

FCR Immobilien AG

Germany | Real Estate | MCap EUR 108.6m

9 November 2023

UPDATE



Strategically important portfolio realignment completed; BUY

What's it all about?

FCR Immobilien ("FCR") has reached an important strategic milestone with the sale of the Il Pelagone hotel property in Italy. The sale is the final step towards a pure-play retail portfolio in established secondary locations in Germany. We expect that the sale will have a positive impact on cash flow and should further reduce the company's overall debt and/or free up fresh funds for further expansion. The hotel property was acquired in 2018 and has now been sold to a JV of investment companies with an expected yield (IRR) of approx. 10-12% (eAR). We reiterate our BUY rating with an unchanged price target of EUR 23.50. Management will provide further insights in an earnings call alongside the publication of its Q3 results. The call will take place online on November 14. and interested investors can register [here](#).

BUY (BUY)

Target price	EUR 23.50 (23.50)
Current price	EUR 11.00
Up/downside	113.6%

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FCR Immobilien AG

Germany | Real Estate | MCap EUR 108.6m | EV EUR 430.8m

BUY (BUY)

Target price EUR 23.50 (23.50)
Current price EUR 11.00
Up/downside 113.6%

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Strategically important portfolio realignment completed; BUY

Strategic milestone achieved FCR Immobilien ("FCR") yesterday announced an important strategic milestone with the sale of the Il Pelagone hotel property in Italy. With this sale, FCR takes an important and final step towards becoming a pure portfolio holder of retail properties in established secondary locations in Germany. The sale price corresponds to the market value determined by an external surveyor.

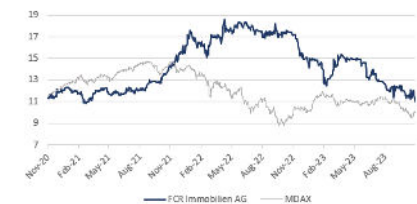
Positive effect on cash flow Accordingly, we assume that the sale will lead to correspondingly higher revenues in 2023, but that the proceeds from the sale will be income neutral on the bottom-line. On the cash flow side, FCR should benefit from a capital return of EUR 20m, which should reduce the group's total debt by around 7% and/or free up fresh capital for further expansion. In addition, we expect the portfolio streamlining to lead to a significant improvement in financial metrics in the coming years, in particular a sustainable increase in FFO.

IRR of 10-12% The hotel property was acquired in 2018 for purely opportunistic reasons with a view to reselling it following the implementation of value enhancement measures. The purchase price amounted to around EUR 10m. The hotel property was sold to a joint venture of investor companies at an expected IRR (eAR) of 10-12% (excluding gains and losses during the period).

New bond issuing to drive growth in lucrative niche market With a view to its core market of local retail properties, FCR intends to take advantage of the increasingly attractive investment opportunities in this area and thus further expand its property portfolio on a sustainable basis. In this context, the company plans to issue a new bond with a fixed interest rate of 7.25% p.a. and a maturity of 5 years. The issue volume will be up to EUR 60m, and is expected to be available for subscription until 21 November 2023. The new bond is already the sixth bond that FCR has placed on the capital market and - where due - repaid on schedule. This makes FCR one of the most reliable issuers in the often troubled SME bond segment. *-continued-*

FCR Immobilien AG	2020	2021	2022	2023E	2024E	2025E
Sales	38.9	52.5	35.9	69.5	39.9	42.7
<i>Growth yoy</i>	-21.7%	34.9%	-31.6%	93.6%	-42.6%	6.9%
EBIT	14.4	18.5	27.4	21.1	22.4	23.9
FFO	4.9	7.1	9.4	9.3	10.3	11.0
FFO-Margin	21.6%	29.4%	29.3%	27.7%	28.8%	28.4%
Net profit	9.6	12.1	14.2	9.7	10.5	11.3
Net debt (net cash)	226.9	252.7	322.3	288.8	299.6	314.0
LTV	69.7%	71.5%	69.6%	65.7%	65.4%	65.2%
EPS recurring	1.05	1.25	1.45	0.98	1.07	1.14
FFOPS	0.54	0.73	0.96	0.94	1.05	1.11
DPS	0.30	0.35	0.35	0.25	0.27	0.29
<i>Dividend yield</i>	2.7%	3.2%	3.2%	2.2%	2.4%	2.6%
FFO-yield	4.9%	6.6%	8.7%	8.6%	9.5%	10.1%
EV/EBIT	23.3x	19.5x	15.7x	18.8x	18.2x	17.7x
P/E	10.5x	8.8x	7.6x	11.2x	10.3x	9.6x

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

High/low 52 weeks 17.20 / 10.70
Price/Book Ratio 0.9x

Ticker / Symbols

ISIN DE000A1YC913
WKN A1YC91
Bloomberg FC9:GR

Changes in estimates

		Sales	EBIT	EPS
2023E	old	50.5	20.9	0.97
	Δ	37.8%	0.8%	1.5%
2024E	old	40.3	22.2	1.05
	Δ	-0.9%	1.0%	1.7%
2025E	old	43.1	23.7	1.13
	Δ	-0.8%	0.6%	1.1%

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 & Mgmt 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.

Conclusion: With the portfolio streamlining announced yesterday, FCR is delivering on its commitment to focus on its core business. In addition to the strategic implications, the sale should also contribute to de-risking through lower financial liabilities and/or free up fresh funds for further expansion. Furthermore, we expect the attractiveness of the business model to be more clearly reflected in the financial figures in the future. We therefore reiterate our BUY rating and leave our price target unchanged at EUR 23.50, which represents an upside of more than 100%. Note: Management, led by CEO Falk Raudies and CFO Christoph Schillmaier, will hold an earnings call on Nov. 14 in order to discuss the Q3 results. Interested investors can register at the following [link](#).

Recent transactions overview

Date	Purchase / Disposal	Type	Location	Anchor tenant	net rent in EUR K	Leasable area in sqm	WAULT Years	Purch. / Disp. price EURm
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		
21.10.2020	P	Shopping centre	Eilenburg	Kaufland und toom Baumarkt	800	15.000	8,7	10
27.10.2020	P	Grocery stores			185	-		1,99
		Retail	Ruhle, Thüringen	Netto	100	1.200	9	
		Retail	Bückeburg, Thüringen	Niedrig-Preis-Markt (NP)	85	1.000	4	
30.10.2020	P	Retail	Ludwigslust	toom Baumarkt	435	7.600		3,8
03.11.2020	D	Specialty retail	Oer-Erkenschwick, NRW	Buschkamp-Center		6.200		
06.11.2020	D	Specialty retail	Magdeburg			2.800		
17.11.2020	P	Specialty retail	Pulsnitz, Sachsen	Hammer und Pfennigpfeiffer	173	3.300		1,51
08.12.2020	D	Specialty retail	Pößneck, Thüringen	NKD, vongut		7.600		
2021								
09.04.2021	P	Specialty retail	Görlitz	Möbel Roller, toom Baumarkt	1600	28.000	6	21,5 (eAR)
30.04.2021	P	Specialty retail	Bauzen, Dresden, Plauen	pitstop, Carglass, Dänisches B.		4.200		
30.04.2021	P	Specialty retail	Altenberg	Netto, lokaler Baumarkt	600	3.300		7 (eAR)
09.06.2021	P	Specialty retail	Zollenroder	Pfennigpfeiffer	92	1.144	4,8	0,9 (eAR)
09.06.2021	P	Retail	Eching		160	5.000	6,9	2,9 (eAR)
01.09.2021	P	Specialty retail	Finsterwalde	EDEKA, Rossmann, Deichmann	500	5.000	4,3	5,3 (eAR)
10.11.2021	P	Commercial building	Siegen	100% C&A	>1000	7.112	6,4	10,5 (eAR)
02.12.2021	P	Shopping centre	Eisenach	Marktkauf, toom, TEDI, Woolwort	4000	26.000	0	30 (eAR)
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)
11.01.2022	P	Specialty retail	Lüchte, Bad Piermont	toom Baumarkt	460	6.400	2,1	4,8 (aAR)
11.01.2022	P	Specialty retail	Zeithain	Hammer Fachmärkte	260	7.850	3,5	1,6 (eAR)
2022								
18.02.2022	P	Specialty retail	Zella-Mehlis	EDEKA	300	6.500	5,3	3-3,5 (eAR)
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)
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/Marktrechwitz	DIY, RHG Bau & Garten	700	11.500	5	
2023								
2023	D	na	Kitzbüchel (Teil-VK)					
2023	D	na	Gummersbach (Teil-VK)					
2023	D	na	Würselen					
2023	D	na	Frankenberg					
2023	D	na	Söhlde-Hoheneggelsen					
2023	D	Hotel	Il Pelagone					20

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

Investment case in six Charts

Business Model

Specialised portfolio holder and developer for retail properties

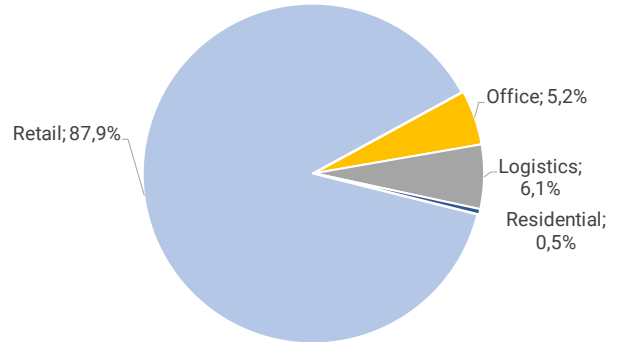
Focus on essential shopping and local supplies such as drug stores and supermarkets

Focus on secondary locations in Germany with highly creditworthy grocery stores as anchor tenants

Selective, opportunistic sales of trading properties still complements business model

Growth strategy	Market
Consistent Market penetration (expansion market position)	Germany

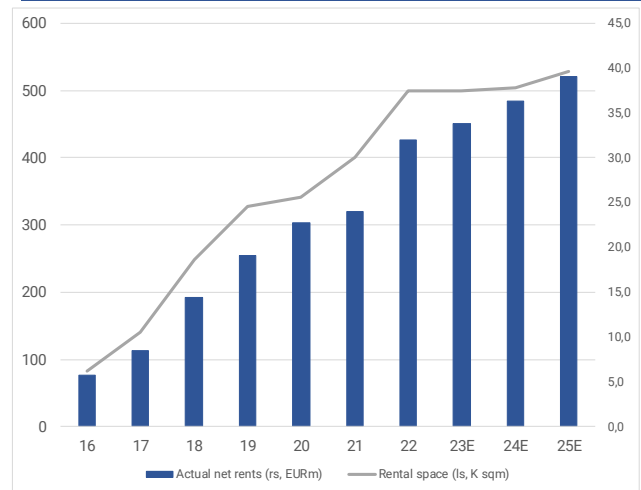
Rental income as per asset class 2022



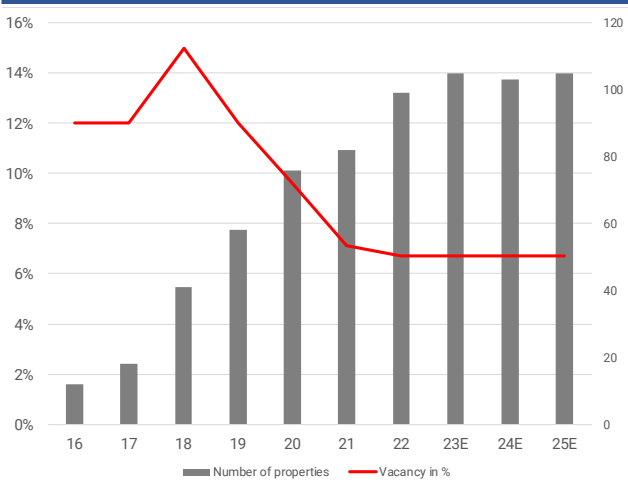
Major tenants

Food retail / grocery	Specialty retail

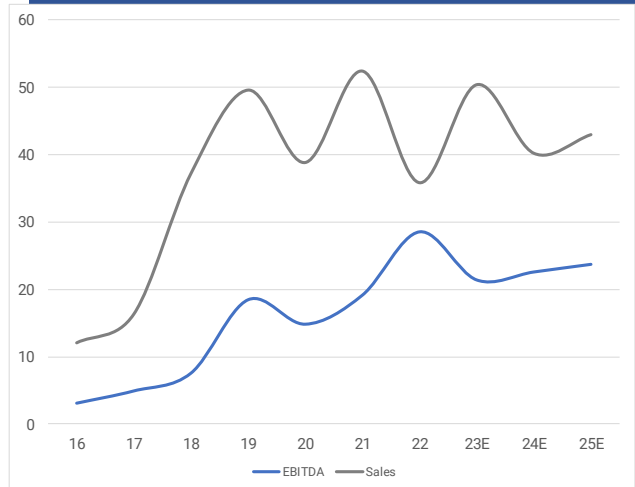
Rental Space and actual net rental income



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 23.48 per share**:

Top-line growth: We expect FCR Immobilien AG to grow revenues at a CAGR of -2.4% 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	14.8	15.8	17.3	15.9	16.6	18.6	18.8	19.1	
Depreciation & amortization	0.5	0.4	0.0	0.0	0.0	0.0	0.0	0.0	
Change in working capital	-4.4	1.7	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	
Chg. in long-term provisions	-2.1	-2.5	-2.2	-2.3	-2.9	-2.5	-2.6	-2.7	
Capex	21.3	-18.5	-20.5	-21.5	-6.1	-10.0	-30.1	-6.0	
Cash flow	30.2	-3.2	-5.7	-8.1	7.3	5.8	-14.1	10.2	170.4
Present value	29.8	-2.9	-4.8	-6.4	5.3	3.9	-8.8	5.9	97.8
WACC	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.1%

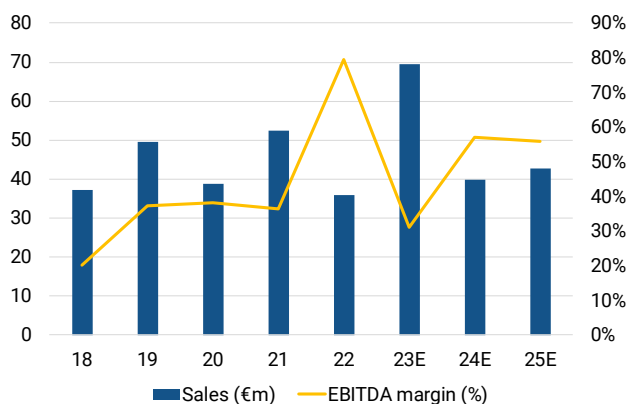
DCF per share derived from		DCF avg. growth and earnings assumptions	
Total present value	119.8	Planning horizon avg. revenue growth (2023E-2030E)	-2.4%
Mid-year adj. total present value	124.5	Terminal value growth (2030E - infinity)	2.0%
Net debt / cash at start of year	328.1	Terminal year ROCE	6.8%
Financial assets	430.9	Terminal year WACC	8.1%
Provisions and off b/s debt	na		
Equity value	227.3		
No. of shares outstanding	9.7		
Discounted cash flow / share upside/(downside)	23.48 113.5%		
		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	11.00		

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%		19.2	19.6	20.0	20.5	21.1	2023E-2026E	13.1%
1.0%		20.4	20.9	21.5	22.2	23.0	2027E-2030E	5.2%
0.0%		21.9	22.6	23.5	24.5	25.7	terminal value	81.6%
-1.0%		24.0	25.1	26.3	27.9	29.8		
-2.0%		27.0	28.7	30.7	33.2	36.6		

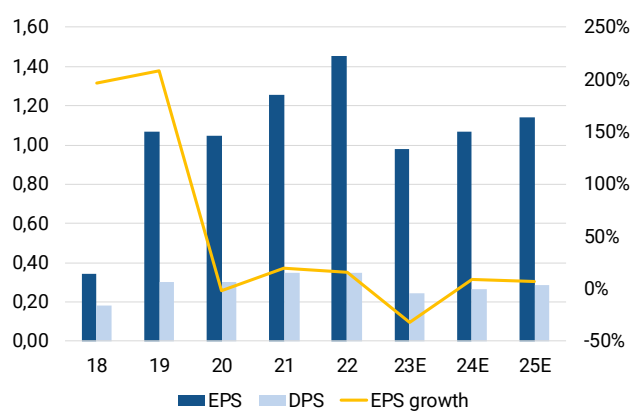
Source: AlsterResearch

Financials in six charts

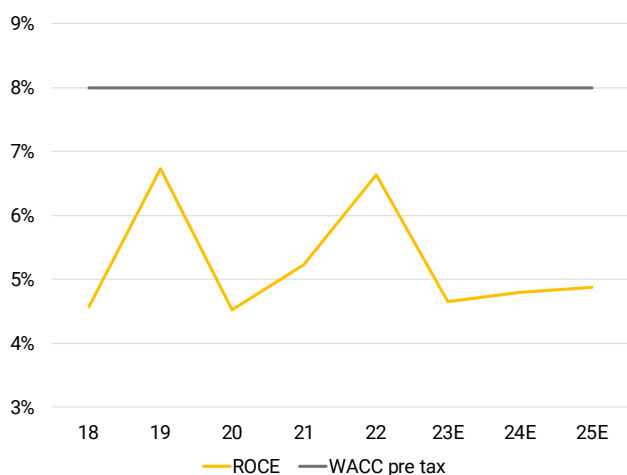
Sales vs. EBITDA margin development



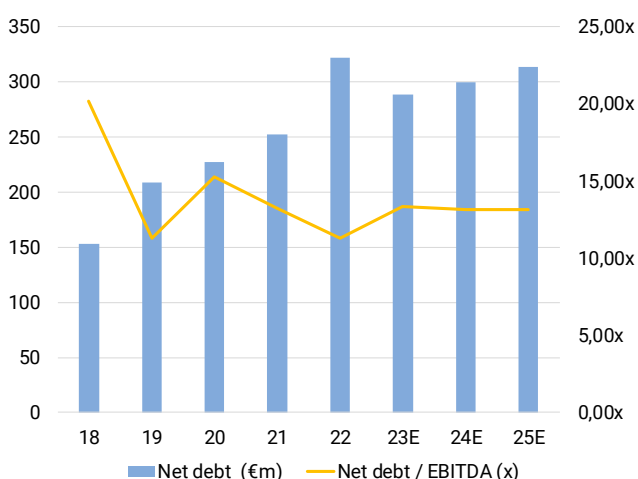
EPS, DPS in EUR & yoy EPS growth



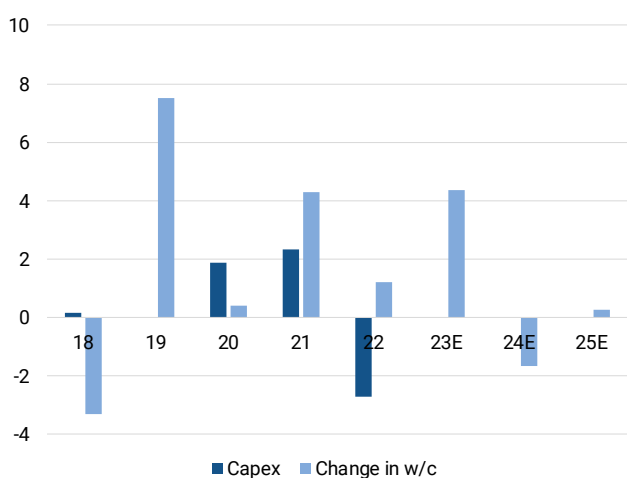
ROCE vs. WACC (pre tax)



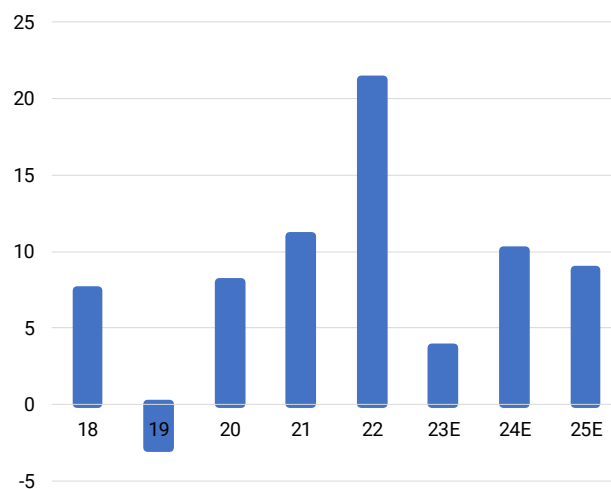
Net debt and net debt/EBITDA



Capex & chg in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; AlsterResearch

Financials

Profit and loss (EURm)	2020	2021	2022	2023E	2024E	2025E
Net sales	38.9	52.5	35.9	69.5	39.9	42.7
Sales growth	-21.7%	34.9%	-31.6%	93.6%	-42.6%	6.9%
Change in finished goods and work-in-process	3.2	2.6	2.4	0.3	0.0	-0.4
Total sales	42.1	55.1	38.4	69.9	39.9	42.3
Change in the value of investment property	0.8	4.8	9.9	2.5	2.6	2.3
Expenses from financial investments held real estate	10.9	24.4	0.9	32.0	0.0	0.0
Personnel expenses	12.5	11.9	12.9	13.9	14.6	15.3
Material expenses and other opex	12.5	11.9	12.9	13.9	14.6	15.3
Total operating expenses	27.3	35.9	9.8	48.3	17.1	18.4
EBITDA	14.8	19.2	28.6	21.6	22.8	23.9
Depreciation	0.4	0.6	1.1	0.5	0.4	0.0
EBITA	14.4	18.5	27.4	21.1	22.4	23.9
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	21.1	22.4	23.9
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	11.8	12.8	13.7
Extraordinary income/loss	3.8	3.0	0.0	0.0	0.0	0.0
Earnings before taxes	11.5	14.9	17.3	11.8	12.8	13.7
Taxes	1.9	2.7	3.1	2.1	2.3	2.5
Net income from continuing operations	9.6	12.1	14.2	9.7	10.5	11.3
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	9.7	10.5	11.3
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	9.6	12.1	14.2	9.7	10.5	11.3
Average number of shares	9.15	9.69	9.76	9.87	9.87	9.87
EPS reported	1.05	1.25	1.45	0.98	1.07	1.14

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%	0%	0%	-1%
Total sales	108%	105%	107%	100%	100%	99%
Change in the value of investment property	2%	9%	28%	4%	6%	5%
Expenses from financial investments held real estate	28%	46%	3%	46%	0%	0%
Personnel expenses	32%	23%	36%	20%	37%	36%
Material expenses and other opex	32%	23%	36%	20%	37%	36%
Total operating expenses	70%	68%	27%	69%	43%	43%
EBITDA	38%	36%	80%	31%	57%	56%
Depreciation	1%	1%	3%	1%	1%	0%
EBITA	37%	35%	76%	30%	56%	56%
Amortisation of goodwill and intangible assets	0%	0%	0%	0%	0%	0%
Impairment charges	0%	0%	0%	0%	0%	0%
EBIT	37%	35%	76%	30%	56%	56%
Financial result	-17%	-13%	-28%	-13%	-24%	-24%
Recurring pretax income from continuing operations	20%	23%	48%	17%	32%	32%
Extraordinary income/loss	10%	6%	0%	0%	0%	0%
Earnings before taxes	30%	28%	48%	17%	32%	32%
Taxes	5%	5%	9%	3%	6%	6%
Net income from continuing operations	25%	23%	39%	14%	26%	26%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	25%	23%	39%	14%	26%	26%
Minority interest	0%	0%	0%	0%	0%	0%
Net profit (reported)	25%	23%	39%	14%	26%	26%

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	412.1	433.1	455.9
FIXED ASSETS	322.8	358.9	437.9	418.6	439.2	462.0
Inventories	4.2	2.4	1.2	1.7	1.8	1.9
Accounts receivable	5.2	16.6	7.1	7.6	6.0	6.3
Other current assets	7.6	5.5	18.1	18.1	18.1	18.1
Liquid assets	8.7	18.7	5.6	31.2	30.4	36.0
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	58.9	56.5	62.5
TOTAL ASSETS	348.7	402.2	471.5	477.4	495.7	524.5
SHAREHOLDERS EQUITY	92.4	108.0	118.8	136.9	145.0	153.6
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	0.7	0.7	0.8
Non-current liabilities	212.6	260.0	280.8	320.7	330.7	350.8
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	2.4	2.6	2.7
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	19.8	19.9	20.1
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	348.7	402.2	471.5	477.4	495.7	524.5

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%	86%	87%	87%
FIXED ASSETS	93%	89%	93%	88%	89%	88%
Inventories	1%	1%	0%	0%	0%	0%
Accounts receivable	1%	4%	2%	2%	1%	1%
Other current assets	2%	1%	4%	4%	4%	3%
Liquid assets	3%	5%	1%	7%	6%	7%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
CURRENT ASSETS	7%	11%	7%	12%	11%	12%
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%	1%	1%	1%
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

Cash flow statement (EURm)	2020	2021	2022	2023E	2024E	2025E
Net profit/loss	9.6	12.1	14.2	9.7	10.5	11.3
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	-2.1	-2.5	-2.2
Cash flow from operations before changes in w/c	10.3	17.6	20.3	8.1	8.4	9.0
Increase/decrease in inventory	-2.4	1.8	1.2	-0.5	-0.1	-0.1
Increase/decrease in accounts receivable	4.5	-11.4	9.5	-0.5	1.6	-0.3
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	-2.3	0.1	0.1
Increase/decrease in working capital	-0.4	-4.3	-1.2	-4.4	1.7	-0.3
Cash flow from operating activities	9.8	13.3	18.5	3.7	10.0	8.8
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	21.3	-18.5	-20.5
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	33.2	-18.5	-20.5
Cash flow before financing	-11.0	-28.0	-55.9	36.9	-8.4	-11.8
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	25.7	-0.9	5.6
Liquid assets at end of period	5.6	14.8	5.6	31.2	30.4	36.0

Source: Company data; AlsterResearch

Real estate ratios in EURm	2020	2021	2022	2023E	2024E	2025E
Number of properties	83	99	105	102	104	107
Rental space	342,000	400,000	500,000	494,700	499,200	524,300
Actual net rents	22.7	24.1	32.0	33.5	35.9	38.7
FFO	4.9	7.1	9.4	9.3	10.3	11.0
FFO margin	21.6%	29.4%	29.3%	27.7%	28.8%	28.4%
FFOPS	0.54	0.73	0.96	0.94	1.05	1.11
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	412.1	430.6	453.7
ACTUAL net rental returns	7.2%	7.0%	7.3%	8.1%	8.3%	8.5%
WAULT	5.1	5.4	5.2	5.3	5.3	5.3
NAV	11.7	12.5	13.9	15.6	16.4	17.3
LTV	69.7%	71.5%	69.6%	65.7%	65.4%	65.2%

Source: Company data; AlsterResearch

Ratios	2020	2021	2022	2023E	2024E	2025E
Per share data						
Earnings per share reported	1.05	1.25	1.45	0.98	1.07	1.14
Cash flow per share	1.03	1.31	1.78	0.33	0.98	0.89
Book value per share	10.11	11.14	12.17	13.87	14.69	15.57
Dividend per share	0.30	0.35	0.35	0.25	0.27	0.29
Valuation						
P/E	10.5x	8.8x	7.6x	11.2x	10.3x	9.6x
P/CF	10.7x	8.4x	6.2x	33.6x	11.3x	12.4x
P/BV	1.1x	1.0x	0.9x	0.8x	0.7x	0.7x
Dividend yield (%)	2.7%	3.2%	3.2%	2.2%	2.4%	2.6%
FCF yield (%)	9.4%	11.9%	16.2%	3.0%	8.9%	8.1%
EV/Sales	8.6x	6.9x	12.0x	5.7x	10.2x	9.9x
EV/EBITDA	22.6x	18.9x	15.1x	18.4x	17.9x	17.7x
EV/EBIT	23.3x	19.5x	15.7x	18.8x	18.2x	17.7x
Income statement (EURm)						
Sales	38.9	52.5	35.9	69.5	39.9	42.7
yoy chg in %	-21.7%	34.9%	-31.6%	93.6%	-42.6%	6.9%
Gross profit	10.9	24.4	0.9	32.0	0.0	0.0
Gross margin in %	28.0%	46.5%	2.5%	46.0%	0.0%	0.0%
EBITDA	14.8	19.2	28.6	21.6	22.8	23.9
EBITDA margin in %	38.1%	36.5%	79.5%	31.0%	57.1%	55.9%
EBIT	14.4	18.5	27.4	21.1	22.4	23.9
EBIT margin in %	37.1%	35.3%	76.4%	30.3%	56.1%	55.9%
Net profit	9.6	12.1	14.2	9.7	10.5	11.3
Cash flow statement (EURm)						
CF from operations	9.8	13.3	18.5	3.7	10.0	8.8
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	3.7	10.0	8.8
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	136.9	145.0	153.6
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	237.1	271.9	328.1	320.7	330.7	350.8
Net financial debt	226.9	252.7	322.3	288.8	299.6	314.0
w/c requirements	7.8	16.0	6.9	9.0	7.4	7.8
Ratios						
ROE	10.3%	11.2%	11.9%	7.1%	7.3%	7.3%
ROCE	4.4%	4.9%	6.1%	4.6%	4.7%	4.7%
Net gearing	245.5%	234.0%	271.3%	210.9%	206.6%	204.4%
Net debt / EBITDA	15.3x	13.2x	11.3x	13.4x	13.1x	13.2x

Source: Company data; AlsterResearch

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