

FCR Immobilien AG

Germany | Real Estate | MCap EUR 100.0m

21 January 2025

UPDATE



Another Day, another Dollar! Reiterate to BUY

What's it all about?

Interest in German real estate stocks has been rather low recently, but we see potential for a turnaround, particularly in FCR Immobilien. The improved interest rate environment, with ECB rate cuts and possible further easing in 2025, could provide a tailwind for the real estate sector. After two years of declining FFOs, FCR could be poised for a recovery, driven by more stable financing costs, further portfolio expansion and index-linked rentals. In our view, the niche of local retail properties in secondary German locations with high initial yields and stable rents remains very attractive. Nevertheless, the stock is currently trading at around 30% below NAV, which we believe offers significant upside potential. We therefore reiterate our BUY rating with an unchanged price target of EUR 20.50. mwb research is organizing a virtual roadshow with CFO Christoph Schillmaier on 11 February. Interested investors can register using the following [link](#).

IMPORTANT. Please refer to the last page of this report for "Important disclosures" and analyst(s) certifications.

BUY (BUY)

Target price	EUR 20.50 (20.50)
Current price	EUR 10.20
Up/downside	101.0%



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FCR Immobilien AG

Germany | Real Estate | MCap EUR 100.0m | EV EUR 395.3m

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Another Day, another Dollar! Reiterate to BUY

Investor interest in German real estate stocks has been rather low in recent months. While large property companies such as Vonovia, TAG Immobilien and Aroundtown have generally outperformed the market, smaller property specialists have lagged far behind. FCR Immobilien has also been relatively quiet in recent weeks and months - wrongly, in our view:

Improved interest rate environment In June last year, the ECB's monetary policymakers made the long-awaited and historic interest rate cut. For the first time in almost five years, rates were lowered by 0.25 percentage points. Since then, the key interest rate has been cut three more times and is now at a level of 3%. And according to estimates, further easing is on the cards for 2025. A further rate cut could come as early as the end of January, which would provide a boost to the battered real estate sector and should have a positive impact on both financing costs and the valuation of existing properties.

Turnaround in FFO At FCR, we now see light at the end of the tunnel after two years of declining FFO. Largely due to higher interest expenses, but also due to portfolio adjustments, FFO fell from a peak of EUR 9.4m in FY22 to around EUR 7.4m in 2024E. However, in our view, a turnaround could take place in 2025 and we expect FFO to be well above EUR 8m, driven by stable or slightly declining financing costs, moderate portfolio expansion and fundamentally rising annual rents due to predominantly index-linked leases with anchor tenants with strong credit ratings.

Lucrative niche However, FCR continues to occupy a very lucrative niche in the highly competitive property market. Local shopping centres and retail properties in established secondary locations in Germany are characterised by less competition and therefore lower purchase prices for newly acquired properties. This guarantees high initial yields of around 8% p.a., which, together with long-term leases with anchor tenants with strong credit ratings, ensure continuous and, above all, long-term rental payments that are more than sufficient to service interest and principal.

Conclusion: We therefore believe that FCR has weathered the difficult years for the property sector well. 2025 could therefore be the year when investor interest returns and the valuation gap - the stock currently trades at around 30% below NAV - closes.

-continued-

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	21.7	23.6	23.9
FFO	7.1	9.4	8.2	7.4	8.7	9.4
FFO-Margin	29.1%	29.6%	24.7%	21.2%	23.1%	23.8%
Net profit	12.1	14.2	8.7	6.8	7.9	8.8
Net debt (net cash)	252.7	322.3	295.3	309.4	326.9	344.9
LTV	77.1%	75.1%	67.2%	68.5%	68.9%	69.2%
EPS reported	1.25	1.45	0.89	0.69	0.81	0.90
FFOPS	0.73	0.96	0.83	0.76	0.89	0.96
DPS	0.35	0.35	0.25	0.22	0.27	0.30
<i>Dividend yield</i>	3.4%	3.4%	2.5%	2.1%	2.6%	2.9%
FFO-yield	7.2%	9.4%	8.2%	7.4%	8.7%	9.4%
EV/EBIT	19.0x	15.4x	17.2x	18.8x	18.1x	18.6x
P/E	8.1x	7.0x	11.5x	14.7x	12.6x	11.4x

Source: Company data, mwb research



Source: Company data, mwb research

High/low 52 weeks 12.50 / 8.75
Price/Book Ratio 0.8x

Ticker / Symbols

ISIN DE000A1YC913
WKN A1YC91
Bloomberg FC9:GR

Changes in estimates

		Sales	EBIT	EPS
2024E	old	37.9	21.7	0.69
	Δ	0.0%	0.0%	0.0%
2025E	old	40.6	23.6	0.81
	Δ	0.0%	0.0%	0.0%
2026E	old	42.5	23.9	0.90
	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) 1,557

Major shareholders

RAT Asset & Trading AG 64.9%
FaMe Invest & Mgmt GmbH 8.0%
WWK Lebensvers. 3.4%
Free Float 23.8%

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.

Either way, the motto for FCR should continue to be: Another day, another dollar! (<https://www.youtube.com/watch?v=ZeG1e7nsNlg>). We therefore reiterate our BUY rating with an unchanged price target of EUR 20.50.

Event: mwb research is organizing a virtual roadshow with CFO Christoph Schillmaier on 11 February. Interested investors can register using the following [link](#).

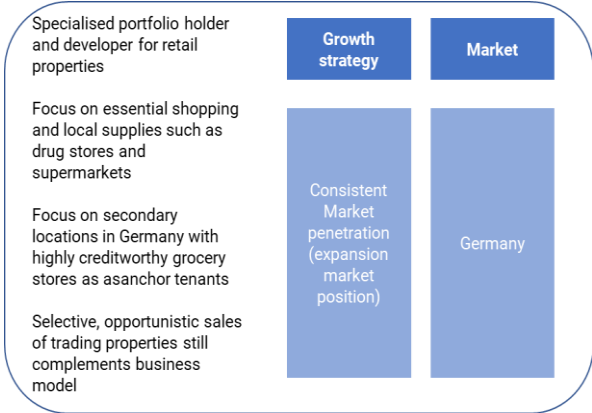
Recent transactions overview

Date	Purchase / Disposal	Type	Location	Anchor tenant	net rent in EUR K	Leasable area in sqm	WAULT Years	Purch. / Disp. price EUR/m	Rent per sqm / month
2020									
16.01.2020	D	Retail	Duisburg	C&A		10.000			
05.02.2020	P	Retail	Gummersbach	C&A		4.500			
12.02.2020	P	Retail	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	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
2021									
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 (eAR)	6,00
11.01.2022	P	Specialty retail	Zeithain	Hammer Fachmärkte	260	7.850	3,5	1,6 (eAR)	2,80
2022									
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	Dürröhrsdorf-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
2023									
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
2023	P	Specialty retail	Werdau, Sachsen		0,83	13.000	5,3	8-9 (eAR)	

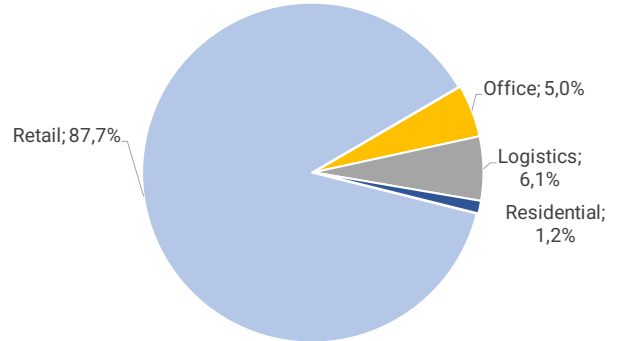
Source: Company data, mwb research, P=purchase, D=disposal

Investment case in six charts

Business Model



Rental income as per asset class 2023

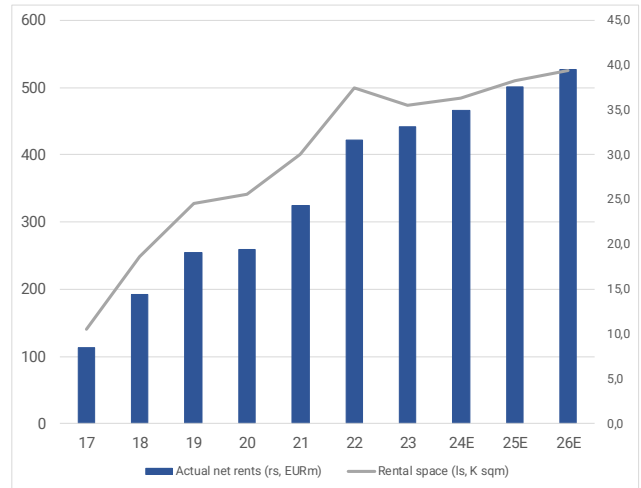


Major tenants

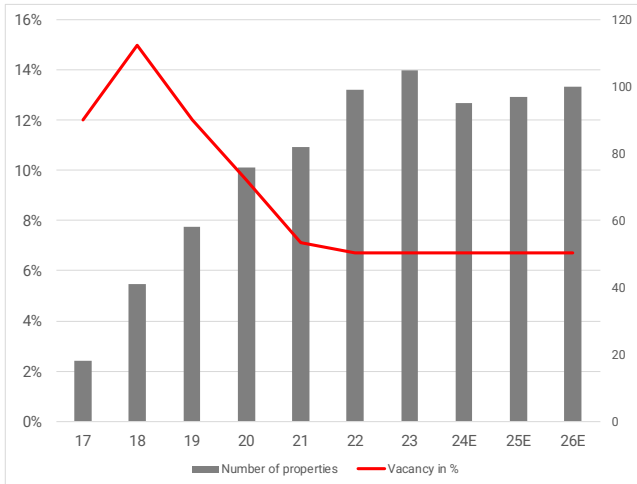
Food retail / grocery

Specialty retail

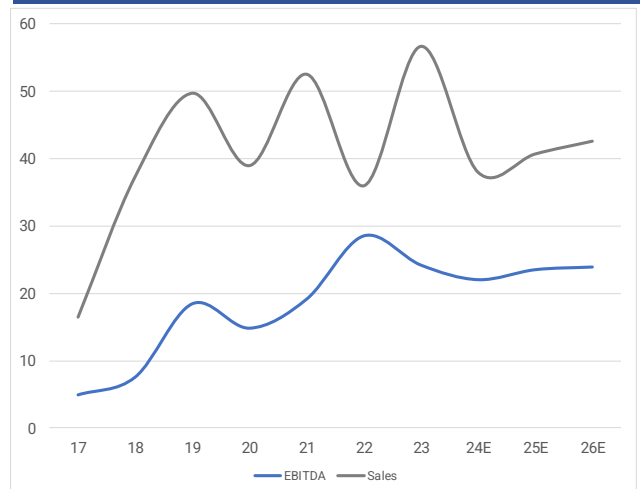
Rental Space and actual net rental income



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 20.64 per share**:

Top-line growth: We expect FCR Immobilien AG to grow revenues at a CAGR of 6.6% between 2024E and 2031E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from 4.9% in 2024E to 6.2% in 2031E.

WACC. Starting point is a historical equity beta of -0.08. 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 (EUR m) (except per share data and beta)	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Terminal value
NOPAT	18.3	19.2	19.2	21.0	22.1	23.4	24.9	26.4	
Depreciation & Amort.	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in working capital	-2.4	-0.4	-0.3	-0.5	-0.5	-0.5	-0.5	-0.5	
Chg. in long-term provisions	-2.5	-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	-0.2	-4.0	-5.0	6.2	8.2	13.7	15.1	5.1	75.5
Present value	-0.2	-3.7	-4.2	4.8	5.8	8.8	8.9	2.7	41.7
WACC	9.7%	9.5%	9.4%	9.4%	9.4%	9.4%	9.4%	9.4%	8.9%

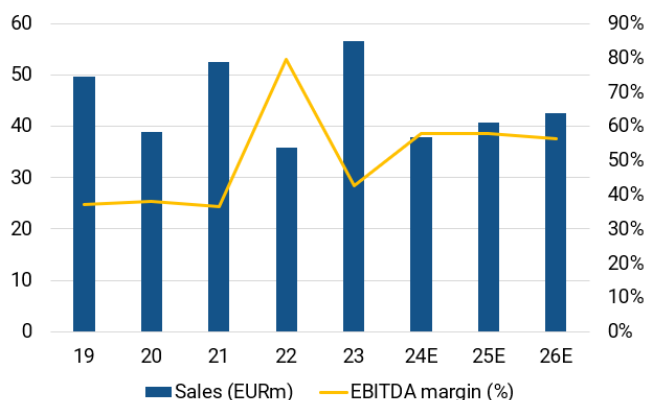
DCF per share derived from		DCF avg. growth and earnings assumptions	
Total present value	64.5	Planning horizon avg. revenue growth (2021E - 2028E)	6.6%
Mid-year adj. total present value	67.5	Terminal value growth (2028E - infinity)	2.0%
Net debt / cash at start of year	278.3	Terminal year ROCE	6.2%
Financial assets	413.1	Terminal year WACC	8.9%
Provisions and off b/s debt	na		
Equity value	202.3	Terminal WACC derived from	
No. of shares outstanding	9.8	Cost of borrowing (before taxes)	5.0%
		Long-term tax rate	25.0%
		Equity beta	-0.08
		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)	20.64 102.3%		
Share price	10.20		

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%		18.7	18.8	19.0	19.2	19.4	2021E - 2024E	-5.2%
1.0%		19.3	19.5	19.7	20.0	20.3	2025E - 2028E	40.6%
0.0%		20.0	20.3	20.6	21.0	21.4	terminal value	64.7%
-1.0%		21.0	21.4	21.8	22.4	23.0		
-2.0%		22.3	22.8	23.5	24.4	25.4		

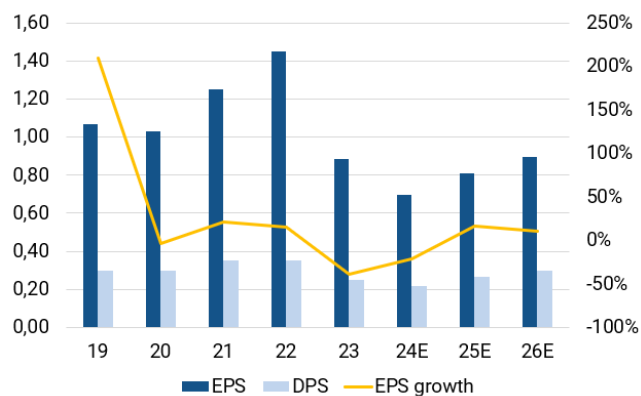
Source: AlsterResearch

Financials in six charts

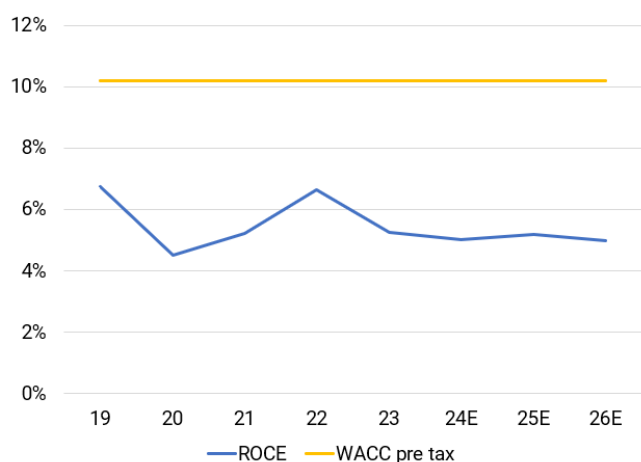
Sales vs. EBITDA margin development



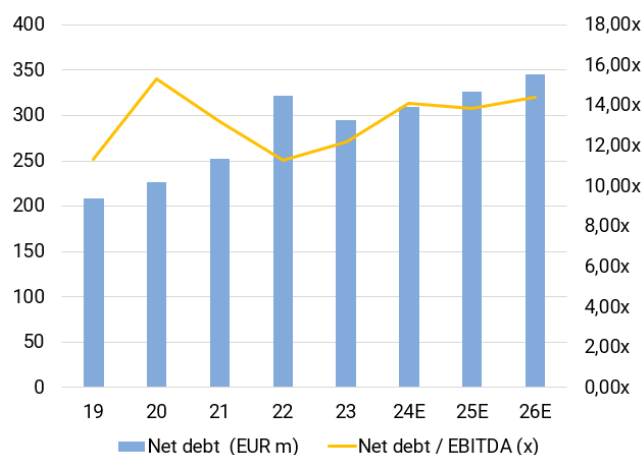
EPS, DPS in EUR & yoy EPS growth



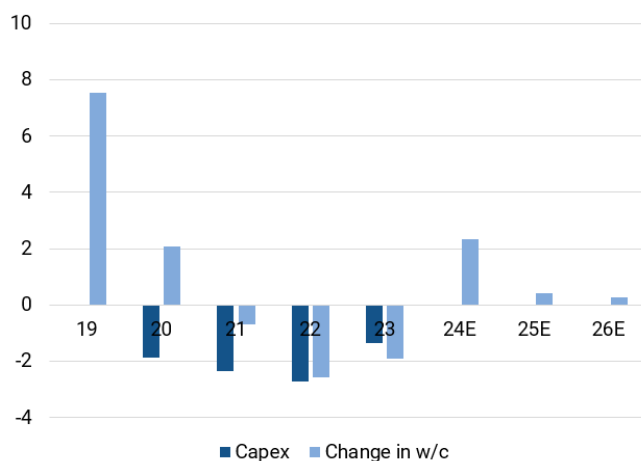
ROCE vs. WACC (pre tax)



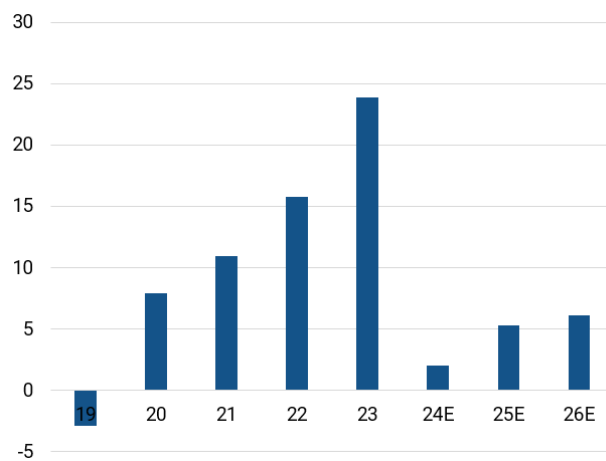
Net debt and net debt/EBITDA



Capex & 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
Net sales	52.5	35.9	56.6	37.9	40.6	42.5
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
Total sales	55.1	38.4	58.6	37.9	40.6	42.5
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	4.4	5.9	4.4	4.6	4.9	5.9
Material expenses and other opex	11.9	12.9	12.7	14.0	14.4	15.1
Total operating expenses	35.9	9.8	34.4	16.0	17.1	18.6
EBITDA	19.2	28.6	24.2	21.9	23.6	23.9
Depreciation	0.6	1.1	1.2	0.2	0.0	0.0
EBITA	18.5	27.4	23.0	21.7	23.6	23.9
Amortisation of goodwill and intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	18.5	27.4	23.0	21.7	23.6	23.9
Financial result	-6.6	-10.1	-12.9	-13.6	-13.9	-12.9
Recurring pretax income from continuing operations	11.9	17.3	10.1	8.1	9.7	11.0
Extraordinary income/loss	3.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	14.9	17.3	10.1	8.1	9.7	11.0
Taxes	2.7	3.1	1.4	1.3	1.8	2.2
Net income from continuing operations	12.1	14.2	8.7	6.8	7.9	8.8
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	12.1	14.2	8.7	6.8	7.9	8.8
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	12.1	14.2	8.7	6.8	7.9	8.8
Average number of shares	9.69	9.76	9.80	9.80	9.80	9.80
EPS reported	1.25	1.45	0.89	0.69	0.81	0.90

Profit and loss (common size)	2021	2022	2023	2024E	2025E	2026E
Net sales	100%	100%	100%	100%	100%	100%
Change in finished goods and work-in-process	5%	7%	3%	0%	0%	0%
Total sales	105%	107%	103%	100%	100%	100%
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	8%	16%	8%	12%	12%	14%
Material expenses and other opex	23%	36%	22%	37%	36%	36%
Total operating expenses	68%	27%	61%	42%	42%	44%
EBITDA	36%	80%	43%	58%	58%	56%
Depreciation	1%	3%	2%	0%	0%	0%
EBITA	35%	76%	41%	57%	58%	56%
Amortisation of goodwill and intangible assets	0%	0%	0%	0%	0%	0%
Impairment charges	0%	0%	0%	0%	0%	0%
EBIT	35%	76%	41%	57%	58%	56%
Financial result	-13%	-28%	-23%	-36%	-34%	-30%
Recurring pretax income from continuing operations	23%	48%	18%	21%	24%	26%
Extraordinary income/loss	6%	0%	0%	0%	0%	0%
Earnings before taxes	28%	48%	18%	21%	24%	26%
Taxes	5%	9%	2%	3%	4%	5%
Net income from continuing operations	23%	39%	15%	18%	20%	21%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	23%	39%	15%	18%	20%	21%
Minority interest	0%	0%	0%	0%	0%	0%
Net profit (reported)	23%	39%	15%	18%	20%	21%

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
FIXED ASSETS	358.9	437.9	418.6	434.7	457.6	481.5
Inventories	2.4	1.2	1.3	1.0	1.1	1.2
Accounts receivable	16.6	7.1	6.0	7.3	7.8	8.2
Other current assets	5.5	18.1	17.0	17.0	17.0	17.0
Liquid assets	18.7	5.6	6.5	0.6	3.1	5.1
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	0.1	0.1	0.1
CURRENT ASSETS	43.3	33.6	30.9	26.0	29.1	31.6
TOTAL ASSETS	402.2	471.5	449.5	460.7	486.7	513.1
SHAREHOLDERS EQUITY	108.0	118.8	125.3	129.7	135.5	141.7
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	259.6	280.5	259.5	310.0	330.0	350.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	0.5	0.3	0.4	0.4	0.4	0.4
Non-current liabilities	260.0	280.8	259.9	310.4	330.4	350.4
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	1.8	2.0	2.0
Deferred taxes	17.4	20.1	17.9	17.9	17.9	17.9
Deferred income	0.0	0.0	0.6	0.2	0.2	0.2
Current liabilities	34.2	71.9	64.3	20.6	20.8	21.0
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	402.2	471.5	449.5	460.7	486.7	513.1

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%	93%	93%	93%
FIXED ASSETS	89%	93%	93%	94%	94%	94%
Inventories	1%	0%	0%	0%	0%	0%
Accounts receivable	4%	2%	1%	2%	2%	2%
Other current assets	1%	4%	4%	4%	3%	3%
Liquid assets	5%	1%	1%	0%	1%	1%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
CURRENT ASSETS	11%	7%	7%	6%	6%	6%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	27%	25%	28%	28%	28%	28%
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	65%	59%	58%	67%	68%	68%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	0%	0%	0%	0%	0%	0%
Non-current liabilities	65%	60%	58%	67%	68%	68%
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%
Current liabilities	8%	15%	14%	4%	4%	4%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; mwb research

Cash flow statement (EURm)	2021	2022	2023	2024E	2025E	2026E
Net profit/loss	12.1	14.2	8.7	6.8	7.9	8.8
Depreciation of fixed assets (incl. leases)	0.2	0.6	0.6	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	0.4	0.6	0.7	0.0	0.0	0.0
Others	-0.1	0.6	13.4	-2.5	-2.2	-2.3
Cash flow from operations before changes in w/c	12.7	15.9	23.3	4.4	5.7	6.4
Increase/decrease in inventory	0.0	0.0	0.0	0.3	-0.1	-0.1
Increase/decrease in accounts receivable	0.0	0.0	0.0	-1.3	-0.5	-0.4
Increase/decrease in accounts payable	0.0	-1.6	1.2	0.0	0.1	0.0
Increase/decrease in other w/c positions	0.7	4.2	0.7	-1.4	0.1	0.1
Increase/decrease in working capital	0.7	2.6	1.9	-2.4	-0.4	-0.3
Cash flow from operating activities	13.3	18.5	25.2	2.1	5.3	6.2
CAPEX	-2.3	-2.7	-1.4	0.0	0.0	0.0
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	-40.0	-70.8	14.2	-13.7	-20.6	-21.6
Income from asset disposals	1.1	-0.9	0.5	0.0	0.0	0.0
Cash flow from investing activities	-41.3	-74.4	13.3	-13.7	-20.6	-21.6
Cash flow before financing	-28.0	-55.9	38.5	-11.7	-15.3	-15.4
Increase/decrease in debt position	41.0	59.5	-20.8	8.2	20.0	20.0
Purchase of own shares	0.0	0.0	-0.4	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	-2.1	-2.5	-2.1	-2.6
Others	-7.5	-9.5	-14.1	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	37.2	46.6	-37.4	5.7	17.9	17.4
Increase/decrease in liquid assets	9.2	-9.4	1.1	-6.0	2.5	2.0
Liquid assets at end of period	14.8	5.5	6.9	0.9	3.5	5.5

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	7.4	8.7	9.4
FFO margin	29.1%	29.6%	24.7%	21.2%	23.1%	23.8%
FFOPS	0.73	0.96	0.83	0.76	0.89	0.96
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	13.2	13.8	14.5
LTV	77.1%	75.1%	67.2%	68.5%	68.9%	69.2%

Source: Company data; mwb research

Regional sales split (EURm)	2021	2022	2023	2024E	2025E	2026E
Domestic	52.5	35.9	56.6	37.9	40.6	42.5
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
Total sales	52.5	35.9	56.6	37.9	40.6	42.5

Regional sales split (common size)	2021	2022	2023	2024E	2025E	2026E
Domestic	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
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%
Total sales	100%	100%	100%	100%	100%	100%

Source: Company data; mwb research

Ratios	2021	2022	2023	2024E	2025E	2026E
Per share data						
Earnings per share reported	1.25	1.45	0.89	0.69	0.81	0.90
Cash flow per share	1.37	1.89	2.57	0.20	0.54	0.63
Book value per share	11.14	12.16	12.79	13.23	13.83	14.46
Dividend per share	0.35	0.35	0.25	0.22	0.27	0.30
Valuation						
P/E	8.1x	7.0x	11.5x	14.7x	12.6x	11.4x
P/CF	7.4x	5.4x	4.0x	52.1x	18.9x	16.2x
P/BV	0.9x	0.8x	0.8x	0.8x	0.7x	0.7x
Dividend yield (%)	3.4%	3.4%	2.5%	2.1%	2.6%	2.9%
FCF yield (%)	13.5%	18.5%	25.2%	1.9%	5.3%	6.2%
EV/Sales	6.7x	11.8x	7.0x	10.8x	10.5x	10.5x
EV/EBITDA	18.4x	14.8x	16.3x	18.7x	18.1x	18.6x
EV/EBIT	19.0x	15.4x	17.2x	18.8x	18.1x	18.6x
Income statement (EURm)						
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	21.9	23.6	23.9
EBITDA margin in %	36.5%	79.5%	42.8%	57.8%	58.0%	56.3%
EBIT	18.5	27.4	23.0	21.7	23.6	23.9
EBIT margin in %	35.3%	76.4%	40.6%	57.4%	58.0%	56.3%
Net profit	12.1	14.2	8.7	6.8	7.9	8.8
Cash flow statement (EURm)						
CF from operations	13.3	18.5	25.2	2.1	5.3	6.2
Capex	-2.3	-2.7	-1.4	0.0	0.0	0.0
Maintenance Capex	0.0	0.0	0.0	0.2	0.0	0.0
Free cash flow	11.0	15.7	23.8	2.1	5.3	6.2
Balance sheet (EURm)						
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	129.7	135.5	141.7
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	271.9	328.1	302.2	310.4	330.4	350.4
Net financial debt	252.7	322.3	295.3	309.4	326.9	344.9
w/c requirements	16.0	6.9	6.6	7.6	8.1	8.5
Ratios						
ROE	11.2%	11.9%	6.9%	5.3%	5.8%	6.2%
ROCE	4.9%	6.1%	5.4%	4.9%	5.1%	4.9%
Net gearing	234.0%	271.3%	235.6%	238.6%	241.2%	243.4%
Net debt / EBITDA	13.2x	11.3x	12.2x	14.1x	13.9x	14.4x

Source: Company data; mwb research

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