.90 |
|--------------------|--------------|

DCF avg. growth and earnings assumptions

| | |
|--|-------|
| Planning horizon avg. revenue growth (2021E - 2028E) | 3.8% |
| Terminal value growth (2028E - infinity) | 2.0% |
| Terminal year ROCE | 15.5% |
| 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% |

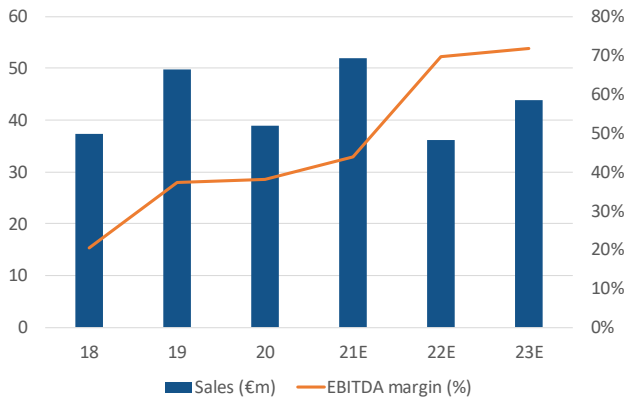
Sensitivity analysis DCF

| | | Long term growth | | | | | Share of present value | |
|------------------------------|-------|------------------|------|------|------|------|------------------------|---------|
| | | 1.0% | 1.5% | 2.0% | 2.5% | 3.0% | | |
| Change in WACC (%-points) | 2.0% | 7.8 | 9.1 | 10.5 | 12.2 | 14.1 | 2021E - 2024E | -152.0% |
| | 1.0% | 11.7 | 13.4 | 15.4 | 17.7 | 20.3 | 2025E - 2028E | 18.3% |
| | 0.0% | 16.8 | 19.2 | 22.0 | 25.3 | 29.2 | terminal value | 233.7% |
| | -1.0% | 23.8 | 27.3 | 31.4 | 36.5 | 42.8 | | |
| | -2.0% | 33.7 | 39.1 | 45.7 | 54.2 | 65.4 | | |

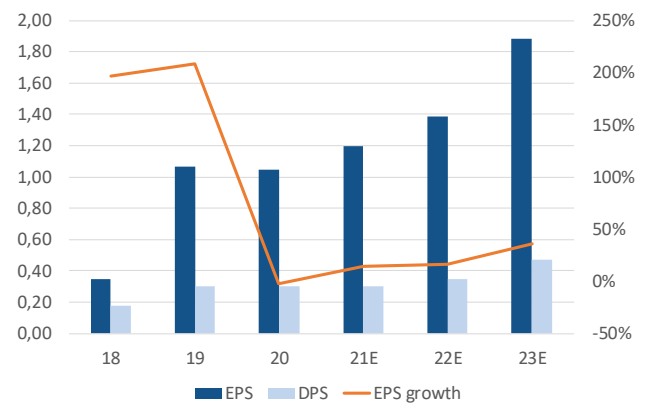
Source: AlsterResearch

Financials in six charts

Sales vs. EBITDA margin development



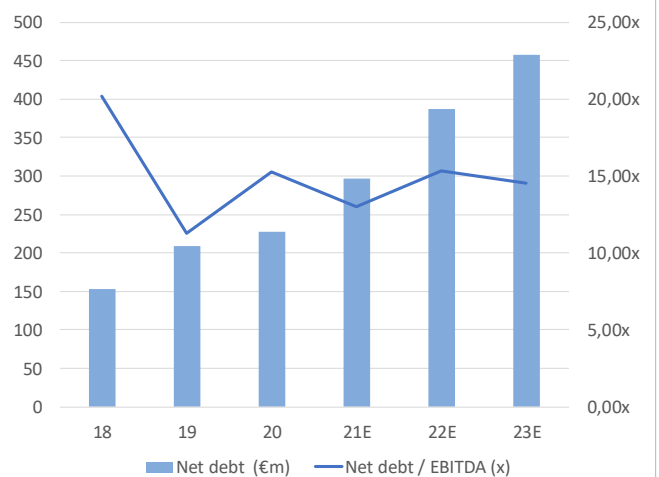
EPS, DPS in EUR & yoy EPS growth



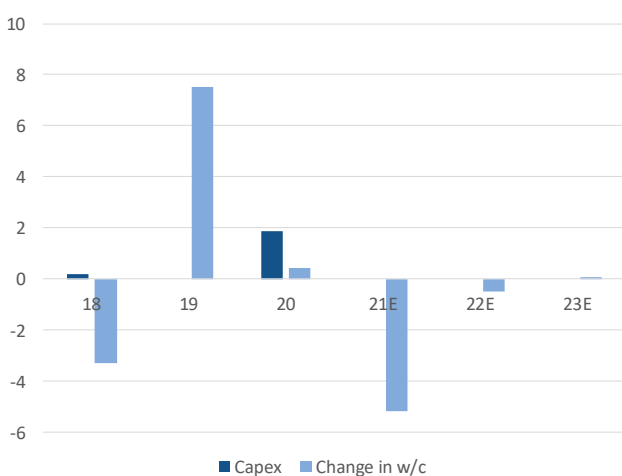
ROCE vs. WACC (pre tax)



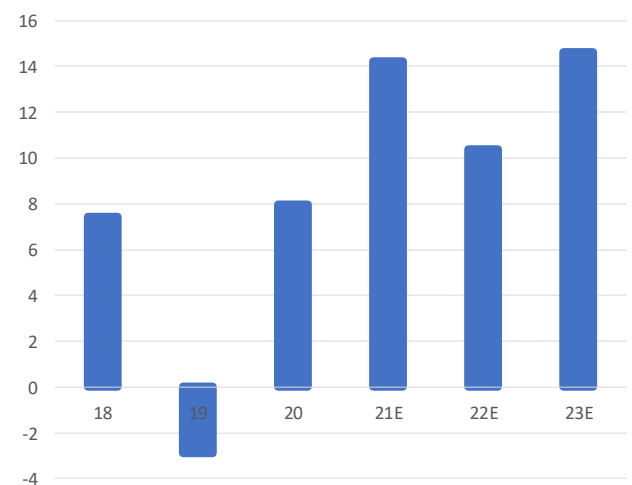
Net debt and net debt/EBITDA



Capex & chg in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; AlsterResearch

Financials

| Profit and loss (EUR m) | 2018 | 2019 | 2020 | 2021E | 2022E | 2023E |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Net sales | 37.3 | 49.7 | 38.9 | 52.0 | 36.2 | 43.8 |
| 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 |
| Total sales | 37.3 | 50.1 | 42.1 | 56.2 | 35.6 | 43.4 |
| 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 |
| EBITDA | 7.6 | 18.5 | 14.8 | 22.9 | 25.2 | 31.4 |
| 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 |
| EBIT | 7.1 | 18.1 | 14.4 | 22.6 | 24.9 | 31.1 |
| 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 |
| Net income | 2.9 | 9.7 | 9.6 | 11.7 | 14.1 | 18.2 |
| 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 |
| EPS reported | 0.35 | 1.07 | 1.05 | 1.20 | 1.44 | 1.87 |

| 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% | 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% |
| EBITDA | 20% | 37% | 38% | 44% | 70% | 72% |
| 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% |
| EBIT | 19% | 36% | 37% | 43% | 69% | 71% |
| 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% |
| Net income | 8% | 20% | 25% | 22% | 39% | 42% |
| Minority interest | 0% | 0% | 0% | 0% | 0% | 0% |
| Net profit (reported) | 8% | 20% | 25% | 22% | 39% | 42% |

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 |
| FIXED ASSETS | 238.3 | 300.2 | 322.8 | 413.6 | 514.7 | 599.4 |
| 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 |
| CURRENT ASSETS | 10.5 | 26.8 | 25.8 | 25.8 | 34.5 | 40.4 |
| TOTAL ASSETS | 248.8 | 327.0 | 348.7 | 439.5 | 549.2 | 639.8 |
| SHAREHOLDERS EQUITY | 71.0 | 85.6 | 92.4 | 108.1 | 119.2 | 133.9 |
| 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 |
| Non-current liabilities | 149.3 | 214.8 | 212.6 | 301.4 | 390.9 | 461.1 |
| 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 |
| Current liabilities | 28.5 | 26.5 | 43.7 | 20.1 | 19.1 | 19.8 |
| TOTAL LIABILITIES AND SHAREHOLDERS EQUITY | 248.8 | 327.0 | 348.7 | 429.5 | 529.2 | 614.8 |

| 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% |
| FIXED ASSETS | 96% | 92% | 93% | 94% | 94% | 94% |
| 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% |
| CURRENT ASSETS | 4% | 8% | 7% | 6% | 6% | 6% |
| TOTAL ASSETS | 100% | 100% | 100% | 100% | 100% | 100% |
| SHAREHOLDERS EQUITY | 29% | 26% | 27% | 25% | 22% | 21% |
| 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% |
| Non-current liabilities | 60% | 66% | 61% | 69% | 71% | 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% | 0% | 0% | 0% |
| Deferred taxes | 6% | 4% | 4% | 4% | 3% | 2% |
| Deferred income | 0% | 0% | 0% | 0% | 0% | 0% |
| Current liabilities | 11% | 8% | 13% | 5% | 3% | 3% |
| TOTAL LIABILITIES AND SHAREHOLDERS EQUITY | 100% | 100% | 100% | 98% | 96% | 96% |

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 |
| Cash flow from operating activities | 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 |
| 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 |
| Cash flow from investing activities | -96.7 | -56.0 | -20.9 | -78.2 | -87.8 | -75.8 |
| 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 |
| Cash flow from financing activities | 87.4 | 65.7 | 7.9 | 68.3 | 87.1 | 66.5 |
| Increase/decrease in liquid assets | -1.7 | 6.9 | -3.1 | 4.3 | 10.2 | 5.1 |
| Liquid assets at end of period | 3.1 | 9.1 | 5.6 | 9.9 | 20.0 | 25.1 |

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 |
|-----------------------------------|--------|--------|--------|--------|--------|--------|
| Per share data | | | | | | |
| 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 |
| Valuation | | | | | | |
| P/E | 48.8x | 15.9x | 16.2x | 14.1x | 11.7x | 9.1x |
| P/CF | 20.2x | -47.8x | 16.4x | 11.9x | 15.6x | 11.7x |
| P/BV | 2.0x | 1.8x | 1.7x | 1.5x | 1.4x | 1.2x |
| Dividend yield (%) | 1.0% | 1.8% | 1.8% | 1.8% | 2.1% | 2.8% |
| FCF yield (%) | 4.9% | -2.1% | 6.1% | 8.4% | 6.4% | 8.6% |
| EV/Sales | 8.5x | 7.5x | 10.1x | 8.7x | 14.7x | 13.6x |
| EV/EBITDA | 42.0x | 20.2x | 26.4x | 19.8x | 21.1x | 19.0x |
| EV/EBIT | 45.0x | 20.6x | 27.2x | 20.1x | 21.3x | 19.2x |
| Income statement (EURm) | | | | | | |
| 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 |
| Cash flow statement (EURm) | | | | | | |
| 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 |
| 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 | 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 |
| Ratios | | | | | | |
| 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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