

FCR Immobilien AG

Germany | Real Estate | MCap EUR 146.4m

22 May 2023

UPDATE



Despite rising interest rates encouraging Q1 results with stable FFO

What's it all about?

FCR Immobilien AG (FCR) has published an encouraging set of results for the first quarter of 2023, demonstrating the company's continued profitability and positive outlook. Despite the challenges posed by rising market interest rates, FCR has achieved remarkable growth and maintained its strong financial position. In particular, we see FCR benefiting from indexed leases, where rents are adjusted in line with inflation. In our view, this differentiates the company from other property companies where indexation is less common. We therefore believe that FCR remains a bright spot in the troubled real estate market and reiterate our BUY recommendation with an unchanged PT of EUR 23.50, offering a decent upside of ~55%.

BUY (BUY)

Target price	EUR 23.50 (23.50)
Current price	EUR 15.00
Up/downside	56.7%

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FCR Immobilien AG

Germany | Real Estate | MCap EUR 146.4m | EV EUR 468.7m

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Encouraging Q1 results; Stable FFO despite rising interest rates

Benefitting from inflation adjusted rental income. The driving force behind FCR's positive development in Q1 2023 was the increase in rental income, which rose to EUR 9.4m, an impressive 22% yoy growth. In addition to the expansion of its real estate portfolio (in 2022 FCR's portfolio grew by a net six properties to 105) and further successes in asset management (continued high occupancy rate of 93.3%), FCR is benefiting from indexed leases, where rents are adjusted in line with inflation. The latter is proving to be particularly successful in this challenging economic environment with rising inflation and differentiates FCR from other property companies where indexation is less common (e.g. companies focused on residential property). In total, quarterly revenues amounted to EUR 16.4m, including EUR 7m from the sale of non-core property assets.

Despite rising interest rates, stable EBT and FFO. On the earnings side, FCR recorded a significant increase in EBITDA, which rose by approx. 18% yoy to EUR 7.2m. This remarkable growth demonstrates FCR's ability to capitalize on opportunities and manage its operations effectively, not least thanks to its proprietary software which enables FCR to manage its property portfolio efficiently. Despite rising interest costs, EBT continued to improve to EUR 3.9m compared to EUR 3.8m in Q1 2022, highlighting the company's resilient earnings profile. The encouraging performance also extends to Funds From Operations (FFO), which remained at a promising level of EUR 2.3m, similar to last year. We therefore see FCR on track to achieve our estimates EUR 10-11m FFO for 2023E.

Outlook confirmed. On the basis of these good results, FCR has reaffirmed its outlook for 2023 and expects a continuation of its profitable development. We are particularly encouraged by management's outlook, especially in light of the fact that FCR has already been able to almost double its FFO over the past three years, and the fact that rising funding costs will have an impact on earnings.

Conclusion: This robust growth in both revenues and profits demonstrates FCR's successful strategy of maintaining a portfolio of shopping centers and retail parks, particularly in established secondary locations. FCR's ability to navigate market dynamics and deliver consistent growth positions the company strongly for the future, in our view. With a proven track record and an optimistic outlook, FCR remains committed to delivering value to its stakeholders and driving sustainable success in the property industry. We therefore see FCR as a bright spot in the troubled real estate market and reiterate our BUY rating with an unchanged PT of EUR 23.50.

FCR Immobilien AG	2020	2021	2022	2023E	2024E	2025E
Sales	38.9	52.5	35.9	39.8	43.7	47.4
<i>Growth yoy</i>	-21.7%	34.9%	-31.6%	10.8%	9.9%	8.3%
EBIT	14.4	18.5	27.4	28.4	31.8	32.6
FFO	4.9	7.1	9.4	11.0	12.1	13.1
FFO-Margin	21.6%	29.4%	29.3%	30.6%	30.5%	30.3%
Net profit	9.6	12.1	14.2	15.0	16.5	16.7
Net debt (net cash)	226.9	252.7	322.3	328.4	351.1	369.5
LTV	69.7%	71.5%	69.6%	68.8%	69.0%	68.1%
EPS recurring	1.05	1.25	1.45	1.53	1.69	1.71
FFOPS	0.54	0.73	0.96	1.12	1.24	1.34
DPS	0.30	0.35	0.35	0.38	0.42	0.43
<i>Dividend yield</i>	2.0%	2.3%	2.3%	2.6%	2.8%	2.9%
FFO-yield	3.6%	4.9%	6.4%	7.5%	8.3%	9.0%
EV/EBIT	25.9x	21.5x	17.1x	16.7x	15.7x	15.8x
P/E	14.3x	12.0x	10.3x	9.8x	8.9x	8.8x

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

High/low 52 weeks 18.60 / 12.50
Price/Book Ratio 1.2x

Ticker / Symbols

ISIN DE000A1YC913
WKN A1YC91
Bloomberg FC9:GR

Changes in estimates

		Sales	EBIT	EPS
2023E	old	39.6	27.2	1.59
	Δ	0.5%	4.4%	-3.6%
2024E	old	44.4	30.4	1.80
	Δ	-1.5%	4.5%	-5.8%
2025E	old	47.4	32.6	1.71
	Δ	0.0%	0.0%	0.0%

Key share data

Number of shares: (in m pcs) 9.76
Book value per share: (in EUR) 12.17
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.

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			
21.10.2020	P	Shopping centre	Eilenburg	Kaufland und toom Baumarkt	800	15.000	8,7	10	4,44
27.10.2020	P	Grocery stores			185	-		1,99	0,00
		Retail	Ruhle, Thüringen	Netto	100	1.200	9		6,94
		Retail	Bückeburg, Thüringen	Niedrig-Preis-Markt (NP)	85	1.000	4		7,08
30.10.2020	P	Retail	Ludwigslust	toom Baumarkt	435	7.600		3,8	4,77
03.11.2020	D	Specialty retail	Oer-Erkenschwick, NRW	Buschkamp-Center		6.200			0,00
06.11.2020	D	Specialty retail	Magdeburg			2.800			0,00
17.11.2020	P	Specialty retail	Pulsnitz, Sachsen	Hammer und Pfennigpfeiffer	173	3.300		1,51	4,37
08.12.2020	D	Specialty retail	Pößneck, Thüringen	NKD, vongut		7.600			0,00
2021									
09.04.2021	P	Specialty retail	Görlitz	Möbel Roller, toom Baumarkt	1600	28.000	6	21,5 (eAR)	4,76
30.04.2021	P	Specialty retail	Bauzen, Dresden, Plauen	pitstop, Carglass, Dänisches B.		4.200			0,00
30.04.2021	P	Specialty retail	Altenberg	Netto, lokaler Baumarkt	600	3.300		7 (eAR)	6,67
09.06.2021	P	Specialty retail	Zollenroder	Pfennigpfeiffer	92	1.144	4,8	0,9 (eAR)	1,73
09.06.2021	P	Retail	Eching		160	5.000	6,9	2,9 (eAR)	2,17
01.09.2021	P	Specialty retail	Finsterwalde	EDEKA, Rossmann, Deichmann	500	5.000	4,3	5,3 (eAR)	8,33
10.11.2021	P	Commercial building	Siegen	100% C&A	>1000	7.112	6,4	10,5 (eAR)	11,72
02.12.2021	P	Shopping centre	Eisenach	Marktkauf, toom, TEDI, Woolwort	4000	26.000	0	30 (eAR)	12,82
17.12.2021	D	Student home	Bamberg	Student houses		-	0		20
29.12.2021	P	Specialty retail	Pforzheim	toom Baumarkt	0	5.600	11,7	2,8 (eAR)	3,00
11.01.2022	P	Specialty retail	Lüchte, Bad Piermont	toom Baumarkt	460	6.400	2,1	4,8 (aAR)	6,00
11.01.2022	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

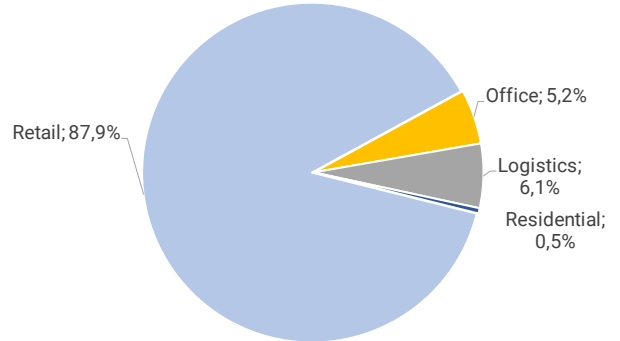
Source: Company data, AlsterResearch, P=purchase, D=disposal

Investment case in six Charts

Business Model



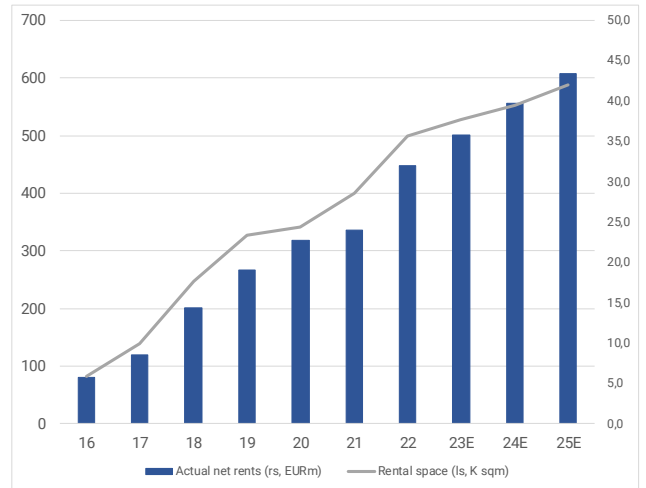
Rental income as per asset class 2022



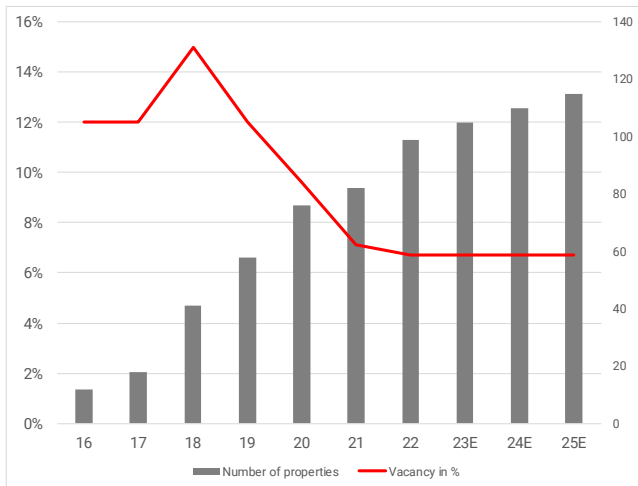
Major tenants

Food retail / grocery	Specialty retail

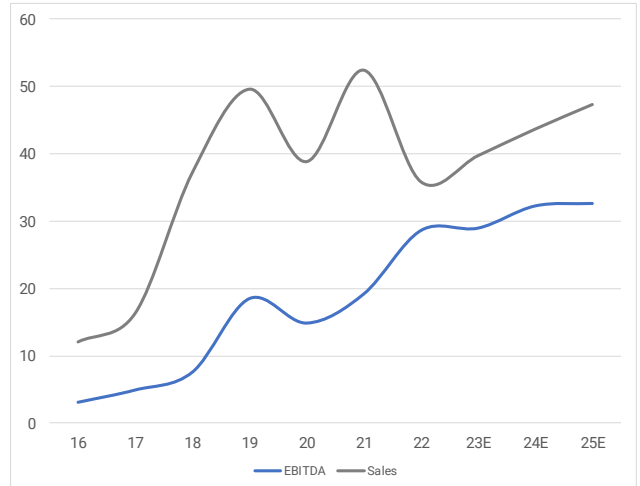
Rental Space and actual net rental income



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
- 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 23.41 per share**:

Top-line growth: We expect FCR Immobilien AG to grow revenues at a CAGR of 7.4% between 2023E and 2030E. 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)	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Terminal value
NOPAT	18.8	21.2	24.1	25.6	27.8	30.6	33.5	36.6	
Depreciation & amortization	0.5	0.4	0.0	0.0	0.0	0.0	0.0	0.0	
Change in working capital	-3.2	0.9	-0.2	-0.2	-0.3	-0.3	-0.3	-0.3	
Chg. in long-term provisions	-4.4	-4.8	-2.6	-2.7	-3.3	-2.8	-2.9	-2.9	
Capex	-15.6	-32.0	-28.2	-22.6	-10.5	-9.9	-10.4	-10.3	
Cash flow	-3.9	-14.3	-6.8	0.0	13.7	17.6	20.0	23.1	387.3
Present value	-3.7	-12.6	-5.6	0.0	9.6	11.4	12.0	12.9	214.3
WACC	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.1%

DCF per share derived from	
Total present value	238.4
Mid-year adj. total present value	247.7
Net debt / cash at start of year	328.1
Financial assets	430.9
Provisions and off b/s debt	na
Equity value	350.5
No. of shares outstanding	15.0
Discounted cash flow / share upside/(downside)	23.41 / 56.1%

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2023E-2030E)	7.4%
Terminal value growth (2030E - infinity)	2.0%
Terminal year ROCE	12.0%
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%

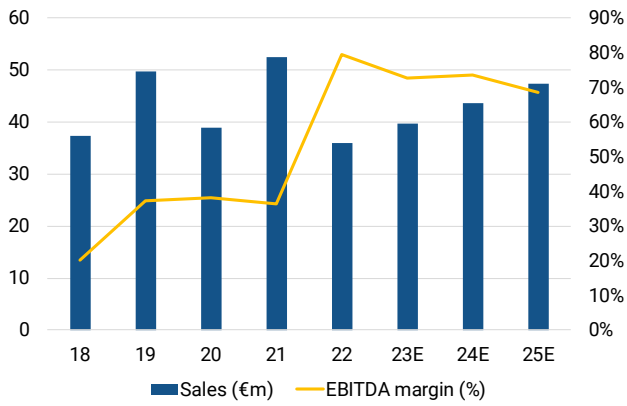
Share price	15.00
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Sensitivity analysis DCF								
Change in WACC (%-points)		Long term growth					Share of present value	
		1.0%	1.5%	2.0%	2.5%	3.0%		
2.0%		16.9	17.5	18.1	18.8	19.6	2023E-2026E	-9.2%
1.0%		18.8	19.5	20.4	21.3	22.5	2027E-2030E	19.3%
0.0%		21.2	22.2	23.4	24.8	26.5	terminal value	89.9%
-1.0%		24.4	25.9	27.7	29.9	32.6		
-2.0%		29.0	31.3	34.2	37.9	42.7		

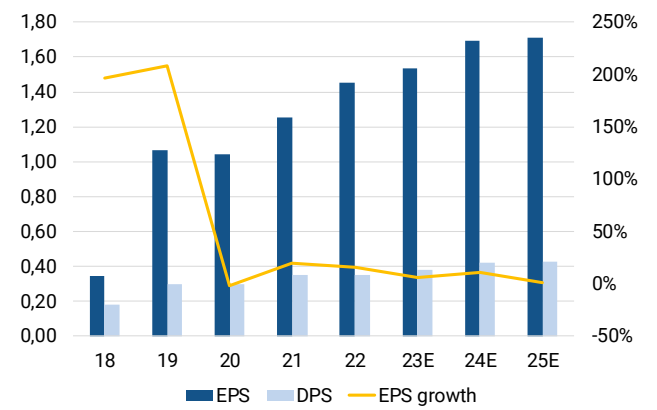
Source: AlsterResearch

Financials in six charts

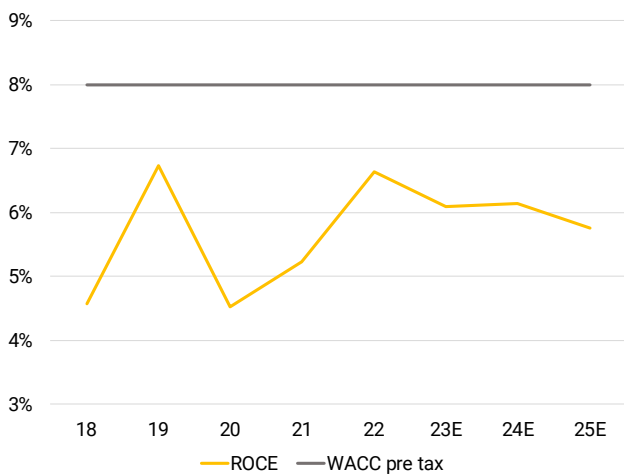
Sales vs. EBITDA margin development



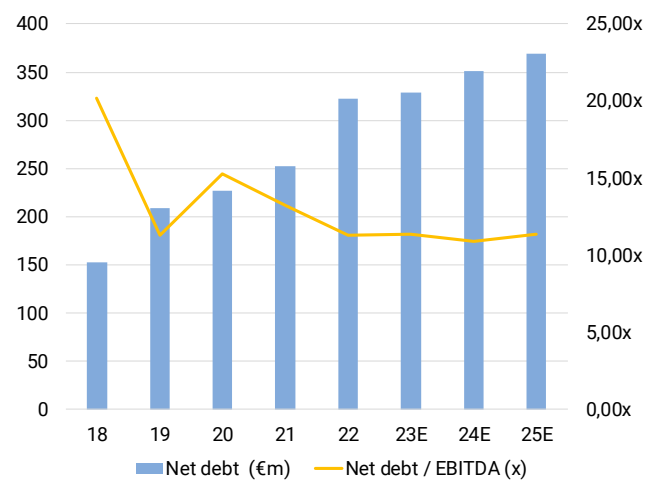
EPS, DPS in EUR & yoy EPS growth



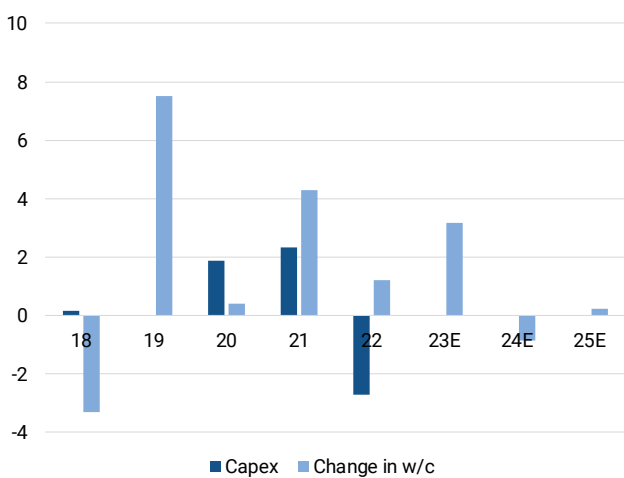
ROCE vs. WACC (pre tax)



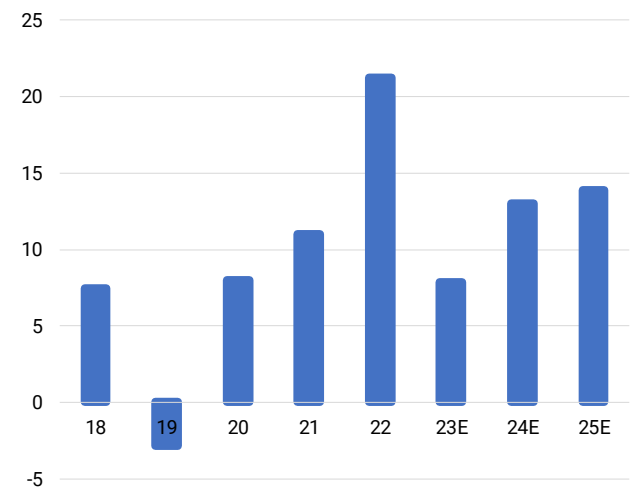
Net debt and net debt/EBITDA



Capex & chg in w/c requirements in EURm



Free Cash Flow in EURm



Financials

Profit and loss (EURm)	2020	2021	2022	2023E	2024E	2025E
Net sales	38.9	52.5	35.9	39.8	43.7	47.4
Sales growth	-21.7%	34.9%	-31.6%	10.8%	9.9%	8.3%
Change in finished goods and work-in-process	3.2	2.6	2.4	0.2	0.0	-0.2
Total sales	42.1	55.1	38.4	40.0	43.7	47.2
Change in the value of investment property	0.8	4.8	9.9	4.5	4.8	2.6
Expenses from financial investments held real estate	10.9	24.4	0.9	0.0	0.0	0.0
Personnel expenses	12.5	11.9	12.9	10.7	11.3	11.8
Material expenses and other opex	12.5	11.9	12.9	10.7	11.3	11.8
Total operating expenses	27.3	35.9	9.8	11.1	11.6	14.6
EBITDA	14.8	19.2	28.6	28.9	32.2	32.6
Depreciation	0.4	0.6	1.1	0.5	0.4	0.0
EBITA	14.4	18.5	27.4	28.4	31.8	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	14.4	18.5	27.4	28.4	31.8	32.6
Financial result	-6.7	-6.6	-10.1	-10.2	-11.6	-12.2
Recurring pretax income from continuing operations	7.7	11.9	17.3	18.3	20.2	20.4
Extraordinary income/loss	3.8	3.0	0.0	0.0	0.0	0.0
Earnings before taxes	11.5	14.9	17.3	18.3	20.2	20.4
Taxes	1.9	2.7	3.1	3.3	3.6	3.7
Net income from continuing operations	9.6	12.1	14.2	15.0	16.5	16.7
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	9.6	12.1	14.2	15.0	16.5	16.7
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	9.6	12.1	14.2	15.0	16.5	16.7
Average number of shares	9.15	9.69	9.76	9.76	9.76	9.76
EPS reported	1.05	1.25	1.45	1.53	1.69	1.71

Profit and loss (common size)	2020	2021	2022	2023E	2024E	2025E
Net sales	100%	100%	100%	100%	100%	100%
Change in finished goods and work-in-process	8%	5%	7%	1%	0%	-0%
Total sales	108%	105%	107%	100%	100%	100%
Change in the value of investment property	2%	9%	28%	11%	11%	5%
Expenses from financial investments held real estate	28%	46%	3%	0%	0%	0%
Personnel expenses	32%	23%	36%	27%	26%	25%
Material expenses and other opex	32%	23%	36%	27%	26%	25%
Total operating expenses	70%	68%	27%	28%	26%	31%
EBITDA	38%	36%	80%	73%	74%	69%
Depreciation	1%	1%	3%	1%	1%	0%
EBITA	37%	35%	76%	71%	73%	69%
Amortisation of goodwill and intangible assets	0%	0%	0%	0%	0%	0%
Impairment charges	0%	0%	0%	0%	0%	0%
EBIT	37%	35%	76%	71%	73%	69%
Financial result	-17%	-13%	-28%	-26%	-27%	-26%
Recurring pretax income from continuing operations	20%	23%	48%	46%	46%	43%
Extraordinary income/loss	10%	6%	0%	0%	0%	0%
Earnings before taxes	30%	28%	48%	46%	46%	43%
Taxes	5%	5%	9%	8%	8%	8%
Net income from continuing operations	25%	23%	39%	38%	38%	35%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	25%	23%	39%	38%	38%	35%
Minority interest	0%	0%	0%	0%	0%	0%
Net profit (reported)	25%	23%	39%	38%	38%	35%

Source: Company data; AlsterResearch

Balance sheet (EURm)	2020	2021	2022	2023E	2024E	2025E
Intangible assets (excl. Goodwill)	1.5	2.3	4.0	4.0	4.0	4.0
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	0.8	1.8	3.0	2.5	2.1	2.1
Financial assets	320.5	354.8	430.9	451.0	487.8	518.6
FIXED ASSETS	322.8	358.9	437.9	457.5	493.9	524.6
Inventories	4.2	2.4	1.2	3.1	3.3	3.4
Accounts receivable	5.2	16.6	7.1	4.4	3.4	3.6
Other current assets	7.6	5.5	18.1	18.1	18.1	18.1
Liquid assets	8.7	18.7	5.6	21.6	48.9	50.5
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.1	0.1	1.6	0.1	0.1	0.1
CURRENT ASSETS	25.8	43.3	33.6	47.3	73.8	75.8
TOTAL ASSETS	348.7	402.2	471.5	504.8	567.7	600.4
SHAREHOLDERS EQUITY	92.4	108.0	118.8	135.3	148.1	160.7
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	211.1	259.6	280.5	350.0	400.0	420.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	1.4	0.5	0.3	0.4	0.4	0.4
Non-current liabilities	212.6	260.0	280.8	350.4	400.4	420.4
short-term liabilities to banks	24.5	11.8	47.3	0.0	0.0	0.0
Accounts payable	1.5	2.9	1.5	0.7	0.7	0.7
Advance payments received on orders	0.1	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	2.0	1.9	3.0	1.4	1.5	1.5
Deferred taxes	15.6	17.4	20.1	17.0	17.0	17.0
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	43.7	34.2	71.9	19.1	19.2	19.3
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	348.7	402.2	471.5	504.8	567.7	600.4

Balance sheet (common size)	2020	2021	2022	2023E	2024E	2025E
Intangible assets (excl. Goodwill)	0%	1%	1%	1%	1%	1%
Goodwill	0%	0%	0%	0%	0%	0%
Property, plant and equipment	0%	0%	1%	0%	0%	0%
Financial assets	92%	88%	91%	89%	86%	86%
FIXED ASSETS	93%	89%	93%	91%	87%	87%
Inventories	1%	1%	0%	1%	1%	1%
Accounts receivable	1%	4%	2%	1%	1%	1%
Other current assets	2%	1%	4%	4%	3%	3%
Liquid assets	3%	5%	1%	4%	9%	8%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
CURRENT ASSETS	7%	11%	7%	9%	13%	13%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	27%	27%	25%	27%	26%	27%
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	61%	65%	59%	69%	70%	70%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	0%	0%	0%	0%	0%	0%
Non-current liabilities	61%	65%	60%	69%	71%	70%
short-term liabilities to banks	7%	3%	10%	0%	0%	0%
Accounts payable	0%	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%	0%	1%	0%	0%	0%
Deferred taxes	4%	4%	4%	3%	3%	3%
Deferred income	0%	0%	0%	0%	0%	0%
Current liabilities	13%	8%	15%	4%	3%	3%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Cash flow statement (EURm)	2020	2021	2022	2023E	2024E	2025E
Net profit/loss	9.6	12.1	14.2	15.0	16.5	16.7
Depreciation of fixed assets (incl. leases)	0.4	0.6	1.1	0.5	0.4	0.0
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	0.3	4.8	5.0	-4.4	-4.8	-2.6
Cash flow from operations before changes in w/c	10.3	17.6	20.3	11.1	12.2	14.1
Increase/decrease in inventory	-2.4	1.8	1.2	-1.9	-0.2	-0.2
Increase/decrease in accounts receivable	4.5	-11.4	9.5	2.8	0.9	-0.2
Increase/decrease in accounts payable	-0.7	1.5	-1.5	-0.8	0.0	0.0
Increase/decrease in other w/c positions	-1.9	3.9	-10.3	-3.3	0.1	0.1
Increase/decrease in working capital	-0.4	-4.3	-1.2	-3.2	0.9	-0.2
Cash flow from operating activities	9.8	13.3	18.5	7.9	13.0	13.9
CAPEX	-1.9	-2.3	2.7	0.0	0.0	0.0
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	-17.6	-39.9	-70.8	-15.6	-32.0	-28.2
Income from asset disposals	-1.4	1.0	-6.3	5.0	0.0	0.0
Cash flow from investing activities	-20.9	-41.3	-74.4	-10.6	-32.0	-28.2
Cash flow before financing	-11.0	-28.0	-55.9	-2.7	-19.0	-14.3
Increase/decrease in debt position	16.7	35.8	48.8	22.2	50.0	20.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	6.7	0.0	0.0	0.0	0.0
Dividends paid	-2.7	-2.9	-3.4	-3.4	-3.7	-4.1
Others	-6.0	-2.3	1.2	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	7.9	37.2	46.6	18.8	46.3	15.9
Increase/decrease in liquid assets	-3.1	9.2	-9.3	16.1	27.3	1.6
Liquid assets at end of period	5.6	14.8	5.6	21.6	48.9	50.5

Source: Company data; AlsterResearch

Real estate ratios in EURm	2020	2021	2022	2023E	2024E	2025E
Number of properties	83	99	105	110	115	120
Rental space	342,000	400,000	500,000	528,000	552,000	588,000
Actual net rents	22.7	24.1	32.0	35.8	39.7	43.4
FFO	4.9	7.1	9.4	11.0	12.1	13.1
FFO margin	21.6%	29.4%	29.3%	30.6%	30.5%	30.3%
FFOPS	0.54	0.73	0.96	1.12	1.24	1.34
Potential net rents	21.7	29.1	31.8	na	na	na
Letting quota	90.4%	92.9%	93.3%	93.3%	93.3%	93.3%
Market value	314.5	346.0	437.0	451.0	483.0	516.0
ACTUAL net rental returns	7.2%	7.0%	7.3%	7.9%	8.2%	8.4%
WAULT	5.1	5.4	5.2	5.3	5.3	5.3
NAV	11.7	12.5	13.9	15.6	16.9	18.2
LTV	69.7%	71.5%	69.6%	68.8%	69.0%	68.1%

Source: Company data; AlsterResearch

Ratios	2020	2021	2022	2023E	2024E	2025E
Per share data						
Earnings per share reported	1.05	1.25	1.45	1.53	1.69	1.71
Cash flow per share	1.03	1.31	1.78	0.76	1.29	1.43
Book value per share	10.11	11.14	12.17	13.86	15.17	16.46
Dividend per share	0.30	0.35	0.35	0.38	0.42	0.43
Valuation						
P/E	14.3x	12.0x	10.3x	9.8x	8.9x	8.8x
P/CF	14.5x	11.4x	8.4x	19.8x	11.6x	10.5x
P/BV	1.5x	1.3x	1.2x	1.1x	1.0x	0.9x
Dividend yield (%)	2.0%	2.3%	2.3%	2.6%	2.8%	2.9%
FCF yield (%)	6.9%	8.7%	11.9%	5.0%	8.6%	9.5%
EV/Sales	9.6x	7.6x	13.1x	11.9x	11.4x	10.9x
EV/EBITDA	25.2x	20.8x	16.4x	16.4x	15.5x	15.8x
EV/EBIT	25.9x	21.5x	17.1x	16.7x	15.7x	15.8x
Income statement (EURm)						
Sales	38.9	52.5	35.9	39.8	43.7	47.4
yoy chg in %	-21.7%	34.9%	-31.6%	10.8%	9.9%	8.3%
Gross profit	10.9	24.4	0.9	0.0	0.0	0.0
Gross margin in %	28.0%	46.5%	2.5%	0.0%	0.0%	0.0%
EBITDA	14.8	19.2	28.6	28.9	32.2	32.6
EBITDA margin in %	38.1%	36.5%	79.5%	72.6%	73.6%	68.7%
EBIT	14.4	18.5	27.4	28.4	31.8	32.6
EBIT margin in %	37.1%	35.3%	76.4%	71.4%	72.6%	68.7%
Net profit	9.6	12.1	14.2	15.0	16.5	16.7
Cash flow statement (EURm)						
CF from operations	9.8	13.3	18.5	7.9	13.0	13.9
Capex	-1.9	-2.3	2.7	0.0	0.0	0.0
Maintenance Capex	0.4	0.6	1.1	0.5	0.4	0.0
Free cash flow	8.0	11.0	21.2	7.9	13.0	13.9
Balance sheet (EURm)						
Intangible assets	1.5	2.3	4.0	4.0	4.0	4.0
Tangible assets	0.8	1.8	3.0	2.5	2.1	2.1
Shareholders' equity	92.4	108.0	118.8	135.3	148.1	160.7
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	237.1	271.9	328.1	350.4	400.4	420.4
Net financial debt	226.9	252.7	322.3	328.4	351.1	369.5
w/c requirements	7.8	16.0	6.9	6.8	6.0	6.3
Ratios						
ROE	10.3%	11.2%	11.9%	11.1%	11.2%	10.4%
ROCE	4.4%	4.9%	6.1%	5.8%	5.8%	5.6%
Net gearing	245.5%	234.0%	271.3%	242.7%	237.0%	229.9%
Net debt / EBITDA	15.3x	13.2x	11.3x	11.4x	10.9x	11.3x

Source: Company data; AlsterResearch

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