

# FCR Immobilien AG

Germany | Real Estate | MCap EUR 94.8m

19 April 2024

UPDATE



## Solid result in a challenging environment; BUY

### What's it all about?

FCR Immobilien AG has published preliminary results for FY '23, which were slightly below our expectations, but can be considered solid given the difficult situation on the real estate market. Revenues increased by around 58% to around EUR 57m, mainly driven by recurring rental income, but also by sales proceeds from portfolio optimizations, which were on average 6% above book value. FFO amounted to a solid EUR 8.2m at the end of the year (previous year: EUR 9.4m). As a result, FCR was again able to offset higher interest expenses through indexed and new rental agreements. The real estate portfolio is currently valued at 12.5x net annual rent, which corresponds to an attractive gross rental yield of 8%. We reiterate our BUY rating, but lower our price target slightly to EUR 20.50 (previously EUR 23.50), still reflecting an upside of >100%.

**BUY** (BUY)

<b>Target price</b>	<b>EUR 20.50</b> (23.50)
Current price	EUR 9.60
Up/downside	113.5%



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Germany | Real Estate | MCap EUR 94.8m | EV EUR 417.0m

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## Solid result in a challenging environment; BUY

**Solid results** Yesterday, FCR Immobilien AG ("FCR") published its preliminary results for the year. Although the figures were slightly below our expectations, the results can be described as solid in view of the ongoing tense situation in the German real estate market. According to the preliminary figures, FCR generated total revenues of around EUR 57m, which represents an increase in revenues of around 58% compared to the previous year. In addition to recurring rental income (the annualized actual net cold rent amounts to approximately EUR 33m), FCR benefited from sales proceeds from portfolio optimization. The company sold further trading properties, which contributed a total of around EUR 18m to FY23 revenues. On a positive note, the sales were approximately 6% above the company's book value, which once again underlines the intrinsic value and conservative valuation approach of the real estate portfolio. As a result of the portfolio adjustments, FCR should now be perceived by the market as a pure-play real estate company, and alleged conglomerate discounts no longer seem justified.

**Indexed rents almost compensate for higher interest expenses** At the end of the year, FCR generated a solid EUR 8.2m in funds from operations (FFO) (previous year: EUR 9.4m), which means that the rise in interest rates (interest expenses were around EUR 5m higher than in the previous year) was largely offset by indexed rents and new lettings, which we believe again speaks in favor of the quality and robustness of FCR's business model. In addition, the company was also able to improve other key figures. Both the occupancy rate (from 93.3% to 94.0%) and the WAULT (weighted remaining lease term) improved from 5.2 years to 5.4 years across the portfolio of currently 95 properties.

**Conclusion:** The environment for real estate shares remains tense due to high interest rates. Against this backdrop, FCR Group's preliminary results should be regarded positive, albeit slightly below our expectations. At the end of 2023, the real estate portfolio was valued at 12.5x annual net rents, which we believe is an attractive multiple. The resulting gross rental yield of 8% on the portfolio therefore leaves sufficient room to generate positive FFOs even with today's higher interest rates. We therefore view the company's dividend proposal of EUR 0.25 per share (dividend yield 2.2% / previous year EUR 0.35) as a positive signal for FCR's continued robust business model. With adjusted estimates, we reiterate our BUY recommendation, but slightly lower our PT to EUR 20.50 (previously EUR 23.50).

FCR Immobilien AG	2020	2021	2022	2023P	2024E	2025E
Sales	38.9	52.5	35.9	56.3	38.6	41.3
Growth yoy	-21.7%	34.9%	-31.6%	56.8%	-31.5%	7.1%
EBIT	14.4	18.5	27.4	19.4	20.0	21.5
FFO	4.9	7.1	9.4	8.2	8.4	9.1
FFO-Margin	21.6%	29.4%	29.3%	24.6%	23.7%	23.7%
Net profit	9.6	12.1	14.2	8.3	8.6	9.3
Net debt (net cash)	226.9	252.7	322.3	288.7	300.3	316.4
LTV	69.7%	71.5%	69.6%	66.3%	66.2%	66.4%
EPS reported	1.05	1.25	1.45	0.84	0.87	0.95
FFOPS	0.54	0.73	0.96	0.83	0.86	0.92
DPS	0.30	0.35	0.35	0.25	0.25	0.25
Dividend yield	3.1%	3.6%	3.6%	2.6%	2.6%	2.6%
FFO-yield	5.6%	7.6%	10.0%	8.6%	8.9%	9.6%
EV/EBIT	22.3x	18.7x	15.2x	19.8x	19.7x	19.1x
P/E	9.2x	7.7x	6.6x	11.4x	11.0x	10.1x

Source: Company data, mwb research



Source: Company data, mwb research

**High/low 52 weeks** 15.10 / 8.85  
**Price/Book Ratio** 0.8x

### Ticker / Symbols

ISIN DE000A1YC913  
WKN A1YC91  
Bloomberg FC9:GR

### Changes in estimates

		Sales	EBIT	EPS
2023P	old	69.5	21.1	0.98
	Δ	-19.0%	-8.0%	-14.2%
2024E	old	39.9	22.4	1.07
	Δ	-3.4%	-10.5%	-18.3%
2025E	old	42.7	23.9	1.14
	Δ	-3.2%	-9.8%	-17.0%

### Key share data

Number of shares: (in m pcs) 9.87  
Book value per share: (in EUR) 12.17  
Ø trading vol.: (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.

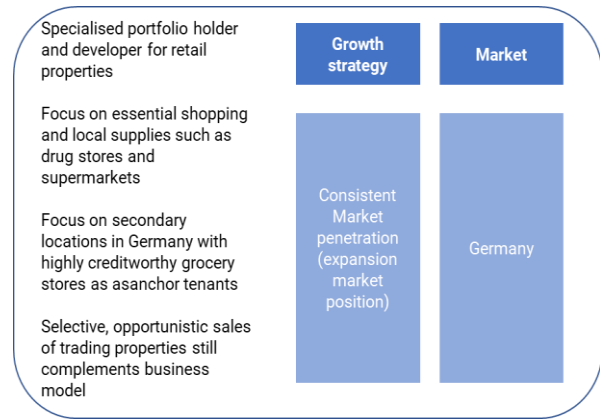
## Recent transactions overview

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	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
<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/Marktredwitz	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	Frankfenberg						
2023	D	na	Söhlde-Hoheneggelsen						
2023	D	Hotel	Il Pelagone					20	
2023	P	Specialty retail	Werdau, Sachsen		0,83	13.000	5,3	8-9 (eAR)	

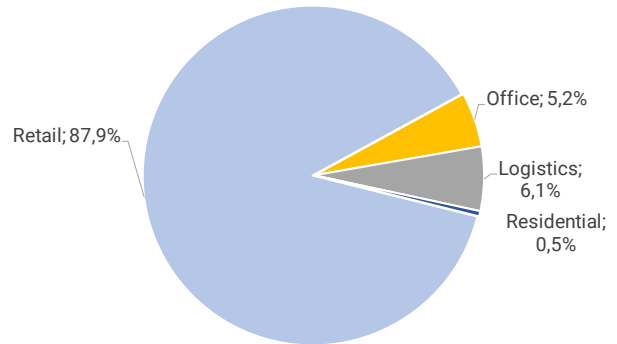
Source: Company data, AlsterResearch, P=purchase, D=disposal

# Investment case in six charts

## Business Model



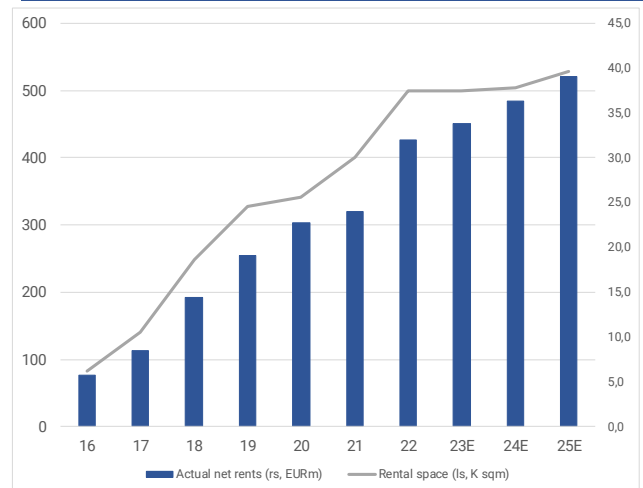
## Rental income as per asset class 2022



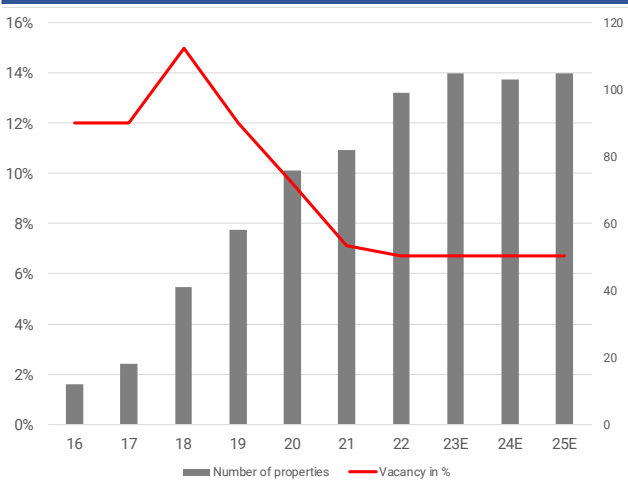
## Major tenants

Food retail / grocery	Specialty retail

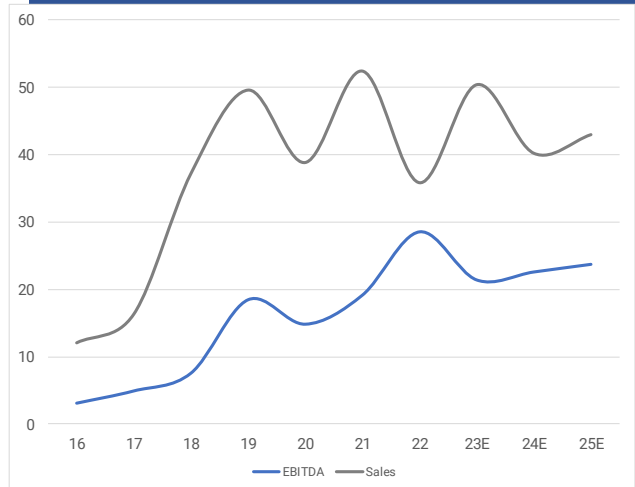
## Rental Space and actual net rental income



## Development of vacancies and number of properties



## Sales and earnings development in EURm



Source: Company data, mwb research

# 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 20.63 per share**:

**Top-line growth:** We expect FCR Immobilien AG to grow revenues at a CAGR of 6.8% between 2024E and 2031E. The long-term growth rate is set at 2.0%.

**ROCE.** Returns on capital are developing from 4.3% in 2023P to 7.2% in 2031E.

**WACC.** Starting point is a historical equity beta of 1.00. Unlevering and correcting for mean reversion yields an asset beta of 1.15. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 11.5%. 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 8.9%.

DCF (EURm) (except per share data and beta)	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Terminal value
NOPAT	13.9	15.4	15.6	16.4	18.4	18.9	19.5	20.5	
Depreciation & amortization	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in working capital	2.8	-0.3	-0.3	-0.4	-0.4	-0.4	-0.4	-0.4	
Chg. in long-term provisions	-2.5	-2.2	-2.3	-2.9	-2.4	-2.5	-2.5	-2.6	
Capex	-18.4	-20.5	-21.4	-6.2	-10.0	-6.1	-8.5	-7.3	
Cash flow	-3.8	-7.6	-8.5	7.0	5.5	9.9	8.1	10.2	150.6
Present value	-3.6	-6.6	-6.7	5.1	3.7	6.1	4.6	5.3	78.1
WACC	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%

DCF per share derived from		DCF avg. growth and earnings assumptions	
Total present value	85.9	Planning horizon avg. revenue growth (2024E-2031E)	6.8%
Mid-year adj. total present value	89.7	Terminal value growth (2031E - infinity)	2.0%
Net debt / cash at start of year	320.6	Terminal year ROCE	7.2%
Financial assets	408.0	Terminal year WACC	8.9%
Provisions and off b/s debt	na		
Equity value	177.1	Terminal WACC derived from	
No. of shares outstanding	8.6	Cost of borrowing (before taxes)	5.0%
		Long-term tax rate	25.0%
		Equity beta	1.00
		Unlevered beta (industry or company)	1.15
		Target debt / equity	0.5
		Relevered beta	1.58
		Risk-free rate	2.0%
		Equity risk premium	6.0%
		Cost of equity	11.5%

Discounted cash flow / share	<b>20.63</b>
upside/(downside)	<b>114.9%</b>

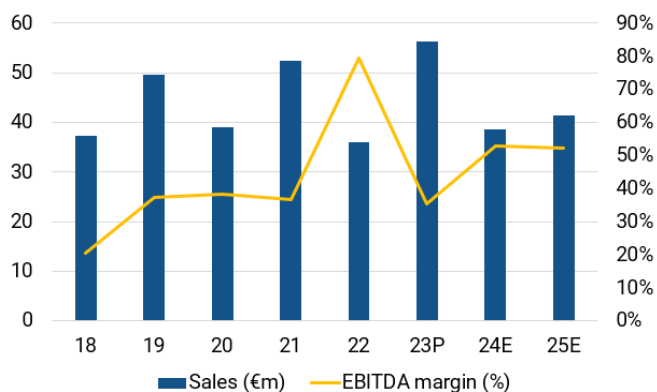
Share price	<b>9.60</b>
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Sensitivity analysis DCF							
Change in WACC (%-points)	Long term growth					Share of present value	
	1.0%	1.5%	2.0%	2.5%	3.0%		
2.0%	16.7	17.0	17.4	17.8	18.3	2024E-2027E	-13.8%
1.0%	17.8	18.3	18.8	19.3	20.0	2028E-2031E	22.9%
0.0%	19.3	19.9	20.6	21.4	22.3	terminal value	90.8%
-1.0%	21.3	22.1	23.1	24.3	25.7		
-2.0%	23.9	25.2	26.7	28.5	30.7		

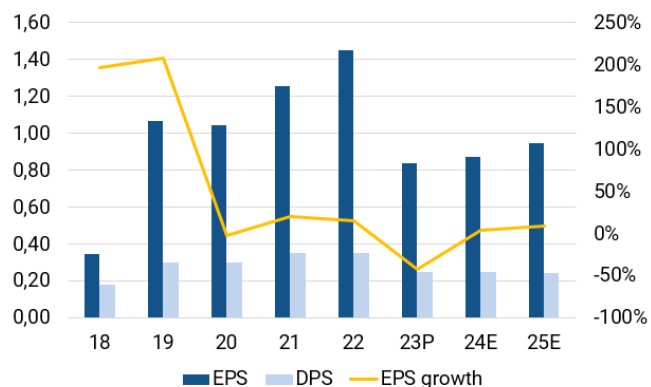
Source: mwb research

# Financials in six charts

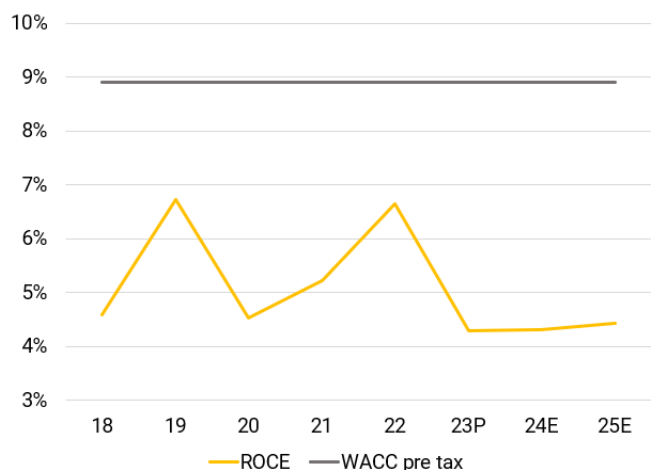
**Sales vs. EBITDA margin development**



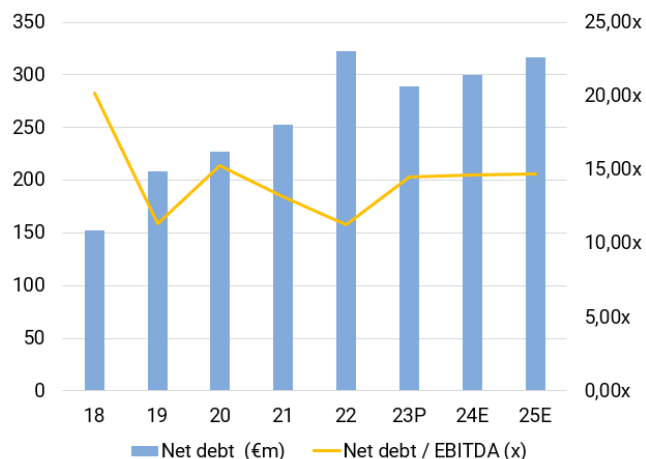
**EPS, DPS in EUR & yoy EPS growth**



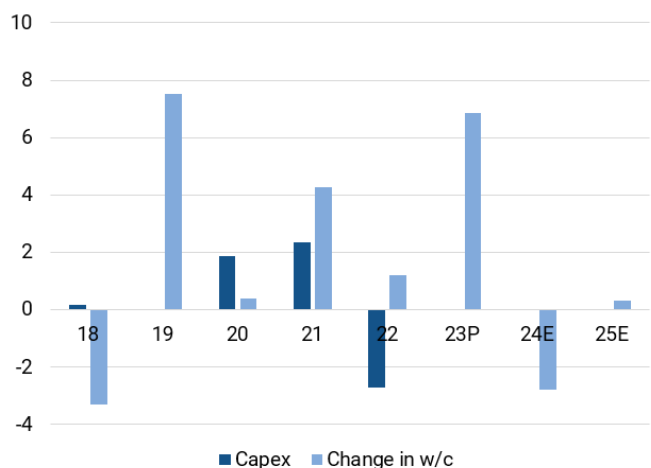
**ROCE vs. WACC (pre tax)**



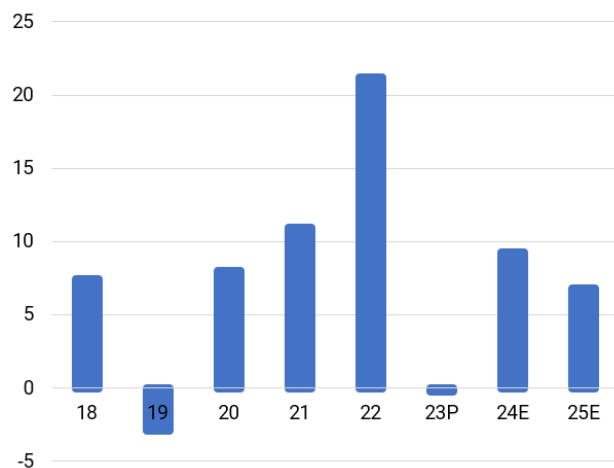
**Net debt and net debt/EBITDA**



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



**Free Cash Flow in EURm**



Source: Company data; mwb research



# Financials

Profit and loss (EURm)	2020	2021	2022	2023P	2024E	2025E
<b>Net sales</b>	<b>38.9</b>	<b>52.5</b>	<b>35.9</b>	<b>56.3</b>	<b>38.6</b>	<b>41.3</b>
Sales growth	-21.7%	34.9%	-31.6%	56.8%	-31.5%	7.1%
Change in finished goods and work-in-process	3.2	2.6	2.4	0.3	0.0	-0.3
<b>Total sales</b>	<b>42.1</b>	<b>55.1</b>	<b>38.4</b>	<b>56.6</b>	<b>38.6</b>	<b>41.0</b>
Change in the value of investment property	0.8	4.8	9.9	2.4	2.6	2.2
Expenses from financial investments held real estate	10.9	24.4	0.9	18.3	0.0	0.0
Personnel expenses	12.5	11.9	12.9	15.2	15.4	16.1
Material expenses and other opex	12.5	11.9	12.9	15.2	15.4	16.1
Total operating expenses	27.3	35.9	9.8	36.7	18.1	19.5
<b>EBITDA</b>	<b>14.8</b>	<b>19.2</b>	<b>28.6</b>	<b>19.9</b>	<b>20.5</b>	<b>21.5</b>
Depreciation	0.4	0.6	1.1	0.5	0.4	0.0
EBITA	14.4	18.5	27.4	19.4	20.0	21.5
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>19.4</b>	<b>20.0</b>	<b>21.5</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	10.1	10.5	11.4
Extraordinary income/loss	3.8	3.0	0.0	0.0	0.0	0.0
Earnings before taxes	11.5	14.9	17.3	10.1	10.5	11.4
Taxes	1.9	2.7	3.1	1.8	1.9	2.1
Net income from continuing operations	9.6	12.1	14.2	8.3	8.6	9.3
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>8.3</b>	<b>8.6</b>	<b>9.3</b>
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	9.6	12.1	14.2	8.3	8.6	9.3
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>0.84</b>	<b>0.87</b>	<b>0.95</b>

Profit and loss (common size)	2020	2021	2022	2023P	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%	1%	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%	7%	5%
Expenses from financial investments held real estate	28%	46%	3%	32%	0%	0%
Personnel expenses	32%	23%	36%	27%	40%	39%
Material expenses and other opex	32%	23%	36%	27%	40%	39%
Total operating expenses	70%	68%	27%	65%	47%	47%
<b>EBITDA</b>	<b>38%</b>	<b>36%</b>	<b>80%</b>	<b>35%</b>	<b>53%</b>	<b>52%</b>
Depreciation	1%	1%	3%	1%	1%	0%
EBITA	37%	35%	76%	34%	52%	52%
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>34%</b>	<b>52%</b>	<b>52%</b>
Financial result	-17%	-13%	-28%	-16%	-25%	-25%
Recurring pretax income from continuing operations	20%	23%	48%	18%	27%	28%
Extraordinary income/loss	10%	6%	0%	0%	0%	0%
Earnings before taxes	30%	28%	48%	18%	27%	28%
Taxes	5%	5%	9%	3%	5%	5%
Net income from continuing operations	25%	23%	39%	15%	22%	23%
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>15%</b>	<b>22%</b>	<b>23%</b>
Minority interest	0%	0%	0%	0%	0%	0%
Net profit (reported)	<b>25%</b>	<b>23%</b>	<b>39%</b>	<b>15%</b>	<b>22%</b>	<b>23%</b>

Source: Company data; mwb research



Balance sheet (EURm)	2020	2021	2022	2023P	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	408.0	429.0	451.7
<b>FIXED ASSETS</b>	<b>322.8</b>	<b>358.9</b>	<b>437.9</b>	<b>414.5</b>	<b>435.0</b>	<b>457.8</b>
Inventories	4.2	2.4	1.2	1.7	1.8	1.9
Accounts receivable	5.2	16.6	7.1	7.7	4.9	5.1
Other current assets	7.6	5.5	18.1	18.1	18.1	18.1
Liquid assets	8.7	18.7	5.6	31.3	29.7	33.6
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>59.0</b>	<b>54.6</b>	<b>58.8</b>
<b>TOTAL ASSETS</b>	<b>348.7</b>	<b>402.2</b>	<b>471.5</b>	<b>473.5</b>	<b>489.6</b>	<b>516.6</b>
<b>SHAREHOLDERS EQUITY</b>	<b>92.4</b>	<b>108.0</b>	<b>118.8</b>	<b>135.5</b>	<b>141.7</b>	<b>148.5</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	0.6	0.6	0.6
<b>Non-current liabilities</b>	<b>212.6</b>	<b>260.0</b>	<b>280.8</b>	<b>320.6</b>	<b>330.6</b>	<b>350.6</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	0.0	0.0	0.0
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>17.4</b>	<b>17.4</b>	<b>17.4</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>348.7</b>	<b>402.2</b>	<b>471.5</b>	<b>473.5</b>	<b>489.6</b>	<b>516.6</b>

Balance sheet (common size)	2020	2021	2022	2023P	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%	88%	87%
<b>FIXED ASSETS</b>	<b>93%</b>	<b>89%</b>	<b>93%</b>	<b>88%</b>	<b>89%</b>	<b>89%</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>11%</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%	68%	67%	68%
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>68%</b>	<b>68%</b>	<b>68%</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%	0%	0%	0%
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>3%</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; mwb research

Cash flow statement (EURm)	2020	2021	2022	2023P	2024E	2025E
Net profit/loss	9.6	12.1	14.2	8.3	8.6	9.3
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	-2.2	-2.5	-2.2
Cash flow from operations before changes in w/c	10.3	17.6	20.3	6.6	6.5	7.1
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	-0.6	2.9	-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	-4.7	-0.0	-0.0
Increase/decrease in working capital	-0.4	-4.3	-1.2	-6.8	2.8	-0.3
<b>Cash flow from operating activities</b>	<b>9.8</b>	<b>13.3</b>	<b>18.5</b>	<b>-0.2</b>	<b>9.3</b>	<b>6.8</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	25.3	-18.4	-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>37.2</b>	<b>-18.4</b>	<b>-20.5</b>
Cash flow before financing	-11.0	-28.0	-55.9	37.0	-9.1	-13.7
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	-2.5	-2.5
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>7.5</b>	<b>17.5</b>
Increase/decrease in liquid assets	-3.1	9.2	-9.3	25.7	-1.6	3.9
<b>Liquid assets at end of period</b>	<b>5.6</b>	<b>14.8</b>	<b>5.6</b>	<b>31.3</b>	<b>29.7</b>	<b>33.6</b>

Source: Company data; mwb research

Real estate ratios in (EURm)	2020	2021	2022	2023P	2024E	2025E
Number of properties	83	99	105	101	103	106
Rental space	342,000	400,000	500,000	489,850	494,400	519,400
Actual net rents	22.7	24.1	32.0	33.2	35.6	38.3
FFO	4.9	7.1	9.4	8.2	8.4	9.1
FFO margin	21.6%	29.4%	29.3%	24.6%	23.7%	23.7%
FFOPS	0.54	0.73	0.96	0.83	0.86	0.92
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	408.0	426.4	449.4
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	15.4	16.1	16.8
LTV	69.7%	71.5%	69.6%	66.3%	66.2%	66.4%

Source: Company data; mwb research

Regional sales split (EURm)	2020	2021	2022	2023P	2024E	2025E
Domestic	38.9	52.5	35.9	56.3	59.1	62.1
Europe (ex domestic)	0.0	0.0	0.0	0.0	0.0	0.0
The Americas	0.0	0.0	0.0	0.0	0.0	0.0
Asia	0.0	0.0	0.0	0.0	0.0	0.0
Rest of World	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total sales</b>	<b>38.9</b>	<b>52.5</b>	<b>35.9</b>	<b>56.3</b>	<b>38.6</b>	<b>41.3</b>

Regional sales split (common size)	2020	2021	2022	2023P	2024E	2025E
Domestic	100.0%	100.0%	100.0%	100.0%	153.2%	150.2%
Europe (ex domestic)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
The Americas	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asia	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rest of World	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total sales</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Company data; mwb research

Ratios	2020	2021	2022	2023P	2024E	2025E
<b>Per share data</b>						
Earnings per share reported	1.05	1.25	1.45	0.84	0.87	0.95
Cash flow per share	1.03	1.31	1.78	-0.07	0.90	0.69
Book value per share	10.11	11.14	12.17	13.73	14.35	15.05
Dividend per share	0.30	0.35	0.35	0.25	0.25	0.25
<b>Valuation</b>						
P/E	9.2x	7.7x	6.6x	11.4x	11.0x	10.1x
P/CF	9.3x	7.3x	5.4x	-130.7x	10.7x	13.9x
P/BV	0.9x	0.9x	0.8x	0.7x	0.7x	0.6x
Dividend yield (%)	3.1%	3.6%	3.6%	2.6%	2.6%	2.6%
FCF yield (%)	10.7%	13.7%	18.6%	-0.8%	9.3%	7.2%
EV/Sales	8.3x	6.6x	11.6x	6.8x	10.2x	9.9x
EV/EBITDA	21.7x	18.1x	14.6x	19.3x	19.3x	19.1x
EV/EBIT	22.3x	18.7x	15.2x	19.8x	19.7x	19.1x
<b>Income statement (EURm)</b>						
Sales	38.9	52.5	35.9	56.3	38.6	41.3
yoy chg in %	-21.7%	34.9%	-31.6%	56.8%	-31.5%	7.1%
Gross profit	10.9	24.4	0.9	18.3	0.0	0.0
Gross margin in %	28.0%	46.5%	2.5%	32.5%	0.0%	0.0%
EBITDA	14.8	19.2	28.6	19.9	20.5	21.5
EBITDA margin in %	38.1%	36.5%	79.5%	35.3%	53.0%	52.1%
EBIT	14.4	18.5	27.4	19.4	20.0	21.5
EBIT margin in %	37.1%	35.3%	76.4%	34.5%	51.9%	52.1%
Net profit	9.6	12.1	14.2	8.3	8.6	9.3
<b>Cash flow statement (EURm)</b>						
CF from operations	9.8	13.3	18.5	-0.2	9.3	6.8
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	-0.2	9.3	6.8
<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	135.5	141.7	148.5
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	237.1	271.9	328.1	320.6	330.6	350.6
Net financial debt	226.9	252.7	322.3	288.7	300.3	316.4
w/c requirements	7.8	16.0	6.9	9.0	6.3	6.6
<b>Ratios</b>						
ROE	10.3%	11.2%	11.9%	6.1%	6.1%	6.3%
ROCE	4.4%	4.9%	6.1%	4.3%	4.2%	4.3%
Net gearing	245.5%	234.0%	271.3%	213.0%	212.0%	213.0%
Net debt / EBITDA	15.3x	13.2x	11.3x	14.5x	14.7x	14.7x

Source: Company data; mwb research

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