

FCR Immobilien AG

Germany | Real Estate | MCap EUR 144.5m

18 January 2023

UPDATE



Portfolio optimization should lead to better financing structure; BUY

BUY (BUY)

Target price	EUR 23.50 (23.50)
Current price	EUR 14.80
Up/downside	58.8%

 **ResearchHub** 

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What's it all about?

FCR Immobilien AG ("FCR") announced that it has made some significant portfolio optimization of its existing property portfolio - in-line with its strategy to focus on specialty retail properties in established secondary locations in Germany. In addition, together with a 3.8% promissory note loan, FCR intends to repay the EUR 25m / 6% coupon bond resulting in a considerable decrease in future interest payments (eAR EUR 1.1m net savings on interests). For FCR, this is already the third bond which the company repaid on schedule, all helping to build a flawless track record on the otherwise often beaten market for "Mittelstandsanleihen" in Germany. We reiterate our BUY rating with unchanged PT of EUR 23.50, yielding a robust upside potential of around 60%.

IMPORTANT. Please refer to the last page of this report for "Important disclosures" and analyst(s) certifications.

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FCR Immobilien AG

Germany | Real Estate | MCap EUR 144.5m | EV EUR 397.2m

BUY (BUY)

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Current price EUR 14.80
Up/downside 58.8%

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Portfolio optimization should lead to better financing structure

Further portfolio optimization In a press release, FCR Immobilien AG ("FCR") announced that it has made some significant portfolio optimizations of its existing property portfolio. In-line with its strategy to focus on specialty retail properties in established secondary locations in Germany, FCR disposed

- a residential building in Weissenfels (Saxony-Anhalt)
- the first apartments of its recently converted hotel in Kitzbühel, Austria. This property will be sold in separate units with the sales process scheduled to be completed by the end of January 2023.
- a supermarket in Söhlde-Hoheneggelsen (Lower Saxony) and
- a specialist store in Würselen (North Rhine-Westphalia).

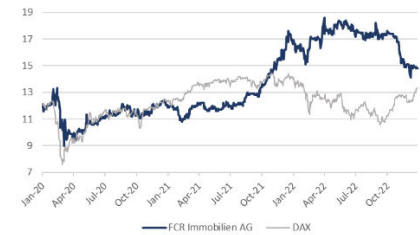
Proceeds and focus Even though the latter two objects would still fit into FCR's strategy, the company decided to sell these properties as they have received attractive offers. In total, we expect that FCR will receive **net cash inflows from these proceeds** in the mid single-digit-million-euro range. Moreover, we are particularly pleased by the fact that FCR has now more or less completed its strategic streamlining process. In fact, FCR could now be considered a pure play "portfolio holder" with its trading portfolio (with the exception of one property in Italy) more or less completely sold down.

Financing structure improved / improve in FFO expected Beside the operational development, FCR also made a significant step towards improving its financing structure. FCR placed a EUR 10m promissory note loan with a 3.80% yield. The cash inflow will be used to repay the EUR 25m / 6% coupon bond, which is due to mature in 02/23. The repayment of the bond will result in a considerable decrease in interest payments and, as a result, an increase in FCR's future funds from operations (FFO) of c. EUR 1.1m (net savings on interest rates). For FCR, this is already the third bond (c. EUR 10m/ EUR 15m and EUR 25m) which the company repaid on schedule, all helping to build a flawless track record on the otherwise often beaten market for "Mittelstandsanleihen" in Germany.

Sufficient liquid funds to further acquire lucrative assets FCR Immobilien AG is also continuing to evaluate attractive properties in order to take advantage of opportunities that arise in the market.

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>	2.0%	2.0%	2.4%	2.6%	2.9%	3.4%
FFO-yield	-2.7%	3.6%	4.9%	8.8%	10.5%	12.4%
EV/EBIT	19.5x	25.7x	21.4x	19.1x	17.1x	16.3x
P/E	13.9x	14.2x	11.8x	11.0x	8.6x	7.5x

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

High/low 52 weeks 18.60 / 14.10
Price/Book Ratio 1.3x

Ticker / Symbols

ISIN DE000A1YC913
WKN A1YC91
Bloomberg FC9:GR

Changes in estimates

		Sales	EBIT	EPS
2022E	old	35.3	23.3	1.35
	Δ	0.0%	0.0%	0.0%
2023E	old	41.9	28.7	1.72
	Δ	0.0%	0.0%	0.0%
2024E	old	47.4	32.6	1.98
	Δ	0.0%	0.0%	0.0%

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.

Considering the above mentioned transactions (both property disposals and changing financing), cash at hand as per H1 22 as well as additional FFO generated in H2 22, we believe that the company should have ample liquidity at hand in order to continue growing – **and that even without additional diluting capital measures as seen with other real estate companies recently**. We therefore reiterate our BUY rating with unchanged PT of EUR 23.50 yielding a robust upside potential of c. 60% **Note:** We have not yet made any changes to our model as it is not yet evident whether the disposal changed will effect FY 22 or FY 23.

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	Höchststadt 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	Bückeberg, 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

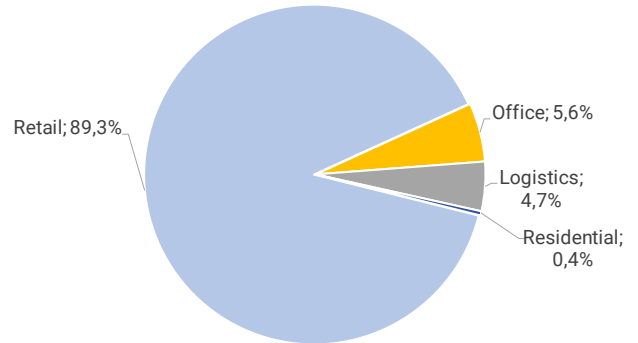
Source: Company data, AlsterResearch, P=purchase, D=disposal

Investment case in six Charts

Business Model



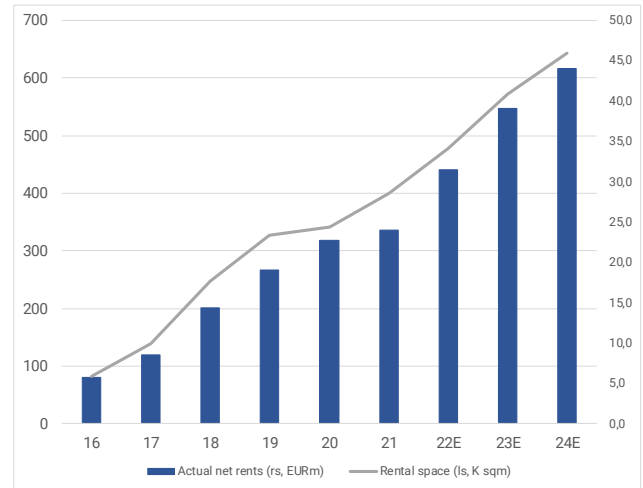
Rental income as per asset class 2021



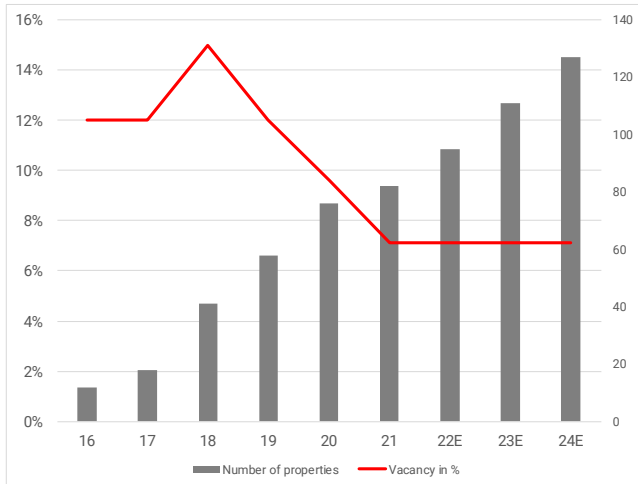
Major tenants

Food retail / grocery	Specialty retail

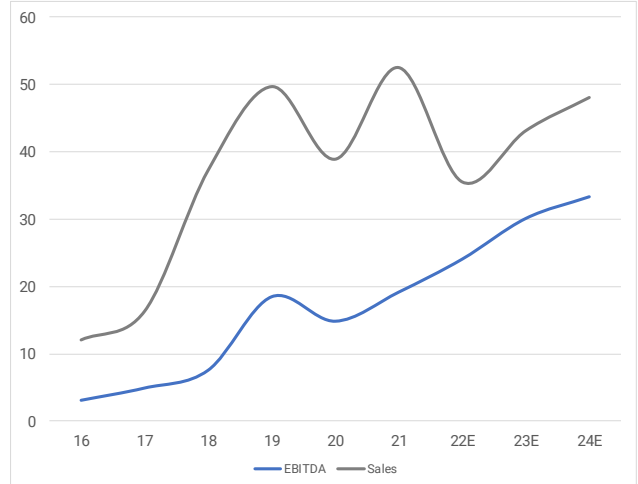
Rental Space and actual net rental income



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 depression effects through scalable business model
- AI-based software expertise
- Inflation-indexed leases particularly helpful in an inflationary environment
- Increasing ESG awareness e.g. energy efficiency refurbishments or increased number of charging stations at the properties

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

- Interest rate hikes could lead to higher re-financing costs and/or slow down in further portfolio additions
- 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 23.83 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	-51.7	-40.2	-27.2	-6.8	0.9	1.8	13.8	18.8	313.1
WACC	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.1%

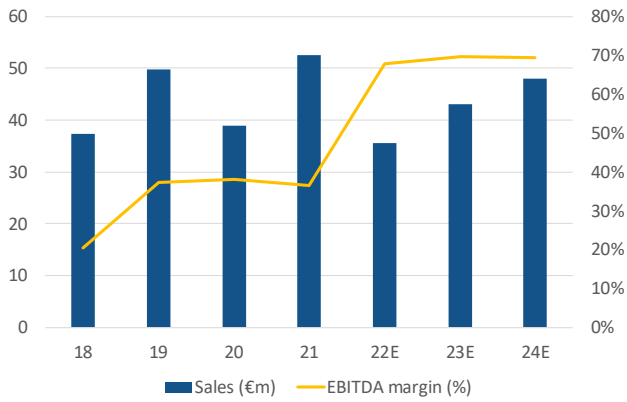
DCF per share derived from		DCF avg. growth and earnings assumptions	
Total present value	222.6	Planning horizon avg. revenue growth (2022E-2029E)	10.1%
Mid-year adj. total present value	231.3	Terminal value growth (2029E - infinity)	2.0%
Net debt / cash at start of year	271.9	Terminal year ROCE	13.1%
Financial assets	354.8	Terminal year WACC	8.1%
Provisions and off b/s debt	na		
Equity value	314.3		
No. of shares outstanding	13.2		
Discounted cash flow / share upside/(downside)	23.83 61.0%		
		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%
Share price	14.80		

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%		13.5	14.4	15.4	16.6	18.0	2022E-2025E	-56.5%
1.0%		16.4	17.6	19.0	20.6	22.5	2026E-2029E	15.9%
0.0%		20.1	21.8	23.8	26.2	29.0	terminal value	140.7%
-1.0%		25.2	27.7	30.6	34.2	38.7		
-2.0%		32.4	36.2	40.9	46.9	54.9		

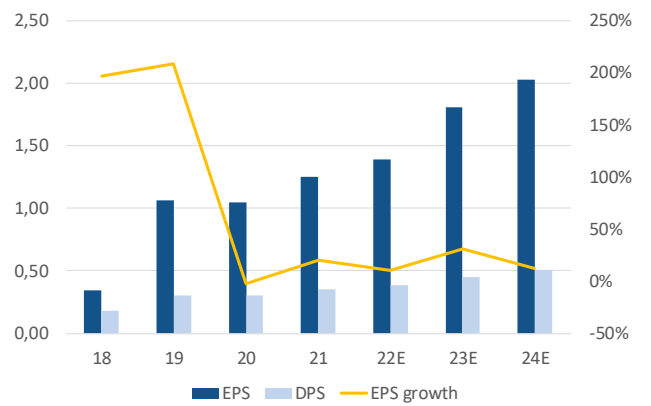
Source: AlsterResearch

Financials in six charts

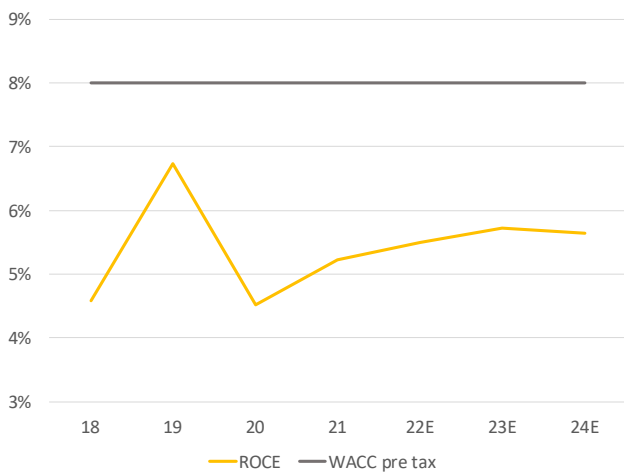
Sales vs. EBITDA margin development



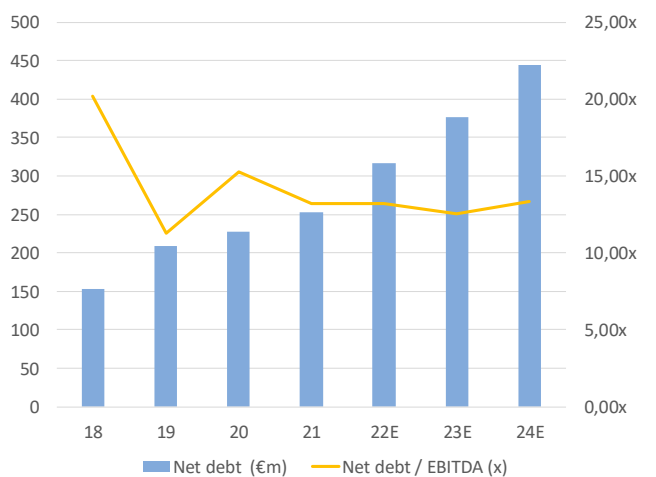
EPS, DPS in EUR & yoy EPS growth



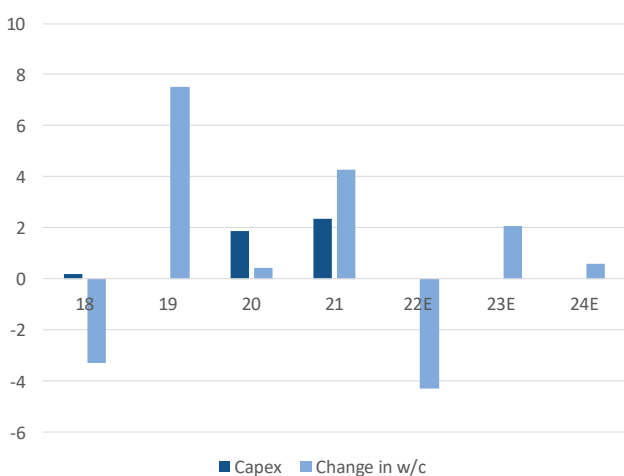
ROCE vs. WACC (pre tax)



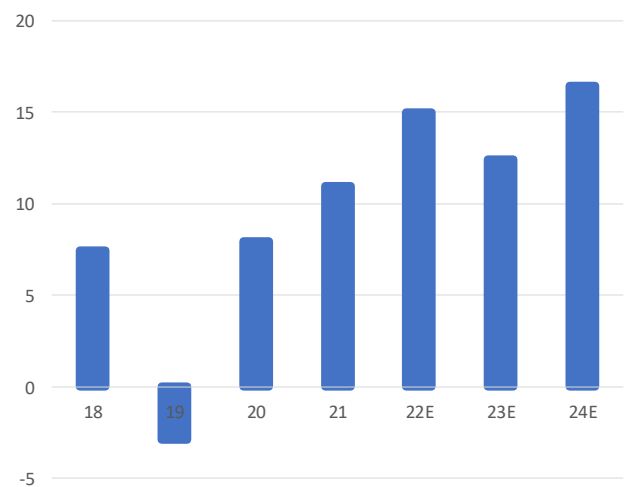
Net debt and net debt/EBITDA



Capex & chg in w/c requirements in EURm



Free Cash Flow in EURm



Financials

Profit and loss (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	13.9x	14.2x	11.8x	11.0x	8.6x	7.5x
P/CF	-41.8x	14.4x	11.3x	7.5x	10.6x	8.2x
P/BV	1.6x	1.5x	1.3x	1.1x	1.0x	0.9x
Dividend yield (%)	2.0%	2.0%	2.4%	2.6%	2.9%	3.4%
FCF yield (%)	-2.4%	7.0%	8.8%	13.3%	9.4%	12.2%
EV/Sales	7.1x	9.5x	7.6x	12.6x	11.7x	11.2x
EV/EBITDA	19.1x	25.0x	20.7x	18.7x	16.8x	16.1x
EV/EBIT	19.5x	25.7x	21.4x	19.1x	17.1x	16.3x
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	243.9%	245.5%	234.0%	235.1%	236.9%	239.7%
Net debt / EBITDA	11.3x	15.3x	13.2x	12.6x	11.8x	11.7x

Source: Company data; AlsterResearch

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