AlsterResearch

FCR Immobilien AG

Germany | Real Estate | MCap EUR 121.4m

29 August 2023

UPDATE

Profitable development in H1; LTV significantly reduced; BUY

What's it all about?

FCR Immobilien ("FCR") has published decent prelim. H1 '23 results. Sales were up 87% yoy to EUR 31m, mainly driven by increasing rental income as well as proceeds from asset sales. On a positive note, all property sales were realized above book value, indicating conservative accounting. In addition, rental income increased by 18% yoy, which we believe reflects the success of active portfolio management as well as a further reduction in the vacancy rate to 6.5%. Overall, FFO remained almost constant yoy, which is positive in view of the sharp rise in interest rates. EBT on the other hand declined by 34% yoy to EUR 5.8m due to a lack of one-off revaluation effects. In total, we expect FCR to have significantly improved its debt ratios. The absence of acquisitions, the positive cash flow from disposals and scheduled repayments should have reduced the LTV to around 66%. We believe that FCR is well placed to operate profitably even in a difficult economic environment. We therefore reiterate our BUY rating with an unchanged PT of EUR 23.50.

BUY (BUY)

Target price	**EUR 23.50 (23.50)**
Current price	EUR 12.30
Up/downside	91.1%

ResearchHub

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Profitable development in H1; LTV significantly reduced; BUY

Dynamic growth in rental income FCR Immobilien ("FCR") has published its preliminary H1 results. At EUR 31m, H1 revenues were up around 87% yoy, significantly exceeding our expectations. In addition to the EUR 11.9m in sales proceeds, the main driver was the continued dynamic growth of rental income. The latter increased by almost 18% yoy to EUR 19.1m in H1. Another positive aspect is that all property sales were realized above current book value.

Conservative valuation approach confirmed In our view, this once again reflects the conservative valuation approach used to manage the portfolio properties on FCR's balance sheet. Similarly annual net rent in relation to the current portfolio value derives at a factor of only 12.9x, which corresponds to a gross rental yield of 7.8%. We therefore see little risk of devaluation for the company's property portfolio. In fact, we see this as a clear differentiator from other property companies, which often have to contend with much higher multiples.

Active asset management FCR also made progress in the active management of its existing property portfolio. For example, the vacancy rate fell by a further 40bp to a comfortable 6.5% as of 30 June. Indexed rents are also having a positive impact. Hence, the impressive increase in rental income of almost 18% is not only due to consolidation effects but also due to active portfolio management.

FFO relatively stable In terms of the key indicator Funds from Operations (FFO), i.e., the measure of the company's cash generation, FCR was able to almost match the good figures of the previous year's period. Although FFO fell by 6% yoy to EUR 4.7m, this is a positive development in light of the steeply rising interest rates. The EBT - i.e., the result including accounting changed on real estate assets - fell by around 1/3 to EUR 5.8m. Here we assume that positive one-off effects from the previous year (EUR +4m write-up in H1 22) could not be fully repeated in H1 23.

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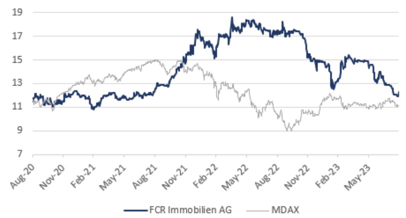
FCR Immobilien AG	2020	2021	2022	2023E	2024E	2025E
Sales	38.9	52.5	35.9	50.5	40.3	43.1
Growth yoy	-21.7%	34.9%	-31.6%	40.5%	-20.2%	6.9%
EBIT	14.4	18.5	27.4	20.9	22.2	23.7
FFO	4.9	7.1	9.4	9.3	10.0	10.8
FFO-Margin	21.6%	29.4%	29.3%	27.5%	27.7%	27.6%
Net profit	9.6	12.1	14.2	9.5	10.3	11.1
Net debt (net cash)	226.9	252.7	322.3	308.2	320.2	335.2
LTV	69.7%	71.5%	69.6%	67.1%	66.9%	66.7%
EPS recurring	1.05	1.25	1.45	0.97	1.05	1.13
FFOPS	0.54	0.73	0.96	0.94	1.02	1.09
DPS	0.30	0.35	0.35	0.24	0.26	0.28
Dividend yield	2.4%	2.8%	2.8%	2.0%	2.1%	2.3%
FFO-yield	4.4%	5.9%	7.8%	7.7%	8.3%	8.9%
EV/EBIT	24.1x	20.2x	16.2x	20.5x	19.9x	19.2x
P/E	11.8x	9.8x	8.5x	12.7x	11.7x	10.9x

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

High/low 52 weeks	18.20 / 11.90
Price/Book Ratio	1.0x

Ticker / Symbols

ISIN	DE000A1YC913
WKN	A1YC91
Bloomberg	FC9:GR

Changes in estimates

		Sales	EBIT	EPS
2023E	old	39.8	28.4	1.53
	Δ	26.8%	-26.4%	-37.0%
2024E	old	43.7	31.8	1.69
	Δ	-7.9%	-30.2%	-38.2%
2025E	old	47.4	32.6	1.71
	Δ	-9.2%	-27.1%	-34.1%

Key share data

Number of shares: (in m pcs)	9.87
Book value per share: (in EUR)	12.17
Ø trading volume: (12 months)	4,000

Major shareholders

RAT Asset & Trading AG	64.9%
FaMe Invest & Mgment GmbH	8.0%
WWK Lebensvers.	3.4%
Free Float	27.1%

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.

Leverage ratio and LTV significantly reduced Although no details on the loan portfolio have been provided yet, we assume that FCR should have achieved significant improvements in these ratios. In addition to the already 4th bond repaid as scheduled (EUR 25m, 6.0% coupon), the proceeds of almost EUR 12m from the sale of three "non-core" properties should have had a positive impact. Beyond that, no further acquisitions were made in H1. Together with scheduled repayments of approx. 4% p.a., we expect the loan portfolio to have fallen well below the EUR 300m mark (eAR ~ EUR 280m). Hence, we assume the LTV to have fallen to the 66% range. In times of rising interest rates, this thus represents a significant risk minimization and at the same time offers additional potential should lucrative buying opportunities arise.

Action In our view, FCR released decent prelim H1 figures. The company remains committed to its strategy of profitable growth. In addition, we see the almost constant FFO as proof that FCR can operate profitably even in times of rising interest rates. Although we slightly lower our FFO estimates due to lower acquisition activity, this is accompanied by a significantly lower leverage ratio (eAR LTV: 67% vs. 69% previously). Since both effects have a neutralizing effect, we reiterate our BUY recommendation with an unchanged PT of EUR 23.50.

Half year performance table

in EURm	H1 23	H1 22	yoy chg in %	FY 23E	share of FY 23
Umsatz	**31,0**	**16,6**	**86,7%**	**50,5**	**61,4%**
Veräußerungserlöse	*11,9*	*0,4*		***na***	
Mieteinnahmen	*19,1*	*16,2*	*17,9%*	*33,9*	56,4%
Vermietungsquote	93,5%	93,1%			
EBT	5,8	8,8	-34,1%	11,6	49,9%
FFO	**4,7**	**5,0**	**-6,0%**	**9,3**	**50,4%**

Source: Company data; AlsterResearch

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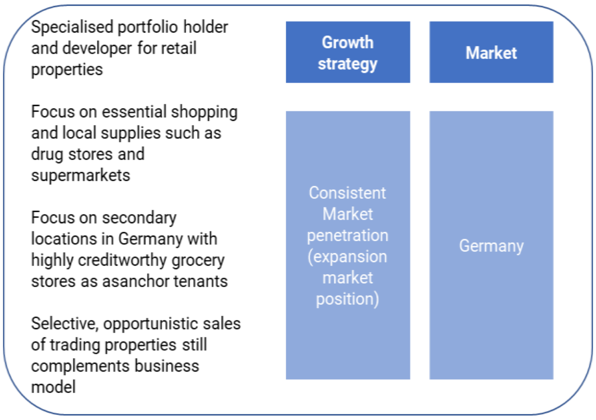
Recent transactions overview

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	0,00
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/Marktredwit:	DIY, RHG Bau & Garten	700	11.500	5		5,07
2023									
2023	D	na	Kitzbühel (Teil-VK)						
2023	D	na	Gummersbach (Teil-VK)						
2023	D	na	Würselen						
2023	D	na	Frankfenberg						
2023	D	na	Söhlde-Hoheneggelsen						

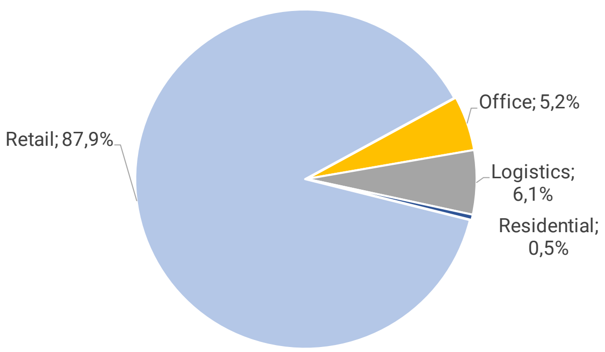
Source: Company data, AlsterResearch, P=purchase, D=disposal

Investment case in six Charts

Business Model



Rental income as per asset class 2022

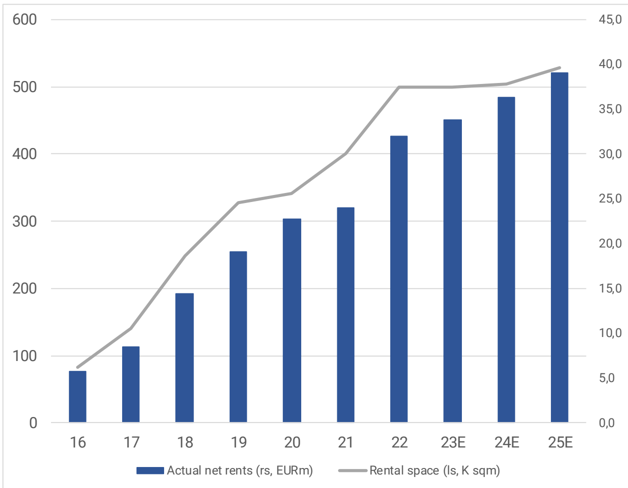


Major tenants

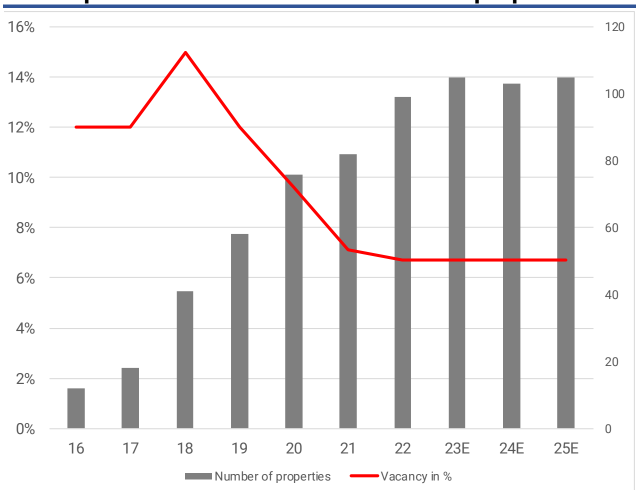
Food retail / grocery

Specialty retail

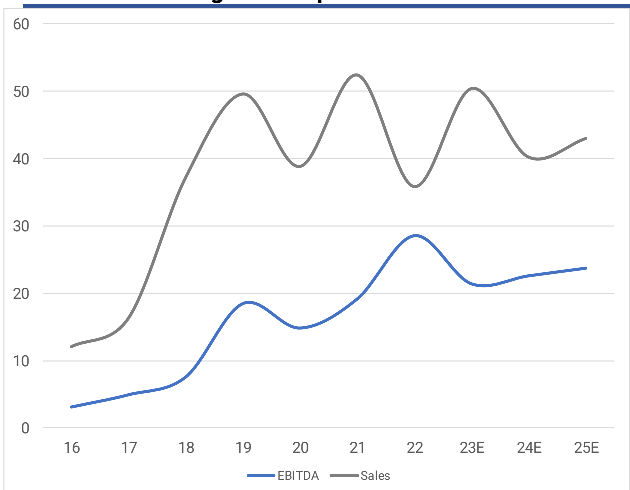
Rental Space and actual net rental income



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 degression 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 23.47 per share**:

Top-line growth: We expect FCR Immobilien AG to grow revenues at a CAGR of 2.5% 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 1.05. Unlevering and correcting for mean reversion yields an asset beta of 1.03. Combined with a risk free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 10.5%. 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 8.3%.

DCF (EURm) (except per share data and beta)	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Terminal value
NOPAT	14.6	15.5	17.1	19.1	20.0	22.2	23.3	24.6	
Depreciation & amortization	0.5	0.4	0.0	0.0	0.0	0.0	0.0	0.0	
Change in working capital	-3.0	1.2	-0.2	-0.2	-0.2	-0.2	-0.3	-0.3	
Chg. in long-term provisions	-2.4	-2.7	-2.3	-2.5	-3.0	-2.6	-2.7	-2.7	
Capex	0.9	-18.9	-21.0	-21.9	-11.0	-10.4	-10.9	-10.8	
Cash flow	10.6	-4.5	-6.5	-5.5	5.8	8.9	9.6	10.8	175.5
Present value	10.3	-4.1	-5.4	-4.3	4.1	5.9	5.8	6.0	98.0
WACC	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.3%

DCF per share derived from	
Total present value	116.4
Mid-year adj. total present value	121.1
Net debt / cash at start of year	328.1
Financial assets	430.9
Provisions and off b/s debt	na
Equity value	223.9
No. of shares outstanding	9.5
Discounted cash flow / share	**23.47**
upside/(downside)	**90.8%**
Share price	**12.30**

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2023E-2030E)	2.5%
Terminal value growth (2030E - infinity)	2.0%
Terminal year ROCE	8.8%
Terminal year WACC	8.3%

Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	25.0%
Equity beta	1.05
Unlevered beta (industry or company)	1.03
Target debt / equity	0.5
Relevered beta	1.42
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	10.5%

Sensitivity analysis DCF

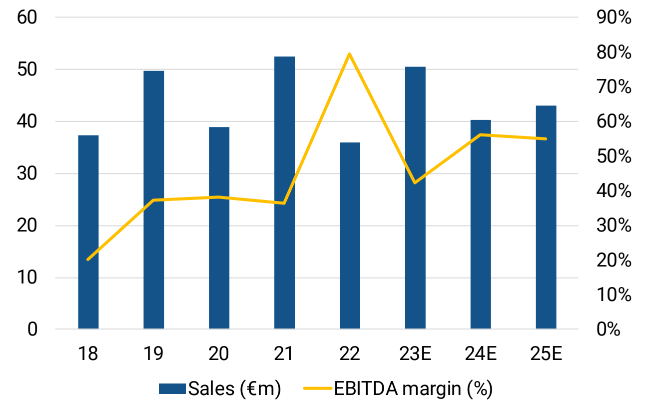
Change in WACC (%-points)	Long term growth 1.0%	1.5%	2.0%	2.5%	3.0%
2.0%	18.9	19.3	19.8	20.3	20.8
1.0%	20.2	20.8	21.3	22.0	22.8
0.0%	21.9	22.6	23.5	24.5	25.6
-1.0%	24.2	25.2	26.4	27.9	29.8
-2.0%	27.3	28.9	30.8	33.3	36.5

Share of present value	
2023E-2026E	-2.9%
2027E-2030E	18.7%
terminal value	84.2%

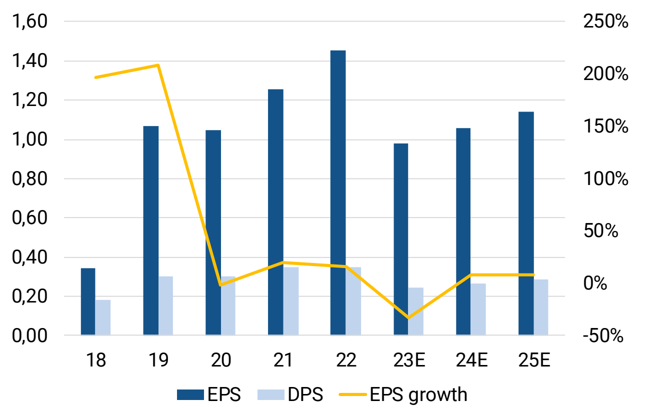
Source: AlsterResearch

Financials in six charts

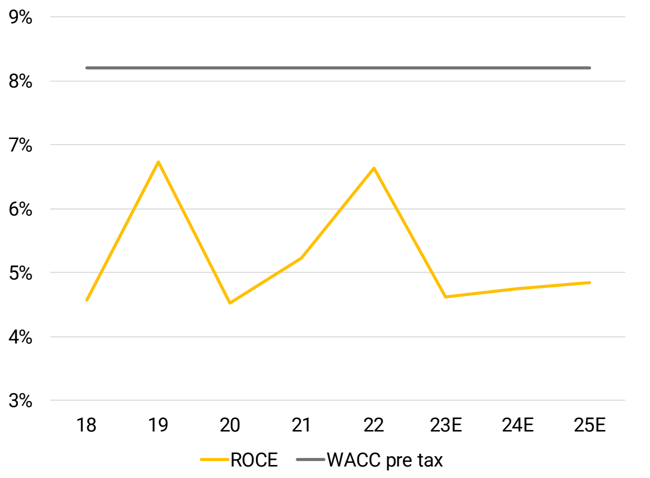
Sales vs. EBITDA margin development



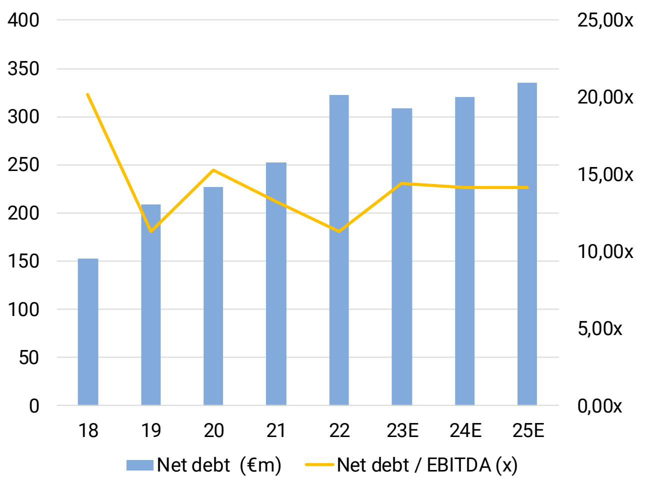
EPS, DPS in EUR & yoy EPS growth



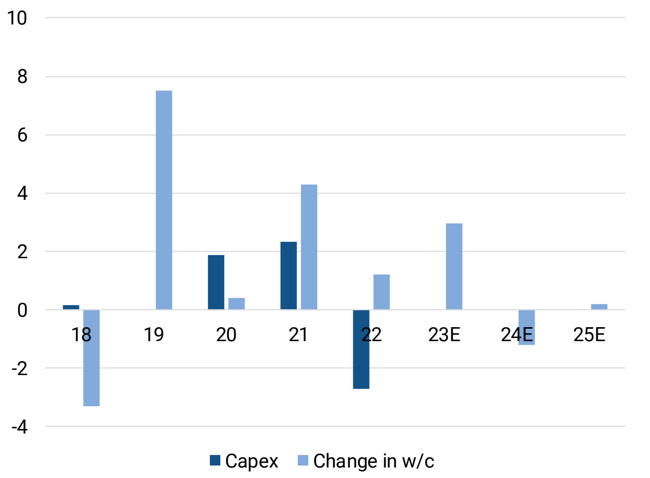
ROCE vs. WACC (pre tax)



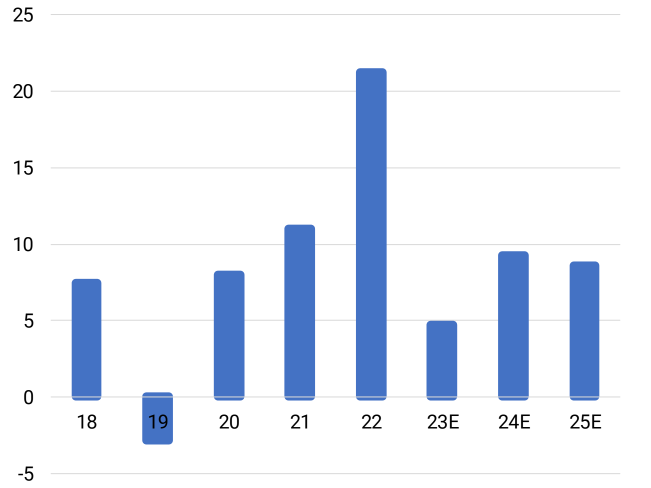
Net debt and net debt/EBITDA



Capex & chg in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; AlsterResearch

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Financials

Profit and loss (EURm)	2020	2021	2022	2023E	2024E	2025E
Net sales	**38.9**	**52.5**	**35.9**	**50.5**	**40.3**	**43.1**
Sales growth	-21.7%	34.9%	-31.6%	40.5%	-20.2%	6.9%
Change in finished goods and work-in-process	3.2	2.6	2.4	0.3	0.0	-0.3
Total sales	**42.1**	**55.1**	**38.4**	**50.7**	**40.3**	**42.8**
Change in the value of investment property	0.8	4.8	9.9	2.6	2.7	2.4
Expenses from financial investments held real estate	10.9	24.4	0.9	12.5	0.0	0.0
Personnel expenses	12.5	11.9	12.9	13.1	13.8	14.5
Material expenses and other opex	12.5	11.9	12.9	13.1	13.8	14.5
Total operating expenses	27.3	35.9	9.8	29.3	17.7	19.0
EBITDA	**14.8**	**19.2**	**28.6**	**21.4**	**22.6**	**23.7**
Depreciation	0.4	0.6	1.1	0.5	0.4	0.0
EBITA	14.4	18.5	27.4	20.9	22.2	23.7
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**	**20.9**	**22.2**	**23.7**
Financial result	-6.7	-6.6	-10.1	-9.3	-9.6	-10.2
Recurring pretax income from continuing operations	7.7	11.9	17.3	11.6	12.6	13.6
Extraordinary income/loss	3.8	3.0	0.0	0.0	0.0	0.0
Earnings before taxes	11.5	14.9	17.3	11.6	12.6	13.6
Taxes	1.9	2.7	3.1	2.1	2.3	2.4
Net income from continuing operations	9.6	12.1	14.2	9.5	10.3	11.1
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**	**9.5**	**10.3**	**11.1**
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	9.6	12.1	14.2	9.5	10.3	11.1
Average number of shares	9.15	9.69	9.76	9.87	9.87	9.87
EPS reported	**1.05**	**1.25**	**1.45**	**0.97**	**1.05**	**1.13**

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%	-1%
Total sales	**108%**	**105%**	**107%**	**100%**	**100%**	**99%**
Change in the value of investment property	2%	9%	28%	5%	7%	6%
Expenses from financial investments held real estate	28%	46%	3%	25%	0%	0%
Personnel expenses	32%	23%	36%	26%	34%	34%
Material expenses and other opex	32%	23%	36%	26%	34%	34%
Total operating expenses	70%	68%	27%	58%	44%	44%
EBITDA	**38%**	**36%**	**80%**	**42%**	**56%**	**55%**
Depreciation	1%	1%	3%	1%	1%	0%
EBITA	37%	35%	76%	41%	55%	55%
Amortisation of goodwill and intangible assets	0%	0%	0%	0%	0%	0%
Impairment charges	0%	0%	0%	0%	0%	0%
EBIT	**37%**	**35%**	**76%**	**41%**	**55%**	**55%**
Financial result	-17%	-13%	-28%	-18%	-24%	-24%
Recurring pretax income from continuing operations	20%	23%	48%	23%	31%	32%
Extraordinary income/loss	10%	6%	0%	0%	0%	0%
Earnings before taxes	30%	28%	48%	23%	31%	32%
Taxes	5%	5%	9%	4%	6%	6%
Net income from continuing operations	25%	23%	39%	19%	26%	26%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	**25%**	**23%**	**39%**	**19%**	**26%**	**26%**
Minority interest	0%	0%	0%	0%	0%	0%
Net profit (reported)	**25%**	**23%**	**39%**	**19%**	**26%**	**26%**

Source: Company data; AlsterResearch

AlsterResearch

Balance sheet (EURm)	2020	2021	2022	2023E	2024E	2025E
Intangible assets (exl. 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	432.6	454.2	477.6
FIXED ASSETS	**322.8**	**358.9**	**437.9**	**439.1**	**460.3**	**483.6**
Inventories	4.2	2.4	1.2	1.8	1.9	2.0
Accounts receivable	5.2	16.6	7.1	5.5	4.4	4.6
Other current assets	7.6	5.5	18.1	18.1	18.1	18.1
Liquid assets	8.7	18.7	5.6	11.8	9.8	14.8
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	0.2	0.2	0.2
CURRENT ASSETS	**25.8**	**43.3**	**33.6**	**37.4**	**34.3**	**39.6**
TOTAL ASSETS	**348.7**	**402.2**	**471.5**	**476.4**	**494.5**	**523.2**
SHAREHOLDERS EQUITY	**92.4**	**108.0**	**118.8**	**136.8**	**144.7**	**153.3**
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	211.1	259.6	280.5	320.0	330.0	350.0
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	0.5	0.5	0.6
Non-current liabilities	**212.6**	**260.0**	**280.8**	**320.5**	**330.5**	**350.6**
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	0.4	0.4	0.4
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	1.8	1.9	1.9
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**	**19.3**	**19.4**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**348.7**	**402.2**	**471.5**	**476.4**	**494.5**	**523.2**

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%	1%	0%	0%
Financial assets	92%	88%	91%	91%	92%	91%
FIXED ASSETS	**93%**	**89%**	**93%**	**92%**	**93%**	**92%**
Inventories	1%	1%	0%	0%	0%	0%
Accounts receivable	1%	4%	2%	1%	1%	1%
Other current assets	2%	1%	4%	4%	4%	3%
Liquid assets	3%	5%	1%	2%	2%	3%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
CURRENT ASSETS	**7%**	**11%**	**7%**	**8%**	**7%**	**8%**
TOTAL ASSETS	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
SHAREHOLDERS EQUITY	**27%**	**27%**	**25%**	**29%**	**29%**	**29%**
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	61%	65%	59%	67%	67%	67%
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%**	**67%**	**67%**	**67%**
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%	4%	3%	3%
Deferred income	0%	0%	0%	0%	0%	0%
Current liabilities	**13%**	**8%**	**15%**	**4%**	**4%**	**4%**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Company data; AlsterResearch

AlsterResearch

Cash flow statement (EURm)	2020	2021	2022	2023E	2024E	2025E
Net profit/loss	9.6	12.1	14.2	9.5	10.3	11.1
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	-2.4	-2.7	-2.3
Cash flow from operations before changes in w/c	10.3	17.6	20.3	7.7	8.1	8.8
Increase/decrease in inventory	-2.4	1.8	1.2	-0.6	-0.1	-0.1
Increase/decrease in accounts receivable	4.5	-11.4	9.5	1.6	1.2	-0.2
Increase/decrease in accounts payable	-0.7	1.5	-1.5	-1.1	0.0	0.0
Increase/decrease in other w/c positions	-1.9	3.9	-10.3	-2.9	0.1	0.1
Increase/decrease in working capital	-0.4	-4.3	-1.2	-3.0	1.2	-0.2
Cash flow from operating activities	**9.8**	**13.3**	**18.5**	**4.7**	**9.3**	**8.6**
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	0.9	-18.9	-21.0
Income from asset disposals	-1.4	1.0	-6.3	11.9	0.0	0.0
Cash flow from investing activities	**-20.9**	**-41.3**	**-74.4**	**12.8**	**-18.9**	**-21.0**
Cash flow before financing	-11.0	-28.0	-55.9	17.5	-9.6	-12.4
Increase/decrease in debt position	16.7	35.8	48.8	-7.8	10.0	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	-2.4	-2.6
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**	**-11.2**	**7.6**	**17.4**
Increase/decrease in liquid assets	-3.1	9.2	-9.3	6.3	-2.0	5.0
Liquid assets at end of period	**5.6**	**14.8**	**5.6**	**11.8**	**9.8**	**14.8**

Source: Company data; AlsterResearch

Real estate ratios in EURm	2020	2021	2022	2023E	2024E	2025E
Number of properties	83	99	105	103	105	108
Rental space	342,000	400,000	500,000	499,550	504,000	529,200
Actual net rents	22.7	24.1	32.0	33.9	36.3	39.1
FFO	4.9	7.1	9.4	9.3	10.0	10.8
FFO margin	21.6%	29.4%	29.3%	27.5%	27.7%	27.6%
FFOPS	0.54	0.73	0.96	0.94	1.02	1.09
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	432.6	451.5	475.2
ACTUAL net rental returns	7.2%	7.0%	7.3%	7.8%	8.0%	8.2%
WAULT	5.1	5.4	5.2	5.3	5.3	5.3
NAV	11.7	12.5	13.9	15.6	16.4	17.2
LTV	69.7%	71.5%	69.6%	67.1%	66.9%	66.7%

Source: Company data; AlsterResearch

AlsterResearch

Ratios	2020	2021	2022	2023E	2024E	2025E
Per share data						
Earnings per share reported	1.05	1.25	1.45	0.97	1.05	1.13
Cash flow per share	1.03	1.31	1.78	0.42	0.90	0.87
Book value per share	10.11	11.14	12.17	13.86	14.66	15.53
Dividend per share	0.30	0.35	0.35	0.24	0.26	0.28
Valuation						
P/E	11.8x	9.8x	8.5x	12.7x	11.7x	10.9x
P/CF	11.9x	9.4x	6.9x	29.0x	13.7x	14.2x
P/BV	1.2x	1.1x	1.0x	0.9x	0.8x	0.8x
Dividend yield (%)	2.4%	2.8%	2.8%	2.0%	2.1%	2.3%
FCF yield (%)	8.4%	10.7%	14.5%	3.5%	7.3%	7.1%
EV/Sales	9.0x	7.1x	12.4x	8.5x	11.0x	10.6x
EV/EBITDA	23.5x	19.5x	15.5x	20.1x	19.5x	19.2x
EV/EBIT	24.1x	20.2x	16.2x	20.5x	19.9x	19.2x
Income statement (EURm)						
Sales	38.9	52.5	35.9	50.5	40.3	43.1
yoy chg in %	-21.7%	34.9%	-31.6%	40.5%	-20.2%	6.9%
Gross profit	10.9	24.4	0.9	12.5	0.0	0.0
Gross margin in %	28.0%	46.5%	2.5%	24.7%	0.0%	0.0%
EBITDA	14.8	19.2	28.6	21.4	22.6	23.7
EBITDA margin in %	38.1%	36.5%	79.5%	42.4%	56.1%	55.1%
EBIT	14.4	18.5	27.4	20.9	22.2	23.7
EBIT margin in %	37.1%	35.3%	76.4%	41.4%	55.0%	55.1%
Net profit	9.6	12.1	14.2	9.5	10.3	11.1
Cash flow statement (EURm)						
CF from operations	9.8	13.3	18.5	4.7	9.3	8.6
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	4.7	9.3	8.6
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	136.8	144.7	153.3
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	237.1	271.9	328.1	320.5	330.5	350.6
Net financial debt	226.9	252.7	322.3	308.2	320.2	335.2
w/c requirements	7.8	16.0	6.9	6.9	5.8	6.1
Ratios						
ROE	10.3%	11.2%	11.9%	7.0%	7.1%	7.3%
ROCE	4.4%	4.9%	6.1%	4.6%	4.7%	4.7%
Net gearing	245.5%	234.0%	271.3%	225.3%	221.2%	218.7%
Net debt / EBITDA	15.3x	13.2x	11.3x	14.4x	14.2x	14.1x

Source: Company data; AlsterResearch

AlsterResearch

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