

# FCR Immobilien AG

Germany | Real Estate | MCap EUR 108.6m

13 November 2023

UPDATE



## 9M '23 - Stable development in a challenging market; BUY

### What's it all about?

FCR Immobilien AG has published its key figures for the third quarter and first nine months, which underline the positive business development despite the difficult market environment. Thanks to indexed rents and a further reduction in vacancies, rental income and EBITDA increased by 8% to EUR 27.7m and EUR 19.3m respectively. Funds from operations (FFO) remained stable at EUR 6.8m, once again demonstrating the resilience of the business model in the face of rising interest costs. Following the successful sale of the last remaining trading asset - the Hotel Il Pelagone in Italy - the company is now focusing exclusively on the lucrative niche of commercial properties in promising secondary locations. We see our full-year estimates confirmed by the 9-month figures and reiterate our Buy recommendation with a target price of EUR 23.50. Management will provide further details in a conference call on 14 November as part of the Q3 report, including the issue of the new 7.25% bond. Register [here](#).

**BUY** (BUY)

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

**ResearchHub** 

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# FCR Immobilien AG

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

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## 9M '23 - Stable development in a challenging market; BUY

**Significant increase in rental income** FCR Immobilien AG ("FCR") published its key figures for the 3rd quarter / 9 months last Friday. These figures show a continued positive business development, which can be seen as very positive, especially against the background of the challenging market environment. At EUR 27.7m, rental income after 9 months 2023 (+8% yoy) is significantly higher than in the previous year. EBITDA also increased by 8% to EUR 19.3m. Last but not least, FCR benefits from the indexation of its leases, i.e. the indexation of rents to inflation. In addition, the occupancy rate was further increased and currently stands at 93.5% (end of 2022: 93.3%), which in turn should have a positive impact on rental income after 9 months.

**FFO defies difficult market environment** At EUR 6.8m, funds from operations (FFO) were almost at the same level as last year (EUR 7.2m). This shows FCR's stable development in a challenging market environment and confirms that the company can almost fully compensate for rising interest costs through active asset management and an efficient cost structure.

**Lucrative niche** The positive development after 9 months once again confirms that FCR is active in a lucrative niche of the otherwise battered property market. The company focuses on retail properties (shopping centres and retail parks) in promising secondary locations in Germany. This niche is generally characterised by less competition, which has a positive effect on the initial yields that can be achieved. In addition, FCR generally rents its properties to financially strong retail chains, which guarantee stable rental income in the long term due to their local supply function (generally groceries). Despite these positive conditions, only moderate revaluations of the property portfolio have been carried out in the past in this segment of the property sector. Based on external valuations, FCR's portfolio is valued at a stable 12.7x, a valuation level that per se carries less risk of devaluation than, for example, residential or office properties, which are often valued at 30x annual net cold rent. In addition, the 12.7x factor implies an average yield on the property portfolio of around 7.9%, which allows for positive FFO even if interest rates rise. *-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.

**Sale of Il Pelagone - a "game changer"** FCR announced strategically important news last week with the sale of Hotel Il Pelagone in Italy. With the sale of its last opportunistic trading asset, FCR is now a pure play portfolio holder. In addition to increasing cash and cash equivalents by approximately EUR 20m, the sale is expected to have an immediate positive impact on key financial indicators such as the Group's FFO. FCR's nine-month figures once again confirm that the company operates in a lucrative niche in the ailing property sector. Rising interest rates can be more or less offset by indexation, resulting in stable FFO. FCR expects a continued positive development for the remainder of the year, which also confirms our estimates. We reiterate our BUY recommendation with an unchanged target price of EUR 23.50. 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 as well as the current 7.25% bond issuing. Interested investors can register at the following [link](#).

in EURm	9m 21	9m 22	9m 23	yoy chg in %	FY 23E	share of FY 23
<b>Rental income</b>	19,4	25,6	27,7	8,2%	33,5	82,6%
<b>EBITDA</b>	14,8	17,8	19,3	8,4%	21,6	89,4%
<b>EBT</b>	9,1	11,5	8,2	-28,7%	11,8	69,5%
<b>FFO</b>	5,5	7,2	6,8	-5,6%	9,3	73,1%

Source: Company data; AlsterResearch

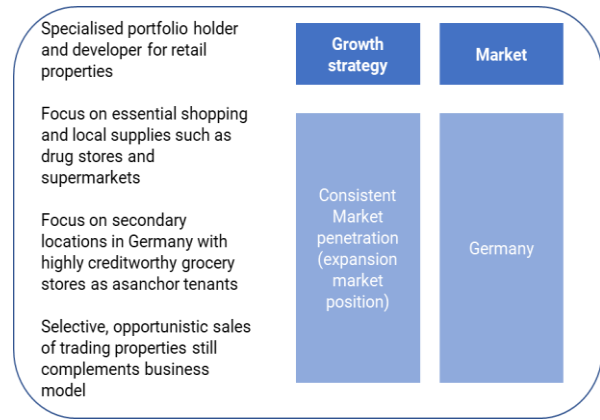
## Recent transactions overview

Date	Purchase / Disposal	Type	Location	Anchor tenant	net rent in EUR K	Leasable area in sqm	WAULT Years	Purch. / Disp. price EURm
<b>2020</b>								
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
27.10.2020	P	Grocery stores			185	-		1,99
		Retail	Ruhle, Thüringen	Netto	100	1.200	9	
		Retail	Bückeberg, 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		
<b>2021</b>								
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)
<b>2022</b>								
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/Marktredwitz	DIY, RHG Bau & Garten	700	11.500	5	
<b>2023</b>								
2023	D	na	Kitzbühel (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

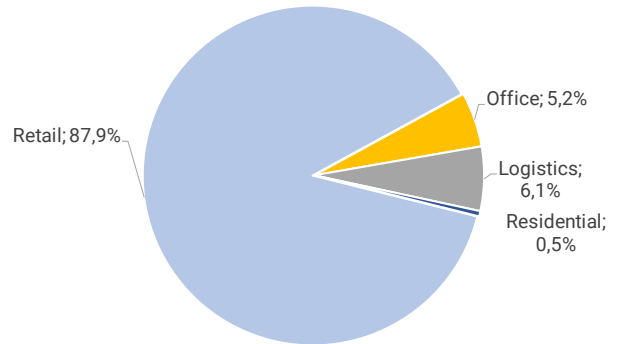
Source: Company data, AlsterResearch, P=purchase, D=disposal

# Investment case in six Charts

## Business Model



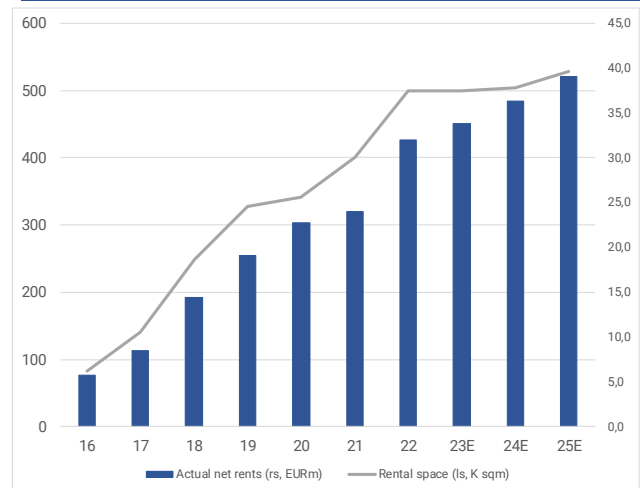
## Rental income as per asset class 2022



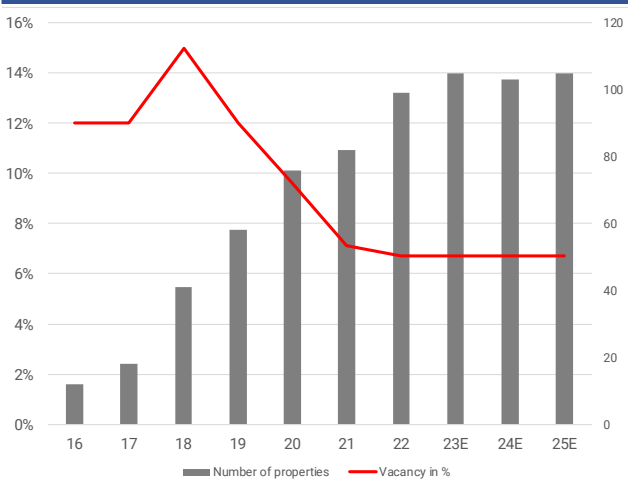
## Major tenants

Food retail / grocery	Specialty retail

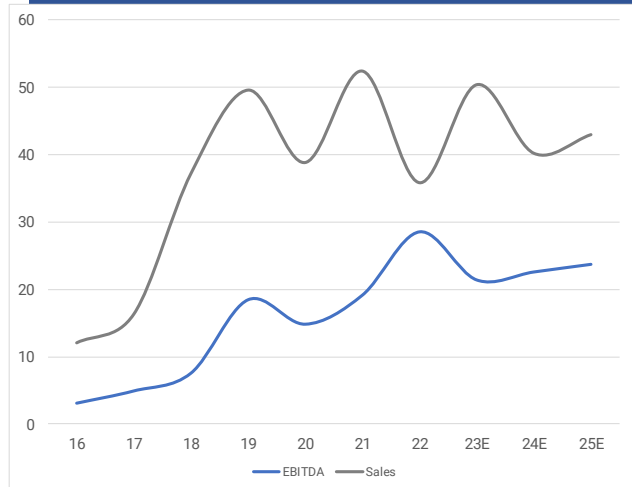
## Rental Space and actual net rental income



## 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	
Total present value	119.8
Mid-year adj. total present value	124.5
Net debt / cash at start of year	328.1
Financial assets	430.9
Provisions and off b/s debt	na
Equity value	227.3
No. of shares outstanding	9.7
<b>Discounted cash flow / share upside/(downside)</b>	<b>23.48 / 113.5%</b>

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2023E-2030E)	-2.4%
Terminal value growth (2030E - infinity)	2.0%
Terminal year ROCE	6.8%
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%

<b>Share price</b>	<b>11.00</b>
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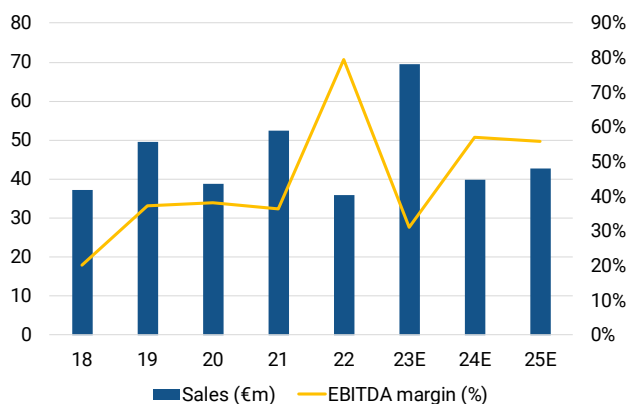
Sensitivity analysis DCF								
Change in WACC (%-points)		Long term growth					Share of present value	
		1.0%	1.5%	2.0%	2.5%	3.0%		
2.0%		19.2	19.6	20.0	20.5	21.1	2023E-2026E	13.1%
1.0%		20.4	20.9	21.5	22.2	23.0	2027E-2030E	5.2%
0.0%		21.9	22.6	23.5	24.5	25.7	terminal value	81.6%
-1.0%		24.0	25.1	26.3	27.9	29.8		
-2.0%		27.0	28.7	30.7	33.2	36.6		

Source: AlsterResearch

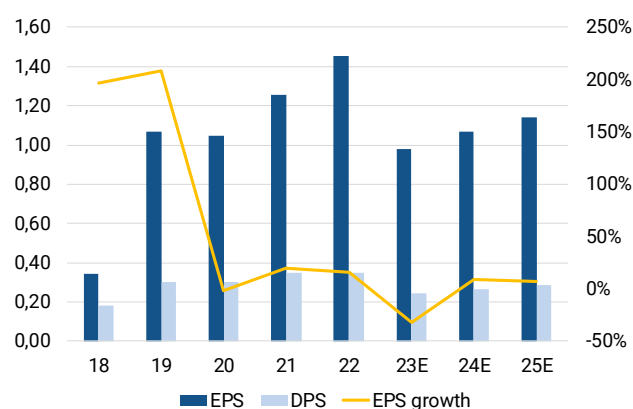


# Financials in six charts

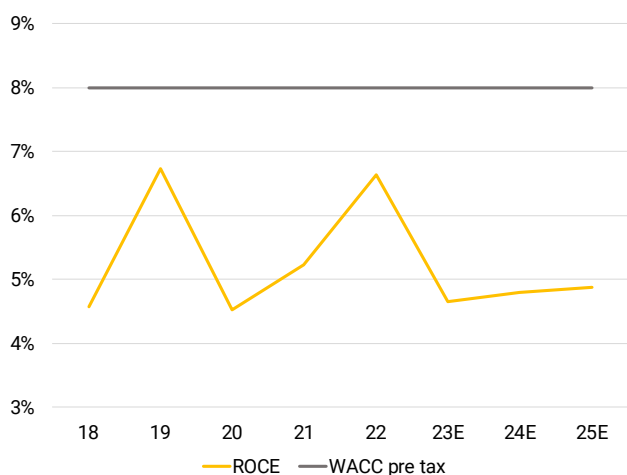
**Sales vs. EBITDA margin development**



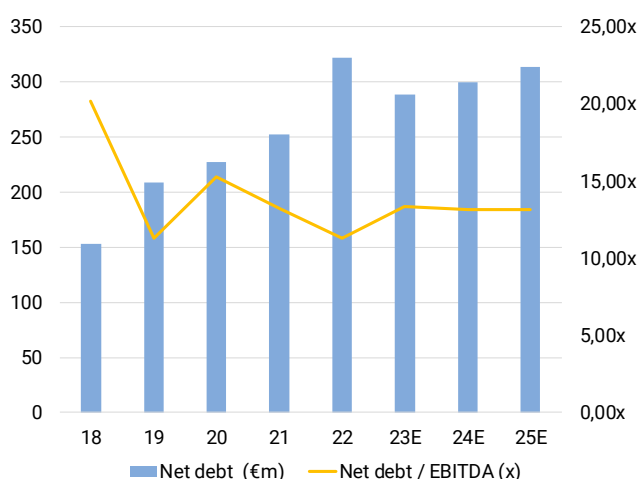
**EPS, DPS in EUR & yoy EPS growth**



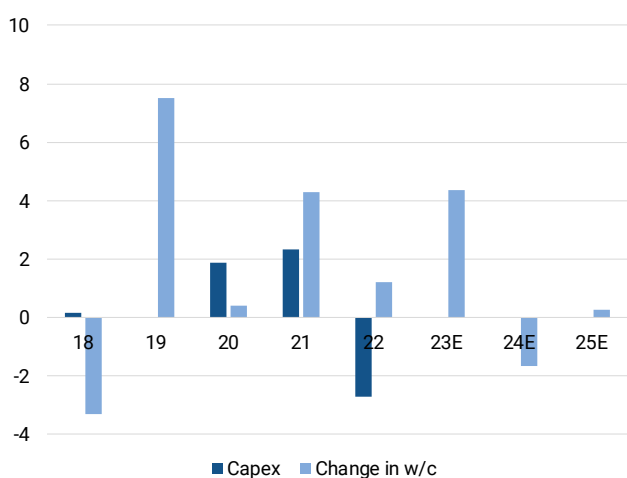
**ROCE vs. WACC (pre tax)**



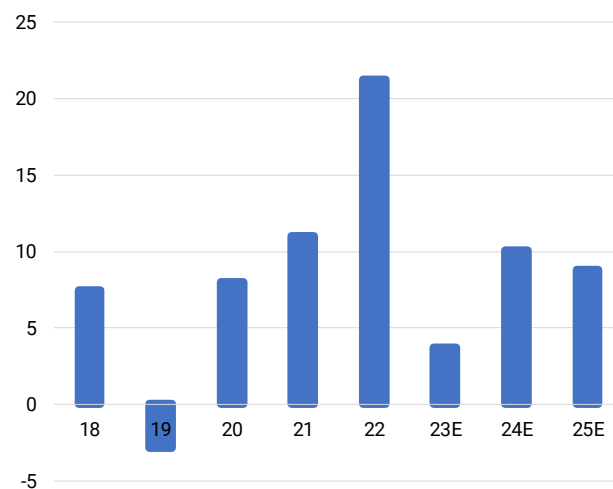
**Net debt and net debt/EBITDA**



**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
<b>Net sales</b>	<b>38.9</b>	<b>52.5</b>	<b>35.9</b>	<b>69.5</b>	<b>39.9</b>	<b>42.7</b>
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
<b>Total sales</b>	<b>42.1</b>	<b>55.1</b>	<b>38.4</b>	<b>69.9</b>	<b>39.9</b>	<b>42.3</b>
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
<b>EBITDA</b>	<b>14.8</b>	<b>19.2</b>	<b>28.6</b>	<b>21.6</b>	<b>22.8</b>	<b>23.9</b>
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
<b>EBIT</b>	<b>14.4</b>	<b>18.5</b>	<b>27.4</b>	<b>21.1</b>	<b>22.4</b>	<b>23.9</b>
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
<b>Net income</b>	<b>9.6</b>	<b>12.1</b>	<b>14.2</b>	<b>9.7</b>	<b>10.5</b>	<b>11.3</b>
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
<b>EPS reported</b>	<b>1.05</b>	<b>1.25</b>	<b>1.45</b>	<b>0.98</b>	<b>1.07</b>	<b>1.14</b>

Profit and loss (common size)	2020	2021	2022	2023E	2024E	2025E
<b>Net sales</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Change in finished goods and work-in-process	8%	5%	7%	0%	0%	-1%
<b>Total sales</b>	<b>108%</b>	<b>105%</b>	<b>107%</b>	<b>100%</b>	<b>100%</b>	<b>99%</b>
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%
<b>EBITDA</b>	<b>38%</b>	<b>36%</b>	<b>80%</b>	<b>31%</b>	<b>57%</b>	<b>56%</b>
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%
<b>EBIT</b>	<b>37%</b>	<b>35%</b>	<b>76%</b>	<b>30%</b>	<b>56%</b>	<b>56%</b>
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%
<b>Net income</b>	<b>25%</b>	<b>23%</b>	<b>39%</b>	<b>14%</b>	<b>26%</b>	<b>26%</b>
Minority interest	0%	0%	0%	0%	0%	0%
Net profit (reported)	<b>25%</b>	<b>23%</b>	<b>39%</b>	<b>14%</b>	<b>26%</b>	<b>26%</b>

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
<b>FIXED ASSETS</b>	<b>322.8</b>	<b>358.9</b>	<b>437.9</b>	<b>418.6</b>	<b>439.2</b>	<b>462.0</b>
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
<b>CURRENT ASSETS</b>	<b>25.8</b>	<b>43.3</b>	<b>33.6</b>	<b>58.9</b>	<b>56.5</b>	<b>62.5</b>
<b>TOTAL ASSETS</b>	<b>348.7</b>	<b>402.2</b>	<b>471.5</b>	<b>477.4</b>	<b>495.7</b>	<b>524.5</b>
<b>SHAREHOLDERS EQUITY</b>	<b>92.4</b>	<b>108.0</b>	<b>118.8</b>	<b>136.9</b>	<b>145.0</b>	<b>153.6</b>
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
<b>Non-current liabilities</b>	<b>212.6</b>	<b>260.0</b>	<b>280.8</b>	<b>320.7</b>	<b>330.7</b>	<b>350.8</b>
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
<b>Current liabilities</b>	<b>43.7</b>	<b>34.2</b>	<b>71.9</b>	<b>19.8</b>	<b>19.9</b>	<b>20.1</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>348.7</b>	<b>402.2</b>	<b>471.5</b>	<b>477.4</b>	<b>495.7</b>	<b>524.5</b>

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%
<b>FIXED ASSETS</b>	<b>93%</b>	<b>89%</b>	<b>93%</b>	<b>88%</b>	<b>89%</b>	<b>88%</b>
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%
<b>CURRENT ASSETS</b>	<b>7%</b>	<b>11%</b>	<b>7%</b>	<b>12%</b>	<b>11%</b>	<b>12%</b>
<b>TOTAL ASSETS</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>SHAREHOLDERS EQUITY</b>	<b>27%</b>	<b>27%</b>	<b>25%</b>	<b>29%</b>	<b>29%</b>	<b>29%</b>
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%
<b>Non-current liabilities</b>	<b>61%</b>	<b>65%</b>	<b>60%</b>	<b>67%</b>	<b>67%</b>	<b>67%</b>
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%
<b>Current liabilities</b>	<b>13%</b>	<b>8%</b>	<b>15%</b>	<b>4%</b>	<b>4%</b>	<b>4%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

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
<b>Cash flow from operating activities</b>	<b>9.8</b>	<b>13.3</b>	<b>18.5</b>	<b>3.7</b>	<b>10.0</b>	<b>8.8</b>
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
<b>Cash flow from investing activities</b>	<b>-20.9</b>	<b>-41.3</b>	<b>-74.4</b>	<b>33.2</b>	<b>-18.5</b>	<b>-20.5</b>
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
<b>Cash flow from financing activities</b>	<b>7.9</b>	<b>37.2</b>	<b>46.6</b>	<b>-11.2</b>	<b>7.6</b>	<b>17.4</b>
Increase/decrease in liquid assets	-3.1	9.2	-9.3	25.7	-0.9	5.6
<b>Liquid assets at end of period</b>	<b>5.6</b>	<b>14.8</b>	<b>5.6</b>	<b>31.2</b>	<b>30.4</b>	<b>36.0</b>

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
<b>Per share data</b>						
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
<b>Valuation</b>						
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
<b>Income statement (EURm)</b>						
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
<b>Cash flow statement (EURm)</b>						
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
<b>Balance sheet (EURm)</b>						
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
<b>Ratios</b>						
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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