

# FCR Immobilien AG

Germany | Real Estate | MCap EUR 90.8m

27 November 2023

UPDATE



## Financing structure improved and further acquisition; BUY

### What's it all about?

Following the sale of its last remaining trading asset in Italy, FCR Immobilien AG continues its expansion strategy with the acquisition of a fully let retail center in Werdau, Saxony. The property generates annual rental income of approximately EUR 830K. Despite, or rather because of the difficult market conditions, we expect lucrative initial yields at the upper end of the usual yield range of 8-10% and thus a positive FFO contribution of around EUR 250K p.a. despite higher interest rates. The acquisition increases the annualized net rental income of the FCR portfolio to more than EUR 32m and the market value to more than EUR 410m. In addition, the partial placement of the recently issued 7.25% bond should significantly improve the group's financing structure. We therefore consider the refinancing of the '24 bond to be secured. We reiterate our BUY rating with an unchanged price target of EUR 23.50 and see good entry opportunities at the current price level.

**BUY** (BUY)

<b>Target price</b>	<b>EUR 23.50 (23.50)</b>
Current price	EUR 9.20
Up/downside	155.4%

 **ResearchHub** 

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# FCR Immobilien AG

Germany | Real Estate | MCap EUR 90.8m | EV EUR 413.1m

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## Financing structure improved and further acquisition; BUY

**Back on the acquisition track** Following the sale of its last remaining trading asset, the Hotel Il Pelagone in Italy, FCR Immobilien AG ("FCR") continues to expand and today announced the acquisition of a fully let retail center in Werdau, Saxony. The property generates annual rental income of approximately EUR 830K. Based on the required initial yield of 8-10% according to FCR's acquisition profile, the purchase price is approximately EUR 8-9m. However, due to the current challenging market environment, we expect the purchase price to be closer to the lower end of the range, which would allow the property to generate a reasonable FFO. With an average FFO margin of 30-40%, this results in an annualized FFO contribution of around EUR 250K, despite higher interest rates. In our view, this once again reflects the special nature of the niche in which FCR operates, where favorable purchase multiples can regularly be achieved due to the low intensity of competition.

**The property** The property is a well-established retail property with over 13,000 sqm of leasable space. The long-term anchor tenant is Kaufland. As part of the Schwarz Group, Kaufland is one of the leading food retailers in the European market. The average remaining lease term (WAULT) is a good 5.3 years.

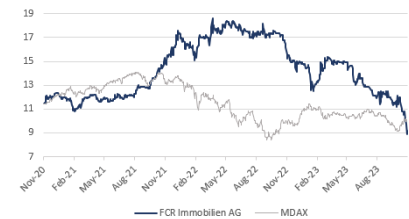
**KPIs further improved at Group level** The annualized net rent is expected to increase to over EUR 32m as a result of the purchase. The total market value of the approximately 100 properties in the FCR portfolio is now over EUR 410m, which corresponds to a gross yield of around 8% p.a.

**Improving the financing structure** FCR also made further progress on the financing side. FCR has already placed around EUR 12m with the newly issued 7.25% bond. The bond with a total volume of up to EUR 60m is still in the ongoing placement process. The refinancing of the corporate bond maturing at the end of April 2024 has therefore already been secured by the return of capital from this year's portfolio adjustments and the successful placement of the new bond, which in our view further significantly reduces the risk of an equity (and bond) investment.

-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>	3.3%	3.8%	3.8%	2.7%	2.9%	3.1%
FFO-yield	5.8%	7.9%	10.4%	10.2%	11.4%	12.1%
EV/EBIT	22.0x	18.5x	15.1x	18.0x	17.4x	17.0x
P/E	8.8x	7.3x	6.3x	9.4x	8.6x	8.1x

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

**High/low 52 weeks** 16.30 / 8.90  
**Price/Book Ratio** 0.8x

### Ticker / Symbols

ISIN DE000A1YC913  
WKN A1YC91  
Bloomberg FC9:GR

### Changes in estimates

		Sales	EBIT	EPS
2023E	old	69.5	21.1	0.98
	Δ	0.0%	0.0%	0.0%
2024E	old	39.9	22.4	1.07
	Δ	0.0%	0.0%	0.0%
2025E	old	42.7	23.9	1.14
	Δ	0.0%	0.0%	0.0%

### 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:** Both the purchase of the new retail park in Werdau, Saxony, and the partial success of the new corporate bond are good news for FCR. As a portfolio holder of real estate in lucrative secondary locations in Germany, FCR occupies a special niche in the otherwise battered real estate sector. Not least due to the portfolio sale and the fresh funds from the bond placement, the company's financing structure is likely to have improved significantly. We therefore confirm our BUY recommendation with a price target of EUR 23.50. After the FCR share also came under pressure last week due to continued bad news from other real estate companies, we see the current price level as a unique buying opportunity.

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

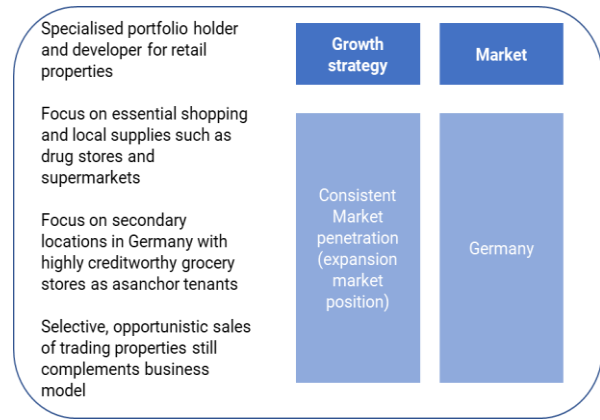
## Recent transactions overview

Date	Purchase / Disposal	Type	Location	Anchor tenant	net rent in EUR K	Leasable area in sqm	WAULT Years	Purch. / Disp. price EURm	Rent per sqm / month
<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	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	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
<b>2021</b>									
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
<b>2022</b>									
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/Marktedwitz	DIY, RHG Bau & Garten	700	11.500	5		5,07
<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	Söhle-Hoheneggelsen						
2023	D	Hotel	Il Pelagone					20	
2023	P	Specialty retail	Werdau, Sachsen		0,83	13.000	5,3	8-9 (eAR)	

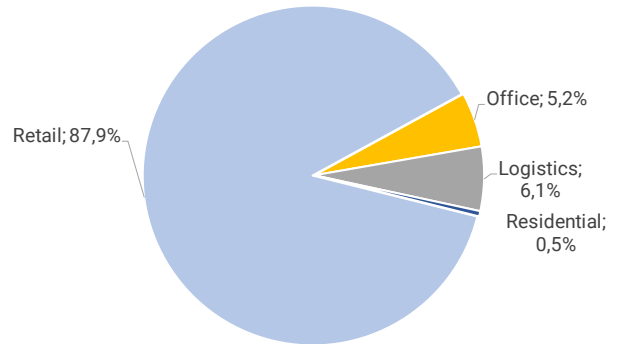
Source: Company data, AlsterResearch, P=purchase, D=disposal

# Investment case in six Charts

## Business Model



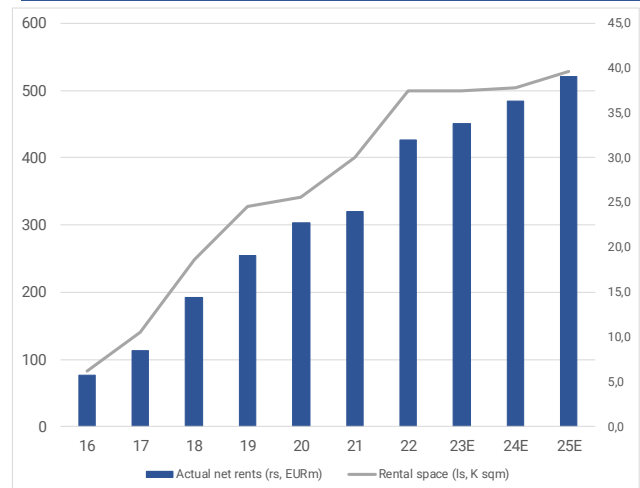
## Rental income as per asset class 2022



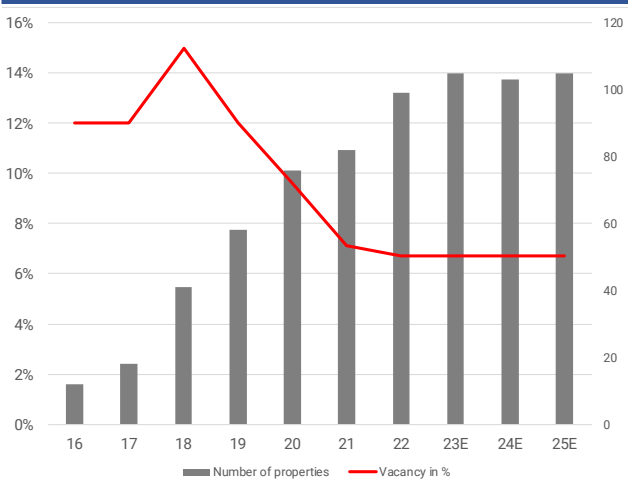
## Major tenants

Food retail / grocery	Specialty retail

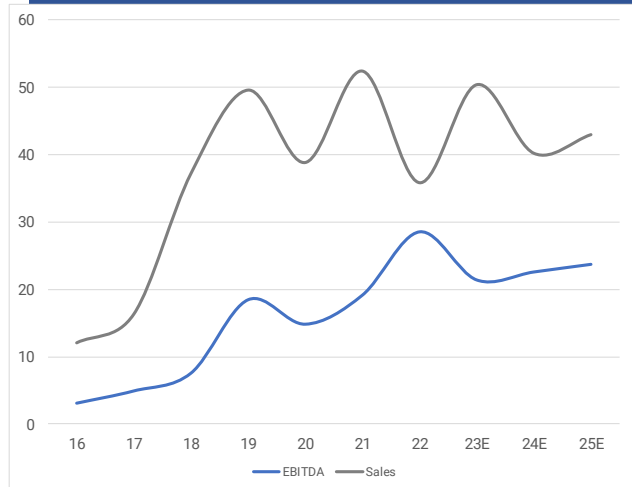
## Rental Space and actual net rental income



## 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 23.53 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	29.9	-2.9	-4.9	-6.4	5.3	3.9	-8.8	5.9	98.2
WACC	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.1%

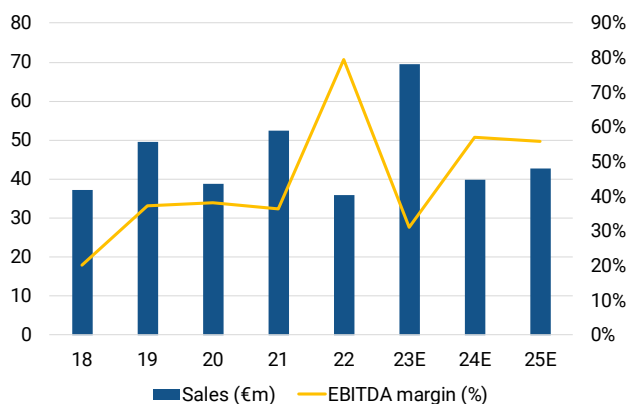
DCF per share derived from		DCF avg. growth and earnings assumptions	
Total present value	120.3	Planning horizon avg. revenue growth (2023E-2030E)	-2.4%
Mid-year adj. total present value	125.0	Terminal value growth (2030E - infinity)	2.0%
Net debt / cash at start of year	328.1	Terminal year ROCE	6.8%
Financial assets	430.9	Terminal year WACC	8.1%
Provisions and off b/s debt	na		
Equity value	227.8		
No. of shares outstanding	9.7		
<b>Discounted cash flow / share upside/(downside)</b>	<b>23.53 / 155.8%</b>		
		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>9.20</b>		

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%		22.0	22.7	23.5	24.5	25.7	terminal value	81.6%
-1.0%		24.1	25.1	26.4	27.9	29.8		
-2.0%		27.1	28.7	30.7	33.3	36.7		

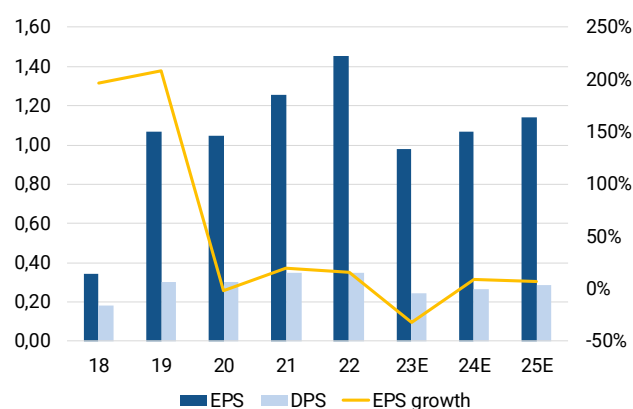
Source: AlsterResearch

# Financials in six charts

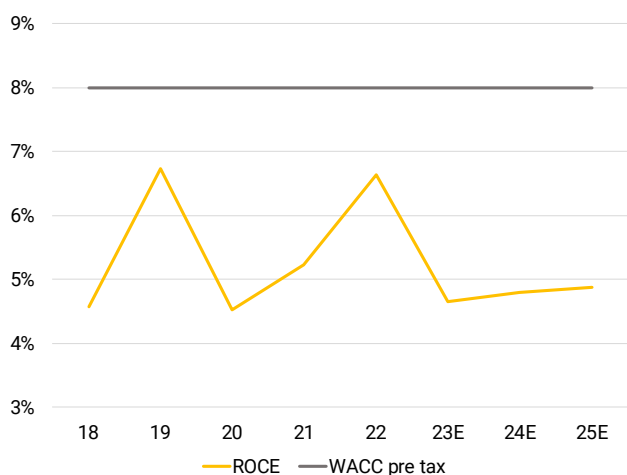
**Sales vs. EBITDA margin development**



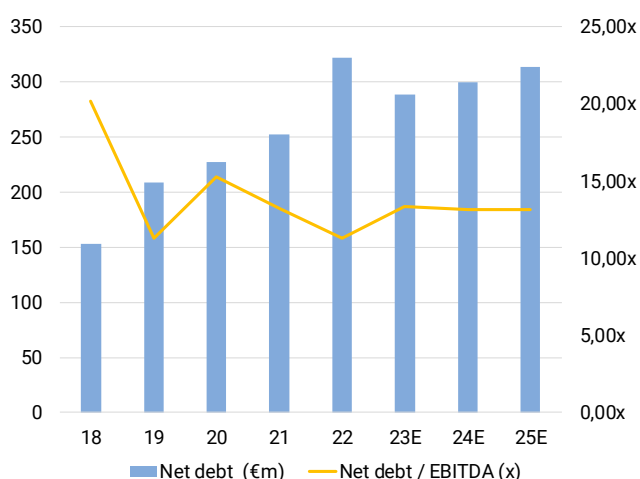
**EPS, DPS in EUR & yoy EPS growth**



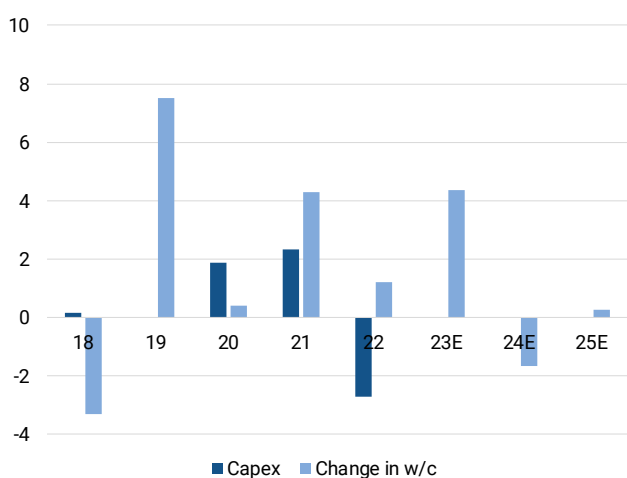
**ROCE vs. WACC (pre tax)**



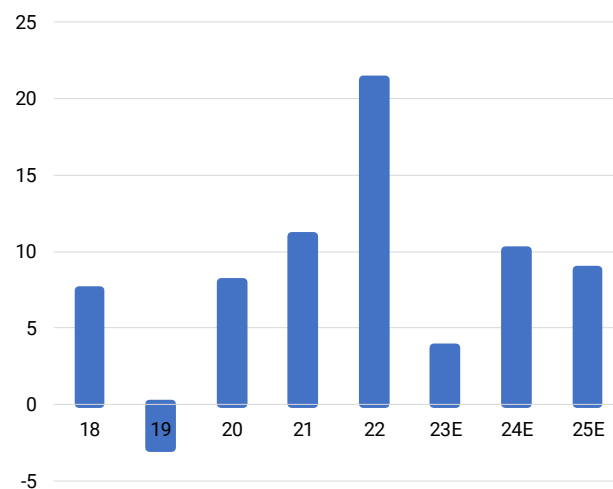
**Net debt and net debt/EBITDA**



**Capex & chg in w/c requirements in EURm**



**Free Cash Flow in EURm**



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	8.8x	7.3x	6.3x	9.4x	8.6x	8.1x
P/CF	8.9x	7.0x	5.2x	28.1x	9.4x	10.4x
P/BV	0.9x	0.8x	0.8x	0.7x	0.6x	0.6x
Dividend yield (%)	3.3%	3.8%	3.8%	2.7%	2.9%	3.1%
FCF yield (%)	11.2%	14.3%	19.4%	3.6%	10.6%	9.7%
EV/Sales	8.2x	6.5x	11.5x	5.5x	9.8x	9.5x
EV/EBITDA	21.4x	17.9x	14.5x	17.6x	17.1x	17.0x
EV/EBIT	22.0x	18.5x	15.1x	18.0x	17.4x	17.0x
<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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