

# FCR Immobilien AG

Germany | Real Estate | MCap EUR 97.5m

30 May 2024

UPDATE



## Good Q1 thanks to predictable and recurring rental income, BUY

### What's it all about?

FCR has made a good start to the financial year and has published its key figures for Q1 24. EBITDA increased to EUR 7.5m (previous year: EUR 7.2m), while EBT decreased slightly to EUR 3.6m (previous year: EUR 3.9m) mainly attributable to higher financing costs. The results demonstrate the stability and profitability of the business model, which is based on predictable rental income. At EUR 2.0m (previous year: EUR 2.3m), FFO remained at a satisfactory level and only slightly below expectations. However, due to indexed rents and further acquisitions, FCR should reach or even exceed our estimates of EUR 8.4m for FY24. Key figures such as occupancy and WAULT remained stable. Management is also optimistic about the rest of the year. We therefore reiterate our BUY recommendation with an unchanged PT of EUR 20.50.

**BUY** (BUY)

<b>Target price</b>	<b>EUR 20.50</b> (20.50)
Current price	EUR 9.95
Up/downside	106.0%



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# FCR Immobilien AG

Germany | Real Estate | MCap EUR 97.5m | EV EUR 392.8m

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	Up/downside	106.0%

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## Good Q1 thanks to predictable and recurring rental income, BUY

**Good start to the year** FCR Immobilien ("FCR") published its first quarter results yesterday. The company has made a good start to the new financial year and all key figures are broadly in line with or above our expectations. EBITDA improved slightly to EUR 7.5m (previous year: EUR 7.2m). EBT, however, declined slightly to EUR 3.6m (previous year: EUR 3.9m), mainly due to higher financial expenses. In our view, the Q1 results are nevertheless positive, as they once again reflect the stability and profitability (despite higher interest rates) of FCR's business model, which is focused on holding shopping centres and retail parks, thus generating recurring and predictable rental income.

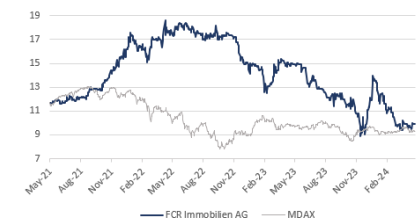
**Satisfactory FFO** In terms of cash generation, i.e. funds from operations (FFO), FCR managed to keep its FFO in Q1 at a satisfactory level of EUR 2.0m (previous year: EUR 2.3m) and was only slightly below our expected run rate of EUR 2.1m per quarter. We therefore believe that FCR is on track to exceed our full year expectations of around EUR 8.4m, as potential rent increases due to lease indexation and further acquisitions could provide positive momentum as the year progresses. We therefore believe that a year-on-year increase in FFO is quite possible, although the growth rates of recent years (average FFO growth of around 18% p.a. over the last four years) are unlikely to be achieved for the time being.

**Real estate KPIs remain at a stable level** FCR's other key real estate metrics were also satisfying in the first quarter. At 94.0%, the occupancy rate remained at a high level, while the weighted average remaining lease term (WAULT) was a good 5.2 years. In addition, the company has digitized the entire value chain with the introduction of the "FCR Intranet" software, which should help to increase efficiency.

**Conclusion** The first quarter results are broadly in line with our expectations and in some cases exceed our expected quarterly run rate. Although FCR, like all real estate companies, has not been spared from the increased financing costs, FCR continues to generate solid and above all sustainable rental income and thus cash flows. Management remains optimistic for FY24 and expects to continue the successful development of recent years into 2024. Against this backdrop, we consider the discount of around 30% to NAV to be unjustified. We therefore reiterate our BUY rating with an unchanged price target of EUR 20.50.

FCR Immobilien AG	2021	2022	2023	2024E	2025E	2026E
Sales	52.5	35.9	56.6	37.9	40.6	42.5
<i>Growth yoy</i>	34.9%	-31.6%	57.7%	-33.0%	7.2%	4.7%
EBIT	18.5	27.4	23.0	21.9	23.5	23.9
FFO	7.1	9.4	8.2	8.4	9.2	9.9
FFO-Margin	29.1%	29.6%	24.7%	24.1%	24.4%	25.1%
Net profit	12.1	14.2	8.7	7.8	8.4	9.3
Net debt (net cash)	252.7	322.3	295.3	307.6	324.7	342.3
LTV	77.1%	75.1%	67.2%	68.1%	68.4%	68.7%
EPS reported	1.25	1.45	0.89	0.80	0.86	0.95
FFOPS	0.73	0.96	0.83	0.86	0.94	1.01
DPS	0.35	0.35	0.25	0.25	0.28	0.31
<i>Dividend yield</i>	3.5%	3.5%	2.5%	2.5%	2.9%	3.1%
FFO-yield	7.3%	9.7%	8.4%	8.6%	9.4%	10.2%
EV/EBIT	18.9x	15.3x	17.1x	18.5x	17.9x	18.4x
P/E	7.9x	6.9x	11.2x	12.5x	11.6x	10.5x

Source: Company data, mwb research



Source: Company data, mwb research

**High/low 52 weeks** 15.00 / 8.85  
**Price/Book Ratio** 0.8x

### Ticker / Symbols

ISIN DE000A1YC913  
WKN A1YC91  
Bloomberg FC9:GR

### Changes in estimates

		Sales	EBIT	EPS
2024E	old	37.9	21.9	0.80
	Δ	0.0%	0.0%	0.0%
2025E	old	40.6	23.5	0.86
	Δ	0.0%	0.0%	0.0%
2026E	old	42.5	23.9	0.95
	Δ	0.0%	0.0%	0.0%

### Key share data

Number of shares: (in m pcs) 9.80  
Book value per share: (in EUR) 12.79  
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.

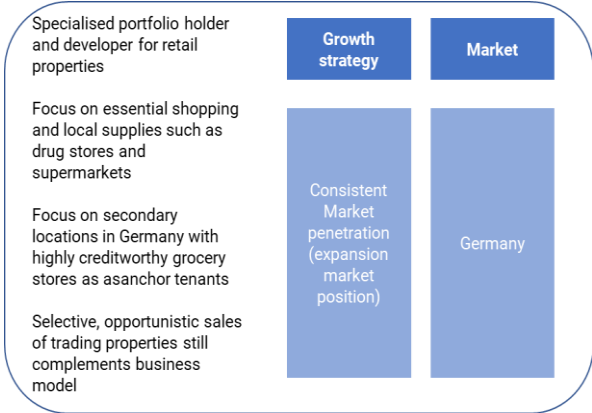
## Recent transactions overview

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	Bückeberg, 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	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)	

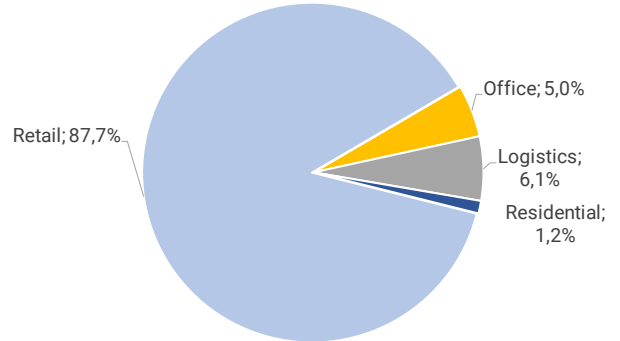
Source: Company data, mwb research, P=purchase, D=disposal

# Investment case in six charts

## Business Model



## Rental income as per asset class 2023

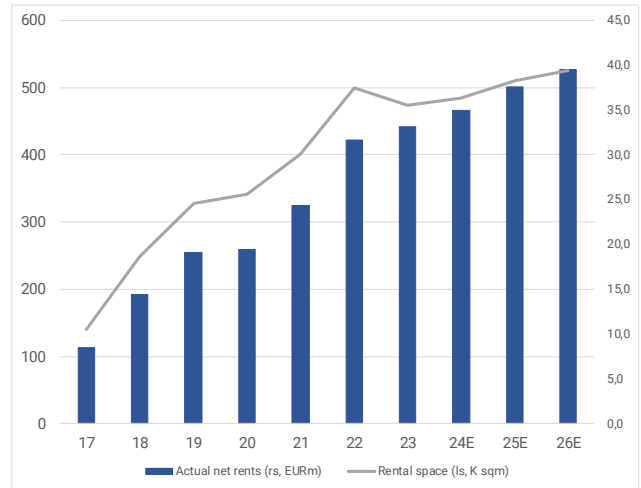


## Major tenants

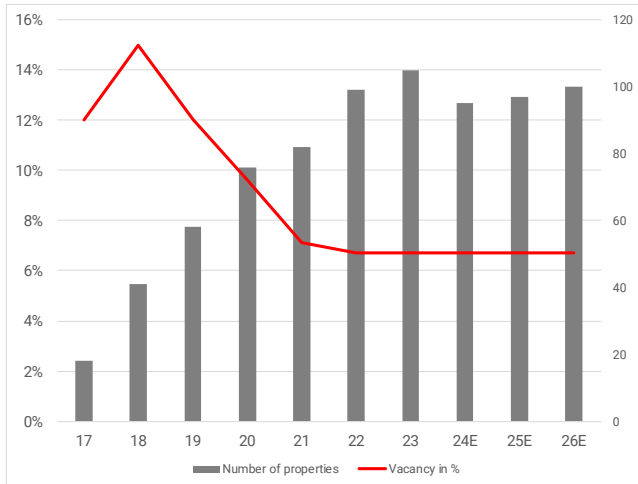
**Food retail / grocery**

**Specialty retail**

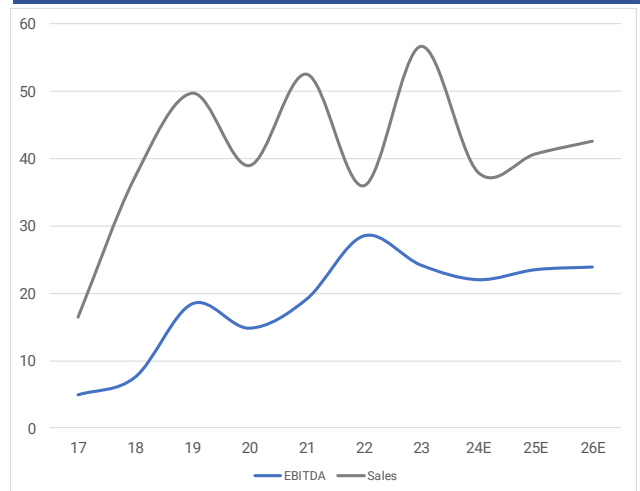
## Rental Space and actual net rental income



## 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 leads 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 20.39 per share**:

**Top-line growth:** We expect FCR Immobilien AG to grow revenues at a CAGR of 6.6% between Year and 2030E. The long-term growth rate is set at 2.0%.

**ROCE.** Returns on capital are developing from 4.9% in 2024E to 9.4% in 2030E.

**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)	Year	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Terminal value
NOPAT		16.3	17.3	17.3	18.2	20.2	21.8	23.6	25.4
Depreciation & amortization		0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in working capital		-1.7	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3
Chg. in long-term provisions		-2.3	-2.2	-2.3	-2.9	-2.5	-2.5	-2.6	-2.7
Capex		-13.7	-20.6	-21.6	-11.4	-10.9	-6.7	-6.6	-18.1
Cash flow	Cash flow	-1.4	-5.4	-6.9	3.6	6.5	12.3	14.0	4.3
Present value	Present value	-1.3	-4.7	-5.5	2.7	4.4	7.6	8.0	2.3
WACC	WACC%	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	46.6	Planning horizon avg. revenue growth (Year-2030E)	6.6%
Mid-year adj. total present value	48.6	Terminal value growth (2030E - infinity)	2.0%
Net debt / cash at start of year	302.2	Terminal year ROCE	9.4%
Financial assets	413.1	Terminal year WACC	8.9%
Provisions and off b/s debt	na		
Equity value	159.5	Terminal WACC derived from	
No. of shares outstanding	7.8	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%

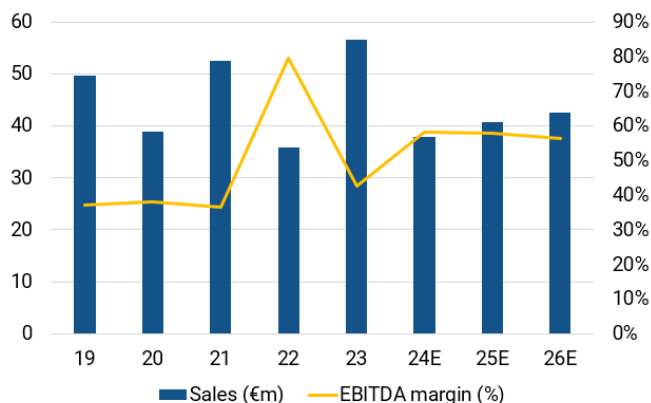
Discounted cash flow / share upside/(downside)	20.39 104.9%
Share price	9.90

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%	18.4	18.5	18.7	18.9	19.1	Year-2026E	-18.9%
1.0%	19.0	19.2	19.5	19.7	20.0	2027E-2030E	47.6%
0.0%	19.8	20.1	20.4	20.8	21.2	terminal value	71.3%
-1.0%	20.8	21.2	21.6	22.2	22.8		
-2.0%	22.1	22.7	23.4	24.2	25.3		

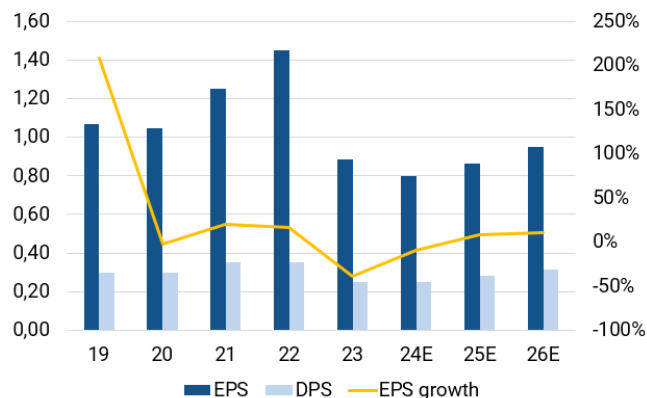
Source: mwb research

# Financials in six charts

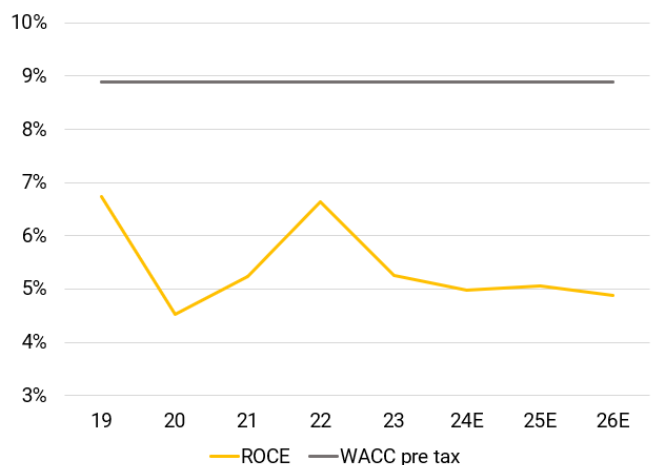
**Sales vs. EBITDA margin development**



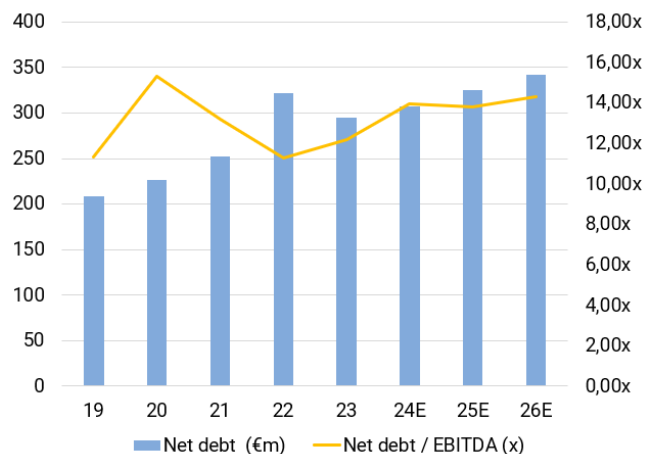
**EPS, DPS in EUR & yoy EPS growth**



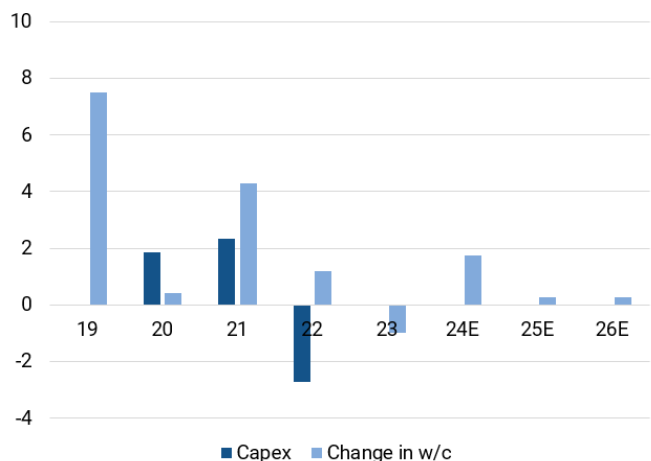
**ROCE vs. WACC (pre tax)**



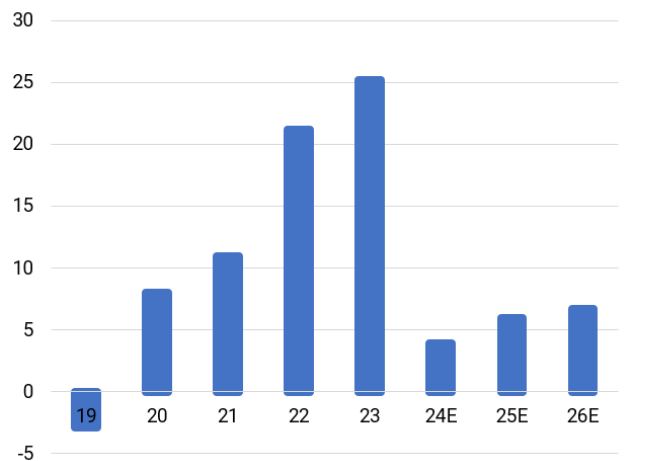
**Net debt and net debt/EBITDA**



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



**Free Cash Flow in EURm**



Source: Company data; mwb research

# Financials

Profit and loss (EURm)	2021	2022	2023	2024E	2025E	2026E
<b>Net sales</b>	<b>52.5</b>	<b>35.9</b>	<b>56.6</b>	<b>37.9</b>	<b>40.6</b>	<b>42.5</b>
Sales growth	34.9%	-31.6%	57.7%	-33.0%	7.2%	4.7%
Change in finished goods and work-in-process	2.6	2.4	1.9	0.0	0.0	0.0
<b>Total sales</b>	<b>55.1</b>	<b>38.4</b>	<b>58.6</b>	<b>37.9</b>	<b>40.6</b>	<b>42.5</b>
Change in the value of investment property	4.8	9.9	1.0	2.6	2.3	2.4
Expenses from financial investments held real estate	24.4	0.9	18.3	0.0	0.0	0.0
Personnel expenses	11.9	12.9	12.7	13.7	14.4	15.1
Material expenses and other opex	11.9	12.9	12.7	13.7	14.4	15.1
Total operating expenses	35.9	9.8	34.4	15.9	17.1	18.6
<b>EBITDA</b>	<b>19.2</b>	<b>28.6</b>	<b>24.2</b>	<b>22.0</b>	<b>23.5</b>	<b>23.9</b>
Depreciation	0.6	1.1	1.2	0.2	0.0	0.0
EBITA	18.5	27.4	23.0	21.9	23.5	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>18.5</b>	<b>27.4</b>	<b>23.0</b>	<b>21.9</b>	<b>23.5</b>	<b>23.9</b>
Financial result	-6.6	-10.1	-12.9	-12.8	-13.6	-12.6
Recurring pretax income from continuing operations	11.9	17.3	10.1	9.1	9.9	11.3
Extraordinary income/loss	3.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	14.9	17.3	10.1	9.1	9.9	11.3
Taxes	2.7	3.1	1.4	1.3	1.5	2.0
Net income from continuing operations	12.1	14.2	8.7	7.8	8.4	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>12.1</b>	<b>14.2</b>	<b>8.7</b>	<b>7.8</b>	<b>8.4</b>	<b>9.3</b>
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	12.1	14.2	8.7	7.8	8.4	9.3
Average number of shares	9.69	9.76	9.80	9.80	9.80	9.80
<b>EPS reported</b>	<b>1.25</b>	<b>1.45</b>	<b>0.89</b>	<b>0.80</b>	<b>0.86</b>	<b>0.95</b>

Profit and loss (common size)	2021	2022	2023	2024E	2025E	2026E
<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	5%	7%	3%	0%	0%	0%
<b>Total sales</b>	<b>105%</b>	<b>107%</b>	<b>103%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Change in the value of investment property	9%	28%	2%	7%	6%	6%
Expenses from financial investments held real estate	46%	3%	32%	0%	0%	0%
Personnel expenses	23%	36%	22%	36%	35%	35%
Material expenses and other opex	23%	36%	22%	36%	35%	35%
Total operating expenses	68%	27%	61%	42%	42%	44%
<b>EBITDA</b>	<b>36%</b>	<b>80%</b>	<b>43%</b>	<b>58%</b>	<b>58%</b>	<b>56%</b>
Depreciation	1%	3%	2%	0%	0%	0%
EBITA	35%	76%	41%	58%	58%	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>35%</b>	<b>76%</b>	<b>41%</b>	<b>58%</b>	<b>58%</b>	<b>56%</b>
Financial result	-13%	-28%	-23%	-34%	-33%	-30%
Recurring pretax income from continuing operations	23%	48%	18%	24%	24%	27%
Extraordinary income/loss	6%	0%	0%	0%	0%	0%
Earnings before taxes	28%	48%	18%	24%	24%	27%
Taxes	5%	9%	2%	3%	4%	5%
Net income from continuing operations	23%	39%	15%	21%	21%	22%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
<b>Net income</b>	<b>23%</b>	<b>39%</b>	<b>15%</b>	<b>21%</b>	<b>21%</b>	<b>22%</b>
Minority interest	0%	0%	0%	0%	0%	0%
Net profit (reported)	<b>23%</b>	<b>39%</b>	<b>15%</b>	<b>21%</b>	<b>21%</b>	<b>22%</b>

Source: Company data; mwb research



Balance sheet (EURm)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	2.3	4.0	4.6	4.6	4.6	4.6
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	1.8	3.0	0.9	0.8	0.8	0.8
Financial assets	354.8	430.9	413.1	429.4	452.3	476.2
<b>FIXED ASSETS</b>	<b>358.9</b>	<b>437.9</b>	<b>418.6</b>	<b>434.7</b>	<b>457.6</b>	<b>481.5</b>
Inventories	2.4	1.2	1.3	0.8	0.8	0.8
Accounts receivable	16.6	7.1	6.0	4.9	5.1	5.4
Other current assets	5.5	18.1	17.0	17.0	17.0	17.0
Liquid assets	18.7	5.6	6.5	12.4	15.3	17.7
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.1	1.6	0.1	0.2	0.2	0.2
<b>CURRENT ASSETS</b>	<b>43.3</b>	<b>33.6</b>	<b>30.9</b>	<b>35.2</b>	<b>38.4</b>	<b>41.1</b>
<b>TOTAL ASSETS</b>	<b>402.2</b>	<b>471.5</b>	<b>449.5</b>	<b>469.9</b>	<b>496.0</b>	<b>522.6</b>
<b>SHAREHOLDERS EQUITY</b>	<b>108.0</b>	<b>118.8</b>	<b>125.3</b>	<b>130.7</b>	<b>136.7</b>	<b>143.2</b>
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	259.6	280.5	259.5	320.0	340.0	360.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	0.5	0.3	0.4	0.6	0.6	0.7
<b>Non-current liabilities</b>	<b>260.0</b>	<b>280.8</b>	<b>259.9</b>	<b>320.6</b>	<b>340.6</b>	<b>360.7</b>
short-term liabilities to banks	11.8	47.3	42.3	0.0	0.0	0.0
Accounts payable	2.9	1.5	0.7	0.7	0.8	0.8
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	1.9	3.0	2.7	0.0	0.0	0.0
Deferred taxes	17.4	20.1	17.9	17.9	17.9	17.9
Deferred income	0.0	0.0	0.6	0.0	0.0	0.0
<b>Current liabilities</b>	<b>34.2</b>	<b>71.9</b>	<b>64.3</b>	<b>18.6</b>	<b>18.7</b>	<b>18.7</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>402.2</b>	<b>471.5</b>	<b>449.5</b>	<b>469.9</b>	<b>496.0</b>	<b>522.6</b>

Balance sheet (common size)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	1%	1%	1%	1%	1%	1%
Goodwill	0%	0%	0%	0%	0%	0%
Property, plant and equipment	0%	1%	0%	0%	0%	0%
Financial assets	88%	91%	92%	91%	91%	91%
<b>FIXED ASSETS</b>	<b>89%</b>	<b>93%</b>	<b>93%</b>	<b>93%</b>	<b>92%</b>	<b>92%</b>
Inventories	1%	0%	0%	0%	0%	0%
Accounts receivable	4%	2%	1%	1%	1%	1%
Other current assets	1%	4%	4%	4%	3%	3%
Liquid assets	5%	1%	1%	3%	3%	3%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
<b>CURRENT ASSETS</b>	<b>11%</b>	<b>7%</b>	<b>7%</b>	<b>7%</b>	<b>8%</b>	<b>8%</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>25%</b>	<b>28%</b>	<b>28%</b>	<b>28%</b>	<b>27%</b>
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	65%	59%	58%	68%	69%	69%
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>65%</b>	<b>60%</b>	<b>58%</b>	<b>68%</b>	<b>69%</b>	<b>69%</b>
short-term liabilities to banks	3%	10%	9%	0%	0%	0%
Accounts payable	1%	0%	0%	0%	0%	0%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	0%	1%	1%	0%	0%	0%
Deferred taxes	4%	4%	4%	4%	4%	3%
Deferred income	0%	0%	0%	0%	0%	0%
<b>Current liabilities</b>	<b>8%</b>	<b>15%</b>	<b>14%</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; mwb research

Cash flow statement (EURm)	2021	2022	2023	2024E	2025E	2026E
Net profit/loss	12.1	14.2	8.7	7.8	8.4	9.3
Depreciation of fixed assets (incl. leases)	0.6	1.1	1.2	0.2	0.0	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	4.8	5.0	14.3	-2.3	-2.2	-2.3
Cash flow from operations before changes in w/c	17.6	20.3	24.2	5.7	6.2	7.0
Increase/decrease in inventory	1.8	1.2	-0.1	0.6	-0.0	-0.0
Increase/decrease in accounts receivable	-11.4	9.5	1.1	1.1	-0.2	-0.3
Increase/decrease in accounts payable	1.5	-1.5	-0.8	0.0	0.0	0.0
Increase/decrease in other w/c positions	3.9	-10.3	0.7	-3.5	-0.0	-0.0
Increase/decrease in working capital	-4.3	-1.2	1.0	-1.7	-0.3	-0.3
<b>Cash flow from operating activities</b>	<b>13.3</b>	<b>18.5</b>	<b>25.2</b>	<b>3.9</b>	<b>6.0</b>	<b>6.7</b>
CAPEX	-2.3	2.7	0.0	0.0	0.0	0.0
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	-39.9	-70.8	18.9	-13.7	-20.6	-21.6
Income from asset disposals	1.0	-6.3	-5.4	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-41.3</b>	<b>-74.4</b>	<b>13.3</b>	<b>-13.7</b>	<b>-20.6</b>	<b>-21.6</b>
Cash flow before financing	-28.0	-55.9	38.5	-9.8	-14.7	-14.9
Increase/decrease in debt position	35.8	48.8	-26.0	18.1	20.0	20.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	6.7	0.0	0.0	0.0	0.0	0.0
Dividends paid	-2.9	-3.4	-3.4	-2.5	-2.5	-2.8
Others	-2.3	1.2	-8.0	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>37.2</b>	<b>46.6</b>	<b>-37.4</b>	<b>15.7</b>	<b>17.5</b>	<b>17.2</b>
Increase/decrease in liquid assets	9.2	-9.3	1.1	5.9	2.9	2.4
<b>Liquid assets at end of period</b>	<b>14.8</b>	<b>5.6</b>	<b>6.9</b>	<b>12.8</b>	<b>15.7</b>	<b>18.0</b>

Source: Company data; mwb research

Real estate ratios in (EURm)	2021	2022	2023	2024E	2025E	2026E
Number of properties	99	105	95	97	100	103
Rental space	400,000	500,000	474,000	485,000	510,000	525,300
Actual net rents	24.3	31.7	33.1	34.9	37.6	39.5
FFO	7.1	9.4	8.2	8.4	9.2	9.9
FFO margin	29.1%	29.6%	24.7%	24.1%	24.4%	25.1%
FFOPS	0.73	0.96	0.83	0.86	0.94	1.01
Potential net rents	29.1	31.8	33.1	na	na	na
Letting quota	92.9%	93.3%	93.3%	93.3%	93.3%	93.3%
Market value	320.7	404.8	414.3	426.8	450.0	473.8
ACTUAL net rental returns	7.6%	7.8%	8.0%	8.2%	8.4%	8.3%
WAULT	5.4	5.2	5.3	5.3	5.3	5.3
NAV	12.5	13.9	14.3	15.1	15.8	16.4
LTV	77.1%	75.1%	67.2%	68.1%	68.4%	68.7%

Source: Company data; mwb research

Regional sales split (EURm)	2021	2022	2023	2024E	2025E	2026E
Domestic	52.5	35.9	56.6	59.5	62.4	65.6
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>52.5</b>	<b>35.9</b>	<b>56.6</b>	<b>37.9</b>	<b>40.6</b>	<b>42.5</b>

Regional sales split (common size)	2021	2022	2023	2024E	2025E	2026E
Domestic	100.0%	100.0%	100.0%	156.8%	153.6%	154.1%
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>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Company data; mwb research

Ratios	2021	2022	2023	2024E	2025E	2026E
<b>Per share data</b>						
Earnings per share reported	1.25	1.45	0.89	0.80	0.86	0.95
Cash flow per share	1.31	1.78	2.44	0.38	0.61	0.68
Book value per share	11.14	12.17	12.79	13.34	13.95	14.61
Dividend per share	0.35	0.35	0.25	0.25	0.28	0.31
<b>Valuation</b>						
P/E	7.9x	6.9x	11.2x	12.5x	11.6x	10.5x
P/CF	7.6x	5.6x	4.1x	26.0x	16.3x	14.6x
P/BV	0.9x	0.8x	0.8x	0.7x	0.7x	0.7x
Dividend yield (%)	3.5%	3.5%	2.5%	2.5%	2.9%	3.1%
FCF yield (%)	13.2%	17.9%	24.5%	3.8%	6.1%	6.9%
EV/Sales	6.7x	11.7x	6.9x	10.7x	10.4x	10.3x
EV/EBITDA	18.3x	14.7x	16.2x	18.4x	17.9x	18.4x
EV/EBIT	18.9x	15.3x	17.1x	18.5x	17.9x	18.4x
<b>Income statement (EURm)</b>						
Sales	52.5	35.9	56.6	37.9	40.6	42.5
yoy chg in %	34.9%	-31.6%	57.7%	-33.0%	7.2%	4.7%
Gross profit	24.4	0.9	18.3	0.0	0.0	0.0
Gross margin in %	46.5%	2.5%	32.3%	0.0%	0.0%	0.0%
EBITDA	19.2	28.6	24.2	22.0	23.5	23.9
EBITDA margin in %	36.5%	79.5%	42.8%	58.1%	57.9%	56.3%
EBIT	18.5	27.4	23.0	21.9	23.5	23.9
EBIT margin in %	35.3%	76.4%	40.6%	57.7%	57.9%	56.3%
Net profit	12.1	14.2	8.7	7.8	8.4	9.3
<b>Cash flow statement (EURm)</b>						
CF from operations	13.3	18.5	25.2	3.9	6.0	6.7
Capex	-2.3	2.7	0.0	0.0	0.0	0.0
Maintenance Capex	0.6	1.1	1.2	0.2	0.0	0.0
Free cash flow	11.0	21.2	25.2	3.9	6.0	6.7
<b>Balance sheet (EURm)</b>						
Intangible assets	2.3	4.0	4.6	4.6	4.6	4.6
Tangible assets	1.8	3.0	0.9	0.8	0.8	0.8
Shareholders' equity	108.0	118.8	125.3	130.7	136.7	143.2
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	271.9	328.1	302.2	320.6	340.6	360.7
Net financial debt	252.7	322.3	295.3	307.6	324.7	342.3
w/c requirements	16.0	6.9	6.6	4.9	5.1	5.4
<b>Ratios</b>						
ROE	11.2%	11.9%	6.9%	6.0%	6.2%	6.5%
ROCE	4.9%	6.1%	5.4%	4.9%	4.9%	4.7%
Net gearing	234.0%	271.3%	235.6%	235.3%	237.5%	239.1%
Net debt / EBITDA	13.2x	11.3x	12.2x	14.0x	13.8x	14.3x

Source: Company data; mwb research

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