

FCR Immobilien AG

Germany | Real Estate | MCap EUR 171.8m

20 October 2022

UPDATE



FCR remains on track for success; outlook confirmed; PT up

What's it all about?

FCR Immobilien ("FCR") released 9m 2022 results which showed a continuation of the strong performance, witnessed over the last 8-12 quarters. With over 100 properties, FCR generated a FFO of EUR 7.2m (+31% yoy). Thanks to the expansion of its real estate portfolio (with usually resilient anchor tenants), its successful asset management and efficient corporate structure through the use of its own software, EBITDA and EBT also improved at similarly high rates and reached EUR 17.8m (+20% yoy) and EUR 11.5m (+26%) respectively. The acquisition pipeline remains well filled, witnessed in the recent acquisition of two specialty retail spaces with a combined lettable area of 11.500 sqm. We confirm our BUY recommendation with increased PT to EUR 23.50 (old EUR 22.00) as FCR has proven that it can expand its real estate portfolio at attractive multiples.

BUY (BUY)

Target price	EUR 23.50 (22.00)
Current price	EUR 17.60
Up/downside	33.5%

 **ResearchHub**



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FCR Immobilien AG

Germany | Real Estate | MCap EUR 171.8m | EV EUR 424.5m

BUY (BUY)

Target price EUR 23.50 (22.00)
Current price EUR 17.60
Up/downside 33.5%

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FCR remains on track for success; outlook confirmed; PT up

Resilient niche market within the real estate space FCR Immobilien ("FCR") announced several positive news items recently. Besides further expansion of its real estate portfolio (see press release [here](#)), FCR published yet again strong quarterly results. We believe that FCR is active in a resilient corner of the real estate market, which is why we upgrade our PT to EUR 23.50 (old EUR 22.00) as the company has proven that it can further expand its real estate portfolio at attractive initial yields even in difficult markets. In addition, with over 100 properties in its portfolio, FCR has reached a critical mass that reduces overall business risk. Finally, having secured financing for at least another EUR 100m worth of properties should enable FCR to acquire assets of real estate owners who might struggle with refinancing. This could open up lucrative investment opportunities for FCR in the future in our view.

EBITDA and EBT rises strongly FCR's 9M 2022 results came in as a positive surprise. EBITDA and EBT arrived at EUR 17.8m (+20.3% yoy) and EUR 11.5m (+26.4% yoy) respectively. In our view, this is not only the result of further expansion of its real estate portfolio (to date, FCR has more than 100 properties in its portfolio), but also its successful asset management and efficient corporate structure through the use of its proprietary software.

FFO after 9M already above the level of the entire previous year Funds from operation (FFO), also developed nicely and improved even disproportionately. After 9M 2022, FFO was up by nearly 31% yoy. In fact, with EUR 7.2m after 9M, the FFO came in already above the full-year figure for 2021. The good development shows once again that FCR can continue to acquire lucrative - and thus value-enhancing - properties, despite the adverse interest rate environment. For FCR in particular, having grown in size and having made significant progress on the corporate level (e.g. higher transparency, shared responsibility on the management board as well as improved corporate governance), refinancing for the company should actually be more favorable than 1-2 years ago.

Action In light of the good business development an annualized net rent of > EUR 30m as well as unchanged good business conditions, i.e. a well filled acquisition pipeline at established secondary locations in Germany, we remain positive about FCR's future business model. We therefore maintain our BUY rating with increased target price of EUR 23.50 (old EUR 22.00), as we anticipate slightly lower debt going forward.

FCR Immobilien AG	2019	2020	2021	2022E	2023E	2024E
Sales	49.7	38.9	52.5	35.3	41.9	47.4
<i>Growth yoy</i>	33.2%	-21.7%	34.9%	-32.8%	19.0%	13.1%
EBIT	18.1	14.4	18.5	23.3	28.7	32.6
FFO	-3.7	4.9	7.1	12.7	15.2	17.9
FFO-Margin	-19.5%	21.6%	29.4%	40.6%	40.2%	41.3%
Net profit	9.7	9.6	12.1	13.2	16.8	19.4
Net debt (net cash)	208.8	226.9	252.7	300.4	345.6	386.0
LTV	66.4%	69.7%	71.5%	68.3%	68.6%	69.2%
EPS recurring	1.07	1.05	1.25	1.35	1.72	1.98
FFOPS	-0.41	0.54	0.73	1.30	1.56	1.84
DPS	0.30	0.30	0.35	0.38	0.43	0.50
<i>Dividend yield</i>	1.7%	1.7%	2.0%	2.1%	2.4%	2.8%
FFO-yield	-2.3%	3.1%	4.1%	7.4%	8.9%	10.4%
EV/EBIT	21.0x	27.6x	22.9x	20.3x	18.0x	17.1x
P/E	16.5x	16.8x	14.0x	13.0x	10.2x	8.9x

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

High/low 52 weeks 18.60 / 13.10
Price/Book Ratio 1.6x

Ticker / Symbols

ISIN DE000A1YC913
WKN A1YC91
Bloomberg FC9:GR

Changes in estimates

		Sales	EBIT	EPS
2022E	old	35,5	23,6	1,38
	Δ	-0,8%	-1,3%	-1,8%
2023E	old	43,1	29,6	1,80
	Δ	-2,8%	-3,1%	-4,2%
2024E	old	48,1	33,0	2,02
	Δ	-1,3%	-1,2%	-1,6%

Key share data

Number of shares: (in m pcs) 9.76
Book value per share: (in EUR) 11.14
Ø trading volume: (12 months) 4,000

Major shareholders

RAT Asset & Trading AG 64.4%
FaMe Invest & Mgmt GmbH 8.0%
WWK Lebensvers. 3.4%
Free Float 27.6%

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.

Quarterly table

in EURm	9m 22	9m 21	yoy chg in %	FY 22E	share of FY 22
Rental income	25,6	19,4	32,0%	31,2	82,0%
EBITDA	17,8	14,8	20,3%	23,8	74,9%
EBT	11,5	9,1	26,4%	16,1	71,5%
FFO	7,2	5,5	30,9%	12,7	56,9%

Source: Company data; AlsterResearch

Recent transactions overview

Date	Purchase / Disposal	Type	Location	Anchor tenant	net rent in EUR K	Leasable area in sqm	WAULT Years	Purchase price EURm	Rent per sqm / month
2020									
16.01.2020	D	Retail	Duisburg	C&A		10.000			
05.02.2020	P	Retail	Gummersbach	C&A		4.500			
12.02.2020	P	Retail	Höchstadt a.d. Aisch	TAKKO und Action		1.700			
27.02.2020	P	Retail	Landau a.d. Isar	Dänisches Bettenlager und Deichmann		1.300			
09.03.2020	P	Retail portfolio	Bayern	Dänisches und Sonderpreis Baumarkt		-			
		Specialty retail	Cadolzburg	Dänisches Bettenlager		1.100			
		Specialty retail	Schwandorf	Sonderpreis Baumarkt		1.300			
		Specialty retail	Strullendorf	Sonderpreis Baumarkt		900			
28.05.2020	D	Retail	Lichtentanne	Penny		1.500			
01.07.2020	P	Retail	Westeregeln	EDEKA		1.300			
09.09.2020	D	Specialty retail	Hof	TAKKO		900			
21.10.20	P	Shopping centre	Eilenburg	Kaufland und toom Baumarkt	800	15.000	8,7	10	4,44
27.10.20	P	Grocery stores			185	-		1,99	0,00
		Retail	Ruhle, Thüringen	Netto	100	1.200	9		6,94
		Retail	Bückerburg, Thüringen	Niedrig-Preis-Markt (NP)	85	1.000	4		7,08
30.10.20	P	Retail	Ludwigslust	toom Baumarkt	435	7.600		3,8	4,77
3.11.20	D	Specialty retail	Oer-Erkenschwick, NRW	Buschkamp-Center		6.200			0,00
6.11.20	D	Specialty retail	Magdeburg			2.800			0,00
17.11.20	P	Specialty retail	Pulsnitz, Sachsen	Hammer und Pfennigpfeiffer	173	3.300		1,51	4,37
8.12.20	D	Specialty retail	Pößneck, Thüringen	NKD, vongut		7.600			0,00
2021									
9.4.21	P	Specialty retail	Görlitz	Möbel Roller, toom Baumarkt	1600	28.000	6	21,5 (eAR)	4,76
30.4.21	P	Specialty retail	Bauzen, Dresden, Plauen	pitstop, Carglass, Dänisches B.		4.200			0,00
30.4.21	P	Specialty retail	Altenberg	Netto, lokaler Baumarkt	600	3.300		7 (eAR)	6,67
9.6.21	P	Specialty retail	Zollenroder	Pfennigpfeiffer	92	1.144	4,8	0,9 (eAR)	1,73
9.6.21	P	Retail	Eching		160	5.000	6,9	2,9 (eAR)	2,17
1.9.21	P	Specialty retail	Finsterwalde	EDEKA, Rossmann, Deichmann	500	5.000	4,3	5,3 (eAR)	8,33
10.11.21	P	Commercial building	Siegen	100% C&A	>1000	7.112	6,4	10,5 (eAR)	11,72
2.12.21	P	Shopping centre	Eisenach	Marktkauf, toom, TEDi, Woolwort	4000	26.000	0	30 (eAR)	12,82
17.12.21	D	Student home	Bamberg	Student houses		-	0		20
29.12.21	P	Specialty retail	Pforzheim	toom Baumarkt	0	5.600	11,7	2,8 (eAR)	3,00
11.1.22	P	Specialty retail	Lüchte, Bad Piermont	toom Baumarkt	460	6.400	2,1	4,8 (aAR)	6,00
11.1.22	P	Specialty retail	Zeithain	Hammer Fachmärkte	260	7.850	3,5	1,6 (eAR)	2,80
2022									
18.02.2022	P	Specialty retail	Zella-Mehlis	EDEKA	300	6.500	5,3	3-3,5 (eAR)	3,85
28.04.2022	P	Specialty retail / office	Salzwedel	EDEKA	200		10		
24.05.2022	P	Specialty retail	Osterode	Hammer	230	2.500	6,6	3,0-3,5 (eAR)	7,66
13.07.2022	P	Logistics	Dettingen unter Teck	Logistic company	500	9.000	10		
13.07.2022	P	Specialty retail	Vohenstrauß	NKD	100	700	9,8		
01.08.2022	P	Specialty retail	Dürrröhrsdorf-Dittersbach	diska / EDEKA Group	100	930	7,9		
17.10.2022	P	Specialty retail	Gräfenhainichen/Marktredwitz	DIY, RHG Bau & Garten	700	11.500	5		5,07

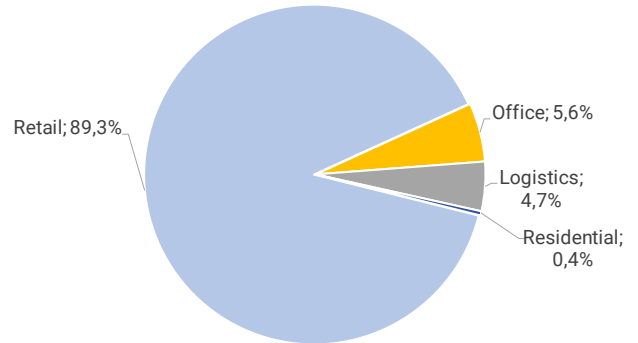
Source: Company data, AlsterResearch, P=purchase, D=disposal

Investment case in six Charts

Business Model



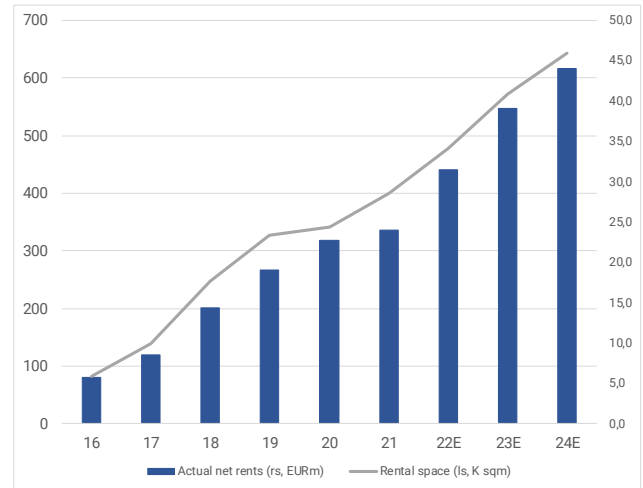
Rental income as per asset class 2021



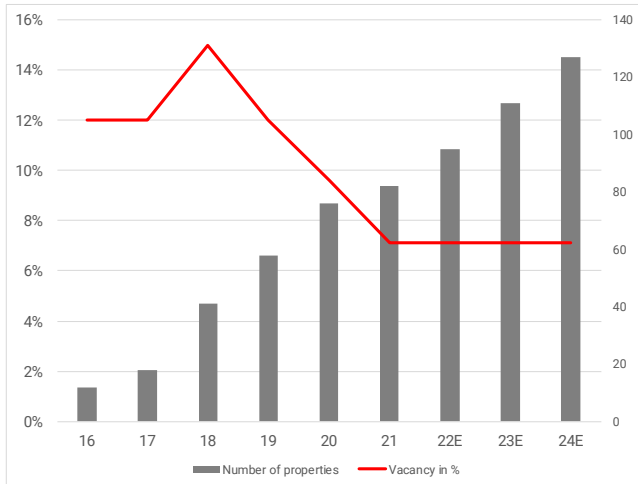
Major tenants

Food retail / grocery	Specialty retail

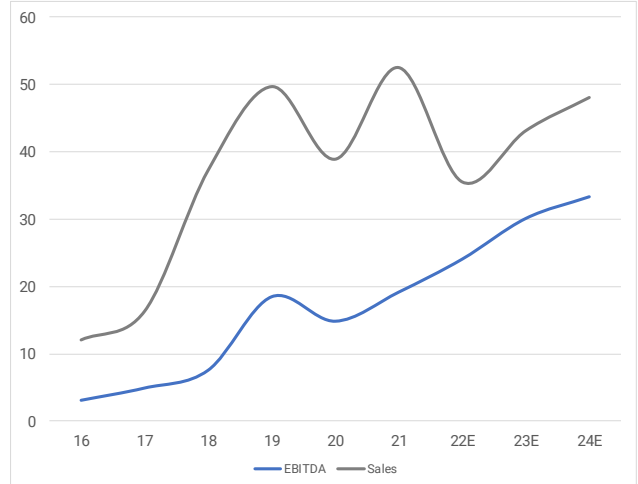
Rental Space and actual net rental income



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

- 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 23.50 per share**:

Top-line growth: We expect FCR Immobilien AG to continue benefitting from structural growth. Hence our growth estimates for 2022E-2029E is in the range of 10.1% 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 (EURm) (except per share data and beta)	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Terminal value
NOPAT	16.0	20.0	24.0	26.4	28.3	31.0	35.0	39.1	
Depreciation & amortization	0.5	0.5	0.3	0.0	0.0	0.0	0.0	0.0	
Change in working capital	9.2	0.3	1.0	-0.2	-0.2	-0.2	-0.2	-0.2	
Chg. in long-term provisions	-3.1	-3.4	-2.7	-2.9	-3.0	-3.8	-3.2	-3.3	
Capex	-74.1	-60.6	-54.1	-31.8	-23.9	-24.3	-9.7	-3.6	
Cash flow	-51.5	-43.2	-31.6	-8.5	1.2	2.7	21.8	32.1	537.5
Present value	-50.7	-39.4	-26.7	-6.7	0.9	1.8	13.6	18.4	307.2
WACC	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.1%

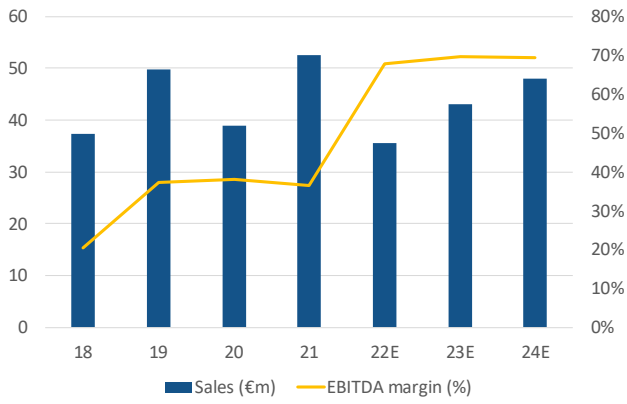
DCF per share derived from		DCF avg. growth and earnings assumptions	
Total present value	218.4	Planning horizon avg. revenue growth (2022E-2029E)	10.1%
Mid-year adj. total present value	226.9	Terminal value growth (2029E - infinity)	2.0%
Net debt / cash at start of year	271.9	Terminal year ROCE	13.1%
Financial assets	354.8	Terminal year WACC	8.1%
Provisions and off b/s debt	na		
Equity value	309.9		
No. of shares outstanding	13.2		
Discounted cash flow / share upside/(downside)	23.50 33.5%		
Share price		Terminal WACC derived from	
	17.60	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							Share of present value		
Change in WACC (%-points)		Long term growth					2022E-2025E	2026E-2029E	terminal value
		1.0%	1.5%	2.0%	2.5%	3.0%			
2.0%		13.3	14.2	15.2	16.4	17.7	-56.5%		
1.0%		16.2	17.4	18.7	20.3	22.2	15.9%		
0.0%		19.9	21.5	23.5	25.8	28.5		140.7%	
-1.0%		24.9	27.3	30.2	33.8	38.2			
-2.0%		32.0	35.7	40.4	46.3	54.2			

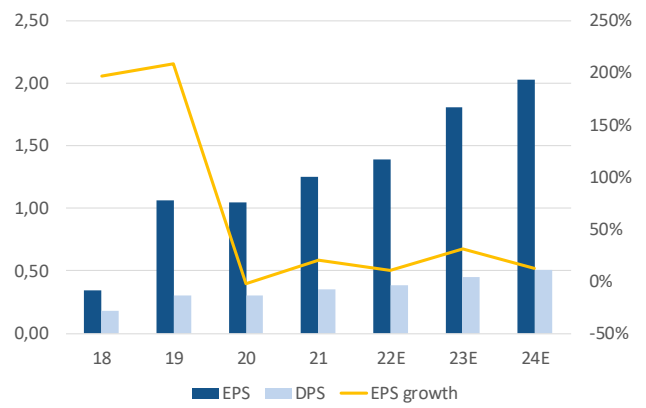
Source: AlsterResearch

Financials in six charts

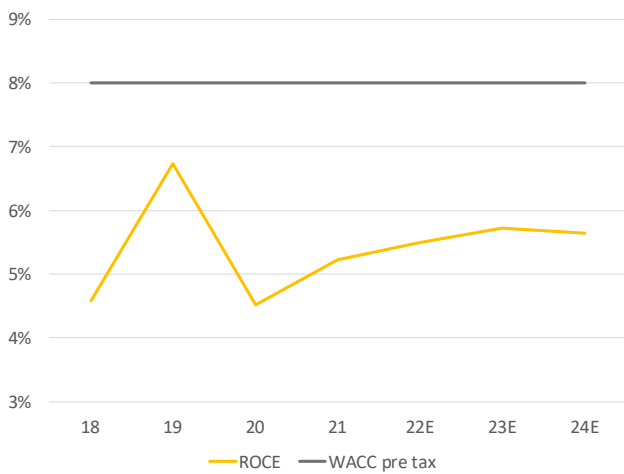
Sales vs. EBITDA margin development



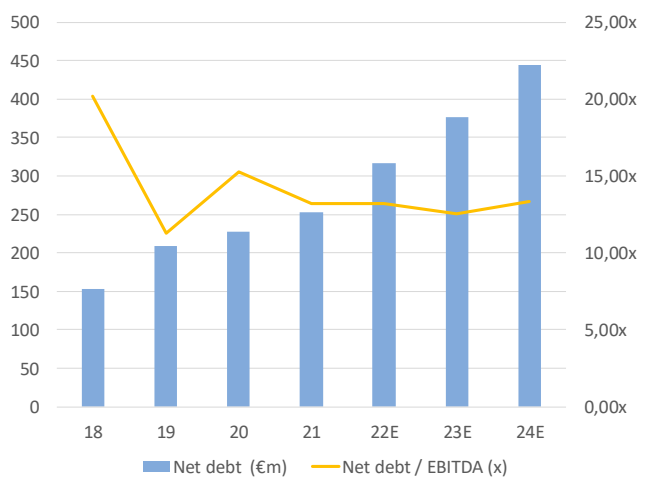
EPS, DPS in EUR & yoy EPS growth



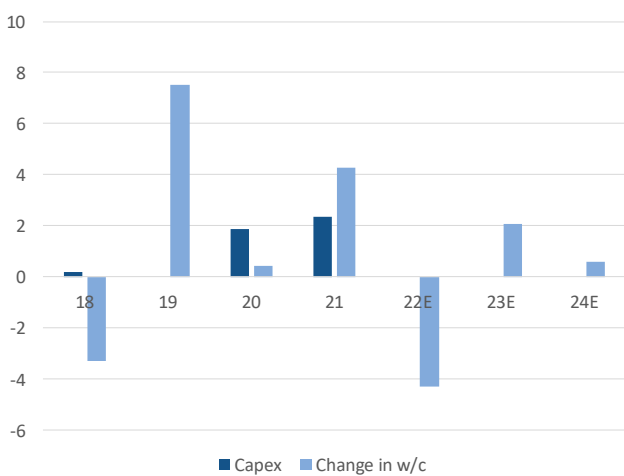
ROCE vs. WACC (pre tax)



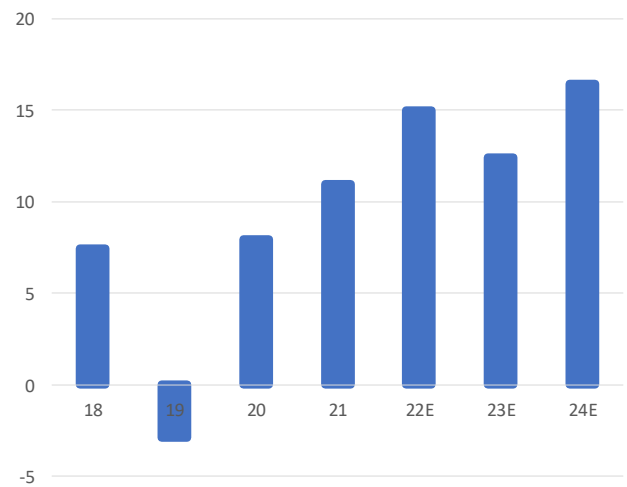
Net debt and net debt/EBITDA



Capex & chg in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; AlsterResearch

Financials

Profit and loss (EURm)	2019	2020	2021	2022E	2023E	2024E
Net sales	49.7	38.9	52.5	35.3	41.9	47.4
Sales growth	33.2%	-21.7%	34.9%	-32.8%	19.0%	13.1%
Change in finished goods and work-in-process	0.5	3.2	2.6	0.4	0.2	0.0
Total sales	50.1	42.1	55.1	35.6	42.1	47.4
Change in the value of investment property	13.7	0.8	4.8	3.0	3.5	2.8
Expenses from financial investments held real estate	27.9	10.9	24.4	0.0	0.0	0.0
Personnel expenses	10.9	12.5	11.9	9.9	11.3	11.9
Material expenses and other opex	10.9	12.5	11.9	9.9	11.3	11.9
Total operating expenses	31.7	27.3	35.9	11.8	13.0	14.5
EBITDA	18.5	14.8	19.2	23.8	29.2	32.9
Depreciation	0.4	0.4	0.6	0.5	0.5	0.3
EBITA	18.1	14.4	18.5	23.3	28.7	32.6
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	18.1	14.4	18.5	23.3	28.7	32.6
Financial result	-6.2	-6.7	-6.6	-7.2	-8.2	-9.0
Recurring pretax income from continuing operations	11.9	7.7	11.9	16.1	20.5	23.6
Extraordinary income/loss	0.0	3.8	3.0	0.0	0.0	0.0
Earnings before taxes	11.9	11.5	14.9	16.1	20.5	23.6
Taxes	2.2	1.9	2.7	2.9	3.7	4.2
Net income from continuing operations	9.7	9.6	12.1	13.2	16.8	19.4
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	9.7	9.6	12.1	13.2	16.8	19.4
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	9.7	9.6	12.1	13.2	16.8	19.4
Average number of shares	9.15	9.15	9.69	9.76	9.76	9.76
EPS reported	1.07	1.05	1.25	1.35	1.72	1.98

Profit and loss (common size)	2019	2020	2021	2022E	2023E	2024E
Net sales	100%	100%	100%	100%	100%	100%
Change in finished goods and work-in-process	1%	8%	5%	1%	1%	0%
Total sales	101%	108%	105%	101%	101%	100%
Change in the value of investment property	28%	2%	9%	9%	8%	6%
Expenses from financial investments held real estate	56%	28%	46%	0%	0%	0%
Personnel expenses	22%	32%	23%	28%	27%	25%
Material expenses and other opex	22%	32%	23%	28%	27%	25%
Total operating expenses	64%	70%	68%	34%	31%	31%
EBITDA	37%	38%	36%	67%	70%	69%
Depreciation	1%	1%	1%	1%	1%	1%
EBITA	36%	37%	35%	66%	68%	69%
Amortisation of goodwill and intangible assets	0%	0%	0%	0%	0%	0%
Impairment charges	0%	0%	0%	0%	0%	0%
EBIT	36%	37%	35%	66%	68%	69%
Financial result	-12%	-17%	-13%	-20%	-20%	-19%
Recurring pretax income from continuing operations	24%	20%	23%	46%	49%	50%
Extraordinary income/loss	0%	10%	6%	0%	0%	0%
Earnings before taxes	24%	30%	28%	46%	49%	50%
Taxes	4%	5%	5%	8%	9%	9%
Net income from continuing operations	20%	25%	23%	37%	40%	41%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	20%	25%	23%	37%	40%	41%
Minority interest	0%	0%	0%	0%	0%	0%
Net profit (reported)	20%	25%	23%	37%	40%	41%

Source: Company data; AlsterResearch

Balance sheet (EURm)	2019	2020	2021	2022E	2023E	2024E
Intangible assets (excl. Goodwill)	0.2	1.5	2.3	2.3	2.3	2.3
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	0.8	0.8	1.8	1.3	0.8	0.5
Financial assets	299.2	320.5	354.8	432.0	496.1	553.0
FIXED ASSETS	300.2	322.8	358.9	435.6	499.2	555.7
Inventories	1.9	4.2	2.4	2.1	2.4	2.5
Accounts receivable	9.7	5.2	16.6	4.8	4.6	3.6
Other current assets	4.8	7.6	5.5	5.5	5.5	5.5
Liquid assets	10.1	8.7	18.7	49.6	64.4	64.0
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.3	0.1	0.1	0.1	0.1	0.1
CURRENT ASSETS	26.8	25.8	43.3	62.1	77.0	75.7
TOTAL ASSETS	327.0	348.7	402.2	497.6	576.2	631.5
SHAREHOLDERS EQUITY	85.6	92.4	108.0	127.8	145.9	161.1
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	211.5	211.1	259.6	350.0	410.0	450.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	3.3	1.4	0.5	0.4	0.4	0.4
Non-current liabilities	214.8	212.6	260.0	350.4	410.4	450.4
short-term liabilities to banks	7.4	24.5	11.8	0.0	0.0	0.0
Accounts payable	2.2	1.5	2.9	0.8	1.0	1.0
Advance payments received on orders	0.2	0.1	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	2.3	2.0	1.9	1.2	1.5	1.5
Deferred taxes	14.4	15.6	17.4	17.4	17.4	17.4
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	26.5	43.7	34.2	19.5	19.8	20.0
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	327.0	348.7	402.2	497.6	576.2	631.5

Balance sheet (common size)	2019	2020	2021	2022E	2023E	2024E
Intangible assets (excl. Goodwill)	0%	0%	1%	0%	0%	0%
Goodwill	0%	0%	0%	0%	0%	0%
Property, plant and equipment	0%	0%	0%	0%	0%	0%
Financial assets	91%	92%	88%	87%	86%	88%
FIXED ASSETS	92%	93%	89%	88%	87%	88%
Inventories	1%	1%	1%	0%	0%	0%
Accounts receivable	3%	1%	4%	1%	1%	1%
Other current assets	1%	2%	1%	1%	1%	1%
Liquid assets	3%	3%	5%	10%	11%	10%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
CURRENT ASSETS	8%	7%	11%	12%	13%	12%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	26%	27%	27%	26%	25%	26%
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	65%	61%	65%	70%	71%	71%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	1%	0%	0%	0%	0%	0%
Non-current liabilities	66%	61%	65%	70%	71%	71%
short-term liabilities to banks	2%	7%	3%	0%	0%	0%
Accounts payable	1%	0%	1%	0%	0%	0%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	1%	1%	0%	0%	0%	0%
Deferred taxes	4%	4%	4%	4%	3%	3%
Deferred income	0%	0%	0%	0%	0%	0%
Current liabilities	8%	13%	8%	4%	3%	3%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Cash flow statement (EURm)	2019	2020	2021	2022E	2023E	2024E
Net profit/loss	9.8	9.6	12.1	13.2	16.8	19.4
Depreciation of fixed assets (incl. leases)	0.4	0.4	0.6	0.5	0.5	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	-5.5	0.3	4.8	-3.1	-3.4	-2.7
Cash flow from operations before changes in w/c	4.6	10.3	17.6	10.5	13.9	16.9
Increase/decrease in inventory	0.0	-2.4	1.8	0.3	-0.3	-0.1
Increase/decrease in accounts receivable	0.0	4.5	-11.4	11.8	0.2	1.0
Increase/decrease in accounts payable	0.0	-0.7	1.5	-2.1	0.1	0.0
Increase/decrease in other w/c positions	-7.5	-1.9	3.9	-0.7	0.2	0.1
Increase/decrease in working capital	-7.5	-0.4	-4.3	9.2	0.3	1.0
Cash flow from operating activities	-2.9	9.8	13.3	19.8	14.1	17.9
CAPEX	0.0	-1.9	-2.3	0.0	0.0	0.0
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	-56.0	-17.6	-39.9	-74.1	-60.6	-54.1
Income from asset disposals	0.0	-1.4	1.0	10.0	5.0	0.0
Cash flow from investing activities	-56.0	-20.9	-41.3	-64.1	-55.6	-54.1
Cash flow before financing	-58.9	-11.0	-28.0	-44.4	-41.5	-36.2
Increase/decrease in debt position	64.6	16.7	35.8	78.6	60.0	40.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	6.4	0.0	6.7	0.0	0.0	0.0
Dividends paid	-1.5	-2.7	-2.9	-3.4	-3.7	-4.2
Others	-3.7	-6.0	-2.3	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	65.7	7.9	37.2	75.2	56.3	35.8
Increase/decrease in liquid assets	6.9	-3.1	9.2	30.9	14.8	-0.4
Liquid assets at end of period	9.1	5.6	14.8	45.7	60.5	60.1

Source: Company data; AlsterResearch

Real estate ratios in EURm	2019	2020	2021	2022E	2023E	2024E
Number of properties	76	83	95	108	121	131
Rental space	327,000	342,000	400,000	464,400	544,500	602,600
Actual net rents	19.1	22.7	24.1	31.2	37.9	43.4
FFO	-3.7	4.9	7.1	12.7	15.2	17.9
FFO margin	-19.5%	21.6%	29.4%	40.6%	40.2%	41.3%
FFOPS	-0.41	0.54	0.73	1.30	1.56	1.84
Potential net rents	22.2	21.7	29.1	29.7	na	na
Letting quota	88.0%	90.4%	92.9%	92.9%	92.9%	92.9%
Market value	299.0	314.5	346.0	432.0	496.1	550.2
ACTUAL net rental returns	6.4%	7.2%	7.0%	7.2%	7.6%	7.9%
WAULT	4.4	5.1	5.4	5.5	5.6	5.6
NAV	10.9	11.7	12.5	14.9	16.7	18.3
LTV	66.4%	69.7%	71.5%	68.3%	68.6%	69.2%

Source: Company data; AlsterResearch

Ratios	2019	2020	2021	2022E	2023E	2024E
Per share data						
Earnings per share reported	1.07	1.05	1.25	1.35	1.72	1.98
Cash flow per share	-0.35	1.03	1.31	1.97	1.40	1.80
Book value per share	9.36	10.11	11.14	13.09	14.95	16.50
Dividend per share	0.30	0.30	0.35	0.38	0.43	0.50
Valuation						
P/E	16.5x	16.8x	14.0x	13.0x	10.2x	8.9x
P/CF	-49.7x	17.1x	13.5x	8.9x	12.6x	9.8x
P/BV	1.9x	1.7x	1.6x	1.3x	1.2x	1.1x
Dividend yield (%)	1.7%	1.7%	2.0%	2.1%	2.4%	2.8%
FCF yield (%)	-2.0%	5.9%	7.4%	11.2%	7.9%	10.2%
EV/Sales	7.7x	10.2x	8.1x	13.4x	12.3x	11.8x
EV/EBITDA	20.6x	26.9x	22.2x	19.9x	17.7x	16.9x
EV/EBIT	21.0x	27.6x	22.9x	20.3x	18.0x	17.1x
Income statement (EURm)						
Sales	49.7	38.9	52.5	35.3	41.9	47.4
yoy chg in %	33.2%	-21.7%	34.9%	-32.8%	19.0%	13.1%
Gross profit	27.9	10.9	24.4	0.0	0.0	0.0
Gross margin in %	56.1%	28.0%	46.5%	0.0%	0.0%	0.0%
EBITDA	18.5	14.8	19.2	23.8	29.2	32.9
EBITDA margin in %	37.2%	38.1%	36.5%	67.4%	69.6%	69.4%
EBIT	18.1	14.4	18.5	23.3	28.7	32.6
EBIT margin in %	36.5%	37.1%	35.3%	66.0%	68.4%	68.8%
Net profit	9.7	9.6	12.1	13.2	16.8	19.4
Cash flow statement (EURm)						
CF from operations	-2.9	9.8	13.3	19.8	14.1	17.9
Capex	0.0	-1.9	-2.3	0.0	0.0	0.0
Maintenance Capex	0.4	0.4	0.6	0.5	0.5	0.3
Free cash flow	-2.9	8.0	10.9	19.8	14.1	17.9
Balance sheet (EURm)						
Intangible assets	0.2	1.5	2.3	2.3	2.3	2.3
Tangible assets	0.8	0.8	1.8	1.3	0.8	0.5
Shareholders' equity	85.6	92.4	108.0	127.8	145.9	161.1
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	222.3	237.1	271.9	350.4	410.4	450.4
Net financial debt	208.8	226.9	252.7	300.4	345.6	386.0
w/c requirements	9.2	7.8	16.0	6.1	6.1	5.1
Ratios						
ROE	11.4%	10.3%	11.2%	10.3%	11.5%	12.0%
ROCE	5.9%	4.4%	4.9%	4.9%	5.2%	5.3%
Net gearing	NaN%	NaN%	NaN%	NaN%	NaN%	NaN%
Net debt / EBITDA	11.3x	15.3x	13.2x	12.6x	11.8x	11.7x

Source: Company data; AlsterResearch

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